



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
Regular and Special City Council Meeting Agenda
6:00 p.m., Monday, July 24, 2017
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. 6:00 p.m. - CALL SPECIAL MEETING TO ORDER

II. RECESS TO EXECUTIVE SESSION:

- A. Discussion of Potential Litigation per RCW 42.30.110 (1) (i)

III. 7:00 p.m. RECONVENE BACK TO REGULAR SESSION

IV. CALL MEETING TO ORDER

V. ROLL CALL

VI. FLAG SALUTE

VII. AGENDA APPROVAL

VIII. PRESENTATIONS

- A. Professional Finance Officer Awards for Joanne Gregory, Finance and Administration Director and Brian Randall, Accountant - Rob Karlinsey, City Manager
[Agenda Item](#)

IX. 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.

X. CONSENT AGENDA

- A. Regular City Council Meeting Minutes of June 19, 2017, June 26, 2017 and July 10, 2017
[06 19 2017 Minutes](#)
[06 26 2017 Minutes](#)
[07 10 2017 Minutes](#)
- B. The Following Checks and Electronic Payments are Approved for Payment:
Total Check Numbers: 37288 through 37399 in the amount of \$1,009,529.43.
Payroll Check Numbers: 10022 & 10023 in the Amounts of \$486.48 and \$509.70.
Total Payroll Electronic Deposits Dated: \$82,849.66.
[Check Vouchers](#)
- C. Cancel all Regular Council Meetings in the Month of August, 2017
- D. Authorize the City Manager to Execute Agreement 17-C1744 for an Amount Not to Exceed \$120,000 for the Dredging of Wallace Swamp Creek Park Sediment Pond
[Agenda Item](#)
- E. Resolution 17-298 Authorizing the City Manager to Enter into a Multifamily Housing Property Tax Exemption Agreement with MSPT LLC for Phase III of the Kenmore Village Residential Project
[Agenda Item](#)
- F. Authorize the City Manager to Execute Amendment No. 6 with Osborn Consulting (Contract 12-C1081) to Increase the Contract by an Additional \$150,000 to a Total Contract Amount of \$1,156,000
[Agenda Item](#)
- G. Ordinance No. 17-0440 Granting MCImetro Access Transmission Services Corp., D/B/A Verizon Access Transmission Services a Franchise Agreement to Install and Maintain a Telecommunication System Within the City Owned Right-of-Way
[Agenda Item](#)
- H. Authorize the City Manager to Execute Contract No. 17-C1748, an Interlocal Agreement Regarding Park Improvements to be Completed by Northshore Utility District
[Agenda Item](#)
- I. Approve Hangar Building Facility Use Policies
[Agenda Item](#)

XI. BUSINESS AGENDA

- A. Review and Approval of Changes to 2018 Health Insurance Plan and Creation of City Funded Employee HRA VEBA Plan (Health Reimbursement Arrangements Voluntary Employees' Beneficiary Association
[Agenda Item](#)

- B. Review and Discussion of Updated Information Technology Policy and Procedure - Rob Karlinsey, City Manager and Janet Quinn, Project Coordinator
[Agenda Item](#)
- C. Ordinance No. 17-0441 Amending the 2017-2022 Capital Improvement Plan - Joanne Gregory, Finance and Administration Director
[Agenda Item](#)
- D. Ordinance 17-0443 Amending the 2017-2018 Biennial Budget - Joanne Gregory, Finance and Administration Director
[Agenda Item](#)
- E. Love Your City Microgrant Program - Leslie Harris, Community Relations Manager
[Agenda Item](#)
- F. Presentation of June 2017 Financial Report for the City of Kenmore, Washington
[Agenda Item](#)

XII. STAFF REPORT

XIII. COUNCILMEMBER REPORTS & COMMENTS & INITIATIVES

XIV. ADJOURNMENT



Washington
Finance Officers
Association

RECEIVED
JUL 13 2017

RECEIVED
CITY OF KENMORE

July 5, 2017

Rob Karlinsey, City Manager
City of Kenmore
PO Box 82607
Kenmore, WA 98028

Dear Mr. Karlinsey:

The Washington Finance Officers Association and I would like to inform you that **Joanne Gregory** has earned the "Professional Finance Officer Award" for the State of Washington from the Washington Finance Officers Association. This annual award requires ongoing educational and professional excellence on the part of each individual and is not automatically awarded.

Joanne is committed to achieving educational and professional excellence as acknowledged in the receipt of this award for 15 years.

The Association would like to thank you for your continued support and encourage you to recognize this accomplishment in some manner.

Sincerely,

Dawn Masko

Dawn Masko, PFO Chairperson
Deputy City Administrator
City of North Bend
PO Box 896
North Bend, WA 98045
(425) 888-7630
DMasko@northbendwa.gov

Washington Finance Officers Association * 2601 Fourth Avenue, Suite 800 * Seattle, Washington * 98121-1280



July 5, 2017

Joanne Gregory, Finance Director
City of Kenmore
PO Box 82607
Kenmore, WA 98028

Dear Ms. Gregory:

The Washington Finance Officers Association and I would like to inform you that **Brian Randall** has earned the "Professional Finance Officer Award" for the State of Washington from the Washington Finance Officers Association. This annual award requires ongoing educational and professional excellence on the part of each individual and is not automatically awarded.

Brian is committed to achieving educational and professional excellence as acknowledged in the receipt of this award for 9 years.

The Association would like to thank you for your continued support and encourage you to recognize this accomplishment in some manner.

Sincerely,

Dawn Masko, PFO Chairperson
Assistant City Administrator
City of North Bend
PO Box 896
North Bend, WA 98045
(425) 888-7630
DMasko@northbendwa.gov

Washington Finance Officers Association * 2601 Fourth Avenue, Suite 800 * Seattle, Washington * 98121-1280

**City of Kenmore, Washington
City Council Regular Meeting Minutes
June 19, 2017**

CALL MEETING TO ORDER — The Kenmore City Council meeting was called to order by Mayor Baker at 7:00 p.m.

Councilmembers present: Deputy Mayor Allan Van Ness and Councilmembers Brent Smith, Laurie Sperry, Milton Curtis, Nigel Herbig and Stacey Denuski.

Councilmembers excused: Mayor David Baker.

Staff present: Rob Karlinsey, City Manager; Nancy Ousley, Assistant City Manager; Joanne Gregory, Finance and Administration Director; Rod Kaseguma City Attorney; Brett Schock, Traffic Engineer; Leslie Harris, Community Relations Manager; Melodi Yanik, Communications Assistant and Kelly Chelin, City Clerk.

FLAG SALUTE

The Council led the flag salute.

AGENDA APPROVAL

The agenda was approved as submitted.

PRESENTATION

Update from Sno-King Watershed Council - Eric Adman

Mr. Adman presented a PowerPoint to the Council.

Walk Friendly Communities Award - Leslie Harris, Community Relations Manager

Manager Harris presented the Walk Friendly Communities Award to Traffic Engineer Brett Schock and Communications Assistant Melodi Yanik for all their efforts.

CITIZEN COMMENTS

Vicki Grayland, 20308 73rd Avenue NE, Kenmore.

Ms. Grayland spoke about the St. Edward ballfields. She asked Council for real updates on the progress.

John Hendrickson, 5919 NE 202nd Lane, Kenmore.

Mr. Hendrickson spoke to the corporate culture of the Council.

CONSENT AGENDA

The consent agenda was approved, as written, as follows:

City Council Meeting Minutes of May 22, 2017

Authorize the City Manager to Execute Contract 14-C1261 (Amendment #3) an Interlocal Agreement Between the City of Kenmore and Puget Sound Clean Air Agency for Cooperative Odor Complaint Investigations

Ordinance 17-0439 Repealing Kenmore Municipal Code Chapter 2.35 and Dissolving the Library Advisory Board

BUSINESS AGENDA

Consideration of Kenmore Municipal Code (KMC) Changes Addressing Vegetation and Sidewalk Maintenance - Brett Schock, PE

Engineer Schock explained that on March 13, 2017, City staff spoke with City Council about two policies, vegetation and sidewalk maintenance within the right of way. For both policies, staff reviewed the current code and practices of the City. The Kenmore Municipal Code (KMC) places responsibility for vegetation management and sidewalk maintenance on the adjacent property owner.

City staff compared the Kenmore policies to those of the neighboring cities of Shoreline, Kirkland and Bothell. In each of these cities, vegetation maintenance is the responsibility of adjacent property owners and expectations of each city for maintenance are defined. Sidewalk maintenance responsibility differs between these cities. Kirkland and Shoreline allow for assessing the costs of repair to the adjacent property owner if the cause of sidewalk damage is on private property. Bothell's code matches Kenmore's.

In March, City staff asked the City Council for feedback on recommended changes to the KMC and City operations. In general, City Council desires to continue existing City practices regarding vegetation maintenance and take on a more proactive program of sidewalk maintenance. The proposed code changes in Attachment A in the packet address the feedback received from the City Council at the March 13, 2017 meeting. The KMC addresses these topics in the following sections:

Vegetation maintenance

- **8.35.010** Public Nuisances – Unlawful public nuisances declared
- **12.70.010** Sidewalks, Planting Strips and Street Trees – Definitions
- **12.70.040** Sidewalks, Planting Strips and Street Trees – Planting strip maintenance
- **18.30.240** Development Standards – General – Sight distance requirements

Sidewalk maintenance

- **12.70.020** Sidewalks, Planting Strips and Street Trees – Sidewalk – Repair determination – Responsibility and costs
- **12.70.030** Sidewalks, Planting Strips and Street Trees – Sidewalk – Notice to repair – Cost assessment

Vegetation Maintenance

The City Council's feedback on vegetation maintenance at the March 13, 2017 meeting was to:

1. Maintain the current reactive program of vegetation maintenance.
2. Provide more direction and guidance for the expectations of property owner vegetation maintenance.

The City Council feedback is incorporated into the KMC with the following changes:

1. Section 8.35.010 is changed to define vegetation as a public safety hazard when the City Manager, or designee, identifies a safety concern. A reference is also added to the maintenance requirements of Section 12.70.040.
2. The definition of “planting strip” in Section 12.70.010 is expanded with a third category, defining the planting strip as the portion of right of way between the edge of pavement and the private property right of way line if no other pavements are existing. Language is also added to this section allowing for planting strips to be left in a natural state, if other maintenance requirements are met.
3. Section 12.70.040 clarifies the City’s expected maintenance requirements. Property owners must allow the use of the right of way by the public. The minimum width of pedestrian way (4 feet) outside of the vehicle travel lane is defined. The minimum vertical vegetation clearance over pedestrian paths (8 feet) and vehicle paths (11 feet) is defined.
4. The assessment of the cost of vegetation maintenance performed by the City because of a lack of property owner response is left to the discretion of the City Manager.
5. Section 18.30.240 is revised to include a reference to the planter strip definitions in Chapter 12.70.
6. There is also language that allows the City to maintain right of way vegetation, at the City Manager’s discretion.

Sidewalk Maintenance

The City Council’s feedback on sidewalk maintenance at the March 13, 2017 meeting was to:

1. Change to a proactive program of sidewalk maintenance.
2. Change the KMC responsibility for sidewalk repair to the City when the cause of damage is in the public right of way or cannot be identified as being on private property.
3. Leave the KMC responsibility for sidewalk repair by property owners in place when the cause of damage is found to be on private property or as a result of private property owner activity.

The City Council feedback is incorporated into the KMC with the following changes:

1. Section 12.70.020 is changed allowing the City Manager, or designee, to conduct an assessment to determine the cause of damage to a sidewalk.
 - a. The changes allow the City to make the sidewalk repairs at no expense to the property owner if the cause of sidewalk damage is determined to be in the public right of way.
 - b. The City retains the ability to assess the costs of the repair to the property owner if the cause of sidewalk damage is determined to be on private property and the property owner refuses the opportunity to complete the repairs on their own. Repair of sidewalks by the property owner would require a right of way permit and need to meet City standards for sidewalk construction.
2. Section 12.70.030 is changed to take the assessment by the City Manager, or designee, into account where determining the assignment of costs to the private property owner. The Section is also amended to add an appeals process through the Public Works Director and City Manager of any assigned costs to repair sidewalks.

The City’s proactive program would include the following elements:

- Review and complete the survey of the existing condition of all sidewalks (started in 2015).
- Development of a prioritized program of repairs, within budget limits, based on the survey.

- Construction of repairs every other year (once a biennium).

Council and staff engaged in a discussion. It was the consensus of the Council to go with staff's recommendations. The staff will bring the proposed ordinance back to Council for a public hearing and adoption at a later date.

Walkways and Waterways Update - Kris Overleese, Public Works Director; Debbie Bent, Community Development Director and Joanne Gregory, Finance and Administration Director

Staff explained that Kenmore's Proposition 1 Walkways & Waterways passed in November 2016 with 64.09% voter approval, authorizing the City to issue up to \$19.75 million in bonds to pay for five projects that will significantly improve pedestrian and bicycle safety and waterfront improvements. The following provides a status update for each of the five projects:

Rhododendron Park Waterfront and Natural Open Space Access:

Estimated Cost: \$800,000

Completion Date: Original estimate 2019. New estimate is 2018, assuming bid award July 2017.

Project Description: This project improves public access to the Sammamish River by constructing a new trail "waterwalk" from the existing playfield through the natural open space to the riverfront. The project will also improve the access drive and parking near the river as well as natural enhancements to the shoreline and wetlands. The replacement float/dock at Squires Landing and the new Rhododendron float/dock are park capital improvement projects, but not funded by bond measure funds. Both projects have been added as separate bid items in the bid package with the Rhododendron Park Waterfront project. Both float projects have received required agency permits including: City shoreline permit, engineering and building permits; US Army Corps permit; and WDFW Hydraulic Project Approval.

Progress/Schedule:

7/16 Design began.

11/16 Council approved the revised trail alignment.

3/17 one year extension granted (to 4/28/18) to the Shoreline Permit for starting construction.

5/17 bid advertisement.

7/17 Council authorize contract award (pending responsive, responsible and affordable bid).

Log Boom Park Waterfront Access and Viewing

Estimated Cost: \$3,200,000

Completion Date: Anticipated 2023

Project Description: Improve public access to Lake Washington including beach expansion, new trails and viewpoints, picnic areas, water front pavilion, environmental enhancements, and access for hand-powered watercraft.

Progress/Schedule:

2/17 Design began utilizing consultant Mott MacDonald.

3/17 Field work completed including survey, wetland delineation, and geotechnical soil exploration.

5/17 Staff review of field work findings.

6/17 Staff will coordinate to identify project and code/permit requirements.

8/17 (estimate) meet with regulatory agencies (e.g. Corps of Engineers, Department of Ecology, Muckleshoot Tribe).

9/17 (estimate) public outreach to provide a status update.

Early 2018 - 30% plans and documentation submittal received from consultant.

Squires Landing Waterfront and Natural Open Space Access

Estimated Cost: \$5,150,000

Completion Date: Anticipated 2023

Project Description: 11-acres of new park development to enhance public access to the Sammamish River. Natural open space restoration, trails, boardwalks, and viewing points will connect the park to the river and adjacent Burke-Gilman Trail along NE 175th Street. The project will also add new docks, parking and a restroom.

Progress/Schedule:

2/17 Design began utilizing consultant Mott MacDonald.

5/17 Field work completed including survey, wetland delineation, and geotechnical soil exploration.

5/17 Staff review of field work findings.

6/17 Staff will coordinate to identify project and code/permit requirements.

8/17 (estimate) meet with regulatory agencies (e.g. Corps of Engineers, Department of Ecology, Muckleshoot Tribe).

9/17 (estimate) public outreach to provide a status update.

Early 2018 - 30% plans and documentation received from consultant.

Juanita Drive Sidewalk & Bicycle Lanes Project (NE 170th Street to south City limits)

Estimated Cost: \$12,700,000

Estimated Completion Date: 2020 - 2023

Project Description: Construction of sidewalk and amenity zone on the east side of Juanita Drive, buffered bicycle lanes in each direction and associated walls, stormwater, street lighting, traffic signal improvements, and widening/turn pockets at select locations. The project will be partially funded by the Walkways and Waterways Bond Measure and will require grant funding.

Progress/Schedule to date:

3/17 Design began utilizing consultant HDR.

5/17 Initial field work completed: survey and geotechnical soil exploration.

5/17 Staff review of initial line work/layout.

7/17 Estimated 30% design submittal and cost estimate.

8/17 Transportation Improvement Board (TIB) grant submittal. Limits to be determined.

Fall 2017 - City Council / public open house providing a status update.

68th Avenue NE Sidewalk & Bicycle Lanes Project (NE 182nd Street to north City limits)

Estimated Cost: \$5,100,000

Estimated Completion Date: 2020 – 2023

Project Description: Construction of sidewalk and amenity zone on the west side of 68th Avenue, buffered bicycle lanes in each direction, and associated walls, stormwater and street lighting improvements.

Progress/Schedule to date:

3/17 Design began utilizing consultant KPFF.

5/17 Initial field work completed: survey and wetland delineation.

5/17 Staff review of field work findings.

Fall 2017 - 30% design submittal and cost estimate.

Fall 2017 City Council / public open house providing a status update.

On December 21, 2016, the City issued General Obligation Bonds and received \$9.8M. Costs of issuance paid at closing were \$106,583. It is anticipated that the City will again issue bonds in an amount up to \$10M in late 2019.

Property tax revenues as of the end of May were \$662,072 and the City made its first debt service interest payment on June 1 in the amount of \$137,177. The next payment will be due December 1, 2017 in the amount of \$999,325 which includes both interest and principal.

Now that the 2016 financial report has been completed and submitted to the Washington State Auditors, it will be uploaded to the Municipal Securities Rulemaking Board as part of the City's ongoing disclosure requirements.

Council and staff discussed the status of each of the projects.

Hangar Building Facility Use Policies - Rob Karlinsey, City Manager

City Manager Karlinsey explained that the new Town Square and accompanying "Hangar" community building are constructed. Both the Town Square and the Hangar will serve as a year-round public gathering space in the heart of Kenmore's downtown. The 4,600 square-foot Hangar will include space for a coffee shop tenant. The tenant's interior improvements are in the process of being constructed and should be completed in the next six to eight weeks.

In addition to the tenant retail space, the Hangar includes a larger community gathering space (the "Otter") and a small multi-purpose room ("the Beaver"). These spaces will be available for the public to use and reserve when the interior tenant improvements are complete.

Facility use policies for the Hangar are needed in order to create a framework for the public to reserve the spaces in the building or just "hang out".

City Manager Karlinsey reviewed draft policies with the Council. The Council gave feedback and this item will come back to the Council for adoption at a future meeting.

STAFF REPORT

City Manager Karlinsey stated that the State has still not passed their budget. The deadline is June 30. He explained the impacts to the City if the state budget doesn't pass.

ADJOURNMENT

Deputy Mayor Van Ness adjourned the meeting at 9:37 p.m.

David Baker, Mayor

ATTEST:

Kelly M. Chelin, City Clerk

**City of Kenmore, Washington
City Council Regular Meeting Minutes
June 26, 2017**

CALL MEETING TO ORDER — The Kenmore City Council meeting was called to order by Mayor Baker at 7:00 p.m.

Councilmembers present: Mayor David Baker, Deputy Mayor Allan Van Ness and Councilmembers Brent Smith, Laurie Sperry, Milton Curtis, Nigel Herbig and Stacey Denuski.

Staff present: Rob Karlinsey, City Manager; Nancy Ousley, Assistant City Manager; Joanne Gregory, Finance Director; Rod Kaseguma City Attorney; Leslie Harris, Community Relations Manager; Shelby Krogh, Volunteer and Events Supervisor and Nancy Meehan, Acting City Clerk.

FLAG SALUTE

The Council led the flag salute.

AGENDA APPROVAL

The agenda was approved as submitted.

PRESENTATION

Introduce Shelby Krogh, Volunteer and Events Supervisor - Leslie Harris, Community Relations Manager

CITIZEN COMMENTS

Phyllis Finley, 5962 NE Arrowhead Drive, Kenmore.

Ms. Finley would like to correct the record about North Creek Little League. They can play at Big Finn Hill Park in Kirkland.

Patrick O'Brien, 6330 NE 181st Street, Kenmore.

Mr. O'Brien spoke about asphalt work that Kenmore Air was doing in front of the Hangar.

Steve Colwell, 15432 62nd Place NE, Kenmore.

Mr. Colwell addressed the ballfields needed for little league. He stated you don't need a \$4 million field.

John Hendrickson, 5819 NE 202nd Lane, Kenmore.

Mr. Hendrickson spoke against the ballfields at St. Edward State park.

CONSENT AGENDA

Councilmember Sperry moved to approve the consent agenda as submitted, Mayor Baker seconded the motion. The motion passed 7-0.

The consent agenda included the following:

The Following Checks and Electronic Payments are Approved for Payment:

Total Check Numbers #37069 through #37181 in the Amount of \$1,740,101.00.

Total Payroll Electronic Deposits Dated 6/9/2017 in the Amount of \$82,442.58.

Authorize the City Manager to Execute Agreement 16-C1626 with Olson Brothers Pro-Vac, LLC for Stormwater Facility Maintenance Services in the Amount of \$76,000.

Authorize the City Manager to Execute an Agreement with WSDOT to Accept Pedestrian and Bicycle Program Grant Funds in the Amount of \$525,600.

Authorize the City Manager to Execute an Agreement with WSDOT to Accept Safe Route to School Program Grant Funds in the Amount of \$673,594.

BUSINESS AGENDA

Hangar Building Facility Use Policies - Rob Karlinsey, City Manager

City Manager Karlinsey stated that at its June 19 meeting, the Council discussed a draft policy for use of the new Hangar community building. The changes to this policy, as directed by the City Council at the meeting, are shown as revisions in the Council packet.

The Council discussed the changes. The policy will come back for final adoption at a future meeting.

STAFF REPORT

Regional Economic Development - Nancy Ousley, Assistant City Manager

COUNCIL REPORT

Summer Break - No Regular Council Meetings in the Month of August

The consensus of the Council was to cancel all regular meetings in the month of August.

ADJOURNMENT

Mayor Baker adjourned the meeting at 8:13 p.m.

David Baker, Mayor

ATTEST:

Nancy Meehan, Acting City Clerk

**City of Kenmore, Washington
City Council Regular Meeting Minutes
July 10, 2017**

CALL MEETING TO ORDER — The Kenmore City Council meeting was called to order by Mayor Baker at 7:00 p.m.

Councilmembers present: Mayor David Baker, Deputy Mayor Allan Van Ness and Councilmembers Brent Smith, Laurie Sperry, Milton Curtis, Nigel Herbig and Stacey Denuski.

Staff present: Rob Karlinsey, City Manager; Nancy Ousley, Assistant City Manager; Joanne Gregory, Finance and Administration Director; Debbie Bent, Community Development Director; Bryan Hampson, Development Services Director; Rod Kaseguma City Attorney; Dawn Reitan, Assistant City Attorney; Samantha Loyuk, Associate Planner and Kelly Chelin, City Clerk.

FLAG SALUTE

The Council led the flag salute.

AGENDA APPROVAL

The agenda was approved as submitted.

CITIZEN COMMENTS

Karen McFadden, 19604 66th Avenue NE, Kenmore.

Ms. McFadden asked the Council to look for a different location for the ballfields. She suggested maybe LakePointe or another location.

Phyllis Finley, 5962 NE Arrowhead Drive, Kenmore.

Ms. Finley asked the Council to look at different alternatives for the ballfields like eliminating the artificial turf. She stated there are various ways that kids can stay active.

Corina Pfeil, 18904 68th Avenue NE, Kenmore.

Ms. Pfeil spoke about the pride gathering on Friday for Kenmore/Bothell from 3:00-7:00 p.m.

John Hendrickson, 5919 NE 202nd Lane, Kenmore.

Mr. Hendrickson spoke against the ballfields at St. Edwards. He would like to see the City invests in ballfields on City-owned property.

CONSENT AGENDA

Councilmember Sperry moved to approve the consent agenda as submitted, Councilmember Herbig seconded the motion. The motion passed 7-0.

The consent agenda included the following:

The Following Checks and Electronic Payments are Approved for Payment:

Total Check Numbers 37182 through 37287 in the Amount of \$464,232.62.

Total Payroll Electronic Deposits Dated 06/23/2017 in the Amount of \$80,889.62.

Payroll Check Numbers: 9845, 9846, 9889 & 9890 in the Amount of \$3,484.03.

Regular City Council Meeting Minutes of June 12, 2017

Resolution 17-297 Adopting Changes to the City's Personnel Policies to Establish a Paid Parental Leave Policy

Ordinance 17-0438 Adopting Amendments to the Kenmore Municipal Code in Order to Streamline and Simplify the Zoning Code and Apply Consistent Land Use Terminology Throughout the Zoning Code

BUSINESS AGENDA

Spencer Square South Update - Bryan Hampson, Development Services Director and Samantha Loyuk, Associate Planner

Director Hampson explained to Council that on November 3, 2014, Council approved a purchase and sale agreement with MainStreet Property Group LLC (“MainStreet”) for the commercial portion of the Kenmore Village property; Resolution No. 14-250. The purchase and sale agreement consisted of two properties (Exhibit A):

- Parcels D & B: The area north of the Town Square; and
- “Optional” Parcel C: The parcel located westward of the Town Square.

In 2015, MainStreet purchased Parcels D and B, and quickly pursued development of the LINQ, on Parcel D. The LINQ is a 150,000-square-foot building consisting of five stories, basement-level structured parking, 94 residential units (“flats”), and 20,000 square feet of office/retail on the first floor (Evergreen Health). The LINQ is now occupied and tenant improvement work for Evergreen Health is well underway. The purchase and sale agreement gave MainStreet a option to purchase Parcel C, with limitations and conditions. One such condition, required MainStreet to provide a lease for a “sit-down” restaurant, prior to initiating the sale. The option was scheduled to expire in April 2017 with a potential six-month extension available, at a cost. MainStreet exercised the extension provision and the option to buy has been extended to October 2017.

On August 3, 2015, Council approved a Development Agreement (“DA”) and Site Plan to establish standards for developing the parcels; Contract No. 15-C1449. The DA and Site Plan reflect four phases and did not require the developer to pursue phases in any specific order:

- **PHASE A:** One single-story, 20,000-square-foot commercial building at Parcel B;
- **PHASE B & C:** Mixed-use building and structured parking garage (LINQ) at Parcel D; and
- **PHASE D:** Sit-down Restaurant building at Parcel C.

In the DA, MainStreet acknowledged that both buildings (Phases A & D), when designed, would be subject to design review and subject to a DA amendment if deviations from the Kenmore Municipal Code (“KMC” or “code”) were proposed, including deviations from minimum parking requirements.

MainStreet has recently provided conceptual-level drawings (Exhibit C) which demonstrate general compliance with the requirements of the KMC. MainStreet is proposing to meet the code, thereby avoiding a DA amendment. Development Services staff reviewed the conceptual-level plans as part of a pre-application meeting and has determined that, while some changes to

the plans are necessary, the project is generally capable of meeting design review requirements. The conceptual plans propose the following:

- Parcel B: Construct one commercial building fronting 68th Avenue NE, featuring approximately 4,200 square feet of retail/commercial along 68th Avenue NE with 19 residential flats above and tuck-under parking. The southwest portion of the building includes 1,500 square feet of commercial or residential (“Live or Work”) fronting Town Square with 5 townhome-style units above.
- Parcel B: Construct one restaurant/office building containing a 5,000-square-foot sit-down restaurant and 3,000 square feet of office space.

Parcel B & C: the developer proposes high-end exterior finishes, expansive glass and enhanced space-activating pedestrians landscaping, pathways, and connection points.

Council and staff engaged in a discussion.

Kenmore Business Incubator Update - Nancy Ousley, Assistant City Manager

Assistant City Manager Ousley explained that the Kenmore Business Incubator was established in 2013 to support business development and growth. Incubator companies have the opportunity to locate in affordable leased office space and work with an experienced business development consultant to grow their business. For businesses that don't need work space, the program offers the Virtual Incubator Program, which provides business development consulting services. Program Consultant Corey Hansen will participate in the presentation.

The Incubator Program has worked with a total of 26 companies since 2013, and we currently are working with 17 companies. Over 250 jobs have been associated with Incubator companies. The Program also offered two Business Acceleration Training series in the past year, which was supported by the Port of Seattle Economic Development Partnership grant program, with a match from the City's General Fund. Twenty-one businesses participated in that training, and several participating businesses later joined the Virtual Incubator Program.

Corey Hansen, the City's consultant and Rebekah Weston from Red Barn Engineering also presented to the City Council. Ms. Weston is a business owner in the incubator building.

Proposed Amendments to the Adopted 2017-2022 Capital Improvement Program for Parks, Transportation and Surface Water - Rob Karlinsey, City Manager; Joanne Gregory, Finance and Administration Director; Debbie Bent, Community Development Director and Kris Overleese, Public Works Director

Director Gregory explained that the 2017-2022 Capital Improvement Program was adopted on October 24, 2016 and the years 2017 and 2018 were incorporated into the Biennial Budget. The recommended updates and amendments provide for carryover of unspent funds from 2016 as well as adjustments to project budgets based on bids, change orders, and other factors impacting the projects.

- Transportation Project T 27 Sidewalks: NE 202nd St. This project, funded by a Safe Routes to School Grant, a Complete Streets Grant, and City Impact Fees, provides for a new sidewalk along the south side of NE 202nd Street from NE 201st Place to 66th Ave NE and new sidewalk along both sides of 66th Ave NE from NE 202nd Street to Kenmore Junior High

School. The City Council authorized the execution of the construction contract on April 24, 2017 at which time Council was advised that a budget amendment of \$78,954 would be needed (Attachment 1). The most current estimate for additional funds has increased from \$78,954 to \$90,915 of Transportation Impact Fees and is due to bids higher than the Engineer's estimate, additional design costs, and carryover of \$1,731 of unspent funds from 2016.

- Transportation Project T 27 Sidewalks: 62nd Ave NE. The project, funded by the Highway Safety Improvement Program Grant and City Real Estate Excise Taxes, provides for a new sidewalk along the east side of 62nd Ave NE from just south of NE 181st St to NE 185th St. The City Council authorized the execution of the construction contract on April 24, 2017 at which time Council was advised that a budget amendment of \$124,215 would be needed (Attachment 2). The most current estimate for additional funds has increased from \$124,215 to \$140,430 of Real Estate Excise Taxes and is due to unanticipated replacement of a retaining wall, redesign efforts to address concerns of residents, and carryover of \$9,950 of unspent funds from 2016.

- Transportation Project T 27 Sidewalks: Arrowhead Drive. The project would build new sidewalks on the west side of NE Arrowhead Drive from Arrowhead Elementary to approximately 1000 feet north. The project was not selected for a Safe Routes to School Grant this year but will be resubmitted during the next cycle and it is recommended to move the project schedule out one year.

- Transportation Project T 37 West Sammamish Bridge Replacement. This project replaces the southbound structure of the bridge which is considered structurally obsolete. The project cost to complete is currently estimated to be \$30.6M. An additional \$9M in funding is programmed for the years 2020 and 2021 and may come from a combination of grants (\$7M) and/or debt (\$2M 10 year note to be repaid with REET).

- Transportation Project T 39 Neighborhood Transportation Improvements. This project implements and/or constructs traffic calming measures and bicycle/pedestrian improvements identified through the citizen engagement process that occurred in the prior biennium. The City Council received an update on this project on April 24, 2017 (Attachment 3). Current cost estimates indicate that an additional \$15,000 is needed, in addition to the current budget of \$110,000, in order to complete the improvements. This project is funded with Real Estate Excise Tax.

- Park Project P 1 Twin Springs Interim Use Plan. \$40,000 is budgeted for an interim use plan for this property and an additional \$25,000 is requested for staff and consulting efforts to seek grant funding for improvements. This portion of the project would be funded with King County park levy funds. In 2020, \$1,100,000 is proposed to be added to the CIP for construction of the park improvements utilizing a combination of potential grants (\$500K) and City funds (REET \$300K and Impact Fees (\$300K).

- Park Project P 2 Tolt Pipeline Trail Ph 1. This project improved the trail entrances at 68th Ave NE and 71st Ave NE and connections to existing paved sidewalk trail. This project is complete except for signage and was completed under budget by \$80,000.

- Park Project P 6 Moorlands Park Improvements. This project includes ballfield renovation, restroom, pathways, play equipment, and landscaping. On February 13, 2017 the

City Council approved a budget increase of \$412,980 to improve underdrainage of the outfield (Attachment 4).

On June 12, 2017 the City Council authorized the execution of the construction contract and were advised that a budget amendment would be necessary to cover an additional \$161,000 due to bids exceeding the Engineer's estimate (Attachment 5). In rechecking the costs of the project, it was discovered that the shortfall was actually \$210,000. These additional costs are offset by a \$250,000 (less 10% admin) award in the State's Capital Budget. The additional City resources needed are 398,000 of Real Estate Excise Tax. The revised budget would be \$2,190,020.

- Park Project P 11 Log Boom Park Pedestrian Bridge. This project constructed a bridge over the outfall of Stream 0056 providing public access from Log Boom Park to the public portion of the adjoining marina property. The CIP amendment and budget request of \$203,376 is to carryover unspent funds from 2016.
- Park Project P 18 Rhododendron Park Waterfront & Open Space. This is a bond funded project which provides for a connection between the existing park, through the wetlands, to the Sammamish River, with additional parking. Construction bids were opened on June 19, 2017 (the bid included this project as well as the Rhododendron Float and the Squires Landing Dock and Float). Bids exceeded Engineer's estimates by \$248,000 for this project and would utilize additional bond funds.
- Park Project P 18a Rhododendron Park Float. This project completes the construction of a float at the Park. It was included in the bid with Project P 18. The bids exceeded Engineer's estimates by \$149,000 which would be funded by King County Park Levy revenues. Other funding sources are Park Impact Fees and Strategic Opportunity Fund.
- Park Project P 29 St. Edward Ballfield Improvements and Lighting. This project renovates two existing ballfields and adds turf, a perimeter walkway, bleachers, dugouts, landscaping, parking improvements, and field lighting. The proposed project budget for the period 2017-2019 is \$4,915,000. Funding sources would include an RCO grant (\$750,000), King County Recreation Grant (\$611,000), Real Estate Excise Taxes (\$2,100,000), Park Impact Fees (\$314,000), Strategic Opportunity Fund (\$640,000) and General Fund (\$500,000). On June 12, 2017 the City Council received a status update on the project which included costs and potential funding sources (Attachment 6).
- Park Project P 30 Rhododendron Park Boathouse Pavilion. This project is proposed to erect an interim boathouse and is dependent on funding from the State budget in the amount of \$225,000 (\$250,000 less 10%).
- Surface Water Project SW 8 190th Culvert at 61st. This project would install new box culvert and related improvements near 61st Ave NE and NE 190th. Funding would be from a Public Works Trust Fund (PWTF) Loan. Application has been made but the status of the PWTF is uncertain so it is proposed to move this project out another year along with the scheduled annual repayments of approximately \$153,000.
- Surface Water Project SW 19 NE 192nd St. Culvert Replacement. This project removes and replaces the existing culvert for the Little Swamp Creek crossing at NE 192nd St. On April 24, 2017 the City Council authorized the execution of the construction contract and were advised that a budget amendment may be necessary to cover costs of construction management and

contingencies (Attachment 7). A potential budget amendment of \$117,581 was noted at that time. Due to increases in construction management and some additional materials testing, the budget amendment requested has increased to \$125,000 which maintains a 10% contingency. This project is funded with Surface Water fees.

Council discussed the projects. An ordinance approving the amendments to the adopted 2017-2022 Capital Improvement Program for Parks, Transportation and Surface Water will come back for adoption at the July 24, 2017 meeting.

STAFF REPORT

City Manager Karlinsey reported that there is a joint legislative update tomorrow night at City Hall along with the City of Lake Forest Park. The 46th legislative delegation will be in attendance from 6:00-7:00 p.m.

COUNCIL REPORTS

Councilmember Curtis reported that the first movie in the square was a great event.

Councilmember Sperry reported that the fireworks show on 4th of July was awesome.

Deputy Mayor Van Ness reported that the City events are getting bigger and better every year.

Mayor Baker reported that he is enjoying the summer concerts. He also stated that he will be absent for the July 17 Council Meeting. He is at a City meeting in Spokane.

ADJOURNMENT

Mayor Baker adjourned the meeting at 9:32 p.m.

David Baker, Mayor

ATTEST:

Kelly M. Chelin, City Clerk

Voucher Certification and Approval

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 that 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 numbers: 37288 through 37399 \$ 1,009,529.43

Payroll Ck #'s: 10022 & 10023 in the amounts of: \$486.48 & \$509.70

Total Payroll electronic deposits dated: 07/07/2017 \$ 82,849.66


R. Kallenberg, 14 July 2017
 City Manager Date


Jeremy J. Gregory 7-14-17
 Finance Director Date

Check #	Vendor Name	Description	Check Amount
37288	NATIONWIDE FINANCIAL 401a	Social Security Replacement Plan	13,358.04
37289	NATIONWIDE RETIREMENT SOLUTIONS 457	Deferred Comp Payroll Deduction	295.00
37290	ICMA RETIREMENT TRUST 457 - 304745	Deferred Comp Payroll Deduction	3,885.33
37291	DRS 457	Deferred Comp Payroll Deduction	535.00
37292	BANK OF AMERICA 941	Payroll Taxes	18,049.57
37293	DEPARTMENT OF RETIREMENT SYSTEMS	WA State Retirement	20,111.31
37294	STATE OF FLORIDA DISBURSEMENT UNIT	Payroll Deduction	275.00
37295	NAVIA	Employee Flexible Spending Plan Contributions	494.60
37296	AVIDIA HEALTH	Employee Health Savings Account Contributions	42.30
37297	DEPARTMENT OF LABOR AND INDUSTRIES	2nd Qtr 2017 Volunteer Hours	3.61
37298	DIVA II LLC	Billing #2 Tenant Improvements	55,478.95
37299	DIVA II LLC	Balance of Billing #2	10,000.00
37300	BRAVO ENVIRONMENTAL SERVICE	6/6 & 6/7 Vactor Services	4,647.25
37301	CASCADE PEST CONTROL	June Rhododendron Park Pest Control	143.00
37302	CODE PUBLISHING COMPANY	Municipal Code Electronic Updates	825.83
37303	REPUBLIC SERVICES	June City Hall Solid Waste Service	306.64
37304	REPUBLIC SERVICES	June Rhododendron Park Solid Waste Service	631.38
37305	FRUHLING SAND & TOPSOIL	Vegetation Disposal	200.00
37306	GOVERNMENT FINANCE OFFICERS ASSOC	Finance Director Annual Dues	190.00
37307	HERRERA ENVIRONMENTAL CONSULTANTS	16-C1606 Aquatic Vegetation Consulting Services	254.97
37308	HOME DEPOT CREDIT SERVICES	Tools & Concert Stage Materials	493.80
37309	INSLEE, BEST, DOEZIE & RYDER, P.S.	May Legal Services	17,352.43
37310	JET CITY PRINTING	Summer Concert Poster Printing	54.45
37311	JET CITY PRINTING	Play Day Posters	212.85
37312	KING COUNTY FINANCE	May Road Svcs/Signs/Crosswalks	1,681.37
37313	KING COUNTY SHERIFF	June Police Services	275,764.17
37314	MORGAN SOUND INC	4th of July Sound Services	1,741.85
37315	NORTHSHORE FIRE DEPT	June Fire Plan Review	180.00
37316	NORTHSHORE UTILITY DIST	May Vehicle Fuel & Maintenance	3,712.28
37317	HONEY BUCKET	6/17-7/14 Squire's Landing Rental	218.36
37318	OFFICE DEPOT	Office Supplies/ Bookcase	280.49
37319	OFFICE DEPOT	Office Supplies	274.74
37320	OFFICE DEPOT	Office Supplies	467.93
37321	OFFICE TEAM	Temporary Services/Reception Desk	574.80
37322	PACIFIC TOPSOILS	June Dump Fees	189.00

37323	PUGET SOUND ENERGY	6/2-6/30 Juanita/173rd Street Lights	387.77
37324	PUGET SOUND ENERGY	5/15-6/14 City Hall Electricity	2,155.40
37325	PUGET SOUND ENERGY	6/2-6/30 Street Lights/Multiple Locations	9,424.38
37326	PUGET SOUND ENERGY	6/2-6/30 61st/181st Street Lights	117.98
37327	PUGET SOUND ENERGY	5/15-6/14 Hangar/Town Square Gas Chgs	69.40
37328	PUGET SOUND ENERGY	5/15-6/14 Hangar/Town Square Electricity Chgs	542.05
37329	PUGET SOUND ENERGY	6/2-6/30 Traffic Signals	2.67
37330	CEMEX	Asphalt for Drainage Project	151.09
37331	SEATTLE TIMES	6/12 Legal Ad Sammamish Bridge	350.11
37332	SEATTLE TIMES	6/23 Legal Ad Ord. 17-0439 Summary	107.19
37333	SEATTLE TIMES	6/22 Legal Ad SVAR17-0041 Notice of Application	234.15
37334	SIGN UP, SIGN CO, INC	Concert/Event Sponsor/Parking Signs	973.50
37335	SIGN UP, SIGN CO, INC	Traffic Revision Signs	99.00
37336	STAPLES ADVANTAGE	Parks Maintenance/Incubator/City Hall Supplies	763.24
37337	TOTAL LANDSCAPE CORP	15-C1424 Pond Maintenance/SWM Facility	18,848.50
37338	UPS STORE	June Copying Charges	115.84
37339	SNOHOMISH COUNTY	June Vactor Disposal Charges	208.00
37340	WA STATE DEPT OF TRANSPORTATION	62nd Ave. Construction Management	657.28
37341	HDR ENGINEERING, INC	16-C1625 Juanita Dr Ped/Bike Design	36,465.54
37342	JACOBS ENGINEERING GROUP	15-C1411 West Sammamish Bridge 4/29-5/26	19,269.15
37343	ALCALDE & FAY	June Government Affairs Consulting	5,223.43
37344	KOMPAN, INC	Playground Equipment Parts	171.60
37345	COMCAST BUSINESS	July City Hall Phone Service	368.07
37346	COMCAST BUSINESS	July City Hall/Incubator/Hangar Bldg. Internet	1,790.78
37347	GORDON THOMAS HONEYWELL	June Government Affairs Consulting	4,104.97
37348	HORIZON DISTRIBUTORS INC	Town Square & ROW Materials	43.46
37349	SARAH ROBERTS	June Prosecution Services	10,836.09
37350	FRONTIER	6/28-7/27 City Hall Phone Service (425) 489-8570	443.01
37351	FRONTIER	6/28-7/27 City Hall Phone Service (425) 481-5638	608.75
37352	AM TEST, INC	Swamp Creek Water Sample Testing	225.00
37353	INDEPENDENT STATIONERS	Office Supplies	186.21
37354	WELLS FARGO FINANCIAL	6/21-7/20 2nd Floor Copier Lease	619.73
37355	HOPKINS, CRAIG	6/6-6/29 Police Volunteer Mileage Reimbursement	69.55
37356	DEVRIES, DENIS	6/5-6/26 Police Volunteer Mileage Reimbursement	30.50
37357	PERTEET INC.	May 17-C1688 62nd/202nd Construction Mgmt.	3,527.84
37358	KAMINS CONSTRUCTION INC.	17-C1635 62nd Ave Corridor Construction 6/5-6/30	252,752.93
37359	VERIZON WIRELESS	6/27-7/26 Cell Phones/Hot Spots	527.46
37360	WASHINGTON STATE PATROL	June W. Sammamish Bridge Weight Enforcement	1,135.24
37361	GREATER BOTHELL CHAMBER OF COMMERCE	June Business Alliance Support Services	200.00
37362	HWA GEOSCIENCES INC.	17-C1730 Moorlands Park Geotechnical Services	285.00
37363	UTILITIES UNDERGROUND LOCATION CTR	June Utility Locate Notices	294.12
37364	OSBORN CONSULTING INC.	12-C1081 Apr. Surface Water On-Call Consulting	14,297.50
37365	MOBILE MINI, INC.	6/23-7/20 Rhododendron Park Container Rental	130.57
37366	NORTHWEST LANDSCAPE SERVICES	July SR522 ROW Landscaping	1,753.09
37367	BRIEN, GAYLYNN	April Sales Tax Data Conversion	50.00
37368	SPOT HOT DOG & BRATS	4th of July Volunteer Meals	90.00
37369	314 PIE	4th of July Volunteer Meals	90.00
37370	STARDOM SERVICES, INC.	June Incubator Janitorial Service	510.00
37371	APPLIED TECHNOLOGIES NW INC.	Microphones for Council Chambers	4,662.51
37372	GALLATIN PUBLIC AFFAIRS	June Media Relations/Marketing Services	3,500.00
37373	MARSHBANK CONSTRUCTION	14-C1328 SR522 W. A Construction through 6/25	26,509.52
37374	WESTERN DISPLAY FIREWORKS, LTD.	7/4/17 Fireworks Proposal #17-5598	5,000.00
37375	WESTERN DISPLAY FIREWORKS, LTD.	7/4/17 Fireworks Proposal #17-5407	12,000.00
37376	STEWART TITLE COMPANY	68th/Juanita Drive ROW Title Reports	3,229.80
37377	KPFF CONSULTING ENGINEERS	15-C1484 68th Ped/Bike Prof. Svcs through 5/26	29,947.31
37378	KPFF CONSULTING ENGINEERS	15-C1414 4/29-5/26 62nd Corridor Improvements	366.88

37379	NORTHWEST ARBORICULTURE LLC	Facility Maint. @ 165th/Simond Rd. P2004-03	512.77
37380	NORTHWEST ARBORICULTURE LLC	Arboricultural Analysis 165/Simonds Rd.	324.92
37381	NORTHWEST ARBORICULTURE LLC	154th/Arrowhead Emergency Tree Work	1,128.88
37382	NORTHWEST ARBORICULTURE LLC	Arrowhead Pruning Around Street Lights	821.81
37383	NORTHWEST ARBORICULTURE LLC	190th/63rd Hazardous Tree Removal	1,862.77
37384	MUNIMANAGE, LLC	June 17-C1668 Lakepointe Project Professional Svcs	5,445.00
37385	CORT PARTY RENTAL	4th of July Chairs & Tent Rental	539.40
37386	FINANCIAL CONSULTING SOLUTIONS GROUP	16-C1589 Dev. Svcs Fee Study through 6/16	398.29
37387	TYLER TECHNOLOGIES, INC.	6/6-6/7 Financial Mgmt. Conversion Data Review	281.25
37388	TYLER TECHNOLOGIES, INC.	6/19-6/23 On-Site Finance Software Setup	6,012.99
37389	QUALITY BUSINESS SYSTEMS	6/5-7/4 1st Floor Copier Lease	675.53
37390	FLYNN, ASHLEIGH	17-C1713 7/20 Summer Concert Performer	1,250.00
37391	LAMBERT-RYAN, SHANNON	17-C1714 7/27 Summer Concert Performer	1,500.00
37392	CRISP CREPERIE FOOD TRUCK	7/6 Concert/Volunteer/Band Meals	36.00
37393	ADELMAN, ASHLEY	Safety Boot Reimbursement	71.55
37394	BAKKER, DREW	Safety Boot Reimbursement	117.48
37395	ENGINEERING/REMEDATION RES. GROUP	17-C1653 NE 192nd Culvert Project through 6/25	33,376.63
37396	LEGER, DEJAH	Summer Concerts Poster Design	600.00
37397	STEWART, THOMAS	Refund Fees Charged in Error Rec. #29148	212.10
37398	PACE ENGINEERS, INC.	May 15-C1483 Surface Water/Parks On-Call Svcs	17,838.21
37399	PACE ENGINEERS, INC.	Apr. 15-C1483 Surface Water/Parks On-Call Svcs	27,074.39
10022	ADELMAN, ASHLEY	Payroll Check	486.48
10023	BAKKER, DREW	Payroll Check	509.70
7/7/2017	PAYROLL	Direct Deposit	82,849.66
			<u><u>\$1,093,375.27</u></u>

2017	PRIOR VENDOR ACTIVITY	TOTAL	FOR 2017
	A V CAPTURE ALL		4,718.57
	A+ CONFERENCING		336.27
	AAA PRINTING		605.11
	AABCO BARRICADE COMPANY INC.		3,183.05
	ACF WEST INC		1,253.23
	ACTION ENTERTAINMENT		500.00
	ADVANCE TESTING & SERVICE INC		702.00
	AFLAC		2,882.94
	AGORA NW LLC		336.39
	ALCALDE & FAY		25,827.14
	ALEXANDER, JEFF		250.00
	ALL TRAFFIC DATA SERVICES, INC.		1,500.00
	ALPHAGRAPHICS US718		823.72
	AM TEST, INC		900.00
	AMERICAN GENERAL LIFE GPO-400S		2,459.64
	AMERICAN PLANNING ASSOCIATION		1,065.00
	AMERICAN PUBLIC WORKS ASSOCIATION		1,295.00
	ANDERSON, LAURI		203.83
	APPLIED TECHNOLOGIES NW INC.		385.00
	ARCADIA HOMES LLC		20.00
	ARTS OF KENMORE		950.00
	ASHEIA BIAS		500.00
	ASSOCIATION OF WA CITIES		15,574.00
	AURORA RENTS		634.87
	AUTOMATED CONTROLS		3,087.90
	AVIDIA HEALTH		296.10
	AWC EMPLOYEE BENEFITS		298,004.63
	AWCPD		100.00
	BAKER, BRIDGIT		238.50
	BAKER, DAVID		1,664.42
	BANK OF AMERICA 941		222,615.53
	BANNER BANK NO		467.89
	BANNER BANK BAKER		7,711.46
	BANNER BANK BH		995.03
	BANNER BANK CS		4,383.85
	BANNER BANK DB		1,210.40
	BANNER BANK JG		8,035.57
	BANNER BANK JGORDON		4,120.52
	BANNER BANK KENMORE		17,205.02
	BANNER BANK LD		6,559.68
	BANNER BANK NO		5,851.80
	BANNER BANK PS		617.09
	BANNER BANK RK		8,827.52
	BANNER BANK VAN NESS		3,610.64
	BASTYR UNIVERSITY		50,200.00
	BENJOEMUSIC, LLC		1,000.00
	BERGMANN, SEAN & LINETTE		9,500.00
	BERK CONSULTING		86.86
	BEST HARBOUR DEVELOPMENT LLC		7,500.00
	BLACKBAUD		7,304.24
	BLESSINGTON, DEBBIE		611.67
	BRAVO ENVIRONMENTAL SERVICE		48,065.63
	BRIEN, GAYLYNN		250.00

BRUCE C ALLEN & ASSOC INC	8,750.00
BRUCE DEES & ASSOCIATES	236.51
BUILDERS EXCHANGE OF WASHINGTON INC	1,010.60
BULGER SAFE & LOCK, INC.	326.37
CABOT DOW ASSOCIATES, INC.	412.50
CALPORTLAND COMPANY	414.21
CANYON VIEW ESTATES	7,561.70
CAPITAL ONE COMMERCIAL/ COSTCO	561.95
CASCADE BICYCLE CLUB	40.00
CASCADE PEST CONTROL	713.05
CEMEX	2,519.84
CHICAGO TITLE	2,697.45
CITY OF BELLEVUE	52,135.00
CITY OF LAKE FOREST PARK	485,261.52
CITY OF SHORELINE	2,914.23
CITY WIDE FENCE COMPANY, INC	1,209.98
CITYWORKS/ AZTECA SYSTEMS INC.	21,900.00
CLARK & SONS EXCAVATING INC.	18,260.00
CODE PUBLISHING COMPANY	3,562.89
COLUMBIA RIDGE LANDFILL	4,461.82
COMCAST	4,723.28
COMCAST BUSINESS	9,604.14
CONSOLIDATED PRESS	9,490.09
CONTOUR FENCE CO. INC.	3,087.90
CORT PARTY RENTAL	168.85
CSAT, LLC	1,200.00
D.R. HORTON	11,885.43
DACO ENTERPRISES, LLC	2,500.00
DAILY JOURNAL OF COMMERCE	2,500.80
DAY WIRELESS SYSTEMS	76.44
DENUSKI, STACEY	422.09
DEPARTMENT OF ECOLOGY	14,289.32
DEPARTMENT OF LABOR AND INDUSTRIES	17,051.94
DEPARTMENT OF RETIREMENT SYSTEMS	250,454.24
DEPPA, DOUG	669.02
DEVRIES, DENIS	176.56
DIGITAL REPROGRAPHICS SERVICES INC.	144.32
DIVA II LLC	83,508.02
DRS 457	6,070.00
DUNN LUMBER COMPANY	58.08
DURRANT, JEFF	735.50
EA ENGINEERING SCIENCE & TECHNOLOGY	30,959.36
EAST JORDAN IRON WORKS	17,405.02
EASTSIDE HOMES, INC.	106,645.57
ECO-COUNTER	9,580.00
ECONOMIC DEV COUNCIL OF SEATTLE/KC	5,000.00
ECOSS	1,941.26
EMPLOYMENT SECURITY DEPT	249.00
ENVIRONMENTAL SYSTEMS RESEARCH INST	5,694.00
EVERGREEN PRINT SOLUTIONS	811.59
EVERGREEN SAFETY COUNCIL	299.00
EVER-MARK, LLC	2,604.40
FASTSIGNS	2,117.38
FERGUSON ENTERPRISES INC #1539	5,337.29

FINANCIAL CONSULTING SOLUTIONS GROUP	29,946.04
FIRE PROTECTION, INC	3,994.83
FLEMINGS HOLIDAY LIGHTING LLC	3,241.27
FRONTIER	70,713.47
FRUHLING SAND & TOPSOIL	1,738.15
FUN RENTALS	710.66
GALLATIN PUBLIC AFFAIRS	19,500.00
GOOD TO GO	35.50
GOODSELL POWER EQUIPMENT #2 INC.	55.82
GOPALAKRISHNAN, ANUSHA	250.00
GORDON THOMAS HONEYWELL	20,334.55
GORDON, JENNIFER	150.00
GORLIN, LARRY N.	330.00
GOVDELIVERY, INC.	11,576.25
GRAINGER	1,044.78
GREATER BOTHELL CHAMBER OF COMMERCE	3,531.63
GREGORY, JOANNE	2,094.54
GROUP FOUR INC.	3,722.20
HALO BRANDED SOLUTIONS	1,200.66
HANSEN, COREY	34,674.00
HAULAWAY STORAGE CONTAINERS, INC.	462.00
HDR ENGINEERING, INC	43,047.19
HERBIG, NIGEL	532.10
HERMANSON COMPANY, LLP	4,473.55
HERRERA ENVIRONMENTAL CONSULTANTS	18,304.03
HESTON VISUAL ARTS	465.38
HIGHWIRE	1,885.59
HOME DEPOT CREDIT SERVICES	113.88
HONEY BUCKET	1,310.10
HOPKINS, CRAIG	325.28
HORIZON DISTRIBUTORS INC	476.57
HSA BANK	42.30
ICMA RETIREMENT TRUST 457 - 304745	42,907.77
INC4INC, INC.	7,500.00
INDEPENDENT STATIONERS	287.57
INGLEMOOR HIGH SCHOOL MUSIC BOOSTERS	100.00
INSLEE, BEST, DOEZIE & RYDER, P.S.	116,309.93
INTEGRA TELECOM	1,799.53
INTERNATIONAL CITY/CNTY MGMT ASSOC	1,400.00
INTERNATIONAL CODE COUNCIL, INC	114.40
INTERNATIONAL SOC. OF ARBORICULTURE	135.00
IRON CREEK CONSTRUCTION LLC	77,562.50
iWORQ SYSTEMS	2,800.00
JACOBS ENGINEERING GROUP	116,239.85
JAYMARC - AV	46,455.78
JEFF SCROGGINS & COLORADO, LLC	1,500.00
JET CITY IMPROV	600.00
JET CITY PRINTING	2,038.92
JOYCE ZIKER PARKINSON	4,179.50
JSH PROPERTIES, INC.	420.12
KAMINS CONSTRUCTION INC.	44,787.69
KENMORE COMMERCIAL LLC	19,279.50
KENMORE HERITAGE SOCIETY	585.00
KING COUNTY ANIMAL SVCS	1,823.00

KING COUNTY FINANCE	196,554.80
KING COUNTY FINANCE W.L.R.D.	7,912.64
KING COUNTY FLEET ADMIN	464.31
KING COUNTY MUNICIPAL CLERKS ASSOC	25.00
KING COUNTY OFFICE OF FINANCE	6,302.98
KING COUNTY RADIO COMM SERVICES	599.24
KING COUNTY RECORDER'S OFFICE	314.00
KING COUNTY SHERIFF	1,340,030.54
KING COUNTY TREASURY	25,351.53
KOMPAN, INC	2,169.20
KONICA MINOLTA BUSINESS SOLUTIONS	1,663.00
KPFF CONSULTING ENGINEERS	81,664.54
KUSTOM SIGNALS, INC.	492.26
LANDSCAPE FORMS, INC.	503.70
LANGUAGE LINE SERVICES, INC.	381.67
LAW OFFICE OF JOHN RONGERUDE, PS	600.00
LENTZ, FLORENCE K.	7,275.00
LIGHTHOUSE CONSULTING INC	27,245.75
LINCOLN NATIONAL LIFE INSURANCE	5,708.78
LOYUK, SAMANTHA	396.90
LUTRON SERVICES CO., INC.	487.50
MAACO	383.25
MACLEOD RECKORD	133,026.49
MAIL FINANCE	1,409.20
MARINE FLOATS CORPORATION	2,194.51
MARSHBANK CONSTRUCTION	203,904.37
MCALLISTER, TERESA	132.77
MCCLURE AND SONS, INC.	95,511.90
METROPOLITAN TRANS. COMMISSION	1,500.00
MICRONET, INC.	151.12
MILLER STEPHENS, MARY	7,500.00
MOBILE MINI, INC.	720.21
MOTT MACDONALD GROUP, INC.	151,240.96
MPH INDUSTRIES, INC	100.15
MR. T'S TROPHIES	181.67
MUMMA, RYAN	461.02
MUNIMANAGE, LLC	20,355.00
NATIONAL LIFE OF VERMONT	739.02
NATIONWIDE FINANCIAL 401a	169,059.63
NATIONWIDE RETIREMENT SOLUTIONS 457	3,385.00
NAVIA	7,083.30
NAZARIYA, ANATOLI	1,566.46
NEOPOST USA INC.	247.63
NEW PIG	1,397.04
NICK MINZGHOR	4,650.00
NORTHSHORE CHURCH	210.00
NORTHSHORE FIRE DEPT	1,760.00
NORTHSHORE ROTARY CLUB	404.00
NORTHSHORE UTILITY DIST	74,154.07
NORTHSHORE YMCA	1,625.00
NORTHWEST ARBORICULTURE LLC	9,048.01
NORTHWEST LANDSCAPE SERVICES	13,889.13
NORTHWEST MARINE TRADE ASSOCIATION	440.00
OFFICE DEPOT	9,791.66

OFFICE TEAM	2,135.86
OGDEN, MURPHY, WALLACE	97.50
OLBRECHTS & ASSOCIATES, PLLC	27,089.50
OLYMPIC ENVIRONMENTAL RESOURCES INC	18,563.46
OSBORN CONSULTING INC.	61,662.42
OUSLEY, NANCY	1,155.62
OVERLEESE, KRISTEN	87.40
OWEN EQUIPMENT COMPANY	1,246.98
PACE ENGINEERS, INC.	45,940.21
PACIFIC TOPSOILS	453.32
PAMPLIN MEDIA GROUP	190.00
PARAMETRIX INC	392.50
PASSPORT TRAVEL AND TOURS	1,028.80
PAWS	1,960.00
PENDLETON, MICHAEL	3,745.50
PERSONAL BEST/ TOPHEALTH	117.74
PERTEET INC.	34,806.97
PETERSON, JANET	800.00
PETTY CASH CUSTODIAN	797.04
PHSI PURE HEALTH SOLUTIONS INC.	706.79
PHSI PURE WATER FINANCE	301.86
PLANNING ASSOCIATION OF WASHINGTON	160.00
PLANTS NORTHWEST, INC.	3,269.30
PUGET SOUND CLEAN AIR AGENCY	17,756.00
PUGET SOUND ENERGY	91,005.99
PUGET SOUND FINANCE OFFICERS ASSOC	50.00
PUGET SOUND REGIONAL COUNCIL	8,294.00
QUALITY BUSINESS SYSTEMS INC.	6,702.52
QUINN, JANET	74.68
RANDALL, BRIAN	679.15
REDFIELD PROPERTIES LLC	2,500.00
REIQUAM, PETER	12,500.00
REPUBLIC SERVICES	3,431.34
RESOURCE EXPLORATION, LLC	8,000.00
RFI ENTERPRISES INC.	10,876.80
RYCO EQUIPMENT, INC.	630.44
SALTER, JON	612.00
SARAH ROBERTS	54,180.45
SAUVE, GAYLEN	400.00
SCHARBACH, WAYNE	106.05
SCHINDLER ELEVATOR CORPORATION	1,717.85
SCHNEE, CARLA	193.57
SCORE	171,954.93
SEATTLE PHOTO BOOTHS	565.02
SEATTLE TIMES	5,164.07
SEXTANT MARKETING GROUP	8,209.22
SHI INTERNATIONAL CORP.	375.59
SHRED-IT USA LLC	483.43
SIGN UP, SIGN CO, INC	658.85
SIMONDS COURT LLC	8.36
SITTS & HILL ENGINEERS, INC.	4,409.86
SKAGIT GARDENS	3,321.32
SKYWARD CONSTRUCTION	58,921.18
SNOHOMISH COUNTY	3,601.00

SOFTWAREONE, INC.	11,103.50
SOUND CITIES ASSOC	14,189.83
SOUND PUBLISHING, INC.	3,672.10
SPERRY, LAURIE	1,266.76
STANLEY PATRICK STRIPING COMPANY	29,251.51
STANTON, ANN	93.50
STAPLES ADVANTAGE	2,008.12
STARDOM SERVICES, INC.	2,550.00
STATE OF FLORIDA DISBURSEMENT UNIT	3,575.00
STATE OF WA DEPARTMENT OF LICENSING	480.00
STATEWIDE RENT-A-FENCE INC.	3,791.76
STEWART MACNICHOLS HARMELL, INC.	30,250.00
STEWART TITLE COMPANY	44,206.89
SUMMIT TREE AND LAND, INC.	4,489.50
SWANK MOTION PICTURES, INC.	1,914.00
TACK PHOTOGRAPHY	7,500.00
TELESYSTEMS WEST	351.20
THE GREENBUSCH GROUP, INC.	6,829.91
THE SEATTLE TIMES NIE	950.00
THE WATERSHED COMPANY	3,493.56
TIM HUNTER CREATIVE SERVICES	1,250.00
TOP TO BOTTOM JANITORIAL, INC.	17,500.00
TOTAL LANDSCAPE CORP	38,326.23
TOWN CENTER HARDWARE	435.64
TRINITY CONTRACTORS, INC.	96,048.01
TUFF SHED, INC	1,872.83
TYLER TECHNOLOGIES, INC.	35,295.63
UFF DA LOGISTICS	283.59
UNITED STATES POSTMASTER	4,823.79
UNITED WAY OF KING COUNTY	3,276.00
UPS STORE	2,296.68
URBAN FORESTRY SERVICES, INC.	1,500.00
US POSTAL SERVICE (HASLER)	5,430.24
UTILITIES UNDERGROUND LOCATION CTR	1,353.21
VAN NESS, ALLAN	148.40
VAUGHAN, KENT	7,500.00
VELLAT, MARC H.	32,050.00
VERIZON WIRELESS	3,181.89
VERSATILE MOBILE SYSTEMS	260.88
VERTICAL VISUAL SOLUTIONS INC.	12,658.20
W.S.S.O. Advanced Training	780.00
WA ASSOC OF BUILDING OFFICIALS	2,450.00
WA ASSOC OF CODE ENFORCEMENT	35.00
WA ASSOC OF PUBLIC RECORDS OFFICERS	350.00
WA CITIES INSURANCE AUTHORITY	265,141.00
WA FINANCE OFFICERS ASSOCIATION	150.00
WA STATE DEPT OF LABOR & INDUSTRIES	141.60
WA STATE DEPT OF TRANSPORTATION	2,935.36
WAGE WORKS	288.00
WASHINGTON CITY/COUNTY MGMT ASSOC	315.00
WASHINGTON ENERGY SERVICES CO. LLC	28.00
WASHINGTON MUNICIPAL CLERKS ASSOC	100.00
WASHINGTON STATE DEPT OF REVENUE	4,877.35
WASHINGTON STATE PATROL	897.24

WELLS FARGO FINANCIAL	3,262.15
WETHERHOLT & ASSOCIATES, INC	7,855.00
WETLANDS & WOODLANDS INC	9,677.06
WINTERBOURNE LANDSCAPE	1,152.39
YOM: FULL SERVICE COURT REPORTING	9,055.00
ZONAR SYSTEMS	525.33
ZUMAR	1,988.53
	<u>\$6,836,466.32</u>



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Dredging of Wallace Swamp Creek Park Sediment Pond. Proposed Council Action/Motion: Authorize the City Manager to execute Agreement 17-C1744 for an amount not to exceed \$120,000 for the dredging of Wallace Swamp Creek Park sediment pond.	For Council Meeting Agenda of: July 24, 2017 Department: Public Works Prepared by: Richard Sawyer (PS) <table style="width: 100%;"> <tr> <td style="text-align: right;"><u>Initial & Date</u></td> <td></td> </tr> <tr> <td style="text-align: right;">Approved by Department Head:</td> <td><u>BJS for KO 7/7/17</u></td> </tr> <tr> <td style="text-align: right;">Approved by City Attorney:</td> <td><u>NA</u></td> </tr> <tr> <td style="text-align: right;">Approved by Finance Director:</td> <td><u>Chris 7/7/17</u></td> </tr> <tr> <td style="text-align: right;">Approved by City Manager:</td> <td><u>R&K</u></td> </tr> </table> Exhibits/Attachments: NA	<u>Initial & Date</u>		Approved by Department Head:	<u>BJS for KO 7/7/17</u>	Approved by City Attorney:	<u>NA</u>	Approved by Finance Director:	<u>Chris 7/7/17</u>	Approved by City Manager:	<u>R&K</u>
<u>Initial & Date</u>											
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Approved by City Manager:	<u>R&K</u>										
<table style="width: 100%;"> <tr> <td style="width: 33%;">Expenditure Required \$120,000</td> <td style="width: 33%;">Amount Budgeted \$120,000</td> <td style="width: 33%;">Appropriation Required \$0</td> </tr> </table>		Expenditure Required \$120,000	Amount Budgeted \$120,000	Appropriation Required \$0							
Expenditure Required \$120,000	Amount Budgeted \$120,000	Appropriation Required \$0									
<u>INFORMATION/BACKGROUND:</u> The Wallace Swamp Creek Park sediment pond was expanded as part of the 73RD AVE NE Flood Reduction Project in 2005 and existed before that time as a King County regional pond going back many years. The pond typically requires dredging on an annual basis, however, wind storms in 2014/2015 downed several large trees in and around the stream causing sediment retention upstream of the pond. These changes resulted in less sediment reaching the pond and dredging was not required in 2015 or 2016. This year, sediment accumulation has reached 100% of the pond's designed capacity and requires dredging. Staff have secured a Hydraulic Project Approval (HPA) for this project, which is required for this kind of work from the Washington State Department of Fish and Wildlife.											
<u>FISCAL CONSIDERATION:</u> The approved 2017/2018 City biennial budget includes \$240,000 (\$120,000 per year) for dredging of the Wallace Swamp Creek Park sediment pond.											
<u>COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:</u> Council Goal No. 7: Address watershed and water quality issues affecting the City.											



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

Subject/Topic: Multifamily Housing Property Tax Exemption for Kenmore Village Residential Phase III (Spencer68 Phase III) – Resolution No. 17-298	For Council Meeting Agenda of: July 24, 2017 Department: Development Services Prepared by: Samantha Loyuk, Associate Planner SL												
Proposed Council Action/Motion: Adopt Resolution No. 17-298 Authorizing the City Manager to Enter into a Multifamily Housing Property Tax Exemption Agreement with MSPT LLC for Phase III of the Kenmore Village Residential Project	<u>Initial & Date</u> Approved by Department Head: <u>SA 7/7/17</u> Approved by City Attorney: <u>VIA EMAIL</u> Approved by Finance Director: <u>[Signature]</u> Approved by City Manager: <u>[Signature]</u>												
Exhibits/Attachments: 1. Resolution No. 17-298 2. Tax Exemption Agreement													
<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; text-align: right;">Expenditure Required \$0</td> <td style="width: 33%; text-align: center;">Amount Budgeted \$ N/A</td> <td style="width: 33%; text-align: right;">Appropriation Required \$ N/A</td> </tr> </table>		Expenditure Required \$0	Amount Budgeted \$ N/A	Appropriation Required \$ N/A									
Expenditure Required \$0	Amount Budgeted \$ N/A	Appropriation Required \$ N/A											
<u>INFORMATION/BACKGROUND:</u> The Kenmore City Council ("Council") authorized a development agreement between MSPT VI LLC ("MainStreet Property Group" or "MSPT") on December 9, 2013 for the development of the Kenmore Village Residential project ("Spencer68"). The development agreement acknowledged that the project would qualify for the Multifamily Housing Property Tax Exemption, if it met the procedural and tenant income requirements of KMC Chapter 3.65. Consistent with the Development Agreement, Council has authorized a 12-year tax exemption for Phases I and II. Below is a summary of council actions and benefit to the community, to date:													
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Phase</th> <th style="width: 15%;">Date</th> <th style="width: 40%;">Council Action</th> <th style="width: 35%;">Community Benefit</th> </tr> </thead> <tbody> <tr> <td>Phase I</td> <td>April 13, 2015</td> <td>Authorized a 12-year tax exemption</td> <td>35 of the 138 units in Phase I have been designated as affordable units</td> </tr> <tr> <td>Phase II</td> <td>May 23, 2016</td> <td>Authorized a 12-year tax exemption</td> <td>14 of the 59 units in Phase II have been designated as affordable units</td> </tr> </tbody> </table>		Phase	Date	Council Action	Community Benefit	Phase I	April 13, 2015	Authorized a 12-year tax exemption	35 of the 138 units in Phase I have been designated as affordable units	Phase II	May 23, 2016	Authorized a 12-year tax exemption	14 of the 59 units in Phase II have been designated as affordable units
Phase	Date	Council Action	Community Benefit										
Phase I	April 13, 2015	Authorized a 12-year tax exemption	35 of the 138 units in Phase I have been designated as affordable units										
Phase II	May 23, 2016	Authorized a 12-year tax exemption	14 of the 59 units in Phase II have been designated as affordable units										
The applicant is moving forward with Phase III of the project. Phase III consists of two buildings with 25 units total; seven of the units will be designated as affordable. The applicant has requested a 12- year tax exemption in return for providing the seven affordable units. 12-years is the maximum period allowed by the City's code and State law (RCW Chapter 84.14). Consistent with the format above, Resolution No. 17-298 is summarized as:													
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Phase</th> <th style="width: 15%;">Date</th> <th style="width: 40%;">Proposed Council Action</th> <th style="width: 35%;">Community Benefit</th> </tr> </thead> <tbody> <tr> <td>Phase III</td> <td>July 24, 2017</td> <td>Authorize a 12-year tax exemption</td> <td>7 of the 25 units in Phase III will be designated as affordable units</td> </tr> </tbody> </table>		Phase	Date	Proposed Council Action	Community Benefit	Phase III	July 24, 2017	Authorize a 12-year tax exemption	7 of the 25 units in Phase III will be designated as affordable units				
Phase	Date	Proposed Council Action	Community Benefit										
Phase III	July 24, 2017	Authorize a 12-year tax exemption	7 of the 25 units in Phase III will be designated as affordable units										

As a member city of A Regional Coalition for Housing ("ARCH"), staff have relied heavily upon their experience and expertise as it relates to the multifamily housing tax exemption and administering the affordable housing. ARCH has provided technical assistance in preparation of the attached tax exemption agreement (Exhibit 2) As the City's designee, ARCH will continue to track regulatory compliance, including annual reporting, to ensure that the City continues to receive this important benefit.

In addition to the Development Agreement and in accordance with State law, Chapter 3.65 KMC sets forth a process to determine project compliance with the conditions of the tax exemption. Under this process, the applicant must apply for a conditional certificate of tax exemption, which must be approved by the Development Services Director ("Director"). Following Director approval, the exemption must then be approved by Council. To date, MSPT has applied for the conditional certificate of tax exemption and the request has been approved by the Director. In order to administer necessary aspects of the affordable housing provisions that were not specified in the Development Agreement, the City and MSPT will also enter into a declaration of restrictive covenants, which will be an exhibit to the tax agreement (Exhibit 2.D). The declaration of restrictive covenants will be recorded on the property. When the project is complete the owner will file an application for a final certificate of tax exemption. Together, the City and ARCH will review the application to ensure all requirements of tax exemption have been satisfied. Upon approval, the City will notify the County Assessor so that the residential improvements will be tax-exempt.

As a condition of a 12- year tax exemption per State law, MSPT must make at least 20 percent of the multifamily units affordable to low and moderate income households. However, the City's code and an affordable housing covenant already placed on the property both require 25 percent of the multifamily units be made affordable, exceeding the minimum in State law. As a result, 7 of the 25 units being built in Phase III must be affordable. The affordable units must be available to households annual income does not exceed 85 percent of the King County median income.

The construction and designation of the affordable units satisfies multifamily housing property tax exemption requirements, requirements of the development agreement, KMC Chapter 18.77 (Affordable Housing), and the affordable housing covenant recorded on the property by King County (recording #20050110001850).

Upon authorization from Council, the City Manager will sign the tax exemption agreement and will execute the declaration of restrictive covenants (to be recorded on the property). Upon completion of construction of the multifamily housing units in Phase III, the City will file a final certificate of tax exemption with King County Department of Records and Elections, provided all requirements of KMC Chapter 3.65 and the tax exemption agreement are satisfied.

FISCAL CONSIDERATION:

The tax exemption means that the City will forgo tax revenue that would have come from the value of the residential improvements for 12 years. The City will always receive tax revenue from the land and non-residential improvements on the property.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

To create a vibrant, walkable downtown.

**CITY OF KENMORE
WASHINGTON
RESOLUTION NO. 17-298**

**A RESOLUTION OF THE CITY OF KENMORE, WASHINGTON,
AUTHORIZING THE CITY MANAGER TO ENTER INTO A
MULTIFAMILY HOUSING PROPERTY TAX EXEMPTION
AGREEMENT WITH MSPT VI LLC FOR PHASE 3 OF THE
KENMORE VILLAGE RESIDENTIAL PROJECT.**

WHEREAS, on December 9, 2014, MSPT VI LLC ("MSPT") and the City of Kenmore entered into the "Development Agreement by and between the City of Kenmore and MSPT VI, LLC, for the Kenmore Village Residential Development," for the construction of residential units on approximately 4.7 acres of real property at 18149 68th Avenue NE, Kenmore, Washington, ("Development Agreement"); and

WHEREAS, the Development Agreement, among other things, authorized construction of the project in phases, required MSPT to provide affordable housing in the project, and provided for a property tax exemption for qualifying affordable units upon compliance with the procedural and tenant income requirements of KMC Chapter 3.65; and

WHEREAS, as authorized by the Development Agreement and KMC Chapter 3.65, MSPT has filed with the Development Services Director an application for a 12-year property tax exemption for 7 affordable units in Phase 3 of the project;

WHEREAS, KMC Chapter 3.65 requires that upon approval of the application for tax exemption, the property owner shall enter into an agreement with the City regarding the terms and conditions of the project and eligibility for tax exemption, and the City Council shall approve the agreement by resolution; and

WHEREAS, MSPT and the City have negotiated and recommended to the City Council a tax exemption agreement for the 7 affordable units in Phase 3 of the project ("Tax Exemption Agreement"); and

WHEREAS, following execution of the Tax Exemption Agreement, the Director will issue a conditional certificate of acceptance of tax exemption, and upon completion of Phase 3 of the project, will issue a final certificate of tax exemption;

WHEREAS, pursuant to and in furtherance of the Development Agreement, and concurrent with execution of the Tax Exemption Agreement, MSPT and the City will enter into the "Regulatory Agreement and Declaration of Restrictive Covenants, Kenmore Village Residential and

Phase 3," which provides for 25 new multifamily housing units, requires 7 of those units to be affordable units, and establishes construction, eligibility and reporting requirements for the affordable units ("Regulatory Agreement"); and

WHEREAS, the Regulatory Agreement will be attached to the tax exemption agreement as an Exhibit and will be recorded against the real property;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DOES RESOLVE that the City Manager is authorized and directed to execute on behalf of the City of Kenmore, an agreement substantially in the form of the "Multifamily Housing Limited Property Tax Exemption Agreement Kenmore Village Residential Phase III" attached hereto as Exhibit A.

PASSED BY THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, AT A REGULAR MEETING THEREOF THIS 24TH DAY OF JULY 2017.

CITY OF KENMORE

David Baker, Mayor

ATTEST/AUTHENTICATED:

Kelly Chelin, City Clerk

Approved as to form:

Rod Kaseguma, City Attorney

MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT

KENMORE VILLAGE RESIDENTIAL PHASE III

THIS AGREEMENT, entered into this _____ day of _____, 2017, between the City of Kenmore, a State of Washington municipal corporation ("City") and the MSPT VI LLC, a Washington limited liability company ("Applicant"), and incorporated attachments and exhibits, contains all terms and conditions agreed to by the City and the Applicant to undertake the activities described herein.

RECITALS

1. Applicant has applied for a limited property tax exemption as provided in Chapter 84.14 RCW and Chapter 3.65 KMC for multifamily residential rental housing ("Multifamily Housing") in the Residential Target Area, and the City's Development Services Director ("Director") has approved the application.

2. Applicant has submitted to the City preliminary floor plans for new Multifamily Housing to be constructed as part of a twenty-five (25) unit housing development ("Project") on property situated at 6611 and 6621 NE 182nd Street in Kenmore, Washington ("Property"), and as more particularly described in **Exhibit A** which is attached hereto, and incorporated by reference herein.

3. Applicant is the owner of the Property.

4. In the application, Applicant represented to the City, as required by Chapter 84.14 RCW and Chapter 3.65 KMC, that the Project will provide at least seven (7) new dwelling units designed for permanent residential rental or ownership occupancy, and will provide permanent residential housing comprising at least fifty percent (50%) of the gross floor area of the Project.

5. The Project will not result in the net loss of existing affordable housing which receives housing assistance through federal low- or moderate-income housing programs (e.g., HUD Section 8 program).

6. The City has determined that the Multifamily Housing will, if completed, occupied, and owned as proposed, satisfy the requirements for a Final Certificate of Tax Exemption.

7. This Agreement is entered into pursuant to City Council action taken on (date of council action).

NOW, THEREFORE, in consideration of the mutual promises herein, the City and Applicant do mutually agree as follows:

1. Conditional Certificate of Acceptance of Tax Exemption.

The City agrees, upon execution of this Agreement following approval by the City Council, to issue a Conditional Certificate of Acceptance of Tax Exemption ("Conditional Certificate"), which Conditional Certificate shall expire three (3) years from the date of approval of this Agreement by the Council, unless extended by the Director as provided in KMC 3.65.080.

2. Agreement to Construct Multifamily Housing.

a. Applicant agrees to construct the Project on the Property, including the Multifamily Housing, substantially as described in the floor plans attached hereto in **Exhibit B**, subject to such modifications thereto as may be required to comply with applicable codes and ordinances, including the design review process.

b. Applicant agrees to construct the Project on the Property, including the Multifamily Housing, in compliance with all applicable zoning requirements, land use regulations, and building and housing code requirements contained in Titles 15, 17, 18, 19, and 20 KMC or other applicable law. Applicant further agrees that approval of this Agreement by the City Council, its execution by the Director, or issuance of a Conditional Certificate by the City pursuant to Chapter 3.65 KMC in no way constitutes approval of proposed improvements on the Property with respect to applicable provisions of Titles 15, 17, 18, 19, and 20 KMC or other applicable law or obligates the City to approve proposed improvements.

c. Applicant agrees that the Multifamily Housing will be completed within three (3) years from the date of approval of this Agreement by the Council, unless extended by the Director for cause as provided in KMC 3.65.080.

3. Agreement to Provide Affordable Housing.

Applicant agrees to provide a minimum of seven (7) Affordable Units for rent, specifically available for and affordable to households whose annual household incomes do not exceed eighty-five percent (85%) of the King County median income ("Moderate-Income Households"), adjusted for household size, as determined by the United States Department of Housing and Urban Development ("HUD"). The affordable monthly housing expense, including rent and an appropriate utility allowance, shall be no greater than thirty percent (30%) of the applicable level of the King County median income.

4. Location and Design of Affordable Units/ Affordability Agreement/ Conversion.

a. The Affordable Units shall be those units indicated in **Exhibit C**. Applicant may propose to change the particular units dedicated for the Affordable Units, provided that a total of two (2) units are designated for Affordable Units, and the same affordability and bedroom mix of

Affordable Units is maintained. The Affordable Units shall be integrated with all other dwelling units of the Project. Applicant shall request in writing the City's approval of any proposed change to the units dedicated for the Affordable Units. The City will review the proposed changes and shall base its approval or disapproval of the proposed changes upon the criteria set forth in this section. The exterior designs of the Affordable Units are to be compatible and comparable with the market rate units. The interior finish of the Affordable Units shall at a minimum include standard features and result in a totally finished and livable home.

b. Prior to issuing a certificate of occupancy, an agreement in a form acceptable to the city attorney ("Declaration") and substantially in the form of **Exhibit D** that addresses price restrictions, eligible household qualifications, long-term affordability, and any other applicable topics of the Affordable Units shall be recorded with the King County department of records and elections. This Declaration shall be a covenant running with the land and shall be binding on the assigns, heirs and successors of the Applicant. Affordable Units that are provided under this section shall remain as affordable housing for the life of the Project.

c. In the event the Project is proposed for conversion to condominium, owner-occupied, or non-rental residential use, Applicant must submit to the City for its approval a plan for preserving the Affordable Units. The City can consider options which would convert the Affordable Units to owner occupancy Affordable Units. In the event a condominium conversion occurs during the period of the property tax exemption and owner occupied Affordable Units are provided at the affordability levels as defined in KMC 3.65.020.A or that have such other comparable level of affordability as provided for in the City's affordable housing multifamily tax exemption incentive program, as regulated through Chapter 18.77 KMC, per Section 6 of this Agreement, the Affordable Units will continue to be eligible for the property tax exemption for the balance of the exemption period or for the period of time the conversion allows, whichever is appropriate. The balance of the Project would no longer be eligible for the exemption, and City will not cancel the Final Certificate of Tax Exemption as provided in Section 10 of this Agreement.

5. Requirements for Final Certificate of Tax Exemption.

Applicant may, upon completion of the Project and upon issuance by the City of a temporary or permanent certificate of occupancy, request a Final Certificate of Tax Exemption ("Final Certificate"). The request shall be in a form approved by the city and directed to the City's Development Services Department and at a minimum include the following:

- a. A statement of expenditures made with respect to the overall Project and the residential portions of the Project;
- b. A description of the completed work, including floor area of residential and non-residential area, and a statement of qualification for the exemption;

c. Documentation that the Multifamily Housing was completed within the required three-year period or any authorized extension and in compliance with the terms of this Agreement; and

d. Information regarding Applicant's compliance with the affordability requirements in Chapter 3.65 KMC and this Agreement, which shall include the following:

(1) Identification of all Affordable Units, whether rented or held vacant to be rented by Income Eligible Occupants, the size of the Affordable Units, and the maximum rents and household incomes for each affordable unit at time of initial leasing;

(2) Rents (or offering rents, as applicable) for all Affordable Units;

(3) A copy of the application and income verification form used for rental of Affordable Units;

(4) A copy of the form of lease or rental agreement to be used for Affordable Units; and

(5) Any such further information that the Director deems necessary or useful to evaluate eligibility for the Final Certificate of Tax Exemption.

6. Agreement to Issue Final Certificate.

The City agrees to file a Final Certificate, with an exemption period of twelve (12) years with the King County Assessor within fifteen (15) days of submission of all materials required by paragraph 5 above, if Applicant has:

a. Successfully completed the Multifamily Housing in accordance with the terms of this Agreement and Chapter 3.65 KMC;

b. Filed a request for a Final Certificate with the Director and submitted the materials described in Paragraph 5 above;

c. Paid to the City a fee in the amount of Three Hundred Fifty-Eight Dollars (\$358.00) to cover the Assessor's administrative costs; and

d. Met all other requirements provided in Chapter 3.65 KMC for issuance of the Final Certificate.

7. Annual Certification.

Within thirty (30) days after the first anniversary of the date the City filed the Final Certificate and each year thereafter for the term of the Property Tax Exemption, Applicant agrees to file a certification or declaration with the Director, verified upon oath or affirmation, with respect to the accuracy of the information provided therein, containing at a minimum the following:

- a. A statement of the occupancy and vacancy of the Multifamily Housing units during the previous year;
- b. A statement that the Multifamily Housing has not changed use since the date of filing of the Final Certificate;
- c. A statement that the Multifamily Housing continues to be in compliance with this Agreement and the requirements of Chapter 3.65 KMC;
- d. A description of any improvements or changes to the Project made after the filing of the Final Certificate or the previous certification;
- e. A statement of the change in ownership of all or any part of the property since the Final Certificate was filed; and
- f. Information and documentation sufficient to demonstrate, to the satisfaction of the Director, compliance with the affordability requirements of Chapter 3.65 KMC and this Agreement, which shall, at minimum, include the following:
 - (1) Identification of each Affordable Unit, and any substitution of Affordable Units during the previous year and for each Affordable Unit, the current Household Income limits and maximum allowed rent;
 - (2) For each Affordable Unit that was initially occupied or that had a change of tenancy during the previous year, the date of each tenant's initial occupancy; and
 - (3) For each Affordable Unit, the tenant's current Household Income and current contract rent.

8. No violations for duration of exemption.

For the duration of the exemption granted under Chapter 3.65 KMC, Applicant agrees that the Project and that portion of the Property on which the Project is constructed will have no violations of applicable zoning requirements, land use regulations, and building and housing code

requirements contained in Titles 15, 17, 18, 19, and 20 KMC or other applicable law for which the Development Services Department or its functional successor shall have issued a notice of violation, citation or other notification that is not resolved by a certificate of compliance, certificate of release, withdrawal, or another method that proves either compliance or that no violation existed, within the time period for compliance, if any, provided in such notice of violation, citation or other notification or any extension of the time period for compliance granted by the Director.

9. Notification of transfer of interest or change in use.

Applicant agrees to notify the Director within thirty (30) days of any transfer of Applicant's ownership interest in the Project or that portion of the Property on which the Project is constructed. Applicant further agrees to notify the Director and the King County Assessor within sixty (60) days of any change of use of any or all of the Multifamily Housing on the Property to another use. Applicant acknowledges that such a change in use may result in cancellation of the tax exemption and imposition of additional taxes, interest and penalties pursuant to State law.

10. Cancellation of Exemption - Appeal.

a. The City reserves the right to cancel the Final Certificate if at any time the Multifamily Housing, the Project or that portion of the Property on which the Project is constructed no longer complies with the terms of this Agreement or with the requirements of Chapter 3.65 KMC, or for any other reason no longer qualifies for an exemption. City shall provide written notice to Applicant of any non-compliance with the terms of this Agreement and Applicant shall have a ninety (90) day right to cure. So long as Applicant is able to comply within ninety (90) days, the Agreement shall stay in full effect.

b. If the exemption is canceled for non-compliance, Applicant acknowledges that state law requires that an additional real property tax is to be imposed in the amount of: (1) the difference between the tax paid and the tax that would have been paid if it had included the value of the non-qualifying improvements, dated back to the date that the improvements became non-qualifying; (2) a penalty of 20% of the difference calculated under paragraph (a) of this paragraph; and (3) interest at the statutory rate on delinquent property taxes and penalties, calculated from the date the tax would have been due without penalty if the improvements had been assessed without regard to the exemptions provided by Chapter 84.14 RCW and Chapter 3.65 KMC. Applicant acknowledges that, pursuant to RCW 84.14.110, any additional tax owed, together with interest and penalty, becomes a lien on that portion of the Property on which the Project is constructed and attaches at the time the portion of the Property is removed from multifamily use or the amenities no longer meet applicable requirements, and that the lien has priority to and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the Property may become charged or liable. Applicant further acknowledges that RCW 84.14.110 provides that

any such lien may be foreclosed in the manner provided by law for foreclosure of liens for delinquent real property taxes. Applicant further acknowledges that the additional real property tax described above will apply to any cancellation regardless of a change in state law.

c. Upon determining that a tax exemption is to be canceled, the Director, on behalf of the City Council, shall notify the Applicant by certified mail, return receipt requested. Applicant may appeal the determination in accordance with KMC 3.65.120.

11. Amendments.

No modification of this Agreement shall be made unless mutually agreed upon by the parties in writing and unless in compliance with the provisions of KMC 3.65.070.

12. Binding Effect.

The provisions, covenants, and conditions contained in this Agreement are binding upon the parties hereto and their legal heirs, representatives, successors, assigns, and subsidiaries.

13. Audits and Inspection of Records.

Applicant understands and agrees that the City has the right to audit or review appropriate records to assure compliance with this Agreement and Chapter 3.65 KMC and to perform evaluations of the effectiveness of the Multifamily Tax Exemption program. Applicant agrees to make appropriate records available for review or audit upon seven days' written notice by the City.

14. Notices.

All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when hand-delivered within normal business hours, when actually received by facsimile transmission, or two business days after having been mailed, postage prepaid, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing.

CITY: Development Services Department
 City of Kenmore
 18120 68th Ave NE
 Kenmore, WA 98028
 Attn: Director

With a copy to:
A Regional Coalition for Housing (ARCH)
16225 NE 87th Street, Suite A-3
Redmond, WA 98052
Attn: Housing Planner

APPLICANT: MSPT VI LLC
Attn: Kelly Price
12332 NE 115th Place
Kirkland, WA 98033

15. Severability.

In the event that any term or clause of this Agreement conflicts with applicable law, such conflict shall not affect other terms of this Agreement that can be given effect without the conflicting terms or clause, and to this end, the terms of the Agreement are declared to be severable. However, if the severable term prevents the City from receiving the benefits of having affordable housing as set forth in Chapter 84.14 RCW and Chapter 3.65 KMC, then this Agreement shall be deemed terminated, or may be terminated, as soon as possible in compliance with any applicable law.

16. Exhibits.

The following exhibits are attached to this Agreement and incorporated herein by this reference:

Exhibit A	Legal Description
Exhibit B	Project Floor Plans
Exhibit C	Designation of Affordable units
Exhibit D	Declaration of Affordable Housing Covenants

[Signature page follows immediately.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates indicated below.

CITY OF KENMORE

MSPT VI, LLC

By: Main Street Property Group, LLC,
Its: Manager

By: _____
Rob Karlinsey
Its: City Manager

By: _____
Kelly Price
Its: President

Approved as to Form:

City Attorney

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this _____ day of _____, 2017, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, known to me to be the _____ of the CITY OF KENMORE, who executed the foregoing document on behalf of said City, and acknowledged the said document to be the free and voluntary act and deed of said City, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said document.

IN WITNESS WHEREOF I have given under my hand and official seal this ____ day of _____, 2017.

Notary Public in and for the State of Washington.

Print Name _____

Residing at _____

My commission expires _____

STATE OF WASHINGTON }
 }
COUNTY OF KING } ss.

On this _____ day of _____, 2017, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of _____, corporation, who executed the foregoing instrument on behalf of the said corporation, and acknowledged the said document to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said document.

IN WITNESS WHEREOF I have given under my hand and official seal this ____ day of _____, 2017.

Notary Public in and for the State of Washington.

Print Name _____

Residing at _____

My commission expires _____

EXHIBIT A

LEGAL DESCRIPTION

LOT #2 OF SPENCER68 BINDING SITE PLAN RECORDED UNDER RECORDING
NO. 20140520000886 IN KING COUNTY, WA.

EXHIBIT B
PROJECT FLOOR PLANS

See attached diagrams.

EXHIBIT C**DESIGNATION OF AFFORDABLE UNITS**

Unit Number	Unit Type	Floor Area (Sq Ft)
F102	1-bedroom	816
F103	1-bedroom	748
F104	1-bedroom	748
F110	3-bedroom	1,699
F111	3-bedroom	1,707
G102	1-bedroom	748
G103	1-bedroom	748

EXHIBIT D

DECLARATION OF AFFORDABLE HOUSING COVENANTS

See attached form of agreement.

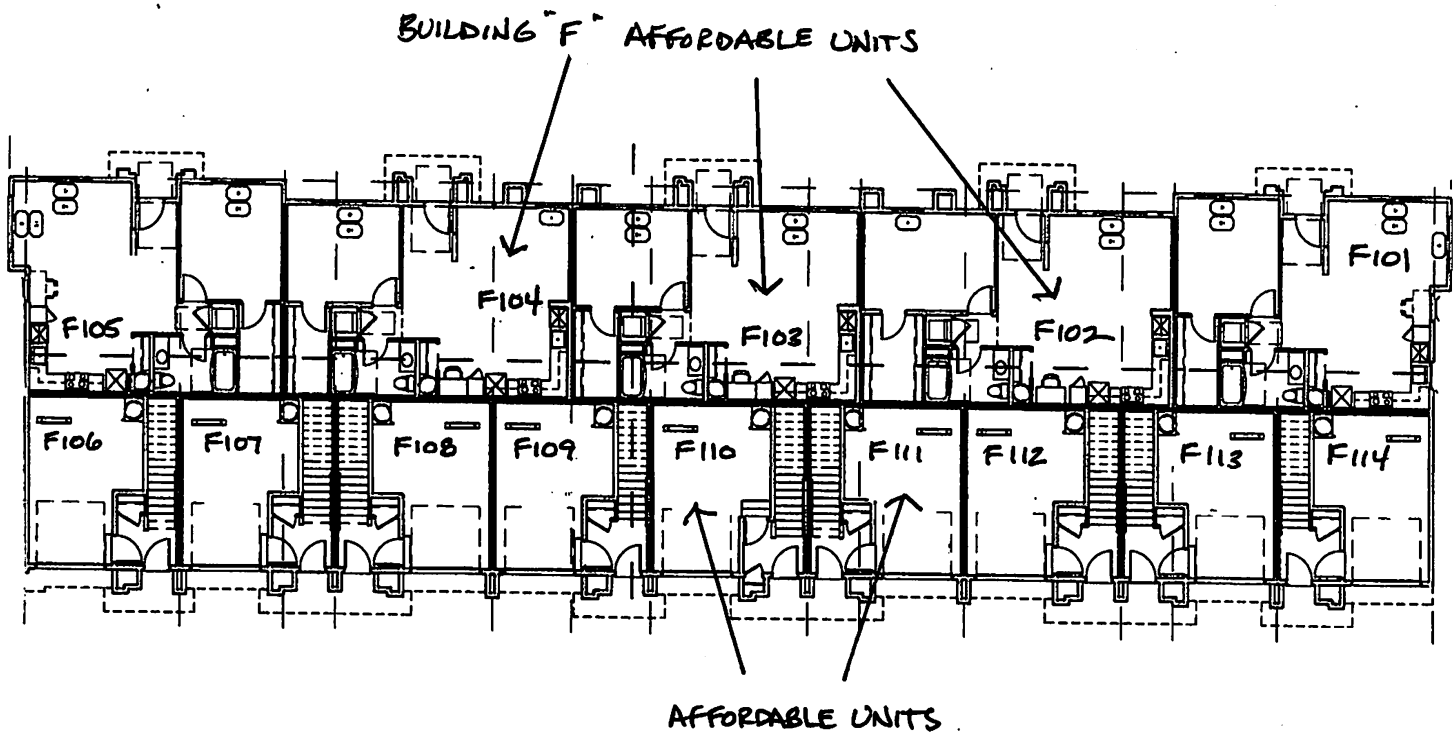
EXHIBIT A

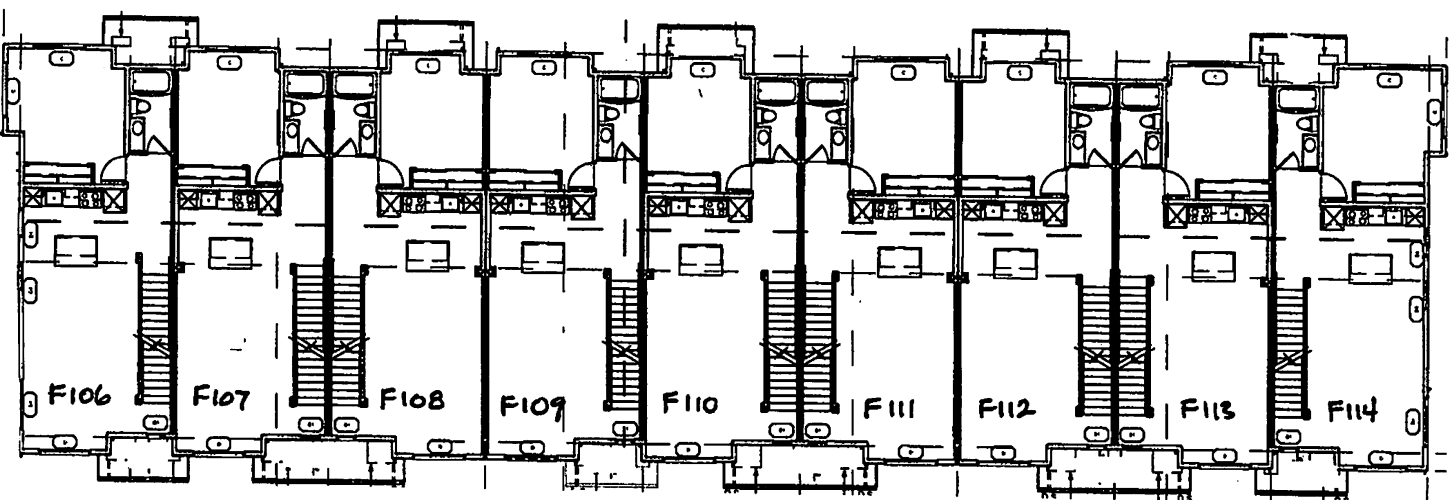
LEGAL DESCRIPTION

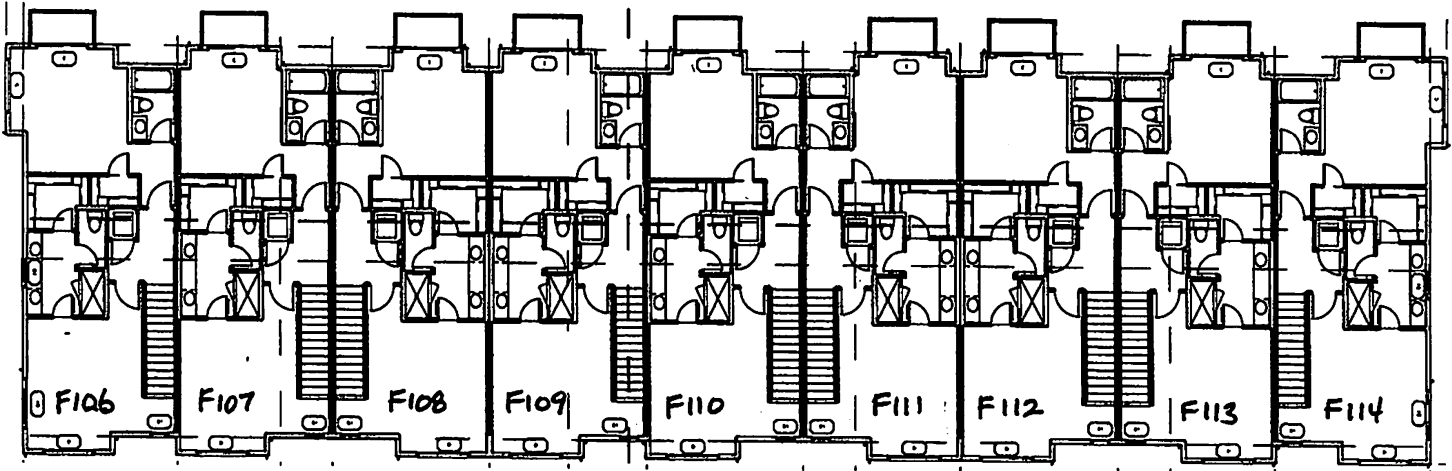
LOT #2 OF SPENCER68 BINDING SITE PLAN RECORDED UNDER RECORDING
NO. 20140520000886 IN KING COUNTY, WA.

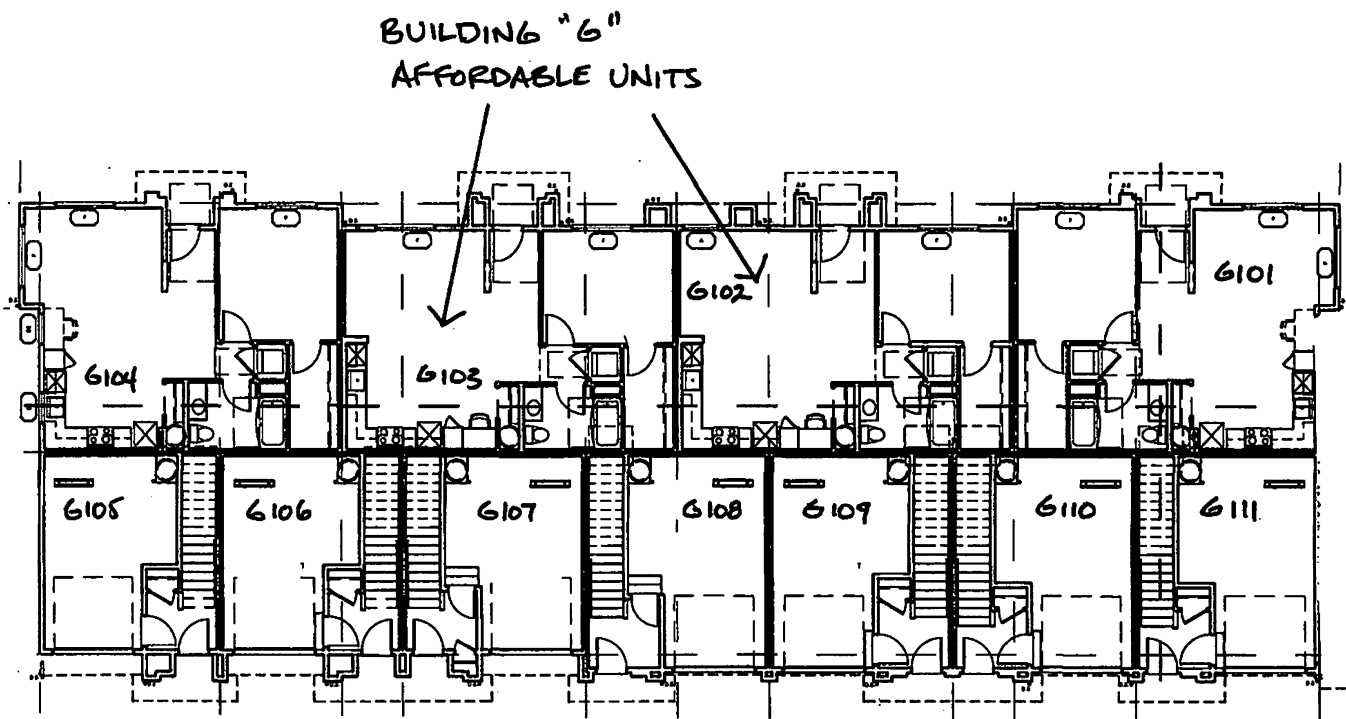
EXHIBIT B
PROJECT FLOOR PLANS

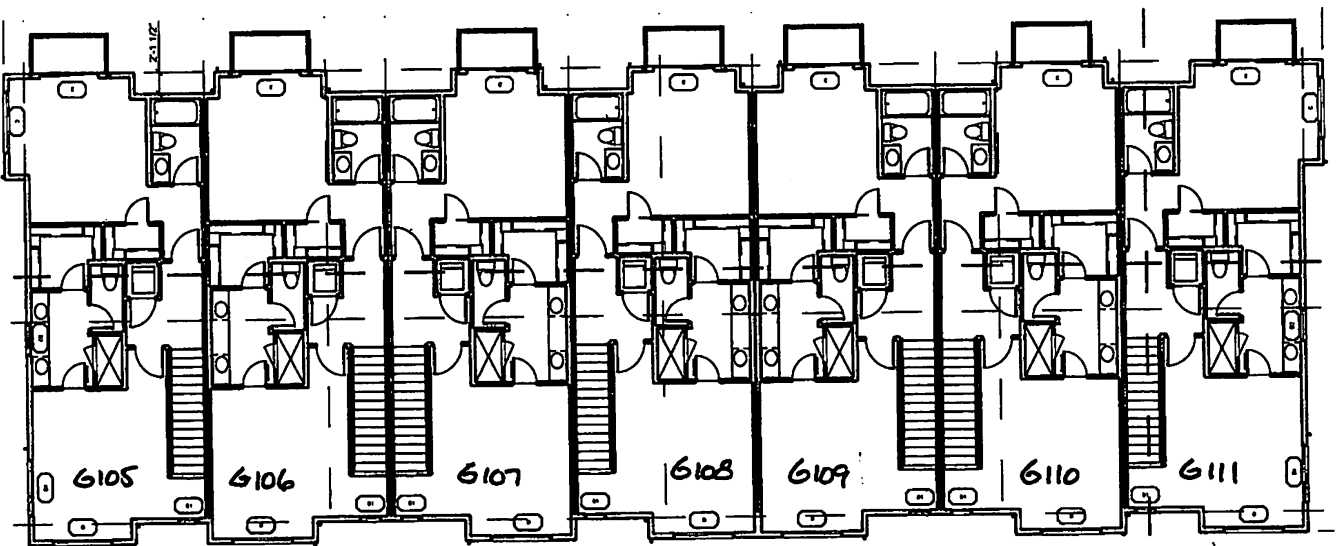
See attached diagrams.











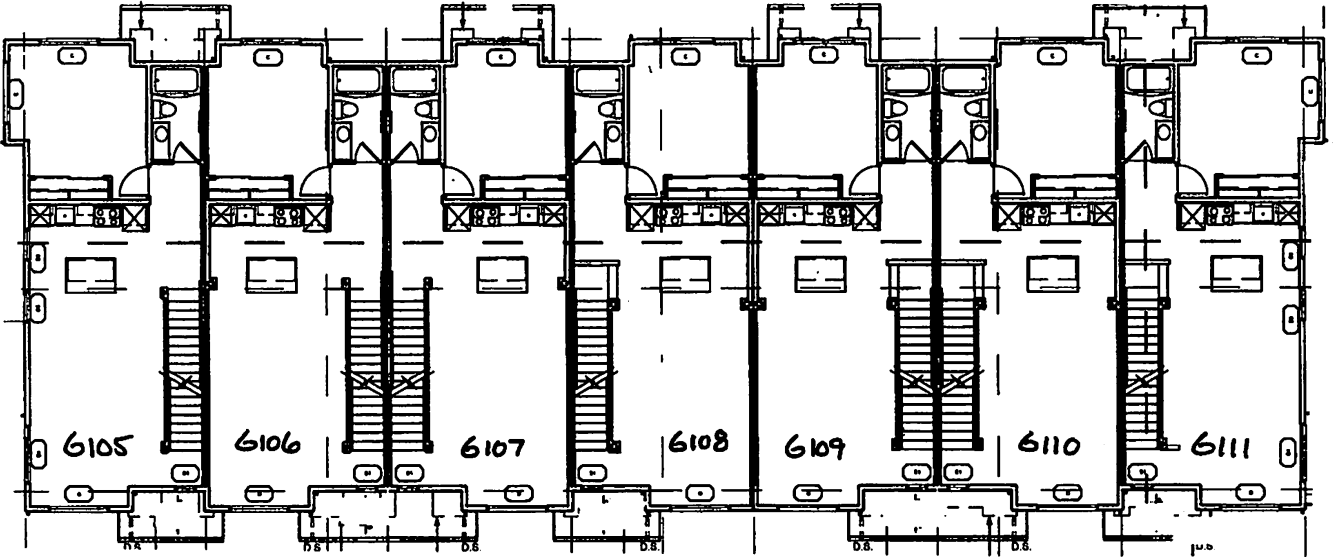


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G103	1-bedroom	748

EXHIBIT D

DECLARATION OF AFFORDABLE HOUSING COVENANTS

See attached form of agreement.

DECLARATION OF AFFORDABLE HOUSING COVENANTS

KENMORE VILLAGE RESIDENTIAL PHASE III

SECTION 1 - DEFINITIONS AND INTERPRETATION
SECTION 2 - RESIDENTIAL RENTAL PROPERTY
SECTION 3 - AFFORDABLE UNITS FOR ELIGIBLE HOUSEHOLDS
SECTION 4 - REPORTING REQUIREMENTS
SECTION 5 - SECTION 8 CERTIFICATE HOLDERS
SECTION 6 - LEASE PROVISIONS
SECTION 7 - SALE OR TRANSFER OF THE PROJECT
SECTION 8 - TERM
SECTION 9 - NO DISCRIMINATION
SECTION 10 - COVENANTS RUN WITH LAND
SECTION 11 - ENFORCEMENT
SECTION 12 - SUBORDINATION, TERMINATION, RIGHTS RESERVED BY
HUD
SECTION 13 - ESTOPPEL CERTIFICATE
SECTION 14 - AGREEMENT TO RECORD
SECTION 15 - RELIANCE
SECTION 16 - GOVERNING LAW
SECTION 17 - NO CONFLICT WITH OTHER DOCUMENTS
SECTION 18 - AMENDMENTS
SECTION 19 - NOTICES
SECTION 20 - FEE WAIVER REQUIREMENTS
SECTION 21 - SEVERABILITY
SECTION 22 - CONSTRUCTION
SECTION 23 - TITLES AND HEADINGS

EXHIBITS

"A" LEGAL DESCRIPTION OF PROPERTY
"B" DESIGNATION OF AFFORDABLE UNITS
"C" CERTIFICATE OF HOUSEHOLD ELIGIBILITY
"D" ANNUAL PROJECT CERTIFICATION

DECLARATION OF AFFORDABLE HOUSING COVENANTS

KENMORE VILLAGE RESIDENTIAL PHASE III

THIS DECLARATION OF AFFORDABLE HOUSING COVENANTS (the "Declaration") is made and entered into as of this _____ day of _____, 2017, by and between the CITY OF KENMORE, a Municipal Corporation of the State of Washington ("City") and MSPT VI LLC, a Washington limited liability company ("Owner").

WITNESSETH:

A. This Declaration is predicated upon the following facts:

1) The Owner is the owner of property located at 6611 and 6621 NE 182nd Street in Kenmore, Washington. The Owner intends to develop said property in two and possibly more phases. In Phase III (hereafter referred to as the "Project"), the Owner will construct and rent twenty-five (25) rental units subject to City approval, and such other approvals by State and local agencies, as required.

2) The Project will include a minimum of seven (7) affordable rental units for Moderate-Income Households ("Eligible Households," as the term is defined below). Such affordable rental units shall be of such bedroom quantity and quality as are in proportion to the overall proportion of bedroom quantity and quality of all of the rental units in the Project.

3) The City finds that the Project will benefit the City by providing affordable rental housing for Eligible Households.

4) The Owner has indicated its willingness to accept certain conditions affecting the use of the Property, particularly with regard to Eligible Households.

5) The Parties enter this Declaration pursuant to a "Development Agreement By and Between the City of Kenmore and MSPT VI LLC for the Kenmore Village Residential Development," dated December 9, 2013, as amended ("Development Agreement"), which among other things, authorizes the Owner to develop the Kenmore Village Residential Development in phases, addresses affordable housing pursuant to Chapter 18.77 of the Kenmore Municipal Code ("KMC"), and addresses multifamily housing property tax exemption pursuant to Chapter 3.65 KMC.

6) The Parties enter this Declaration pursuant to KMC Section 20.47.040 KMC, which implements Road and Park Impact Fee Exemptions for Low-Income Housing.

7) Owner has applied for a limited property tax exemption for twelve years as provided in Chapter 84.14 RCW and Chapter 3.65 KMC for multifamily residential housing ("Multifamily Housing") in the Residential Targeted Area, and the Development Services Director has approved the application.

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

SECTION 1 - DEFINITIONS AND INTERPRETATION

Capitalized terms used herein shall have the following meanings unless the context in which they are used clearly requires otherwise.

"Affordable Rent" means a monthly housing expense, including an applicable Utility Allowance and other expenses required by the Owner as a condition of tenancy, which is no greater than thirty percent (30%) of the monthly King County Median Income level for Eligible Households, as shown in the following table, as adjusted for Household Size. The maximum Affordable Rents shall be adjusted no more than once every twelve (12) months and such adjustment shall be by a factor equivalent to adjustments in the King County Median Income.

Affordable Rent Levels	
Affordable Rent Level	Percent of King County Median Income
Moderate-Income	85%

"Affordable Units" means the seven minimum units in the Project as selected by the Owner and as approved by the City or its Designee, as set forth in **Exhibit B**, and reserved for occupancy by Eligible Households pursuant to Section 3.

"City" means the City of Kenmore.

"Declaration" means this Declaration of Affordable Housing Covenants between the City and the Owner.

"Designee" means A Regional Coalition for Housing ("ARCH") or such other agency as may be designated by the City in writing to the Owner. The City shall notify the Owner of any determination not to utilize ARCH as its Designee for purposes of this designation.

"Development Agreement" means the "Development Agreement By and Between the City of Kenmore and MSPT VI LLC for the Kenmore Village Residential Development," dated December 9, 2013, as amended.

"Eligible Household" means one or more adults and their dependents which adults certify that they meet the qualifications for eligibility set forth below in this definition, in Section 3.F. of this Declaration, and as set forth in the Certificate of Household Eligibility attached hereto as Exhibit C and incorporated by reference herein, and who certify that their Household Incomes do not exceed the applicable percent of the King County Median Income, as set forth in this definition and Section 3.F. of this Declaration, adjusted for Household Size.

Maximum Household Income at Initial Occupancy

Income Level	Percent of King County Median Income
Moderate-Income	85%

"Household Income" means all income from all household members over the age of 18 residing in the household. Income consists of those items listed in **Exhibit C**, Certificate of Household Eligibility (e.g. wages, interest income, etc.). Income of dependents who reside within a household for less than six (6) months of the year will not be counted toward Household Income.

"Household Size" means the average household size assumed for purposes of calculating Affordable Rents as follows:

<u>UNIT TYPE</u>	<u>AVERAGE HOUSEHOLD SIZE</u>
Studio/Open 1 Bedroom	1 Person
1 Bedroom	2 Persons
2 Bedroom	3 Persons
3 Bedroom	4 Persons

"King County Median Income" means the median family income for the Seattle-Bellevue, WA HUD Metro FMR Area as most recently determined by the Secretary of Housing and Urban Development ("HUD") under Section 8(f)(3) of the United States Housing Act of 1937, as amended. In the event that HUD no longer publishes median

family income figures for King County, the Director may estimate the King County Median income in such manner as the Director shall determine.

"KMC" means the Kenmore Municipal Code.

"Lender" means HUD/FHA, Veterans Administration ("VA"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), or another party acquiring such loan upon foreclosure of a deed of trust or mortgage ("Deed of Trust") insured, made or held by HUD/FHA, VA, FNMA, FHLMC; or an institutional third-party lender or investor.

"Owner" means MSPT VI LLC, a limited liability company, and its successors and assigns, and any surviving, resulting or transferee entity.

"Owner Representative" means the person or persons (who may be employees of the Owner) designated from time to time to act hereunder on behalf of the Owner in a written certification furnished to the City or its Designee, containing a specimen signature of such person or persons and signed by the Owner or on behalf of the Owner by a duly authorized representative of the Owner.

"Project" means the building, structures and other improvements to be constructed in Phase III on the Property, and all equipment, fixtures and other property owned by the Owner and located on, or used in connection with, such buildings, structures and other improvements and all functionally related and subordinate facilities. The parties acknowledge that the Project is the first phase of the Kirkland Village Residential Development as authorized in the Development Agreement.

"Property" means the real property which will be devoted to the Project as more particularly described in **Exhibit A** which is attached hereto, and incorporated by reference herein, and all rights and appurtenances thereunto appertaining.

"Property Tax Exemption Agreement" means that agreement titled Multifamily Housing Limited Property Tax Exemption Agreement, Kenmore Village Residential Phase III, between the City and Owner dated _____.

"Qualified Project Period" means for the life of the Project.

"Regulatory Agreement" or "Agreement" means this Regulatory Agreement and Declaration of Restrictive Covenants, Kenmore Village Residential Phase III, between the Parties.

"SHARE Program" City acknowledges that Developer has branded its own affordable program which shall adopt the agreed upon ARCH regulations and requirements.

"Utility Allowance" means that portion of housing expenses for utilities. Therefore, Affordable Rents are calculated assuming payment of all utilities (not including phone, internet service, or cable or satellite television) by the Owner. In the event gas and/or electric utilities, used for purposes of heating, cooking and/or lighting, are paid directly by the tenant, then the monthly Affordable Rent will be reduced by the following allowance:

Studio/Open One Bedroom	\$45
One Bedroom	\$68
Two Bedroom	\$91
Three Bedroom	\$114

The base year for the ARCH utility allowance figures is 2017. The allowance figures will be adjusted annually based on changes in the Consumer Price Index-U.S. Cities Average-All Urban Consumers. If water, garbage and/or sewage are paid for directly by the tenant, the affordable rent levels will be further reduced by the typical cost to the tenant of such utilities, or a set allowance established by the City or its Designee.

SECTION 2 - RESIDENTIAL RENTAL PROPERTY

A. General Description. The Owner will acquire and construct the Project for purposes of providing multifamily rental housing for Eligible Households and the Owner shall own, manage and operate (or cause the management and operation of) the Project to provide multiple family rental housing comprising a building or structure or several inter-related buildings or structures, each consisting of more than one dwelling unit and facilities functionally related and subordinate thereto, and no other facilities. As used herein, "facilities functionally related and subordinate" to the Project shall include facilities for use by the tenants, including, for example, recreational facilities, parking areas, and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment or units of resident managers or maintenance personnel.

B. Similar Quality Construction. All of the dwelling units in the Project shall be constructed of similar quality, and each dwelling unit in the Project shall contain facilities for living, sleeping, eating, cooking and sanitation for a single person or a household which are complete, separate and distinct from other dwelling units in the Project and will include a sleeping area, separate bathing facility, and a cooking range, refrigerator and sink.

C. Conversion to Condominium. In the event the Project is proposed for conversion to condominium, owner-occupied, or non-rental residential use, the Owner must submit to the City for its review a plan for preserving the Affordable Units, for which approval shall not be unreasonably withheld, conditioned or delayed. The City can consider options which would convert the Affordable Units to owner occupancy by Eligible Households and are consistent with the provisions of the Property Tax Exemption Agreement related to conversion to condominium use. The Owner must receive authorization from the City prior to conversion to condominium, owner-occupied, or non-rental residential use. This section does not waive the Owner's obligations to comply with any other law or regulations pertaining to conversion to ownership use.

SECTION 3 – AFFORDABLE UNITS FOR ELIGIBLE HOUSEHOLDS

A. Number of Affordable Units. The Owner shall lease or rent, or make available for lease or rent, to the general public all of the Affordable Units in the Project. The Owner shall designate all of the Affordable Units, reserved for occupancy by Eligible Households, as follows:

Unit Type (Bedrooms)	Affordability (Income Level)	Total Units
	Moderate-Income	
1-bedroom	5	9
3-bedroom	2	16
Total	7	25

B. Designation/Re-designation of Affordable Units. The Owner agrees to rent the dwelling units designated in **Exhibit B** as Affordable Units. Units so designated shall satisfy the requirements of Section 12 of the Development Agreement with regard to Phase III, shall have substantially the same equipment and amenities as other dwelling units in the Project with the comparable number of rooms, and shall be intermingled with all other dwelling units.

The Owner, from time to time after declaration and construction of all seven Affordable Units, may propose to change the particular units designated as Affordable Units; provided that at all times at least seven of all of the residential units in the Project are designated as Affordable Units, and provided that at all times the same affordability and bedroom mix of Affordable Units are maintained. The Owner shall notify the City or its Designee of the proposed change in writing for the City's or its Designee's approval. The City or its Designee will review the proposed changes and shall approve or deny the proposed changes based upon the criteria set forth in this Section. Approval shall not be unreasonably withheld or delayed.

C. Affordable Units Rent Level. The monthly rent for the Affordable Units occupied by Eligible Households shall not exceed the applicable Affordable Rents, and for each specific tenant, shall be adjusted no more than once every twelve (12) months.

D. Renting Affordable Units to Eligible Households. During the Qualified Project Period, the Owner shall rent or lease the Affordable Units to Eligible Households and, if at any time the Owner is unable to rent or lease the Affordable Units, the Affordable Units shall remain vacant pending rental or lease to Eligible Households.

E. Equal Access to Common Facilities. Tenants in the Affordable Units shall have equal access to enjoyment of all common facilities of the Project. All applicable optional rental fees shall apply to Affordable Units consistent with Market Rate Units.

F. Qualifying Eligible Household Income for Affordable Units at Initial Occupancy and Recertification. Qualifying Eligible Household Income at time of occupancy may not exceed the applicable percent of the King County Median Income set forth in the table below, adjusted for Household Size. Annual recertification of household income is not required for the Moderate-Income Affordable Units.

Maximum Permitted Income Levels

Eligible Households	Maximum Initial Income	Maximum Recertification Income
Moderate-Income	85%	N/A

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

<u>Unit Size</u>	<u>Household Size</u>
Studio	1-2 Persons
1 Bedroom	1-2 Persons
2 Bedroom	1-4 Persons
3 Bedroom	2-6 Persons

SECTION 4 - HOUSEHOLD ELIGIBILITY AND REPORTING REQUIREMENTS

A. Notice of Occupancy Permit. Within thirty (30) days of issuance of any final inspection of the Project, or if applicable, occupancy permits, the Owner shall notify the City's Development Services Department or its Designee, of receipt of the first occupancy permit for the Project.

B. City Mailing List. The City, or City's Designee, maintains a mailing list of households interested in occupying Affordable Units. From time to time the City or its Designee will provide to the Owner the names of persons from the mailing list. In determining which eligible applicants shall be rented Affordable Units, the Owner shall, subject to Section 4.C below, reasonably consider persons on the mailing list, and when they were placed on the mailing list.

C. Completion of Certificate of Household Eligibility. Prior to allowing any household to occupy any Affordable Unit, the Owner shall require the prospective tenant to complete a Certificate of Household Eligibility that shall be substantially in the form set forth in **Exhibit C**. The Owner shall also undertake a good faith effort to verify the applicant's Household Income, as reported on the completed Certificate. The Owner's obligation to verify the reported Household Income shall be limited to requesting copies of and reviewing the applicant's federal income tax returns, unless the Owner has actual knowledge, or reason to believe, that the information provided by the applicant is materially inaccurate. In the event federal income tax returns are not available, the Owner shall verify Household Income using wage or salary statements, or other income records that the City or its Designee may consider appropriate.

D. [Reserved.]

E. Annual Project Certification. After rental of the first Affordable Unit and until 90% of the rental units are occupied, the Owner shall, on a quarterly basis, file with the City or its Designee an Annual Project Certification, in substantially the form of **Exhibit D**. Thereafter, during the term of this Declaration,

such certification shall be filed annually on or before March 31st and shall set forth the required information for the preceding year.

F. Form of Certification. Notwithstanding anything in this Section to the contrary, all documentation required by this Section shall be submitted on the forms designated herein as such forms may be modified by the City or its Designee from time to time. Changes to forms by the City or its Designee shall not significantly enlarge the Owner's obligations hereunder.

G. Maintain Complete Records. The Owner shall maintain complete and accurate records pertaining to the Affordable Units, and shall permit any duly authorized representative of the City, including, without limitation, its Designee to inspect the books and records of the Owner pertaining to the Affordable Units, and if applicable, incomes of Eligible Households residing in the Project. The Owner's failure to maintain such records or failure to allow examination by the City or any duly authorized representative shall constitute a default hereunder.

SECTION 5 - SECTION 8 CERTIFICATE HOLDERS

The Owner shall accept as tenants for Affordable Units, on the same basis as all other prospective households, households who are recipients of Federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, as amended. The Owner shall not apply, or permit the application of, management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of Units by holders of Section 8 certificates.

SECTION 6 - LEASE PROVISIONS

A. It is the Owner's responsibility to screen and select tenants for desirability and credit worthiness. Such selection is within the Owner's discretion. If written management policies exist, or exist in the future, with respect to the Project, the City or its Designee may review such written policies and may require changes in such policies, if necessary, so that they comply with the requirements of this Declaration.

B. In the event income certifications are required pursuant to Section 4.C of this Declaration, all leases for Eligible Households shall contain clauses wherein each individual lessee: (i) certifies the accuracy of the statements made in the Certificate of Household Eligibility, (ii) agrees that the

household income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy, and (iii) agrees that misrepresentation in the certification is a material breach of the lease, entitling the Owner to terminate the lease for the Affordable Unit.

SECTION 7 - SALE OR TRANSFER OF THE PROJECT

The Owner hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project or any portion thereof without first providing to the City a written notice from the purchaser stating that the purchaser understands, and will comply with the Owner's duties and obligations under this Declaration. Such notice must be received by the City or its Designee at least ten (10) days prior to the close of escrow.

SECTION 8 - TERM

This Declaration shall become effective upon its execution and delivery, and shall continue in full force and effect throughout the Qualified Project Period, unless sooner modified or terminated in accordance with Section 12 hereof.

SECTION 9 - NO DISCRIMINATION

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

SECTION 10 - COVENANTS RUN WITH LAND

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

The City and the Owner hereby declare that the covenants and conditions contained herein shall bind and the benefits shall inure to, respectively, the Owner and the City all for the Qualified Project Period. Except as provided in Section 12 of this Declaration, each and every contract, deed or other instrument hereafter executed conveying the Project or any portion thereof or interest therein shall contain an express provision making such

conveyance subject to the covenants and conditions of this Declaration; provided that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants and conditions, regardless of whether or not such covenants and conditions are set forth or incorporated by reference in such contract, deed or other instrument.

SECTION 11 - ENFORCEMENT

A. Enforcement Provisions. The Owner shall exercise reasonable diligence to comply with the requirements of this Declaration and shall correct any such noncompliance within sixty (60) days after such noncompliance is first discovered by the Owner or would have been discovered by the exercise of reasonable diligence, or within sixty (60) days after the Owner receives notice of such noncompliance from the City or its Designee; provided that such period for correction may be extended by the City if the Owner is exercising due diligence to correct the noncompliance. If such noncompliance remains uncured after such period, then the Owner shall be in default and the City on its own behalf may take any one or more of the following steps:

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

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

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

4) The Owner hereby grants to the City or the Designee the option, upon the Owner's default under this Declaration, for the Qualified Project Period to lease up to seven of the units in

the Project as mutually selected by the City or its Designee and the Owner for the purpose of subleasing such units to Eligible Households, but only to the extent necessary to comply with the provisions of this Declaration. The City or its Designee may lease from the Owner the units at the Affordable Rent level less a reasonable management fee to reimburse the City or its Designee for any expenses incurred in connection with such sublease. The City or its Designee may terminate its lease of the units in the Project upon determination that the Owner is no longer in default pursuant to this Declaration.

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

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

SECTION 12 – SUBORDINATION, TERMINATION, RIGHTS RESERVED BY HUD

A. Notwithstanding any provision in this Declaration to the contrary, all of the provisions of this Declaration shall terminate and have no further force and effect upon the occurrence of one of the following events:

(1) Foreclosure of a HUD/FHA insured loan is initiated under which the Project is held as a security.

(2) Title to the Project is acquired by Lender or HUD/FHA by deed in lieu of foreclosure of the Deed of Trust.

(3) Title to the Project is acquired by HUD/FHA, Veterans Administration ("VA"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") or another party upon foreclosure of a deed of trust or mortgage ("Deed of Trust") insured, made or held by HUD/FHA, VA, FNMA, FHLMC; or an institutional, third-party lender or investor (collectively, "Lender").

(4) The Deed of Trust, if insured by HUD/FHA, is assigned to HUD/FHA.

Notwithstanding anything in this Declaration to the contrary, enforcement of this Declaration shall not serve as a basis for (i) default under the Deed of Trust insured by HUD/FHA or any other Lender, or (ii) an acceleration of the loan secured by the Deed of Trust ("Loan"), or result in any claim against the Project, the Loan proceeds, any reserve or deposit required by HUD/FHA or any other Lender in connection with the Loan transaction or the rents or other income from the Project other than from available surplus cash as that term is defined by HUD/FHA or any other Lender.

B. Notwithstanding anything in this Declaration to the contrary:

(1) All of the provisions of this Declaration are subordinate and subject to the Deed of Trust, the Loan, and all documents relating to the Loan ("Loan Documents"), if any, as well as all applicable HUD/FHA mortgage insurance regulations, related HUD/FHA administrative requirements, Section 8 of the U.S. Housing Act of 1937, as amended and the regulations thereunder, as amended, and the rights of the Lender thereunder. In the event of any conflict between this Declaration and the provisions of any applicable HUD/FHA mortgage insurance regulations, related HUD/FHA administrative requirements, Section 8 of the U.S. Housing Act of 1937, as amended, and the regulations thereunder, as amended the applicable HUD/FHA mortgage insurance regulations, related HUD/FHA administrative requirements, Section 8 of the U.S. Housing Act of 1937, as amended, and the regulations thereunder, as amended will control.

(2) Lender shall take no role in monitoring compliance with state and federal use and occupancy requirements; nor shall Lender be required to provide notice to third parties of actions under the Deed of Trust, if any.

(3) No amendment to this Declaration will be effective without the prior written consent of Lender, if any.

(4) The Owner will take all steps necessary to comply with this Declaration; provided that the Owner shall not be required to take action prohibited by, or to refrain from action required by Lender, pursuant to the National Housing Act (as amended), applicable HUD/FHA mortgage insurance regulations, related administrative requirements, Section 8 of the Housing Act

of 1937, as amended, and the regulations thereunder, as amended, or the Loan and the Loan Documents.

SECTION 13 – ESTOPPEL CERTIFICATE

The City agrees, upon the request of the Owner or its successor in interest, to promptly execute and deliver to the Owner or its successor in interest or to any potential or actual purchaser, mortgagor or encumbrance of the Project, a written certificate stating, if such is true, that the City has no knowledge of any violation or default by the Owner of any of the covenants or conditions of this Declaration, or if there are such violations or defaults, the nature of the same.

SECTION 14 – AGREEMENT TO RECORD

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

SECTION 15 – RELIANCE

The City and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by City and the Owner. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owner and Eligible Households, and upon audits of the books and records of the Owner pertaining to occupancy of the Project. In performing its duties hereunder, the Owner may rely on the Certificates of Household Eligibility unless the Owner has actual knowledge or reason to believe that such Certificates are inaccurate.

SECTION 16 – GOVERNING LAW – COMPLIANCE WITH LAW

This Declaration shall be governed by the laws of the State of Washington, except to the extent such laws conflict with the laws of the United States or the regulations of federally insured depository institutions, or would restrict activities otherwise permitted in relation to the operation of federally insured depository institutions. This Declaration is subject to, and the parties shall comply with, the applicable requirements and procedures of Chapters 3.65 and 18.77 KMC.

SECTION 17 – NO CONFLICT WITH OTHER DOCUMENTS

The Owner warrants that it has not executed and will not execute, any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event the requirements of this Declaration are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith except for the Multifamily Housing Limited Property Tax Exemption Agreement referenced in Section 21 herein.

SECTION 18 – AMENDMENTS

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

SECTION 19 – NOTICE

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

If to the City: City of Kenmore
Attn: Rob Karlinsey, City Manager
18120 68th Avenue NE
Kenmore, WA 98028

With a copy to the Designee
A Regional Coalition for Housing (ARCH)
16225 NE 87th Street, Suite A-3
Redmond, WA 98052
Attn: Housing Planner

If to the Owner: MSPT VI LLC
Attn: Kelly Price
12332 NE 115th Place
Kirkland, WA 98033

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

SECTION 20 - FEE WAIVER REQUIREMENTS

Pursuant to the Development Agreement and Chapter 20.47 KMC, the Owner received fee waivers for Low-Income Affordable Units in the approximate amount of sixteen-thousand-three-hundred-eighty-six Dollars and ninety-three Cents (\$16,386.93) for Road Impact Fees and four-thousand-nine-hundred-seventy-six Dollars and forty-six Cents (\$4,976.46) for Park Impact fees as consideration for the provision of three Low-Income Affordable Units in the Project. In the event at any time during the term of this Declaration, the Low-Income Affordable Units are not provided pursuant to the provisions of this Declaration, the City retains the right to require the Owner to pay to the City all fees that were waived at the rate prevailing at the time the City determines the Project is no longer conforming to the affordability requirements of this Declaration. This provision shall survive termination of the Declaration prior to expiration of the Qualified Project Period.

SECTION 21 - MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT

This Declaration is subject to the terms and conditions of the Limited Property Tax Exemption Agreement. In the event of any conflict between the terms of this section and the terms of the Property Tax Exemption Agreement, the terms of the Property Tax Exemption Agreement shall control. All amounts payable hereunder shall be paid without any set-off or deduction of any nature. This provision shall survive termination of the Declaration prior to expiration of the Qualified Project Period.

SECTION 22 - SEVERABILITY

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

SECTION 23 – CONSTRUCTION

Unless the context clearly requires otherwise, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. All the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Declaration and to sustain the validity hereof.

SECTION 24 – TITLES AND HEADINGS

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

IN WITNESS WHEREOF, the Owner and City have each executed the Regulatory Agreement and Declaration of Restrictive Covenants on the Date first above written.

Owners:
By: Main Street Property
Group, LLC
It: Manager

City:

Kelly Price
Its President

Rob Karlinsey
Its: City Manager

Approved as to Form:

City Attorney

STATE OF WASHINGTON }
 } ss.
COUNTY OF KING }

On this _____ day of _____, 2017, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, known to me to be the _____ of the CITY OF KENMORE, who executed the foregoing document on behalf of said City, and acknowledged the said document to be the free and voluntary act and deed of said City, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said document.

IN WITNESS WHEREOF I have given under my hand and official seal this ____ day of _____, 2017.

Notary Public in and for the State
of Washington.

Print Name _____

Residing at _____

My commission expires _____

STATE OF WASHINGTON }
 } ss.
COUNTY OF KING }

On this _____ day of _____, 2017, before me,
a Notary Public in and for the State of Washington, duly
commissioned and sworn, personally appeared

_____, to me known to be the
_____ of _____, corporation,
who executed the foregoing instrument on behalf of the said
corporation, and acknowledged the said document to be the free
and voluntary act and deed of said corporation for the uses and
purposes therein mentioned, and on oath stated that s/he was
authorized to execute said document.

IN WITNESS WHEREOF I have given under my hand and official seal
this ____ day of _____, 2017.

Notary Public in and for the State
of Washington.

Print Name _____

Residing at _____

My commission expires _____

AVALON WOOD IN NEW CASTLE

This is a mixed use development located on 53 Acres site in New Castle. The proposed development consists of 900+ town houses/apartments and minimum 15,000 square feet of retail space. The city of New Castle and the developer executed a Development Agreement. According to this agreement and my discussions with the city manager, the city made the following concessions for this project.

1) Credit for Transportation Impact Fee

The city agreed to give transportation impact fee credit for the design and construction cost of Newcastle Connector Road. This is a new road and was identified within the city's capital facilities plan. It connects Coal Creek Parkway to Newcastle Golf and Country Road. No dollar figure was identified.

2) Credit for Parks Impact Fee

The city agreed to give credit for the design and construction cost of 1) Central Square Public Open Space and 2) new trails and enhancement to the existing trails. No dollar figure was identified.

3) Affordable Housing.

The city had agreed to lower the affordable housing requirements from 10% to 5%.

This is a multiyear phased development project. The developer had asked the city to provide some flexibility in terms of what can be developed on this site to be responsive to the market demands. This city agreed to this request by a) placing an upper limit of how many total peak hour trips can be generated from the site and b) listing all allowable uses for the site consistent with the City's Zoning Code.

Totem Lake Shopping Center

This is a redevelopment of existing Totem Lake Shopping Center in Kirkland. The proposed redevelopment consists of extensive demolition, reconfiguration and construction of buildings and improvements, with the completed Mall to be comprised of approximately 1,013,600 square feet of retail and office space, residential units, a cinema and several parking structures. The city of Kirkland and the developer entered into a development agreement in 2006. The city had agreed to make a direct financial contribution of \$15,000,000 for this project. The city is now working on the revised agreement to restructure the improvements that the city's \$15 Million contribution will pay for.

Kirkland hired a consultant to complete a financial analysis. The analysis showed that additional sales tax revenue generated from the redeveloped shopping center will offset the city's contribution in a few years (less than 5 years).

Various Development Projects in City of Redmond.

I have reviewed various development agreements in City of Redmond; Capstone Development, Microsoft Campus Expansion Projects, etc. I have also met with the city Administration to get a better understanding of these projects. What is common for these projects is that they all have received

expedited permit review processes from the city. That seems to be the only commitment the city made for most private development projects. There is, however, one exception. The city and Microsoft corporation had agreed to utilize "Community Facilities District" to finance the public transportation improvements required for the Microsoft campus project expansions.

I have not worked on the establishment of a Community Facilities District (CFD). I did some research about this topic and this what I found so far.

A CFD is a separate legal entity, similar to a Transportation Benefit District. It's also similar to local improvement districts and utility local improvement districts, which are mechanisms/procedures established by cities, counties and special purpose districts, which I have worked on many times. I had asked the Kenmore City Attorney to review the CFD concept and let me know his finding. This is what he told me.

"I have reviewed quickly the authorizing statute, the Redmond resolution approving the Microsoft petition for the Redmond CFD, the Redmond resolution approving the Microsoft amended petition, and the Redmond memo regarding the amended petition. I can offer the following general thoughts right now:

1. A CFD is a legal entity separate from the City.
2. The improvements in a CFD are similar to the improvements in a local improvement district or utility local improvement district, such as water systems, streets, parking facilities, open space facilities, parks, public safety facilities, street lighting, traffic control systems, passenger and terminal parking.
 - a. In answer to Ben's question below, a CFD can authorize and finance the improvements listed and described in RCW 36.145.100, which include a wide range of facilities and systems, including those described above. These authorized improvements are "public" in nature, in that they benefit both the public and the property owner who must pay the cost of the improvements through special assessments. Special assessments are legal only if the improvements benefit the property owner; however, special assessments are legal even if the improvements also benefit the public.
3. The improvements authorized through a CFD are owned by the CFD.
4. A CFD would issue bonds to finance the improvements, and those bonds would be the sole obligation of the CFD.
5. A CFD petitioner pays for the cost of the improvements through special assessments, which are analogous to assessments in local improvement districts or utility local improvement districts.
6. The security for non-payment of the special assessments is a lien on the property, enforceable by foreclosure.
7. A CFD would allow both a city and a property owner to construct improvements that benefit both, without using their borrowing authority or cash on hand."

Point Well project.

The project site is just outside the city limits of Town of Woodway. Developer would like to build 3000 residential units. There is concern with transportation and other impacts associated with 3000 units and the city would like to see density reduced to 2000 units. I met with the city administrator to better understand this project and the city's concerns.

In addition to transportation and environmental concerns, the city is also concerned with the height of buildings to accommodate 3000 units. The city feels such building styles and heights do not fit well with the rest of city and would also block the views of the existing residences.

The only concession the developer is asking from the city is to allow the project to annex into the city with 3000-unit development proposal.

The city Council does not appear to support a 3000-unit development proposal. As I understand it, the Council is split even with the reduced 2000 units. Of the 5 council members, two are for and two are against the annexation. One Council member is split in between.

The discussions and negotiations are still ongoing between the developer and Snohomish County. Even if the County allows this development with 3000 units, the city of Woodway still has a big say for the final approval. Access road from this project is limited to one and it passes through within the Town of Woodway's corporate limits.

Commencement Bay/Thea Foss Waterway

The is a Superfund site in Tacoma. So, while the project took years to come to fruition, it had the benefit of being a priority for a number of funders; city, state, federal and private funds. The Point Ruston was a part of the cleanup efforts in Tacoma, as a result of the Asarco pollution. The Point Ruston LLC finalized the purchase of the site in 2006, entering into an agreement to buy the smelter property and take responsibility for the completion of the remaining elements of cleanup.

The Thea Foss clean-up (part restoration, part capping over contamination) was funded as follows:

City of Tacoma surface water rates - \$56.5 million

Washington State Dept of Ecology grants: \$24.5 million

Private contributions from other responsible parties: \$13 million

PacificCorp and Puget Sound Energy: \$7.3 million

Washington State DNR: \$3.7 million

Total: approximately \$105 million

The city of Tacoma also received an EPA Brownsfield Development Grant (\$200,000) for finance and marketing strategies for the upland development of the site.

Carillion Point

The development of Carillion Point site had started in 1985. I cannot find any records of any City, State or Federal funding help for the project. Here is a brief history.

In 1901, the site was purchased by Anderson Shipyard, producers of ferries and tugboats. During the 1920's, Lake Washington Shipyard purchased the site and made the transition from wooden boat building to steel shipbuilding. They constructed a number of steel auto ferries, including the Kalakala, the World's first streamlined vessel. During World War II, the Lake Washington Shipyard built 29 ships for the U.S. Navy and repaired nearly 500 vessels.

In 1946, the shipyard was purchased by Alaska Terminal and Stevedoring, a subsidiary of the Skinner Corporation, and used to moor passenger liners and freighters of the Alaska Steamship Company.

In 1972, David "Ned" Skinner and several local businessmen began plans to bring the NFL to Seattle by developing the area into future headquarters and practice field of the Seattle Seahawks.

The property went through rezoning from 1979 to 1985, allowing for extensive public access and a variety of uses. The Seattle Seahawks, under new ownership, moved a few miles away, prompting the start of the Carillon Point Complex Project, formed by the Skinner Development Company. The complex was named Carillon Point after the specially designed carillon bells located in the main plaza at the edge of the marina.

I talked with Eric Shields, Community Development Director for the city of Kirkland. According to Eric, the only help the city provided for the Carillion Point project was to facilitate the rezoning



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

Subject/Topic: Osborn Consulting Contract 12-C1081: Amendment No. 6 Proposed Council Action/Motion: Authorize the City Manager to execute Amendment No.6 with Osborn Consulting (Contract 12-C1081) to increase the contract by an additional \$150,000 to \$1,156,000.	For Council Meeting Agenda of: 7/24/17 Department: Public Works Prepared by: Kris Overleese, PE Initial & Date Approved by Department Head: <u>NA</u> 7/13/17 Approved by City Attorney: <u>NA</u> Approved by Finance Director: <u>NA</u> 7/13/17 Approved by City Manager: <u>NA</u> 7/13/17 Exhibits/Attachments:						
<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; text-align: center;">Expenditure Required NA</td> <td style="width: 33%; text-align: center;">Amount Budgeted NA</td> <td style="width: 33%; text-align: center;">Appropriation Required NA</td> </tr> <tr> <td colspan="3" style="text-align: center;">See 'Fiscal Consideration' Below</td> </tr> </table>		Expenditure Required NA	Amount Budgeted NA	Appropriation Required NA	See 'Fiscal Consideration' Below		
Expenditure Required NA	Amount Budgeted NA	Appropriation Required NA					
See 'Fiscal Consideration' Below							
<u>INFORMATION/BACKGROUND:</u> Staff recommends that Council authorize the City Manager to execute Amendment No. 6 to Contract 12-C1081 with Osborn Consulting in the amount of \$150,000. The current contract value of \$1,006,000 is fully encumbered. The additional funds are anticipated for: 1. Construction management for the Rhododendron Park Waterwalk/Rhododendron Park Dock/Squires Landing Park dock project; 2. Pavement testing and construction engineering and management for the 192nd Swamp Creek Culvert Project; 3. Requests for work related to other projects and/or past work. There are no retainers with this contract and tasks are created for each City project as needed. The City executed Agreement 12-C1081 with Osborn Consulting in January 2013 for an amount not to exceed \$425,000 to complete design of surface water and park capital projects, update the Surface Water Master Plan, evaluate Swamp Creek issues, and to provide technical assistance as needed (geotechnical engineering, survey, landscape design). The contract amount of \$425,000 was an estimate based on the projects adopted within the City's Capital Improvement Program in 2012 and operating budgets. Amendment 1 was authorized by City Council in December of 2013 to increase the contracting authority to \$806,000. Amendment 2 was authorized by Council and executed in November of 2014 and added \$200,000 for a current contract amount of \$1,006,000. Amendments 3-5 amended the contract expiration date. Staff recommends that Council authorize the City Manager to execute Amendment 6 to Osborn Consulting's agreement to complete work planned for 2017 including 1) Construction management for the Rhododendron Park Waterwalk/Rhododendron Park Dock/Squires Landing Park Dock project 2) construction management and testing for the NE 192nd Street Swamp Creek Culvert Project. This amendment would increase the Osborn agreement from <u>\$1,006,000 to \$1,156,000.</u> There are no retainers with this contract and tasks are created for each City project as needed.							
<u>FISCAL CONSIDERATION:</u> Staff recommends an increase to Osborn Consulting's contract to complete design work for parks and surface water capital improvement projects as well as providing technical assistance for geotechnical and surface water							

program issues. A task will not be given to Osborn unless budget resources exist within the Capital Improvement Program, consulting budget, or parks and surface water programs.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Council goal 1: To focus and emphasize multimodal transportation safety in the City of Kenmore with a specific focus on pedestrian, bicycle and other means of travel.

Council Goal 5: To advance the public's access and connection to the waterfront.

Council Goal 7: To implement a Parks Improvement and Financial Plan.



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: MCImetro Access Transmission Services Corp., D/B/A Verizon Access Transmission Services Franchise Agreement Proposed Council Action/Motion: Adopt Ordinance No. 17-0440 granting MCImetro Access Transmission Services Corp., D/B/A Verizon Access Transmission Services a franchise agreement to install and maintain a telecommunication system within the City owned right-of-way.	For Council Meeting Agenda of: July 24, 2017 Department: Public Works Prepared by: Jennifer Gordon, Public Works Operations Manager <i>[Signature]</i> Approved by Department Head: <i>[Signature]</i> <u>Initial & Date</u> Approved by City Attorney: <i>[Signature]</i> <u>RM 07/14/17</u> Approved by Finance Director: <i>[Signature]</i> <u>DR 7/11/17 via email</u> Approved by City Manager: <i>[Signature]</i> <u>Nikol Rik</u> <u>14 July 2017</u> Exhibits/Attachments: Ordinance 17-0440	
Expenditure Required \$0	Amount Budgeted \$0	Appropriation Required \$0
<u>INFORMATION/BACKGROUND:</u> MCImetro Access Transmission Services Corp. d/b/a Verizon Access Transmission Services ("MCImetro") is planning a fiber-optic upgrade project within the City of Kenmore. MCImetro plans to extend back-haul fiber transport from our existing network access points to one (1) active current cell in the City Kenmore, located at: 7534 NE 175TH KENMORE, WA MCImetro will not be providing wireless communications services. MCImetro does not offer residential wireline services such as home phone or cable television services. Fiber-optic cable will be deployed to provide wireline high speed telecommunications services to existing large business (enterprise) customers, as well as, to new medium and small business customers. Existing Verizon Wireless cell sites will be overlaid with MCImetro owned fiber-optic cable. In this build, fiber will only be deployed to existing cell sites structures such as existing cell towers, building, water towers, or utility poles. Fiber-optic cable will be installed within the public right-of-way (underground within conduit or aerial on poles). Overhead fiber-optic lines will be placed within encased cable that will protect the cable from weather, sun, wind and other factors. Underground fiber optic lines will be placed within one or two-inch diameter conduit for underground protection. Underground construction will include a metal tracer		

that will allow for underground identification of the line in compliance with the state underground utility damage prevention statute.

No new cell towers, antennas, or wireless facilities will be constructed or installed by MCImetro. Industry standard construction of overhead and underground utility lines will be performed. Minimal impact from bucket trucks to install overhead lines. A small trench machine or underground directional drilling machine may be used for underground conduit installation.

Verizon Wireless will comply with local regulations whenever new antennas are installed at a cell site (the planned fiber-optic cable upgrade does not trigger the need for new antennas).

This fiber-optic upgrade will provide increased and improved cell phone coverage for voice, video, and data services for residents and users in the City of Kenmore.

Franchise Agreement Highlights:

- The franchise term is for a period of ten (10) years, and may be extended for one additional five (5) year period.
- If the franchisee fails to comply with the provisions of the franchise, the City may serve upon the franchisee a written order to comply within thirty (30) days. If the franchisee is not in compliance with the franchise after the thirty (30) day period, the City may with an additional ten (10) day notice, by ordinance, declare a termination of the franchise.
- The franchisee will comply with that City's lawful policies and regulations concerning the undergrounding of facilities within the franchise area to the extent such policies and regulations apply to the franchise.
- The Franchisee shall apply for all necessary City permits and authorizations to do such work.

State law requires the City Council to consider the franchise at two public meetings prior to adoption; a presentation was made to Council at the July 17, 2017 Council meeting.

FISCAL CONSIDERATION:

All costs of the build out will be covered by MCImetro Access Transmission Services Corp., D/B/A Verizon Access Transmission Services. The City will receive revenue in the form of Franchise Utility Right-of Way application and inspection fees.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Vision Statement: Kenmore is a community that seeks to provide for the health, safety, and general welfare of all its citizens.

**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 17-0440**

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, AUTHORIZING AND GRANTING MCIMETRO ACCESS TRANSMISSION SERVICES CORP., D/B/A VERIZON ACCESS TRANSMISSION SERVICES, A NON-EXCLUSIVE FRANCHISE FOR TEN YEARS TO CONSTRUCT, MAINTAIN, OPERATE, REPAIR AND REPLACE A TELECOMMUNICATIONS SYSTEM IN, UPON, ABOVE, ALONG, THROUGH, OVER AND UNDER THE PUBLIC RIGHTS-OF-WAY OF THE CITY OF KENMORE, AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, MCImetro Access Transmission Services Corp., d/b/a Verizon Access Transmission Services ("Franchisee") has requested that the City grant it the right to install, operate and maintain a telecommunications system within the public rights-of-way of the City; and

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

WHEREAS, 35A.47.040 grants the City the broad authority to grant non-exclusive franchises; and

WHEREAS, in order to maintain control over the use of the public rights-of-way by utilities operating within the City, it is appropriate for the City to enter into franchise agreements with such entities; and

WHEREAS, Franchisee is such a utility, and the City Council finds it desirable for the welfare of the City and its residents that a non-exclusive franchise be granted to Franchisee for the operation of a telecommunications system within the City's rights-of-way;

WHEREAS, the City is willing to grant the rights requested by Franchisee subject to certain terms and conditions.

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 Telecommunications Franchise with MCImetro Access Transmission Services Corp., d/b/a Verizon Access Transmission Services, 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 attached franchise agreement (the "Franchise") with Franchisee, Exhibit A, to

construct, operate and maintain a telecommunications system 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 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 _____, 2017.

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. 17-0440

EXHIBIT A TO ORDINANCE 17-0440

**A NON-EXCLUSIVE TELECOMMUNICATIONS FRANCHISE
AGREEMENT BETWEEN THE CITY OF KENMORE WASHINGTON
AND MCIMETRO ACCESS TRANSMISSION SERVICES CORP., D/B/A VERIZON
ACCESS TRANSMISSION SERVICES**

Section 1. Recitals Incorporated. The recitals set forth in Ordinance No. 2017-0440 are incorporated herein as if set forth in full.

Section 2. Definitions.

A. "Affiliate" means an entity which owns or controls, is owned or controlled by, or is under common ownership with Franchisee.

B. "City" means the City of Kenmore, a municipal corporation of the State of Washington.

C. "Emergency Situation" means an emergency involving likely loss of life or substantial property damage as determined by City or Franchisee, as the case may be, in good faith.

D. "Facilities" means Franchisee's telecommunications system constructed and operated within the City's Rights-of-Way, and shall include all cables, wires, conduits, ducts, pedestals and any associated converter, equipment or other facilities within the City's Rights-of-Way, designed and constructed for the purpose of providing Telecommunications Service.

E. "Franchise" means the initial authorization or renewal thereof, granted by the City, through Ordinance No. 2017- __, or a subsequently adopted Ordinance, which authorizes construction, operation, maintenance, repair and replacement of Franchisee's Facilities for the purpose of offering Telecommunications Service.

F. "Franchisee" means MCImetro Access Transmission Services Corp., d/b/a Verizon Access Transmission Services.

G. "Franchise Area" and "Rights-of-Way" mean the surface and the space above and below public streets, roadways, highways, avenues, courts, lanes, alleys, sidewalks, rights-of-way that may hereafter be laid out, platted, dedicated or improved within the present limits of the city and as such limits may be hereafter extended; provided, the Franchise Area shall not include or convey any rights to Franchisee to install facilities on or to otherwise use City owned or leased properties outside the Franchise Area. In the event that any territory served by Franchisee is annexed to the City after the effective date of the Franchise, such territory shall be governed by the terms and conditions contained herein upon the effective date of such annexation.

H. "Person" means an individual, partnership, association, joint stock company, trust, corporation, limited liability company or governmental entity.

I. "Telecommunications Service" means any telecommunications service, telecommunications capacity, or dark fiber, provided by the Franchisee using its Facilities, either directly or as a carrier for its

Affiliates, or any other Person engaged in Telecommunications Services, including, but not limited to, the transmission of voice, data or other electronic information, Internet access service, facsimile reproduction, burglar alarm monitoring, meter reading and home shopping, or other subsequently developed technology that carries a signal over wire, optical cable, microwave transmission, wireless communications facilities and other means. Telecommunications Service shall also include non-switched, dedicated and private line, high capacity fiber optic transmission services to firms, businesses or institutions within the City. However, Telecommunications Service shall not include the provision of "cable services", as defined by 47 U.S.C. §522, as amended, for which a separate franchise would be required.

J. "Ordinance" means Ordinance No. 2017-0440, which authorized and granted this Franchise.

Section 3. Franchise Granted.

A. Facilities within Franchise Area. Pursuant to RCW 35A.47.040, the City hereby grants to Franchisee, subject to the terms and conditions hereinafter set forth, the right, privilege, authority and franchise to construct, support, attach, connect and stretch Facilities between, maintain, repair, replace, enlarge, operate and use Facilities in, upon, over, under, along and across the Franchise Area for purposes of telecommunications service as defined herein and in RCW 82.04.065, as may be amended (provided that this section of the RCW shall not serve to limit the definition of Telecommunications Service set forth in Section 2.I above).

B. Permission Required to Enter Onto Other City Property. Nothing contained in this Ordinance is to be construed as granting permission to Franchisee to go upon any other public place other than the Franchise Area in this Ordinance. Permission to go upon any other property owned 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 Franchisee, including any fee or leasehold interest or easement rights.

C. Compliance with WUTC Regulations. At all times during the term of the Franchise, Franchisee shall fully comply with all applicable regulations of the Washington Utilities and Transportation Commission.

Section 4. Construction and Maintenance of Facilities.

A. Within ten (10) days of the adoption of this Ordinance, Franchisee shall provide the City with plans depicting all Facilities that are planned to be constructed and maintained pursuant to this Franchise. Franchisee's Facilities shall be located, relocated and maintained within the Rights-of-Way in accordance with the Kenmore Municipal Code ("KMC") and so as not to unreasonably interfere with the free and safe passage of pedestrian, bicycle and vehicular traffic and ingress or egress to or from the abutting property and in accordance with the laws of the State of Washington, and the ordinances, resolutions, rules and regulations of the City.

B. Prior to commencing any work in the Rights-of-Way, Franchisee shall comply with all applicable City regulations, including but not limited to Chapter 12.35 KMC (Rights-of-way), Chapter 12.58 KMC (Wireless Communication Facilities within City Rights-of-Way), and 18.60 KMC (Wireless Communication Facilities), and apply for, pay applicable fees and obtain prior approval of all necessary City permits and authorizations to do such work. Franchisee shall comply with all requirements and conditions of this Franchise and such permits and authorizations, including but not limited to, location restrictions, traffic control, and restoration, repair or other work to restore the surface of the Franchise Area, as nearly as practicable, to its condition prior to such work, or as otherwise required by the Public Works Department and/or Community Development Department as a condition of the permit(s).

C. If Franchisee should fail to leave any portion of the excavation in a condition that meets the City's specifications per this Franchise, KMC and/or the City's Public Works Policies and Standards, the City may, on five (5) business days' written notice to Franchisee, which notice shall not be required in case of an Emergency Situation, cause all work necessary to restore the Franchise Area to a safe condition. Franchisee shall pay to the City the reasonable cost of such work within thirty (30) days following receipt of the City's billing for such work; which shall include, among other things, the City's overhead in obtaining completion of said work (provided that in no event shall such overhead exceed 10% of the total costs, fees and expenses of third parties).

D. Franchisee agrees that if any of its actions under this Franchise cause any surface or subsurface failure, or damage to any City property, survey monument, or property owned by a third-party, Franchisee shall restore, at its own cost and expense, the damaged Rights-of-Way or property to the City's specifications, within thirty (30) days, or, upon five (5) business days written notice to Franchisee. The City may order all work necessary to restore the damaged area to a safe and acceptable condition and Franchisee shall pay the reasonable costs of such work to the City, within thirty (30) days 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 of third parties).

E. In the event of an Emergency Situation, Franchisee may commence such emergency and repair work as required under the circumstances, provided that Franchisee shall notify the City Public Works Director in writing as promptly as possible before such repair or emergency work commences, or as soon thereafter as possible, if advanced notice is not reasonably possible. The City may act, at any time, without prior written notice in the case of an Emergency Situation, but shall notify Franchisee in writing as promptly as possible under the circumstances.

F. Before undertaking any of the work or improvements authorized by this Franchise, Franchisee shall furnish a bond executed by Franchisee and a corporate surety authorized to do a surety business in the State of Washington, with an AM Best rating of A XII in the amount set forth in Section 17 of this Franchise, to insure performance of the Franchisee's obligations under this Franchise, conditioned that the Franchisee shall well and truly keep and observe all of the covenants, terms and conditions and faithfully perform all of the Franchisee's obligations under this Franchise.

G. After the work is completed, Franchisee shall provide to the City, upon request, a copy of all as-built plans, maps, and records of the Facilities. These plans and maps shall be provided at no cost to the City and shall include hard copies and/or digital copies in a format commonly used in the telecommunications industry. If Franchisee installs, constructs or locates its Facilities on poles or structures owned by third parties in the Rights-of-way, then Franchisee shall provide written confirmation to the City of Franchisee's authority to use said third party poles or structures in the Rights-of-Way.

Section 5. Location and Relocation of Facilities.

A. Franchisee shall place any new Facilities underground where existing telecommunications and cable facilities are located underground. Any new Facilities to be located above-ground shall be placed on existing utility poles. No new utility poles, monopoles or similar structures shall be installed by Franchisee in connection with placement of new above-ground Facilities, except as otherwise authorized by the City.

B. Franchisee recognizes the need for the City to maintain adequate width for installation and maintenance of sanitary sewer, water and storm drainage utilities owned by the City and other public utility providers. Thus, the City reserves the right to maintain clear zones within the public right-of-way for installation and maintenance of said utilities. The clear zones for each right-of-way segment shall be noted

and conditioned with the issuance of each right-of-way permit. If adequate clear zones are unable to be achieved on a particular right-of-way, Franchisee shall locate in an alternate right-of-way, obtain easements from private property owners, or propose alternate construction methods which maintain and/or enhance the existing clear zones.

C. Except as otherwise required by law, Franchisee agrees to relocate, remove or reroute its Facilities as ordered by the City, at no expense or liability to the City, except as may be required by Chapter 35.99 RCW. Pursuant to the provisions of Section 6, Franchisee agrees to protect and save harmless the City from any third-party claims for service interruption or other losses in connection with any such change or relocation other than City's negligence or willful misconduct.

D. Whenever the City undertakes (as a public works project or causes to be undertaken at City expense) the construction of any public works improvement within the Franchise Area and such public works improvement necessitates the relocation of Franchisee's then existing Facilities within the Franchise Area, the City shall:

1. Provide Franchisee written notice requesting such relocation no later than ninety (90) days prior to the commencement of activities requiring such relocation; provided that in the event of an Emergency Situation the City shall give the Franchisee written notice as soon as practicable; and

2. Provide the Franchisee with copies of information for such improvement project and a proposed location for the Franchisee's Facilities so that Franchisee may relocate its Facilities in other Rights-of-Way in order to accommodate the project.

E. The Franchisee shall complete relocation of its Facilities at no charge or expense to the City, except as may be required by Chapter 35.99 RCW, so as to accommodate the project at least ten (10) days prior to commencement of the project. Relocation shall be accomplished in such a manner as to accommodate the City's project. In the event of an Emergency Situation as described in this Section, Franchisee shall relocate its Facilities within the reasonable time period specified by the City.

F. The Franchisee may, after receipt of written notice requesting a relocation of its Facilities, submit to the City written alternatives to such relocation. The City shall evaluate such alternatives and advise the Franchisee in writing if one or more of the alternatives are suitable to accommodate the work, which would otherwise necessitate relocation of the Facilities. If so requested by the City, the Franchisee shall submit additional information to assist the City in making such evaluation. The City shall give each alternative proposed by the Franchisee full and fair consideration, within a reasonable time, so as to allow for the relocation work to be performed in a timely manner. In the event the City ultimately determines that there is no other reasonable alternative, the Franchisee shall relocate its Facilities as otherwise provided in this Section. The provisions of this Section shall survive the expiration or termination of the Franchise, unless the Franchisee transfers ownership of abandoned Facilities to the City as set forth in Section 16.

G. The provisions of this Section shall in no manner preclude or restrict the Franchisee from making any arrangements it may deem appropriate when responding to a request for relocation of its Facilities by any Person or entity other than the City, where the facilities to be constructed by said Person or entity are not City-owned, operated or maintained facilities; provided, that such arrangements shall not unduly delay a City construction project.

H. The Franchisee shall indemnify, hold harmless and pay the costs of defending the City against any and all third party claims, suits, actions, damages, or liabilities for delays on City construction projects caused by or arising out of the failure of the Franchisee to relocate its Facilities in a timely manner;

provided, that the Franchisee shall not be responsible for damages due to delays caused by the City or circumstances beyond the reasonable control of the Franchisee.

I. In the event that the City orders the Franchisee to relocate its Facilities for a project which is primarily for private benefit, the private party or parties causing the need for such project shall reimburse the Franchisee for the cost of relocation in the same proportion as their contribution to the total cost of the project.

J. In the event of an unforeseen Emergency Situation that creates a threat to public safety, health or welfare, the City may require the Franchisee to relocate its Facilities at its own expense, any other portion of this Section notwithstanding.

Section 6. Indemnification.

A. Franchisee hereby agrees to indemnify, defend and hold harmless the City, its elected and appointed officials, agents, officers, employees, volunteers and assigns (collectively referred to as the "City") from and against any third party claims, actions, injuries, demands, liabilities, losses, costs, damages, judgments, awards or expense of any nature whatsoever, including all costs and reasonable attorney's fees, made against them on account of injury, sickness, death or damage to persons or property which is caused by or arising out of, in whole or in part, the willful, tortious or negligent acts, failures and/or omissions of Franchisee or its agents, servants, employees, contractors, subcontractors or assigns in the construction, operation or maintenance of its Facilities and/or in the exercise or performance of the rights granted to Franchisee under this Franchise.

B. The provisions of this Section, however, are not to be construed to require the Franchisee to hold harmless, defend or indemnify the City as to any claims which arise out of the negligence, willful misconduct or criminal acts of the City. In the event that a court of competent jurisdiction determines that this Franchise is subject to the provisions of RCW 4.24.115, the parties agree that the indemnity provisions hereunder shall be deemed amended to conform to said statute and liability shall be allocated as provided therein.

C. Franchisee's indemnification obligations pursuant to this Section shall include assuming potential liability for actions brought by Franchisee's own employees and the employees of Franchisee's employees, agents, servants, officers, independent contractors, or subcontractors even though Franchisee might be immune under Title 51 RCW from direct suit brought by such an employee. 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 Franchisee's negligent exercise of the rights set forth in this Franchise. The obligations of Franchisee under this Subsection C have been mutually negotiated by the parties hereto, and Franchisee acknowledges that the City would not enter into this Franchise without Franchisee's waiver thereof. To the extent required to provide this indemnification and this indemnification only, Franchisee waives its immunity under Title 51 RCW as provided in RCW 4.24.115.

D. In the event any such claim or demand be presented to or filed with the City, pursuant to Section 5.I or this Section 6, the City shall promptly notify Franchisee thereof in writing (and in any event prior to the date that Franchisee's rights to defend such claim or demand would be prejudiced), and Franchisee shall have the right, at its election and at its sole cost and expense, to settle and compromise such claim or demand, provided further, that in the event any suit or action be begun against the City based upon any such claim or demand, the City shall likewise promptly notify Franchisee thereof, and Franchisee shall have the right, at its election and 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. The indemnification

obligations set forth herein shall extend to claims which are not reduced to a suit and any claims which may be compromised, with Franchisee's written consent, prior to the culmination of any litigation or the institution of any litigation. The City has the right to defend or participate in the defense of any such claim at its own cost and expense, provided that Franchisee shall not be liable for such settlement of other compromise unless it has consented thereto in writing.

E. Inspection or acceptance by the City of any work performed by Franchisee at the time of completion of construction shall not be grounds for avoidance of any of these covenants of indemnification.

F. The provisions of this Section shall survive the expiration and termination of this Franchise for a period of two (2) years.

Section 7. Default.

A. If Franchisee shall fail to comply with any of the provisions of the Franchise, unless otherwise provided in the Franchise, the City will serve upon Franchisee a written order to comply, which order shall describe with reasonable particularity the nature of any alleged noncompliance, within thirty (30) days from the date such order is received by Franchisee. If Franchisee is not in compliance with the Franchise after expiration of the thirty (30) day period, the City may act to remedy the violation and may charge the reasonable costs and expenses of such action to Franchisee. The City may act without the thirty (30) day notice in case of an Emergency Situation. If any failure to comply with the Franchise by Franchisee cannot be corrected with due diligence within said thirty (30) day period, then the time within which Franchisee may so comply shall be extended for such time as may be reasonably necessary and so long as Franchisee works promptly and diligently to effect such compliance. During such a period, if Franchisee is not in compliance with the Franchise, and is not proceeding with due diligence in accordance with this section to correct such failure to comply, then the City may in addition, by ordinance and following not less than ten (10) days' written notice to Franchisee, declare an immediate forfeiture of the Franchise and all of Franchisee's rights and obligations thereunder.

B. In addition to other remedies provided in this Franchise or otherwise available at law, if Franchisee is not in compliance with requirements of the Franchise, and if a good faith dispute does not exist concerning such compliance, the City may place a moratorium on issuance of pending Franchisee Right-of-Way use permits until compliance is achieved. The City may also achieve compliance by enforcing the bond provisions set forth in Section 17.

Section 8. Nonexclusive Franchise. The Franchise granted by this Ordinance is not and shall not be deemed to be an exclusive franchise. The Franchise granted by this Ordinance shall not in any manner prohibit the City from granting other and further franchises over, upon, and along the Franchise Area. The Franchise granted by this Ordinance shall not prohibit or prevent the City from using the Franchise Area or affect the jurisdiction of the City over the same or any part thereof.

Section 9. Franchise Term.

A. The Franchise is and shall remain in full force and effect for a period of ten (10) years from and after the effective date of this Ordinance, provided that the term may be extended for an additional five (5) years upon the written agreement of Franchisee and the City; and provided further, however, Franchisee shall have no rights under the Franchise nor shall Franchisee be bound by the terms and conditions of the Franchise unless Franchisee shall, within thirty (30) days after the effective date of this Ordinance, file with the City its written acceptance of the Franchise, in a form acceptable to the City Attorney.

B. If the City and Franchisee fail to formally renew the Franchise prior to the expiration of its term or any extension thereof, the Franchise shall automatically continue in full force and effect until renewed or until either party gives written notice at least one hundred eighty (180) days in advance of intent not to renew the Franchise.

Section 10. Reservation of Rights.

A. The City reserves unto itself the right and power at all times to exercise its police powers as specifically pertains to the time, manner, and placement of Franchisee's Facilities. The City shall administer this Franchise and exercise its police powers in a reasonable and lawful manner.

B. Pursuant to RCW 35.21.860, the City acknowledges that it is precluded from imposing a franchise fee on a telephone business as defined in RCW 82.16.010, or a service provider for use of the right-of-way, except for administrative expenses, fees, taxes or charges authorized by RCW 35.21.860. This Franchise is premised upon the City and Franchisee's understanding that the activities proposed by the Franchisee constitute a "telephone business" or a "service provider," providing among other things, telephone service. Except as otherwise set forth herein, the rights granted under this Franchise are not conditioned upon payment of compensation in addition to reimbursement of administrative expenses as set forth in Section 18. Provided, however, Franchisee acknowledges and agrees that if any Facilities meet the conditions set forth in RCW 35.21.860(1)(e)(i) – (iii), as may be amended, then Franchisee shall pay the required site-specific charges set forth in Chapter 12.58 KMC. Other than as described herein, the City will not impose a franchise fee under the terms of this Ordinance.

C. The City hereby reserves its right to impose a franchise fee, tax or charge on Franchisee, to the extent authorized by law, for purposes other than to recover its administrative expenses, if Franchisee's operations are not those of a telephone business as defined in RCW 82.16.010, or of a service provider pursuant to RCW 35.21.860, if a court of competent jurisdiction determines that such fees are permissible, or if statutory and regulatory prohibitions on the imposition of such fees are removed. The City also reserves its right to require that Franchisee obtain a separate franchise for its change in use, which franchise may include provisions intended to regulate Franchisee's operations, as allowed under applicable law.

Section 11. Undergrounding. New Facilities shall be installed underground pursuant to Section 5 of the Franchise. Franchisee acknowledges the City's policy of undergrounding of Facilities within the Franchise Area. Franchisee will cooperate with the City in the undergrounding of Franchisee's existing and new Facilities within the Franchise Area, consistent with the terms of this Franchise. If during the term of the Franchise, the City shall direct Franchisee to underground Facilities within any Franchise Area, such undergrounding shall be at no cost to the City except as may be provided in Chapter 35.99 RCW. Franchisee shall comply with all federal, state, and City regulations on undergrounding. If the City undertakes any street improvement which would otherwise require relocation of Franchisee's above-ground Facilities, the City may, by written notice to Franchisee, direct that Franchisee convert any such Facilities to underground Facilities, consistent with Section 5 of this Franchise.

Section 12. Record of Installations and Service.

A. With respect to excavations by Franchisee and the City within the Franchise Area, Franchisee and the City shall each comply with its respective obligations pursuant to Chapter 19.122 RCW and any other applicable state or federal law.

B. Upon written request of the City, Franchisee shall provide the City with the most recent update available of any plan of potential improvements to its Facilities within the Franchise Area; provided, however, any such plan so submitted shall be for informational purposes within the Franchise Area, nor

shall such plan be construed as a proposal or commitment to undertake any specific improvements within the Franchise Area.

Section 13. Shared Use of Excavations and Trenches.

A. If either the City or Franchisee shall at any time after installation of the Facilities plan to make excavations in the area covered by the Franchise and as described in this Section, the party planning such excavation shall afford the other, upon receipt of written request to do so, an opportunity to share such an excavation, *provided that*: (1) such joint use shall not unreasonably delay the work of the party causing the excavation to be made or unreasonably increase its costs; (2) such joint use shall be arranged and accomplished on terms and conditions satisfactory to both parties. In addition, pursuant to RCW 35.99.070, the City may request that Franchisee install additional conduit, ducts and related access structures for the City pursuant to contract, under which Franchisee shall recover its incremental costs of providing such facilities to the City.

B. The City reserves the right to not allow open trenching for five years following a street overlay or improvement project. Franchisee shall be given written notice at least ninety (90) days prior to the commencement of the project. Required trenching due to an emergency will not be subject to five (5) year street trenching moratoriums.

C. The City reserves the right to require Franchisee to joint trench with other franchisees if both entities are anticipating trenching within the same Franchise Area and provided that the terms of this Section are met.

Section 14. Insurance.

A. Franchisee shall procure and maintain for the duration of the Franchise, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of work under the Franchise by Franchisee, its agents, representatives or employees in the amounts and types set forth below:

1. Commercial General Liability insurance with limits no less than \$2,000,000 combined single limit for bodily injury (including death) and property damage, including premises operation, products and completed operations and explosion, collapse and underground coverage extensions;
2. Automobile liability for owned, non-owned and hired vehicles with a combined single limit of \$1,000,000 for each accident for bodily injury and property damage; and
3. Worker's compensation within statutory limits and employer's liability insurance with limits of not less than \$1,000,000 for each accident/disease/policy limit or as required by law.

B. Franchisee's insurance coverage shall be primary insurance as respects the City. Any insurance, self-insurance or insurance pool coverage maintained by the City shall be in excess of Franchisee's insurance and shall not contribute with it.

C. Franchisee shall furnish the City with certificates of the foregoing insurance coverage or a copy of amendatory endorsements, including but not necessarily limited to the additional insured endorsement.

D. Franchisee shall have the right to self-insure any or all of the above-required insurance. Any such self-insurance is subject to approval by the City.

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

F. Franchisee shall require all subcontractors to have the following insurance: a) \$1,000,000 in commercial general liability to include products/completed operations coverage with aggregate limit of at least \$1,000,000; b) \$1,000,000 in automobile; c) workers compensation, as required by state and federal statute; and d) stop-gap coverage with limit of at least \$1,000,000. Franchisee shall provide the City with proof of such insurance prior to working in the Franchise Area.

Section 15. Assignment.

A. All of the provisions, conditions, and requirements herein contained shall be binding upon Franchisee, and no right, privilege, license or authorization granted to Franchisee hereunder may be assigned or otherwise transferred without the prior written authorization and approval of the City, which the City may not unreasonably withhold. Notwithstanding the foregoing, Franchisee, without the consent of, but upon notice to the City, may assign this agreement in whole or in part to: (a) an Affiliate (as defined in this Ordinance); or (b) a lender for security purposes only.

B. Franchisee may lease the Facilities or any portion thereof to another or provide capacity or bandwidth in its Facilities to another, *provided that*: Franchisee at all times retains exclusive control over such Facilities and remains responsible for locating, servicing, repairing, relocating or removing its Facilities pursuant to the terms and conditions of the Franchise.

Section 16. Abandonment and Removal of Facilities. Upon the expiration, termination, or revocation of the rights granted under the Franchise, the Franchisee shall remove all of its Facilities from the Rights-of-Way of the City within ninety (90) days of receiving notice from the City's Public Works Director; *provided however*, that the City may permit the Franchisee's improvements to be abandoned in place in such a manner as the City may prescribe. Upon permanent abandonment, and Franchisee's agreement to transfer ownership of the Facilities to the City, the Franchisee shall submit to the City a proposal and instruments for transferring ownership to the City. Any such Facilities which are not permitted to be abandoned in place which are not removed within ninety (90) days of receipt of said notice shall automatically become the property of the City; *provided however*, that nothing contained within this Section shall prevent the City from compelling the Franchisee to remove any such Facilities through judicial action when the City has not permitted the Franchisee to abandon said Facilities in place.

Section 17. Security Device to Insure Performance.

A. Pursuant to RCW 35A.47.040, Franchisee shall, within ten (10) days after its acceptance of this Franchise, file with the City and at all times thereafter maintain in full force and effect a security device (such as a bond, letter of credit, or other security) in a manner and form acceptable to the City, effective for a two (2) year period, with automatic renewals, throughout the term of this Franchise.

B. The security device shall be submitted to the City prior to issuance of any right-of-way permits relating to the Facilities, and shall be a condition of such permit approval.

C. In the event Franchisee shall fail to substantially comply with any one or more of the provisions of this Franchise, then there shall be recovered jointly and severally from the principal and surety of such security device any damages suffered by the City as a result thereof, including the full amount of any compensation, indemnification, or cost of removal or abandonment of facilities hereinabove described, up to the full amount of the said security device, said condition to be a continuing obligation for the duration

of this Franchise and thereafter until Franchisee has discharged all of its obligations within the City which may have arisen from the acceptance of such Franchise by Franchisee or from its exercise of any such privilege herein granted.

D. The security device filed in accordance with the requirement of this section shall be in the amount of One Hundred Thousand Dollars and No/100 (\$100,000.00). In the event of substantial change in volume of street space occupied by Franchisee's Facilities, the City may require a corresponding change in the amount of such security device. If the amount of the security device is depleted below \$100,000.00 for any reason, then Franchisee shall restore it to the full amount required herein within thirty (30) days of such depletion.

Section 18. Reimbursement of Costs.

Pursuant to RCW 35.21.860, Franchisee shall reimburse and pay to the City the amount of actual administrative expenses incurred by the City which are directly related to receiving and approving, all permit(s), license(s), and this Franchise, to inspecting plans and construction, or to the preparation of documents and statements prepared pursuant to Chapter 43.21C RCW, including but not limited to expenses incurred by City consultants, City Staff and City Attorney's Office. As such expenses are incurred by the City, the City shall submit to Franchisee statements/billings for such expenses. Franchisee shall make payment to the City in reimbursement of such undisputed expenses within thirty (30) days of the receipt of such statements/billings. If Franchisee in good faith disputes any portion of the administrative expenses, Franchisee shall pay the undisputed portion, if any, and provide written notice of the dispute within thirty (30) days of the receipt of the statement/billings from the City. Unless the City agrees to a modification of the statement/billings based on Franchisee's dispute notice, Franchisee and the City shall negotiate any dispute in good faith, and if they cannot reach a resolution to such a dispute, both the City and Franchisee may invoke any other remedies available to them in law and equity. In the event of non-payment thereafter, Franchisee shall pay the City's reasonable attorneys' fees and other costs incurred in collecting such amount.

Section 19. Miscellaneous.

A. Severance. If any term, provision, condition or portion of this Ordinance shall be held to be invalid, such invalidity shall not affect the validity of the remaining portions of this Ordinance which shall continue in full force and effect. The headings of sections and paragraphs of this Ordinance 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.

B. Non-Waiver. Failure of the City to declare any breach or default under this Franchise or any delay in taking action shall not waive such breach or default, but the City shall have the right to declare any such breach or default at any time. Failure of the City to declare one breach or default does not act as a waiver of the City's right to declare another breach or default.

C. Compliance with law. Notwithstanding anything to the contrary herein, any determination by the City with respect to matters contained in this Ordinance and matters related to the Franchise shall be made in accordance with applicable federal law, including without limitation any applicable rules and regulations promulgated by the Federal Communications Commission, applicable state law and in a reasonable and non-discriminatory manner.

D. Attorney fees. In the event that either party commences litigation or arbitration proceedings against the other party relating to the performance or alleged breach of this Franchise, the prevailing party shall be entitled to all costs, including reasonable attorneys' fees incurred, relating to such litigation, including those incurred in the event of any appeal.

E. Forum. Any litigation filed by either party arising out of or relating to this Franchise shall be filed in King County Superior Court.

Section 20. Notice. Any notice or information required or permitted to be given to the parties under this Franchise may be sent to the following addresses unless otherwise specified:

City:

City of Kenmore
City Manager
18120 68th Ave NE
PO Box 82607
Kenmore, WA 98028

Franchisee:

Verizon
Attn: Franchise Manager
600 Hidden Ridge
Irving, TX 75038

With Copy to (except for invoices):

Verizon Business Services, Inc.
1320 N. Courthouse Road, Suite 900
Arlington, VA 22201
Attn: Vice President and Deputy General
Counsel

Invoices:

Verizon
Attn: Contract Admn
6929 N. Lakewood Ave. MD 5.3-4009
Tulsa, OK. 74117

Notice shall be deemed given upon receipt in the case of personal delivery, three (3) days after deposit in the United States Mail in the case of regular mail, or the next day in the case of overnight delivery.

Section 21. Effective date. This Ordinance, being in compliance with RCW 35A.47.040, shall be in force and effect five (5) days from and after its passage by the Kenmore City Council and publication pursuant to Section 1.01.010 of the Kenmore Municipal Code and by this reference approved by the City Council.

CITY OF KENMORE

By: _____

Its: _____

Dated: _____

MCImetro Access Transmission
Services Corp., d/b/a Verizon
Access Transmission Services

By: _____

Its: _____

Dated: _____



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Authorize Contract No. 17-C1748, an interlocal agreement with Northshore Utility District for paving and related improvements to the riverside parking area of Rhododendron Park. Proposed Council Action/Motion: Authorize the City Manager to execute Contract No. 17-C1748, an interlocal agreement regarding park improvements to be completed by the Northshore Utility District.	For Council Meeting Agenda of: July 24, 2017 Department: Community Development Prepared by: Ann Stanton <u>Initial & Date</u> Approved by Department Head: <u>AS/DD 7/4</u> Approved by City Attorney: <u>RAK/NIC</u> Approved by Finance Director: <u>✓ Dave 7/4/17</u> Approved by City Manager: <u>NKOD/RK</u> <u>14 July 2017</u> Exhibits/Attachments: Interlocal Agreement 17-C1748	
Expenditure Required \$0	Amount Budgeted \$0	Appropriation Required \$0
<u>INFORMATION/BACKGROUND:</u> This agreement provides for completion of paving improvements initially contemplated under the Rhododendron Park Waterfront and Open Space Access project. The work includes grinding existing pavement, raising a storm water catch basin to the new pavement level, paving the entire park driveway plus new parallel parking stalls and adding striping according to plans prepared by Osborn Engineering, the city's consultant for Rhododendron Park. Under this agreement, the work will be added to a future Northshore Utility District (District) construction contract to relocate an existing sewer main. The existing sewer main is expected to be damaged by construction of the new 68th Avenue bridge. Relocation of the main is necessary to move it outside of the work area of the City's new bridge support footings. This realignment will extend from the Fish and Wildlife Boat Launch to Rhododendron Park and must occur prior to start of construction for the new 68th Avenue bridge. Part of the District's sewer realignment will take place within the northwest corner of Rhododendron Park. This new alignment will require significant trenching within the existing driveway of the park. The district is not able to complete the paving prior to the 2017 Waterwalk project. The District will complete the work as a part of their 2018/2019 sewer replacement project at no additional cost to the city. The District will benefit by having less excavation and restoration expense for work conducted within the park boundary. <u>Recommendation:</u> Staff recommends Council authorize execution of Contract No. 17-C1748 with the Northshore Utility District.		
<u>FISCAL CONSIDERATION:</u> The engineer's estimate for the paving work was approximately \$30,000. There was some limited additional consultant expense to modify plans and specifications, but city expenses will be reduced by this participation by the Northshore Utility District in the Rhododendron Park Waterfront and Open Space Access project.		
<u>COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:</u> Continue to implement a Parks Improvement and Financial Plan. Comprehensive Park Recreation and Open Space Plan Policies: P-4.7.1.3 Utilize funding opportunities emphasizing a regional approach, such as coordinating and/or partnering with special service districts.		

**INTERLOCAL AGREEMENT
Rhododendron Park Sewer Extension**

This agreement is made this _____ day of _____, 2017, between the Northshore Utility District, a municipal corporation in King County, Washington ("District") and the City of Kenmore a municipal corporation in King County, Washington ("City"). City and District are collectively referred to as "Parties."

RECITALS

- (a). Chapter 39.34 RCW permits governmental entities to enter into an interlocal agreement to accomplish mutually beneficial purposes in the public interest, and the Parties desire to enter into the Agreement to cooperate and share in the associated improvements with their respective public works projects.
- (b). City and District both will install improvements and facilities within Rhododendron Park (6910 NE 170th St., Kenmore WA 98028). Through its "Rhododendron Park Waterfront and Open Space Access Project", City will construct a pedestrian access (waterwalk) connecting the parking area in Rhododendron Park to the Sammamish River shoreline, install curb, gutter, and storm drainage, and regrade and widen the Park access road ("City Park Project"). City also will, under a future project, replace the West Sammamish River Bridge (Southbound Traffic) ("City Bridge Project").
- (c). District's sewer collection trunk lines for the Inglewood and Moorlands areas of Kenmore converge and enter King County Metro sewer system within Rhododendron Park along the Sammamish River shoreline. The current Inglewood sewer trunk line is located along and within the shoreline and sensitive areas. After the City Park Project, and before or in connection with the City Bridge Project, District will install a sewer main to abandon and relocate trunk lines ("District Sewer Bridge Project").
- (d). City and District will enter into a separate interlocal agreement for the work associated with the City Bridge Project.

AGREEMENT

In consideration of the terms and conditions contained herein, the Parties now agree as follows:

- 1. As part of the District Sewer Bridge Project, District shall adjust the existing drainage structure, grind, pave and stripe the Park access road and path portions of the City Park Project, identified as "Approx. Limits NUD Paving and Striping (District Sewer Bridge Project)" in Exhibit A, at District's cost and expense and according to City's plans and specifications ("District Final Overlay").
- 2. The construction and installation of the improvements and facilities under this Agreement shall be in the following sequence: (1) City Park Project; (2) District Sewer Bridge Project; and (3) City Bridge Project.

3. The Parties intend that the District Sewer Project will be completed no later than December 31, 2019. The Park access road overlay portion of the City Park Project and the District Final Overlay shall conform to the plans prepared by Osborn Consulting, Inc. for the City Park Project (dated April 2017).

CITY:

CITY OF KENMORE

By _____

Rob Karlinsey, City Manager

DISTRICT:

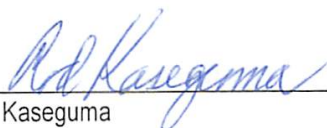
NORTHSHORE UTILITY DISTRICT

By _____

Fanny Yee, its General Manager

Approved as to Form:

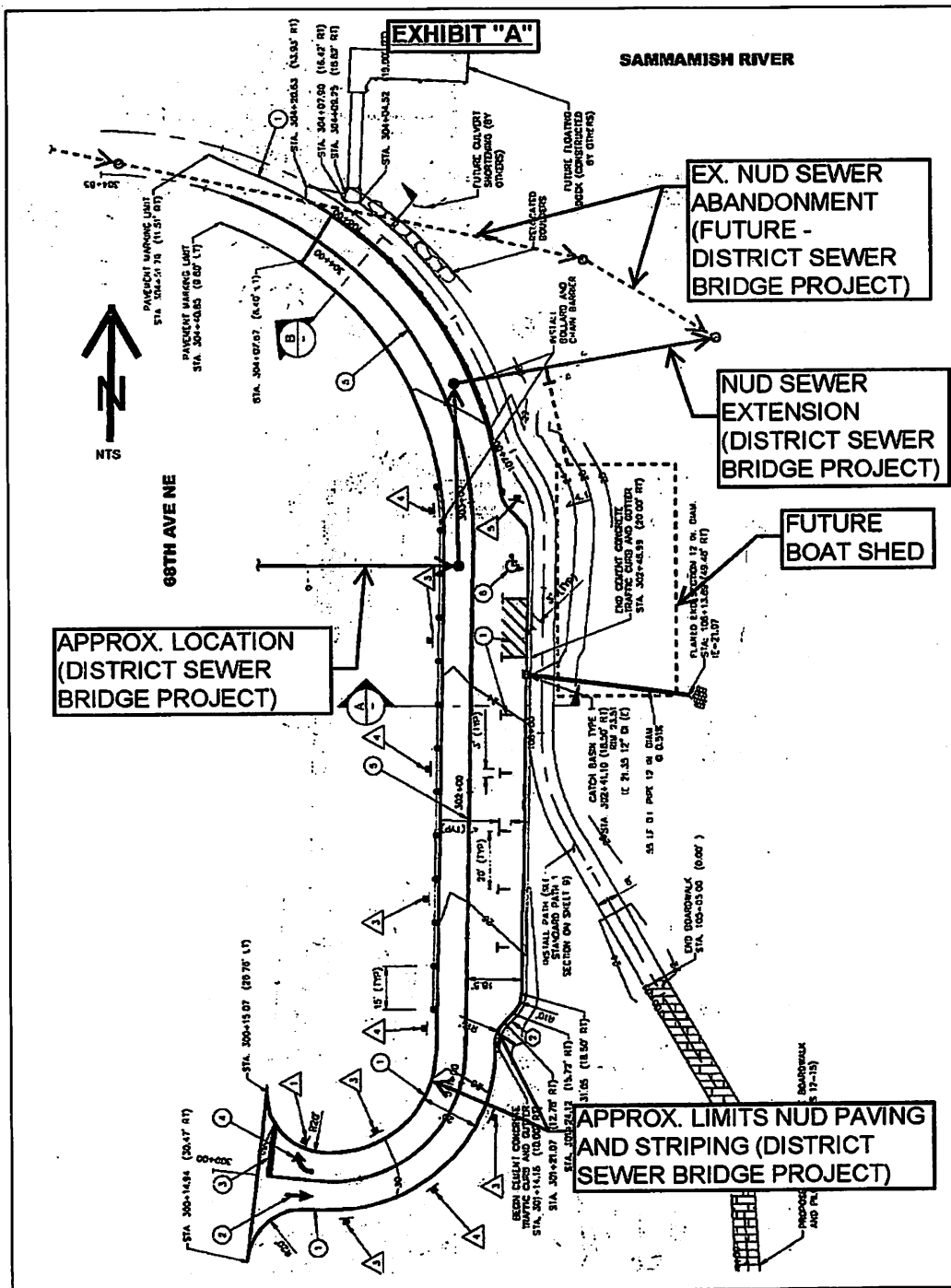
OFFICE OF THE CITY ATTORNEY

By  _____
Rod Kaseguma

Approved as to Form:

DISTRICT GENERAL COUNSEL

By _____
Kinnon Williams



- 3 -



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Hangar Building Facility Use Policy Proposed Council Action/Motion: Approve the Hangar Building Facility Use Policy	For Council Meeting Agenda of: July 24, 2017 Department: City Manager's Office Prepared by: Rob Karlinsey, City Manager Approved by City Attorney: <u>DR via email</u> Approved by Finance Director: _____ Approved by City Manager: <u>RAK</u> Exhibits/Attachments: Hangar Building Facility Use Policy
<u>INFORMATION/BACKGROUND:</u> At its June 19 and June 26 regular meetings, the City Council discussed a draft policy for use of the new Hangar community building. Changes to the policy as directed by the City Council have been incorporated into the attached policy. <u>Background</u> The new Town Square and accompanying "Hangar" community building are constructed. Both the Town Square and the Hangar will serve as a year-round public gathering space in the heart of Kenmore's downtown. The 4,600 square-foot Hangar will include space for a coffee shop retail tenant. The tenant's interior improvements are in the process of being constructed and should be completed in the next six to eight weeks. In addition to the tenant retail space, the Hangar includes a larger community gathering space (the "Otter") and a smaller multipurpose room (the "Beaver"). These spaces will be available for the public to use and reserve when the interior tenant improvements are complete. Facility use policies for the Hangar are needed to create a framework for the public to reserve the spaces in the building or just "hang out." The proposed policy document is attached for City Council consideration.	
<u>COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:</u> Create a vibrant, walkable downtown	

**Hangar Building
Facility Use Policy
July 24, 2017**

The Town Square and the Hangar community building are intended for the use and enjoyment of Kenmore residents and visitors. This facility belongs to the taxpayers of Kenmore and is intended to provide a location free of charge for them gather, entertain, meet, eat, drink, connect, and just hang out.

Intended uses for the Hangar include but are not limited to the following:

- Meeting up with friends or just hanging out
- Book club meetings
- Recitals
- Lectures
- Musical performances
- Club meetings
- Meeting with clients
- After-school programs
- Classes

The 4,600 square-foot Hangar includes approximately 1,200 square feet in the southeast portion of building for a retail tenant. The current tenant provides coffee products and other drinks, baked goods, and other food offerings.

The Hangar is a gathering place for the public to use free of charge. The Hangar contains a two-sided fireplace, comfortable furniture and table space, free wi-fi, plugins, a sound system, projector and TV, and a large airplane hangar-style door that can remain open on warm summer days. As shown in the attached floor plan, there are two spaces in the Hangar that people can reserve at no cost (“Applicant”). When these spaces are not reserved, they will be available for anyone to use informally for hanging out or meeting friends or a client. These two spaces are:

- The “Beaver” room (the small conference-like room on the east side of the “Otter” gathering area).
- The “Otter” gathering area (the larger, more open space adjacent to the large Hangar door and between the fireplace and the north wall of the building).

Policy Compliance & No Discrimination

All who occupy, use, or reserve the Hangar and its public spaces agree to abide by the policies herein. All users of the Hangar and its premises will abide by local, State, and Federal laws. The City of Kenmore believes in the dignity, equality, and constitutional and civil rights of all people,

and will not tolerate discrimination, harassment or any behavior that creates fear, isolation, or intimidation.

Utmost Care

All users of the Hangar's public spaces agree to exercise the utmost care in the use of the premises and property, and comply with this facility use policy document.

Availability

The Otter and Beaver will be available for public use and reservations during the retail tenant's business hours. The City may allocate certain hours for open public use and designate certain hours not available for reservations. The City may also allow certain events outside of tenant's business hours at the City Manager's discretion.

Public Space and Respect for the Retail Use

All users of the Hangar acknowledge that the public is free to come and go throughout the building. The Hangar includes a retail tenant ("Tenant"), and this Tenant may provide seating for the sole use of its customers. The Tenant's customers may also use other portions of the Hangar, except as described in the following paragraph. During the Tenant's business hours, the Tenant's patrons and the public will be free to enter and exit through all doors of the Hangar, provided that the Volunteer & Events Supervisor may make exceptions with the concurrence of the Tenant and in compliance with building and fire codes.

When using the Otter for an event, the Applicant shall acknowledge that the public may attend the event and freely enter and exit through all of the exterior doors of the building.

City-sponsored events have priority in the Hangar, and the City Manager or his/her Designee reserves the right to cancel any prior reservations or use of the Hangar and/or to suspend any portion of this facility use policy.

Reserving the Spaces in the Hangar

Reservations for the two spaces in the Hangar may be made using City's online reservation system, except as noted below. All Applicants that reserve space in the Hangar must read and acknowledge that they understand and accept all procedures and regulations in the City of Kenmore's Hangar Building Facility Use Policies.

Group meetings of ten (10) or more people must have a reservation to use the Hangar and premises. Reservations for meetings or events that anticipate attendance of less than 30 people should be made at least three working days in advance. For example, a reservation for 2 pm on a Monday should be booked by 2 pm on Wednesday.

Reservations for meetings or events that expect attendance of 30 or more people will require 35 days' advance notice to the City. The purpose of this advance notice is to allow the Tenant enough time to staff and prepare for the event.

When the Otter is reserved, the Beaver will also be reserved for that same event and user, due to their proximity. The Beaver may be reserved without reserving the Otter. On a case-by-case basis and depending on circumstances, the Volunteer and Events Supervisor may approve separate simultaneous reservations of both spaces with the concurrence of both parties.

The City encourages maximum public use of the facility. Except for City sponsored events, individuals or groups may not monopolize any space within the Hangar, with or without reservations. Individuals or groups that reserve space multiple dates at a consistent day and time require approval by the City Manager or designee, at their sole discretion. Reservations may be made no sooner than six months in advance. City sponsored events and meetings or organizations providing services in partnership with the City may reserve the space outside of the reservation windows and for durations as determined by the City.

Typical room reservations will be in one hour increments up to a maximum reservation of three hours. If a group wishes to reserve either space for more than three consecutive hours, approval is required from the City's Volunteer & Events Supervisor at least three working days in advance.

Age of Persons Reserving the Spaces

Any Applicant seeking to reserve either space must be 18 years or older and sign the City's application form. The Applicant must agree to follow and abide by these policies. The Applicant reserving the space must be present during the entire time of the reservation. Groups comprised of minors (under 18 years of age) shall be supervised by a sufficient number of adults at all times while using Hangar facilities and premises. The Applicant reserving the space is considered to be the responsible party in case of damage, theft, or disturbance during use of the Hangar facility.

MEETINGS & EVENTS

Room Set Up, Take Down, and Clean Up

The City is not responsible for room setup or takedown. Those who have reserved the spaces are responsible for room setup and may use the tables and chairs in the two spaces. The City also has a limited number of chairs and tables in the Hangar's storage closet and these may be available for meetings and events with at least three working days advance notice to the City. At the conclusion of the event, the attendees must restore the room to the way they found it prior to the event. Attendees must remove all trash, belongings, and event related materials and leave the facility clean and intact. The Applicant who reserved the space is responsible for cleanup immediately following the event. Cleanup includes returning furniture to its prior location, throwing away trash and bringing it to the dumpster, wiping up spills, and removing food crumbs and other scraps. If additional cleanup beyond routine cleaning by City staff is required, the

Applicant or group will be charged for the City's cost or cleanup and/or may not be allowed to use the facility in the future.

Amplified sound

The Hangar contains a speaker and microphone system. This system may only be set up and operated by the City's Facility Maintenance Technician or other designated and trained City representative. Users of amplified sound must be sensitive and courteous to the retail tenant, its patrons, and other users of the Hangar. The City reserves the right to control the sound level at any time during an event. Amplified sound will generally not be allowed on Saturday and Sunday mornings before 9 am and on weekdays before 7 am.

Audio/Visual

The Hangar also contains a TV and a video projector system. These systems may only be set up and operated by the City's Facility Maintenance Technician or other designated and trained City representative. Groups must bring their own laptops for digital and video presentations.

Display Materials

The Applicant should provide their own easels, flip charts, etc. for displays. See below for restrictions on posting decorations or displays. The Applicant is responsible for removing all display materials prior to leaving the premises.

Decorations

Items may not be affixed to the ceiling, doors, walls, light fixtures or windows. Rice, bubbles, silly string, birdseed, confetti and glitter are not allowed. The Applicant will be charged for the costs of repairing damage resulting from the use of hooks, nails, push pins, staples, tape or other adhesives and may not be allowed to use the facility in the future.

Signage

No exterior or interior signage can be posted on the structure of the Hangar building. Subject to the City's sign code, users may post up to two A-board or small banners near (but not on) the building and no more than one hour in advance of the event. The signs must be removed immediately following the event. The locations of the signs may be adjusted by the City at the City's sole discretion.

Deliveries

The Applicant reserving the space must be present to accept or sign for any deliveries related to the event. No storage space is available in the Hangar for event supplies or equipment.

GENERAL USE POLICIES

Tobacco Use Prohibited

The use of tobacco products is prohibited inside or within 25 feet of any entrance or window to the Hangar.

Marijuana Possession, Sale, or Use Prohibited

The possession, sale, or use of marijuana products is prohibited in the Hangar or premises.

Lawful Activity

All activities must comply with Kenmore Municipal Code, King County Public Health Code, state and federal law.

Firearms Prohibited

Firearms or weapons of any sort will not be allowed in the Hangar or premises. This restriction does not apply to on-duty law enforcement officers.

Flammable Materials

The use of candles or any other type of open flame, flammable materials or fog/smoke machines is prohibited in the Hangar.

Animals

Service animals are welcome in the Hangar. No other animals are allowed in the Hangar unless approved in advanced through a City-sanctioned event.

Indemnification

The Applicant must execute an application online to reserve space in the Hangar and agree to be the responsible party in case of damage, theft, or disturbances arising from the use of the reserved space. The Applicant must agree to indemnify and hold the City, its elected officials, officers, employees, agents and volunteers harmless from any and all claims, demands, losses, action and liabilities, including costs or attorney's fees, to or by any and all persons or entities, including, without limitation, their respective agents, licensees, or representatives, arising from, resulting from or connected in any way with the Applicant and attendees of the activity, or by the Applicant's or attendees' breach of these policies or application agreement. The City is not responsible for lost, stolen or damaged items.

Not a Public Forum

The Hangar and its premises are not traditional public forums and are intended to be limited public forums. The Hangar contains a retail tenant, and the Hangar floor plan is an open area

space with free flow and overlap of gathering spaces between the Tenant's space and the rest of the facility. As a result, the entire Hangar and its premises should be treated as a retail area where patrons may come and go. The City's acceptance of certain use by the public is not intended to create an open public forum, and the City retains the right to control the use of said facilities.

No Election, Campaign, or Other Political Activity

Pursuant to RCW 42.17A.555, City facilities may not be used for the purpose of promoting or opposing any election, campaign or ballot proposition purposes.

No Explicit or Pornographic Material

No explicit or pornographic material, including images, videos, artwork, etc., may be shown or displayed in the Hangar or its premises.

Artwork

No artwork may be shown or displayed in the Hangar or its premises except in conformance with the City's Display and Exhibition Policies, promulgated under the authority of Resolution 12-206.

Alcohol

Unless approved through a City-sanctioned event and except as provided for in the Tenant's lease agreement, no alcohol will be allowed in the Hangar.

No Endorsement

Receiving permission to use City facilities does not constitute an endorsement of a group's philosophies, policies or beliefs.

Distribution of Give-Aways

The City reserves the right to deny the distribution of items at events deemed to be hazardous, a nuisance or not family-friendly.

City May Add Restrictions / Requirements

The City may add requirements and/or restrictions as deemed necessary, depending on the activity or event. The City will identify the required additional requirements and/or restrictions in writing five days in advance of the event. The City can deny room reservation requests at its sole discretion, due to staff or facility availability, incompatibility of the reservation request with the City facilities, or other reasons. All requests are subject to the approval of the City Manager

or Designee. The City reserves the right to terminate a reservation if risks to safety or property exist or if users are violating facility use policies or other laws.

No Show

If a user or group reserves the space and does not use the space without notifying the City in advance, the City may cancel the user's or group's other reservations without notice. The City may refuse future reservations after more than one no show.

City Cancellation of Reserved Spaces

The City reserves the right to cancel a reservation if the City wishes to make use of the facility which in the judgment of the City supersedes the need of the user. Notice of the City's cancellation for priority use shall be given in accordance with the time limits set forth in KMC 9.40.060. Notice of cancellation for emergencies may be given at any time. As owner of the Hangar, the City shall not be responsible for any claims, losses, liabilities or damages if the City displaces other users, and the Applicant must agree to release and indemnify, defend, and hold City harmless from such claims.

City Right to Refuse / Trespass

If a person or group does not follow these policies, causes damage or disruption to the facility, or otherwise exhibits behaviors that are not in keeping with the effective and efficient use of the facility, the City, at its sole discretion, may refuse to allow the person or group to reserve or use the Hangar facilities in the future. The City, at its sole discretion and based on illegal, disruptive or other behaviors not in keeping with the harmonious public use of the facility, may trespass individuals from the property indefinitely.

Maximum Room Capacity

Maximum room capacities are depicted in the attached Hangar floor plan. Events or gatherings that exceed approved capacities may be cancelled immediately and future reservations may be canceled at the City's sole discretion and without notice.

Policy Interpretation

The City Manager or Designee shall make any necessary interpretations of these policies.

Subject/Topic: 2018 AWC Health Insurance Plans and Creation of City Funded Employee Health Reimbursement Arrangement	For Council Meeting Agenda of: July 24, 2017 Department: Finance/City Manager Prepared by: Joanne Gregory, Finance and Administration Director
Proposed Council Action/Motion: Review and Approval of 2018 AWC Healthfirst 250 and Kaiser Access PPO 250 Insurance Plans and Creation of City Funded Employee Health Reimbursement Arrangement	Approved by Department Head: <u>Initial & Date</u> Approved by City Attorney: <u>July 20/17</u> Approved by Finance Director: <u>July 20/17</u> Approved by City Manager: <u>PK</u> Exhibits/Attachments: Employee Benefit Committee Powerpoint Presentation
Expenditure Required \$ 564,626	Amount Budgeted \$ 566,544 Appropriation Required \$0

In consideration of the higher deductibles and potentially significant higher out-of-pocket costs for employees, the committee proposes that the City use the 6% budgeted increase in healthcare costs to establish and fund a Health Reimbursement Arrangement-Voluntary Employees' Beneficiary Association (HRA VEBA) using a three-tiered structure: \$450 for each employee covering only the employee; \$900 for each employee covering the employee plus one other family member; \$1,350 for each employee covering the employee plus two or more other family members. An HRA VEBA provides for medical benefits to members under Internal Revenue Code

501(c)(9) and is a benefit offered to more than 50,000 participants from over 500 governmental employers (including 158 cities) in the Northwest. Such medical benefits can be used to reimburse qualified out-of-pocket medical expenses; contributions, interest earned, and withdrawals for claims are tax exempt.

These contributions would not apply to employees choosing High Deductible Health Plans with Health Savings Accounts.

This recommendation is effective for 2018 only. The employee committee favors continuing the research already begun, exploring new options that may arise during the coming year, and developing a recommendation for 2019 during the next 12+ months.

The creation of the HRA VEBA may require a Resolution by the City Council which would be presented for approval at a meeting in September.

FISCAL CONSIDERATION:

2018 Premiums for the new \$250 deductible plans are expected to be approximately the same or less than the 2017 cost of the current (old) plans. The budget includes a 6% increase in the cost of the current plan for 2018 (approximately \$566,544), therefore this proposal for the new \$250 deductible plans plus the HRA VEBA contributions (\$564,626) are within the budgeted amount.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Effective and Efficient Services



City of
Kenmore

Healthcare Benefits Committee Background Information and Recommendation

July 24, 2017

Joanne Gregory, Finance & Administration Director

Janet Quinn, Management Analyst

Jennifer Gordon, PW Operations Manager

Brett Schock, Traffic Engineer

Brian Randall, Accountant

Nicki Walsh, Permit & Admin Specialist

Bridgit Baker, Admin Assistant

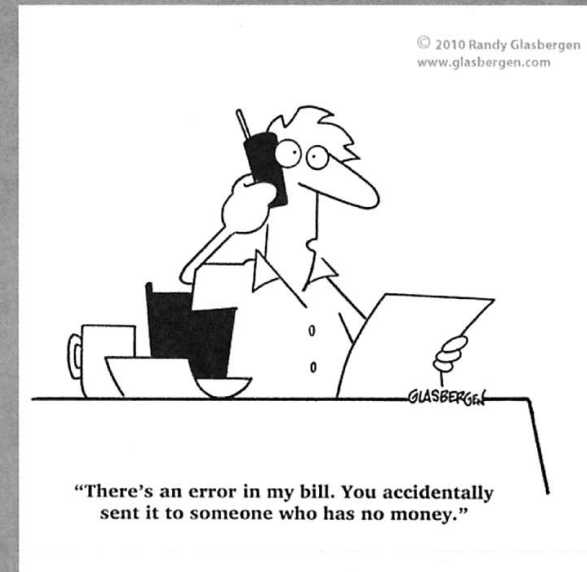


City of
Kenmore

Our Directive

Directive: Form a committee to identify employee healthcare plans for 2018 that retains the same or similar benefits without increasing the costs.

Reason: Current \$0 Deductible Plans are ending 12/31/17





City of
Kenmore

Our Response

- Open mind- no preconceived ideas
- Surveyed employees about healthcare benefits & priorities
- Surveyed other Cities....what plans for 2018
- Met with or spoke with:
 - Evergreen Healthcare representatives
 - Alliant Insurance Services
 - Kirkland HR Director
 - Kirkland's VERA Clinic (site visit)
 - Former Kirkland HR employee responsible for transition to self-insurance and clinic opening
 - AWC Trust representative
 - Health Reimbursement Arrangement VEBA representative



City of
Kenmore

What We Learned (Big Picture)

- Uncertainty in the marketplace re: ACA
 - Insurance carriers get more conservative and premiums go up
- Coverages may “look” the same, but actually be very different between insurers
 - For example, more proof of need for procedure; denial of benefits for claims that were previously allowed
- Costs of pharmaceuticals rising
- Regence and Kaiser (Group Health) \$10 Copay Plans no longer available due to:
 - Possible 40% excise (cadillac) tax
 - Rising premium costs (less affordable)
 - Desire to move from co-pays (cost of services invisible) to co-insurance (costs visible)
- Important to view healthcare options as a “consumable”
 - Understand there are significant differences in costs of service (MRI imaging ranges in cost from \$600 to \$1800)
 - Long term cost containment goal - to encourage insured people to make value choices by “shopping” for better value.
- Coordination of Benefits changing to Maintenance of Benefits in Insurance industry
 - No longer an advantage for an employee to be “double covered”
 - **Additional economic loss to these employees**



City of
Kenmore

Other Cities' Plans

- **Bothell, Mill Creek**
 - no decision, but likely next best AWC plans plus HDHPs
- **Shoreline**
 - likely AWC 250 plans, with tiered contributions to premiums by City near 2017 levels
- **Issaquah**
 - Self Insured
- **Kirkland**
 - Self Insured with HDHP and VERA clinic
- **Lake Forest Park**
 - no decision; they like our idea of forming a committee but will likely choose AWC plan.
- **Edmonds**
 - most likely AWC. They've gone outside AWC twice and it didn't work out for them.
- **Mercer Island**
 - AWC Healthfirst 250 and Kaiser 200 for non-reps, employees have VEBA
- **Woodinville**
 - likely AWC. Exploring adding other employee-requested benefits to offset the additional costs and out-of-pocket expense of new plan.



City of
Kenmore

Our Recommendation

1. Stay with AWC Trust Plans for 2018:

- **Regence HealthFirst 250 deductible plan**
 - **Kaiser Permanente Access PPO 250 deductible plan**
 - Regence High Deductible Health Plan with HSA (already in place)
 - Kaiser Permanente High Deductible Health plan with HSA (already in place)
- **Consequence to employees:**
 - Increased deductible (from \$0 to \$750 for family)
 - Higher out-of-pocket expenses (\$2,200 to \$6,000 for family)
- **Assumed 2018 premiums for new plans will be at or below 2017 rates for current plans**
 - Budgeted 6% rate increase for current plan



City of
Kenmore

Medical Plans Monthly Rates for 2017

Regence			Kaiser		
HealthFirst (terminating 1/1/18)	HealthFirst 250	HDHP	\$10 Copay (terminating 1/1/18)	Access PPO - \$250 Deductible	HDHP
Employee: \$752.67 Spouse: \$758.36 Child 1: 373.12 Child 2: 309.17	Employee: \$684.74 Spouse: \$690.49 Child 1: \$340.15 Child 2: \$281.21	Employee: \$450.92 Spouse: \$456.48 Child 1: \$228.88 Child 2: \$187.41	Employee: \$610.32 Spouse: \$601.34 Child 1: \$306.56 Child 2: \$306.56	Employee: \$540.06 Spouse: \$531.40 Child 1: \$271.06 Child 2: \$271.06	Employee: 446.92 Spouse: \$437.96 Child 1: \$233.81 Child 2: \$223.81
Employee + Spouse: \$1,511.03	Employee + Spouse: \$1,375.23	Employee + Spouse: \$907.40	Employee + Spouse: \$1,211.66	Employee + Spouse: \$1,071.46	Employee + Spouse: \$884.88
Family of 4 or more: \$2,193.32	Family of 4 or more: \$1,996.59	Family of 4 or more: \$1,323.69	Family of 4 or more: \$1,824.78	Family of 4 or more: \$1,613.58	Family of 4 or more: \$1,332.50

Coordination of
Benefits
(COB)

Maintenance of Benefits
(MOB)

Coordination of
Benefits
(COB)

Maintenance of Benefits
(MOB)



City of
Kenmore

Our Recommendation

2. Establish and fund an Employee HRA VEBA

- **Health Reimbursement Arrangement – Voluntary Employees' Beneficiary Association**
 - For governmental employees in Washington and the Northwest
 - Blaine, Burien, Covington, E. Wenatchee, Grandview, Longview, Normandy Park, Sedro Woolley, Yakima – examples of Cities that created HRAs; in some cases to compensate for increased medical costs
- **Purpose:** Offset employee new deductible costs and some of the additional out of pocket costs with City dollars from the budgeted 6% increase:
 - \$450 for each employee covering only the employee
 - \$900 for each employee covering the employee plus 1
 - \$1350 for each employee covering the employee plus 2 or more
 - Would not apply to employees on High Deductible Health Plans with HSAs (Health Savings Accounts)

Total contributions do not exceed the budgeted 6% increase for 2018



City of
Kenmore

What is a VEBA

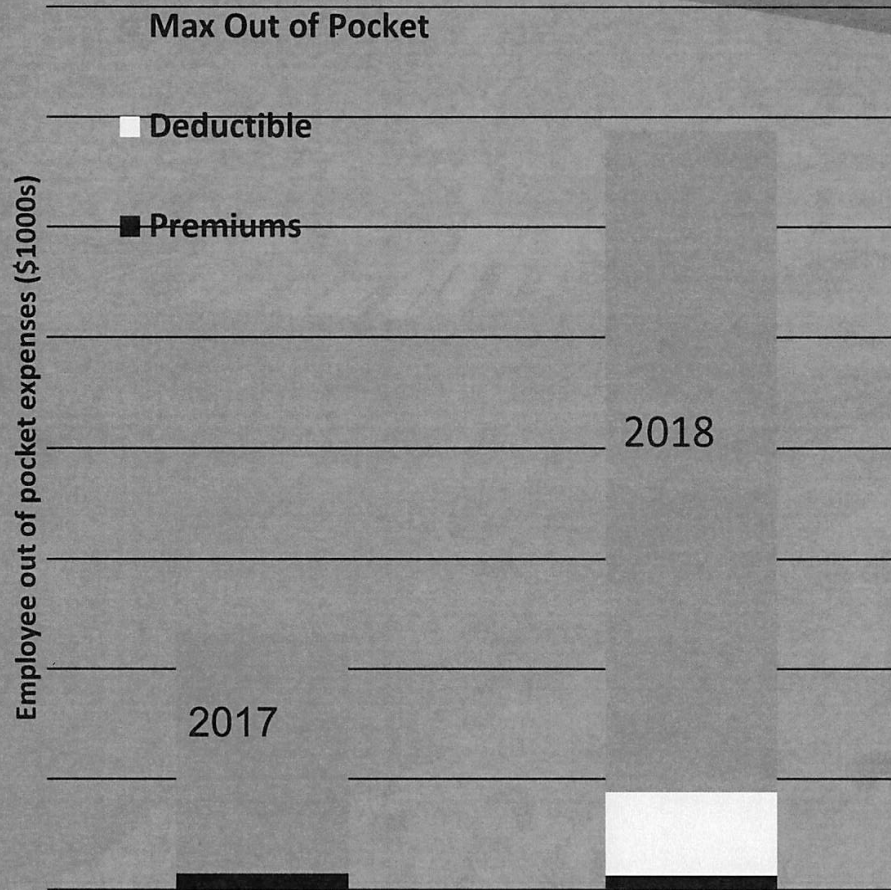
An Employee HRA VEBA

- Created in 1990, HRA VEBA Trust is a 501c9 non-profit, tax-exempt health and welfare benefit trust providing benefits to 50,000+ participants from 500+ governmental employers in the Northwest
 - Cities (158), Counties, special districts, school districts
- Can reimburse qualified out-of-pocket medical care costs as defined by the IRS. Contributions, investment earnings, and withdrawals (for claims) are tax-free.
- Not tied to a HDHP and no annual contribution cap
- Employer funded through contributions and/or leave cash-outs.
- Employee contributions allowed but mandatory for entire group
 - (no variation by employee and no opt-in or –out allowed).



City of
Kenmore

Future Year Costs - Employee



- **Current** City family plan
 - \$0 deductible
 - \$2,200 family out of pocket potential
- **Recommended** 2018 plan
 - \$750 deductible
 - \$6,000 family out of pocket potential

Exposes employee to significant cost increases for 2018
- **No more coordination of benefits**



City of
Kenmore

Reasons for Recommendation

- **AWC Trust--non-profit and predominantly self-insured.**
 - Revenue source is premiums collected and expenses are claims paid, Well-City discounts, plus administrative costs
 - Accountable to their Board, but not shareholders, unlike for-profit insurance companies
- **AWC Trust has greater flexibility in the way they process claims**
 - for example, out-of-network claim could be paid at in-network rate under certain circumstances
- **Continuity of services for next year**
- **Enhanced benefits under new plans**
 - **First 4 routine visits per person per calendar year not subject to deductible**, only pay 10% coinsurance
 - phone/video consultations in lieu of doctor visits, \$10 copay (can prescribe basic meds)
- **AWC Plans, in conjunction with an HRA VEBA, give employees good coverage and introduces comparison shopping and flexible medical spending dollars**
 - Employee survey indicated a desire for options not currently offered, such as better coverage for glasses/contacts, orthodontia, hearing aids
 - HRA VEBA rules allow for spending on health care costs not always covered under regular insurance; such as eyeglasses, orthodontia, premiums after retirement
- **Other options are intriguing but not enough time to fully explore for 2018**
 - Kirkland clinic, partnering with Evergreen. other



City of
Kenmore

Benefits to City and Employee

City

- Continuity of service
- Introduces concept of consumerism in healthcare choices
- Introduces employee-controlled health spending account
 - may ease concerns if City transitions to only High Deductible Health Plans in the future
- Overall (modest) cost savings in 2018
- Potential for additional cost savings in future years

Employee

- Continuity of service
- Introduction to employee-controlled health spending account



City of
Kenmore

Looking Ahead...

- Research other cost saving measures
- Keep committee active to consider feasibility of other plan structures and options for future years

Subject/Topic: Review and Discussion of Information Technology Policy and Procedure

Department: City Manager's Office

Initial & Date

Approved by City Attorney: KW 7/11/17 via email

Approved by City Manager:

Exhibits/Attachments: Revised Information
Technology Policy and Procedure

Appropriation Required \$N/A

The policy has been reviewed by Management team and input has been solicited and incorporated from all employees. The policy will be brought back as a Consent Agenda Action item at the next meeting.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED: Council Goal #8: To continue to establish a contemporary Information Technology Program.

5. INFORMATION TECHNOLOGY POLICY/PROCEDURE

This policy supersedes and replaces Administrative Policy and Directive 5 (Using the Internet During Working Hours); and Personnel Policies 8.5 (Internet) 8.6 (Email) and 8.7 (Cell Phone).

PURPOSE

To facilitate the effective and efficient conduct of City business, including encouraging and facilitating the free exchange of business-related communication, ideas and information; to ensure that the City complies with all legally-mandated requirements in order to provide appropriate and reliable information to the public and other agencies to serve the public interest; and, to outline appropriate and inappropriate uses of technology. **This policy applies to all users of the City's computer and electronic systems, including employees, elected officials, consultants, volunteers and members of commissions serving on behalf of Council (hereinafter collectively referred to as "users"). The City Manager has the authority to modify this policy as he/she deems necessary for the effective and efficient conduct of City business.**

POLICY

5.1 No Expectation of Privacy

By using the City's computer and other electronic systems (including but not limited to smart phone, email, internet and hosted applications), users acknowledge and agree that they have no expectation of privacy or confidentiality in their use of the systems or in any data that they create, store, or transmit on or over the systems, including any data created, stored or transmitted during the user's incidental personal use of the computer system as permitted under this policy. All usage of, and data stored on, the City's systems is subject to inspection by the City. Users of the City's systems should assume that email and text messages and other documents created on the systems are public records and may be subject to public disclosure pursuant to the Washington Public Records Act, Chapter 42.56 RCW (the "PRA").

5.2 Enforcement of Policy

Failure to follow this policy may result in a revocation or restriction of use of the City's electronic systems and equipment and/or other disciplinary action, up to and including termination of employment, if applicable.

5.3 Ownership of Data

All City electronic communications and network equipment and services, including the messages transmitted or stored by the City, are the property of the City.

5.4 Stewardship and Shared Responsibility

- A. Stewardship of City resources is a responsibility that all users share.
- B. The City is responsible for keeping its equipment in good working order, and for establishing protocols and procedures for the use and maintenance of such equipment.
- C. All users of City-provided or City-utilized electronic devices and equipment are responsible for using technology in an effective, ethical, safe, and lawful manner. All usage should be consistent with the City's Vision and Values and used for City business, except as provided for in this policy.
- D. Responsibility and accountability for the appropriate use of City resources ultimately rests with the individual user, or with the City official or City employee who authorizes such use.
- E. When using City devices and equipment, the same rules apply whether on City property or off-site.
- F. It is the responsibility of individual users to protect personal, sensitive or confidential information and to take care not to leave information exposed to view while unattended (whether paper or electronic device).

5.5 Security and Confidentiality

- A. There is no expectation of privacy in the use of City technology tools. Internet usage on the City's devices and/or systems (including details regarding accessed content and use practices) is accessible information that may be monitored by the City and may also be subject to disclosure under the PRA.
- B. Both the individual user and the City are identified as the "sender" or "recipient" when the City's systems are used for email communications and/or Internet activities. There is no "confidentiality" with respect to the use of the City's systems and users should conduct themselves as "representatives" of the City in this regard.
- C. The City of Kenmore will take those steps it deems necessary to protect the confidentiality, integrity, security and availability of all of its critical information. Critical information is defined as information which if released could damage the City financially; put employees at risk; put facilities at risk; or could cause legal liability. Examples of critical data include: employee health information, social security numbers, credit card holder information, banking information, police crime investigation information, etc.
- D. Password Protection: Usernames and passwords are one of the most basic and critical lines of defense against unauthorized activity on the City's network and computer equipment. A strong password helps mitigate risk against unauthorized activity and attacks, such as dictionary password and brute force password hacks. As a government agency, the City is also required to abide by applicable policies related to regional, state, and federal networks.
- E. Users will be required to change their passwords every 120 days, and new passwords must meet complexity requirements of 7 or more characters from at least 3 of the following 4 categories: upper case letter, lower case letter, numeric, and symbol (#,*,&, etc.). (Dinopass.com is a good resource for strong, easy-to-remember passwords.)

- F. Users are responsible for keeping passwords confidential and not sharing them with other users.
- G. Users may not log in as another user or use another user's password.
- H. Users are prohibited from using "loopholes" or knowledge of a special password to damage computer systems, obtain extra resources, or to gain access to systems for which proper authorization has not been granted.
- I. In order to prevent unauthorized access, City devices and computer equipment must be password protected and logged off from (computers) and/or locked (personal devices) when left unattended. Damage to or theft of City devices should be promptly reported to your supervisor and/or the Finance & Administration Department.
- J. Users should only use technology equipment and software purchased and/or licensed through the City unless written permission is obtained from Department Director and the Finance & Administration Department.
- K. If using file sharing or similar cloud services (i.e., Dropbox, OneDrive or other file transfer protocol "FTP" site), download all received files and save them to the City network so that they are discoverable in case of public records requests.
- L. Consider before uploading or sending documents whether they should be in Word format or PDF to preserve integrity of information.
- M. There is an expectation that all users of the City's technology will exercise their best judgement and discretion, in a manner consistent with City standards and this policy.
- N. USB ports on City equipment should not be used to charge personal devices. Anything plugged into City computers could give the City access to your information, as well as transfer viruses or harmful files to the City network. There are wall chargers for both iPhone and android/other devices available to borrow from the Finance and Administration Department.
- O. **On Wednesdays at end-of-shift all employees should log off but leave computers powered on to enable off-shift maintenance and security updates.** On all other days employees should log off and shut down their computers at the end of shift.

5.6 Acceptable Electronic/Internet Use

- A. The City's computer systems are provided to assist users in the performance of job responsibilities, to share information, and to communicate with each other and with outside individuals and organizations on City business.
- B. There is an expectation that users will be professional and utilize common sense when accessing and using the Internet, and that users will recognize that representatives of government agencies are held to a high ethical standard.
- C. Internet use and communication outside of City business should be conducted, as a first choice and whenever possible, on a personal device rather than City computers.
- D. The City's computer systems, including email and Internet, may be utilized during breaks for occasional, incidental, limited personal use that, in the judgment of a supervisor or department director, does not interfere with individual or department productivity or otherwise compromise the City's interests and operations or violate other City policies or general workplace standards and expectations.
- E. Examples of acceptable use include:
 - i. Accessing the Internet to learn about City-provided benefits;

- ii. Using the Internet to investigate issues surrounding a commute;
 - iii. Using a City computer to take online job-related training courses pre-approved by supervisor or City Manager (in lieu of attending similar class off site).
 - iv. Reading news online during breaks.
- F. Users will consider bandwidth demands and potential impact on City network performance when determining appropriateness of occasional, incidental personal use (for instance, streaming internet radio).

5.7 Unacceptable Electronic/Internet Use

Usage for any activity that could adversely affect the City's image or reputation is expressly prohibited.

The following are examples, but not an exhaustive list, of unacceptable uses of the City's systems:

- A. Personal use of computer or internet outside of designated breaks, or which is otherwise excessive or interferes with productivity or City business. As noted above, first choice for personal use should be to use a personal device and only during breaks.
- B. Conducting any outside business endeavors or activities, regardless of whether such endeavors or activities are "profit" or "nonprofit" in nature.
- C. Any campaign or political activities, whether related to candidates, parties or ballot measures. Users must understand that absolutely no City resources may be used to support or defeat any political campaign, or political activities, as this is a violation of state ethics laws.
- D. Commercial activities, such as advertising or selling, whether for personal or business purposes, other than City-sponsored charitable or community-based promotions.
- E. Any use for private benefit or gain, including use of City contracts with vendors for the purchase of personal goods or services (such as office supplies).
- F. Any illegal activity, including any use of the Internet, software, or any other property or resource that infringes upon patents or violates copyright or other laws.
- G. Violation of software license agreements.
- H. Obscene, vulgar, profane, pornographic or otherwise offensive language, portrayals or displays, whether by transmission via email or by accessing nude, sexually explicit or offensive or inappropriate materials on Internet sites.
- I. Transmitting or otherwise communicating harassing, retaliatory, threatening or demeaning language, or any other expression of bias or malice toward individuals or groups.
- J. Usurping name, position or authority of another individual or misrepresenting one's own position or authority or sending anonymous messages.
- K. Use of aliases while using the Internet.
- L. Disclosure of passwords to anyone.
- M. Unauthorized access to systems or programs.
- N. Intentional disruption of the network.
- O. Downloading of software, data, and graphics without authorization.

- P. Downloading or installing non-business-related software applications or programs without authorization, such as games or screen savers that have the potential to undermine the security of City information and systems.
- Q. Accessing or disclosing Protected Health Information (PHI per HIPAA) without authorization.
- R. Deletion of electronic files unless specifically authorized in the Office of the Secretary of State Washington State Archives Local Government Common Records Retention Schedule (CORE) and authorized by the City.
- S. Fraudulent offers of services or products under City of Kenmore name.
- T. Gambling, Fantasy Sports, E-Bay or other bidding sites.
- U. Any use that would be a violation of any law, City policy or workplace standards.

5.8 E-Mail Communications

- A. Privileged Attorney-Client Communication –
Electronic mail to or from lawyers working on the City’s behalf should be marked both in the subject header and in the body of the message as “Privileged Attorney-Client Communication.” Communication to or from the city’s lawyers for the purposes of obtaining legal advice or handling threatened or actual lawsuits is usually privileged and exempt from public disclosure. If privileged electronic communications are printed, they should be clearly marked and identifiable as privileged and filed separately from regular communications to prevent inadvertent disclosure for public records requests.
- B. The City utilizes software for spam detection, but users should be attentive to emails that have unusual or questionable subject lines to mitigate spam, phishing and script-borne viruses that come into the network through email attachments or by clicking on links that lead to hostile web sites. **Users should immediately contact the Finance & Administration Director upon encountering any suspicious email or attachments.**
- C. City business should only be conducted on a user’s City-provided email account, not on personal email accounts. Users who do not follow this policy should understand that electronic records involving City business, whether created and/or stored on the user’s personal equipment and/or account, nonetheless constitute “public records,” and the user’s personal equipment and/or account potentially becomes subject to inspection, download and/or disclosure under the PRA.
- D. When using City email, users are representing the City and should be professional and reflect the policies of the City.
- E. Management and retention of emails by individual user doesn’t impact public records requests because emails and attachments are automatically archived in a separate database when received or created through the City email system.
 - i. An exception to this is the receipt of files using a file transfer protocol (FTP) site. Files received via this method should be downloaded & retained per CORE retention requirements.
- F. Occasional, incidental personal use of City email that does not interfere with individual or department productivity is allowable, although first choice should be to use a personal device for personal email or messaging during breaks. An example of this would be communicating logistical details with children/spouse during breaks.

5.9 Cell Phone Usage

- A. City-owned cell phone devices are to be used primarily for City business. All City business should be transacted through the City's cloud-based service (currently Office 365), whether using a City-owned or (with authorization) personal device. Users should understand that emails, voice mail and text messages on both City cell phones and personal devices used for or relating to City business or the conduct of government or the performance of any governmental or proprietary function are subject to the PRA and Records Retention laws (and, in the case of City elected officials, the Open Public Meetings Act).
 - i. Email messages transmitted via the City's cloud-based service (whether using cell phone or City computer) are automatically captured in the City's archiving email system.
 - ii. Voice mail and text messages originating from or sent to the device are subject to disclosure through public records requests, and all non-transitory records should therefore be preserved/retained for the period of time required by retention rules. These records should be forwarded to a City email address, deleted from the phone, and retained in City email for the period of time required by records retention rules.
- B. Personal devices may only be used for City business if authorized through the City Manager or the appropriate Department Director, and shall be subject to the terms and conditions in Appendix A, "Personal Device Use Agreement."

5.10 Text Messaging

- A. Only authorized users may utilize text messaging for City business, whether on City-issued or personal devices.
- B. Text messages are subject to the Public Records Act (PRA).
- C. The use of texting (allowed only for specifically authorized personnel) for business is a privilege that carries with it responsibility to ensure that the City and the user are protected.
- D. Each time a text message is utilized for City business or relates to the conduct of government or the performance of any governmental or proprietary function, the user must forward the text message to the City email account set up for this purpose.
- E. Users who have any question as to whether a text relates to City business or the conduct of government or any governmental function should refer the text to their Department Head or City Clerk for review. When in doubt, users should treat the text as relating to City business or the conduct of government and forward the text pursuant to this policy.
- F. **Failure to forward business-related text messages puts the user at risk for having his/her phone confiscated by the courts in case of a lawsuit or allegation of a PRA violation.**

5.11 City-Owned Cell Phones or Cell Phone Allowance and Stipend for use of Personal Device in Lieu of City-Owned Device

City-Owned Devices:

- A. When the City, in its discretion, determines to issue a cell phone to a City employee, the City shall be responsible for the purchase of the device and the monthly bill amounts.
- B. All City-issued devices are owned by the City and remain the exclusive property of the City.
- C. City-owned devices are intended primarily for business use. Limited incidental personal use is acceptable; however, it should not significantly impact work nor result in any additional expense or liability to the City. Due to the diverse workgroups within the City, Department Directors are responsible for developing and communicating department-specific policy regarding appropriate personal use of City-owned devices.
- D. Where no other policy, contract, or agreement exists, this Policy should be followed.
- E. City-issued devices will be replaced in accordance with a schedule established by Department Directors and/or the IT Committee.
- F. If negligence results in a City-issued device being lost, destroyed, or rendered unusable for reasons other than typical "wear and tear," then the user may be responsible for replacement cost.
- G. All electronic use rules apply to City-issued devices.

5.12 Personal Electronic Devices for Authorized Personnel

- A. All users authorized to utilize their own personal devices for City business must complete a "Personal Device Use Agreement" (See Appendix A) to be submitted to the City Manager for approval. One express condition of such authorization shall be the user's consent to the City's search of his or her personal device in the case of a relevant internal/external investigation, the City's response to PRA request(s), and any other legal obligation of the City.
- B. If an employee uses a personal device (with authorization), the employee is responsible for the purchase of the device and the monthly bill amounts.
- C. All devices must have a Personal Identification Number (PIN) and time-out setting to prevent unauthorized access to City information.
- D. All wireless phone devices that have the capability to connect to City data must be approved by the Finance and Administration Department prior to use. These devices must support remote wiping of data and passwords and encryption to protect against unauthorized access to City data in case of a lost or stolen device.
- E. The City Manager may authorize the issuance of a stipend for use of personal electronic devices such as smart phones or tablets, depending upon the needs of the City and the employee's position. If stipend is authorized, in addition to "Personal Mobile Device Agreement," the employee must also complete a "Personal Mobile Device Stipend Agreement" (See Appendix B).

- F. Maximum monthly stipend amount shall not exceed the amount the City would pay for a data plan on a City-issued device. The monthly stipend amount may be changed at any time with City Council approval.
- G. Use of your personal mobile device for City business may make information on your device subject to the PRA. This includes all email messages, text messages and other forms of communication. To minimize (but not eliminate completely) the risk of information on your device being subject to the PRA:
 - i. All City email, contacts and calendar items should only be accessed using the Microsoft Outlook app that is available from your phone's App Store. Do not set up the default email, contact or calendar application on your phone to access City systems as it will be very difficult to differentiate between what is personal and what is work related on your device.
 - ii. The Microsoft Outlook app should only be configured to access the City email system and no other non-city personal or business accounts.
 - iii. While it is strongly recommended that you do not use your personal device for conducting any City business via text messaging (SMS, MMS or otherwise), should it be necessary (and only with prior authorization and as outlined in Text Messaging section above), the messages should be forwarded to the City's email system for retention and potential disclosure.
- H. This Stipend program may be terminated by the City at any time.

5.13 Public Records Act (PRA) Considerations

- A. All email messages and attachments received at City email addresses are automatically archived, with the exception of documents received through FTP sites. These documents should be downloaded, saved on the City network and retained per CORE retention requirements.
- B. As a public agency, all City business records, even if located on personal equipment or devices, are public records subject to disclosure unless a specific exemption in the PRA exempts the record from disclosure. As a result, emails and text messages, phone and text messaging logs, and all other documents related to City business or the conduct of government or the performance of any governmental or proprietary function located either on City equipment or on personal equipment or personal accounts are subject to public disclosure, if requested. Records that mix City business and personal business are nonetheless still considered public records that may be subject to disclosure. Users should not expect any right to privacy in the public records located on their city equipment or on their personal equipment.
- C. Personal records, ones that are entirely unrelated to City business or the performance of duties, located on City equipment or on personal equipment are not considered public records and are not subject to disclosure. The City retains the discretion to determine which records do not qualify as "public records" under the PRA.
- D. No City funds may be used to purchase applications, City-approved or otherwise, on personal mobile computing devices.
- E. Except with authorization and as outlined in section titled, "Personal Electronic Devices for Authorized Personnel", personal phones and personal computers should not be used for City business.

- F. If specifically authorized by the City Manager or designee for use of personal devices, in order to be in compliance with the PRA and Public Records Retention laws, all such users bear responsibility for ensuring that:
- i. All City-business-related phone records associated with personal phones are retained for a minimum of one year from the date the call was made or received;
 - ii. Records are locatable and will be readily accessible in the event of a public records request. Toward this end, a user may be requested to provide his or her phone to the City for purposes of identifying and downloading public records; anyone who uses his/her personal phone for City business other than use of City email through the City's cloud-based service shall comply with any such requests.
 - iii. No City business may be conducted on private social media (tweets, blogs, web posts, etc.). City business may be conducted on a City-sponsored social media site, under the guidelines outlined in Social Media Administrative Policy.
 - iv. Records and/or messages that are transitory in function/content should be deleted from computers and other devices as soon as is practicable, provided that they are not material to the business of the City. However, if they have not been deleted and a public records request has been received, transitory messages must be retained and included in the response to the public records request. "Transitory" is specifically defined in the Office of the Secretary of State Washington State Archives Local Government Common Records Retention Schedule (CORE) but is generally understood as messages for short-term, temporary informational use.

APPENDIX A
PERSONAL DEVICE USE AGREEMENT

I, _____, do hereby acknowledge and understand the following:

1. I will promptly report lost or stolen devices to the Finance and Administration Department as soon as the loss is noticed.
2. I have reviewed the City's Information Technology Policy and Social Media Administrative Policy and understand the appropriate usage of my personal device while doing City business.
3. I will download the Microsoft Outlook app from the App Store and set up only my City email, calendar and contacts through this application.
4. I understand that using a personal device for City business may result in personal records and/or device being subject to public disclosure, and/or disclosure during litigation (see Cell Phone Usage in this policy). I will fully cooperate with the City in responding to any public records request and/or litigation obligation, including turning my phone over to the City for inspection and download, if so requested by the City.
5. I will not store any protected City of Kenmore data (SSNs, Credit Card numbers, Health information, etc.) on my personal smart device.
6. I consent to having my personal device set up with a Personal Identification Number (PIN) and time-out setting. I understand that the PIN settings will be set to 5 consecutive tries and that if this is exceeded the device will be reset to factory defaults.
7. I agree the device will be set for "remote wipe" capability if lost or stolen.
8. I understand that my personally stored data may be lost while the device is being serviced for troubleshooting.
9. Upon separation from service with the City of Kenmore, I will request the Finance and Administration Department to delete my access to the server and delete all City email and data from my personal device.

I, the undersigned, agree to the guidelines as outlined above:

Employee Name (printed)

Employee Signature Date

Office/Department

Department Director Signature and Date

Personal Device brand, model and
phone no. (if applic)

IT Technical Officer Signature and Date

APPENDIX B
PERSONAL MOBILE DEVICE STIPEND AGREEMENT

I, _____, do hereby acknowledge and understand:

1. I will be responsible for the purchase, maintenance, and replacement of a mobile device in lieu of a City-provided device.
2. I will establish a service contract with a provider of my choice and make all payments to the service provider. I am responsible for payment of all expenses incurred (including long distance, roaming fees, data fees, and taxes). I will accept all liability for claims, charges, or disputes with the service provider.
3. It is my responsibility to work directly with the service provider for any technical problems associated with its use.
4. Upon request, I will provide my Department Director a copy of the monthly access plan charges and business-related use.
5. I will notify my Department Director immediately of a phone number change or plan change.
6. The use of my personal cellular telephone for City business is a voluntary choice.
7. I agree to have my personal cellular telephone accessible and available at all times during my scheduled work hours and while on call or standby and other times that I may be required to be available for City business.
8. In consideration of my willingness to use my personal cellular device for official City of Kenmore matters, the City will reimburse me with a monthly payment of _____ (not to exceed \$50) per month (the "Stipend"), to be included in my regular paycheck. The Stipend is considered W-2 wages for federal income tax purposes and will be subject to all required employment and income tax withholdings.
9. The Stipend for the use of my cellular device for City business shall not be considered a right or obligation on the part of the City despite past payments, and shall not be considered an ongoing benefit to be included in my overall compensation package.
10. The City may terminate this Stipend program at any time.
11. I have fully read and agree to the terms of this agreement as presented above.

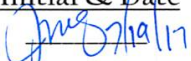
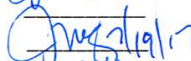
Employee Signature

Date

Name of Provider and Mobile Phone No.

Department Director Signature

Date

Subject/Topic: Ordinance No. 17-0441 Updating the 2017-2022 Capital Improvement Program for Parks, Transportation, and Surface Water Proposed Council Action/Motion: Adopt Ordinance No. 17-0441 Updating the 2017-2022 Capital Improvement Program for Parks, Transportation, and Surface Water	For Council Meeting Agenda of: July 24, 2017 Departments: City Manager, Finance and Administration, Community Development, Public Works Prepared by: Rob Karlinsey, City Manager Joanne Gregory, Finance and Administration Director Debbie Bent, Community Development Director Kris Overleese, Public Works Director <u>Initial & Date</u>     Approved by Department Head: Approved by City Attorney: Approved by Finance Director: Approved by City Manager: Attachments/Exhibits: Ordinance No. 17-0441 Exhibit A: Capital Improvement Program Exhibit B: Parks Capital Improvement Program Exhibit C: Transportation Capital Improvement Program Exhibit D: Surface Water Capital Improvement Program Exhibit E: Park Impact Fee Fund Projections Exhibit F: Transportation Impact Fee Fund Projections Exhibit G: Real Estate Excise Tax Fund Projections Exhibit H: King County Trail and Park Levy Projection Exhibit I: Strategic Opportunity Fund Projection						
Expenditure Required \$93,694,432 for 2017-2022	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Amount Budgeted/Adopted</th> <th style="text-align: left;">Appropriation Required</th> </tr> </thead> <tbody> <tr> <td>\$77,167,711 Adopted 2017-2022</td> <td>\$24,233,783 for 2017-2018</td> </tr> <tr> <td></td> <td>\$69,460,649 for 2019-2022</td> </tr> </tbody> </table>	Amount Budgeted/Adopted	Appropriation Required	\$77,167,711 Adopted 2017-2022	\$24,233,783 for 2017-2018		\$69,460,649 for 2019-2022
Amount Budgeted/Adopted	Appropriation Required						
\$77,167,711 Adopted 2017-2022	\$24,233,783 for 2017-2018						
	\$69,460,649 for 2019-2022						
INFORMATION/BACKGROUND: An update to the Six -Year Capital Improvement Program for the period 2017-2022, was presented for the City Council's review and discussion on July 10, 2017. The 2017-2022 Capital Improvement Program was adopted on October 24, 2016 and the years 2017 and 2018 were incorporated into the Biennial Budget. The recommended updates and amendments provide for carryover of unspent funds from 2016 as well as adjustments to project budgets based on bids, change orders, and other factors impacting the projects.							

Two changes were made based on the discussion at the July 10, 2017 City Council meeting: 1) The Arrowhead Sidewalk Project was moved out one more year (to 2019) due to grant application cycles and 2) the Strategic Opportunity Fund contribution of \$640,000 to the St. Edward Ballfield Project was replaced with \$210,000 additional Park Impact Fees and \$430,000 additional Real Estate Excise Tax. On July 17, 2017 the City Council received an update to the West Sammamish River Bridge Replacement Project budget. Based on that discussion, the recommendation is to decrease the amount of the Unsecured Grant for the West Samm Bridge Replacement from \$7,000,000 (placeholder estimate) to \$6,900,000 in 2020. This adjusts for the added cost of sidewalk in front of Rhododendron Park with an increased funding request for TIB or other grants. The project budget was also adjusted for the \$100,000 decrease.

The projects affected by the final recommended amendments include:

- **Transportation Project T 27 Sidewalks: NE 202nd St.** This project, funded by a Safe Routes to School Grant, a Complete Streets Grant, and City Impact Fees, provides for a new sidewalk along the south side of NE 202nd Street from NE 201st Place to 66th Ave NE and new sidewalk along both sides of 66th Ave NE from NE 202nd Street to Kenmore Junior High School. The City Council authorized the execution of the construction contract on April 24, 2017 at which time Council was advised that a budget amendment of \$78,954 would be needed. The most current estimate for additional funds has increased from \$78,954 to \$90,915 of Transportation Impact Fees and is due to bids higher than the Engineer's estimate, additional design costs, and carryover of \$1,731 of unspent funds from 2016.
- **Transportation Project T 27 Sidewalks: 62nd Ave NE.** The project, funded by the Highway Safety Improvement Program Grant and City Real Estate Excise Taxes, provides for a new sidewalk along the east side of 62nd Ave NE from just south of NE 181st St to NE 185th St. The City Council authorized the execution of the construction contract on April 24, 2017 at which time Council was advised that a budget amendment of \$124,215 would be needed. The most current estimate for additional funds has increased from \$124,215 to \$140,430 of Real Estate Excise Taxes and is due to unanticipated replacement of a retaining wall, redesign efforts to address concerns of residents, and carryover of \$9,950 of unspent funds from 2016.
- **Transportation Project T 27 Sidewalks: Arrowhead Drive.** The project would build new sidewalks on the west side of NE Arrowhead Drive from Arrowhead Elementary to approximately 1000 feet north. The project was not selected for a Safe Routes to School Grant this year but will be resubmitted during the next cycle and it is recommended to move the project schedule out two years.
- **Transportation Project T 37 West Sammamish Bridge Replacement.** This project replaces the southbound structure of the bridge which is considered structurally obsolete. The project cost to complete is currently estimated to be \$30.5M. An additional \$8.9M in funding is programmed for the years 2020 and 2021 and may come from a combination of grants (\$6.9M) and/or debt (\$2M 10 year note to be repaid with REET).
- **Transportation Project T 39 Neighborhood Transportation Improvements.** This project implements and/or constructs traffic calming measures and bicycle/pedestrian improvements identified through the citizen engagement process that occurred in the prior biennium. The City Council received an update on this project on April 24, 2017. Current cost estimates indicate that an additional \$15,000 is needed, in addition to the current budget of \$110,000, in order to complete the improvements. This project is funded with Real Estate Excise Tax.
- **Park Project P 1 Twin Springs Interim Use Plan.** \$40,000 is budgeted for an interim use plan for this property and an additional \$25,000 is requested for staff and consulting efforts to seek grant funding for improvements. This portion of the project would be funded with King County park levy funds. In 2020, \$1,100,000 is proposed to be added to the CIP for construction of the park improvements utilizing a

combination of potential grants (\$500K) and City funds (REET \$300K and Impact Fees (\$300K).

- **Park Project P 2 Tolt Pipeline Trail Ph 1.** This project improved the trail entrances at 68th Ave NE and 71st Ave NE and connections to existing paved sidewalk trail. This project is complete except for signage and was completed under budget by \$80,000.
- **Park Project P 6 Moorlands Park Improvements.** This project includes ballfield renovation, restroom, pathways, play equipment, and landscaping. On February 13, 2017 the City Council approved a budget increase of \$412,980 to improve underdrainage of the outfield. On June 12, 2017 the City Council authorized the execution of the construction contract and were advised that a budget amendment would be necessary to cover an additional \$161,000 due to bids exceeding the Engineer's estimate. In rechecking the costs of the project, it was discovered that the shortfall was actually \$210,000. These additional costs are offset by a \$250,000 (less 10% admin) award in the State's Capital Budget. The additional City resources needed are 398,000 of Real Estate Excise Tax. The revised budget would be \$2,190,020.
- **Park Project P 11 Log Boom Park Pedestrian Bridge.** This project constructed a bridge over the outfall of Stream 0056 providing public access from Log Boom Park to the public portion of the adjoining marina property. The CIP amendment and budget request of \$203,376 is to carryover unspent funds from 2016.
- **Park Project P 18 Rhododendron Park Waterfront & Open Space.** This is a bond funded project which provides for a connection between the existing park, through the wetlands, to the Sammamish River, with additional parking. Construction bids were opened on June 19, 2017 (the bid included this project as well as the Rhododendron Float and the Squires Landing Dock and Float). Bids exceeded Engineer's estimates by \$248,000 for this project and would utilize additional bond funds.
- **Park Project P 18a Rhododendron Park Float.** This project completes the construction of a float at the Park. It was included in the bid with Project P 18. The bids exceeded Engineer's estimates by \$149,000 which would be funded by King County Park Levy revenues. Other funding sources are Park Impact Fees and Strategic Opportunity Fund.
- **Park Project P 29 St. Edward Ballfield Improvements and Lighting.** This project renovates two existing ballfields and adds turf, a perimeter walkway, bleachers, dugouts, landscaping, parking improvements, and field lighting. The proposed project budget for the period 2017-2019 is \$4,915,000. Funding sources would include an RCO grant (\$750,000), King County Recreation Grant (\$611,000), Real Estate Excise Taxes (\$2,530,000), Park Impact Fees (\$524,000) and General Fund (\$500,000). On June 12, 2017 the City Council received a status update on the project which included costs and potential funding sources.
- **Park Project P 30 Rhododendron Park Boathouse Pavilion.** This project is proposed to erect an interim boathouse and is dependent on funding from the State budget in the amount of \$225,000 (\$250,000 less 10%).
- **Surface Water Project SW 8 190th Culvert at 61st.** This project would install new box culvert and related improvements near 61st Ave NE and NE 190th. Funding would be from a Public Works Trust Fund (PWTF) Loan. Application has been made but the status of the PWTF is uncertain so it is proposed to move this project out another year along with the scheduled annual repayments of approximately \$153,000.
- **Surface Water Project SW 19 NE 192nd St. Culvert Replacement.** This project removes and replaces the existing culvert for the Little Swamp Creek crossing at NE 192nd St. On April 24, 2017 the City Council authorized the execution of the construction contract and were advised that a budget

amendment may be necessary to cover costs of construction management and contingencies. A potential budget amendment of \$117,581 was noted at that time. Due to increases in construction management and some additional materials testing, the budget amendment requested has increased to \$125,000 which maintains a 10% contingency. This project is funded with Surface Water fees.

FISCAL CONSIDERATION:

The City's goal is to adopt and maintain a fiscally balanced Capital Improvement Program that can be used by staff to prioritize and pursue projects. The CIP balances City resources including Park and Transportation Impact Fees, Real Estate Excise Tax, General Fund revenues, Surface Water Utility fees, Strategic Opportunity Fund balances, and grant funds. While a project may show need in future years for grant funds to complete, the project and budget is considered "balanced" and provides a tool to pursue outside funding. The CIP should be considered a programming document with the City of Kenmore adopted budget being the document that actually appropriates funds for project expenditures.

The updated Capital Improvement Program includes 35 individual projects which total \$93,694,432 over the six-year planning horizon. \$24,233,783 is programmed for the upcoming 2017-2018 biennium and, if adopted, will be incorporated into the biennial budget amendment. The project costs and funding sources are displayed in Exhibits A through D. Also attached are projections of Impact Fees and Real Estate Excise Tax which are Exhibits E, F, G, and H.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

The proposed Capital Improvement Program is consistent with Council Goals, specifically:

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.
 - Implement the Sidewalk Plan
2. To continue to implement the Economic Development Plan, with an emphasis on the following key points:
 - Promote the image of Kenmore
 - Create a vibrant, walkable downtown
 - Support existing businesses
 - Advance the public's access and connection to the waterfront
3. To continue to implement a Parks Improvement and Financial Plan.
4. To address watershed and water quality issues affecting the City.

**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 17-0441**

**AN ORDINANCE OF THE CITY OF KENMORE,
WASHINGTON, RELATING TO THE 2017-2022
SIX-YEAR CAPITAL IMPROVEMENT
PROGRAM; AMENDING THE 2017-2022 SIX-
YEAR CAPITAL IMPROVEMENT PROGRAM;
PROVIDING FOR SEVERABILITY; AND
ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, on October 24, 2016, the City Council adopted Ordinance No. 16-0430, which adopted the 2017-2022 Six-Year Capital Improvement Program ("CIP"); and

WHEREAS, on July 10, 2017, at a regularly scheduled meeting, the City Council was presented with information regarding the proposed amendments to the 2017-2022 Capital Improvement Program; and

WHEREAS, the City Council desires to amend the 2017-2022 CIP to reflect a change in project budgets and funding for Transportation Project T-27 (Ne 202nd St. Sidewalk, 62nd Ave NE Sidewalk, Arrowhead Drive Sidewalk), Project T-37 the West Sammamish Bridge Replacement; Project T-39 the Neighborhood Transportation Improvements; Project P-1 Twin Springs Interim Use Plan; Project P-2 the Tolt Pipeline Trail Ph 1; P-6 Moorlands Park; P-11 Log Boom Park Pedestrian Bridge; P-18 Rhododendron Park Waterfront & Open Space; P-18a Rhododendron Park Float; P-29 St. Edward Ballfield Improvement; P-30 Rhododendron Park Boathouse Pavilion; SW-8 190th Culvert at 61st; SW-19 NE 192nd St Culvert Replacement; and

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

Section 1. Amendment. The 2017-2022 Capital Improvement Program is amended to reflect the adjustments set forth on Exhibit "A," entitled "City of Kenmore, Washington Capital Improvement Program for the Years 2017-2022," attached hereto and incorporated by reference.

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

Section 3. Effective Date. This Ordinance 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.

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON
THE 24th DAY OF JULY, 2017.

CITY OF KENMORE

Mayor David Baker

ATTEST/AUTHENTICATED:

Kelly Chelin, City Clerk

Approved as to form:

Rod P. Kaseguma, City Attorney

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
PUBLISHED:
EFFECTIVE DATE:

EXHIBIT A

**CITY OF KENMORE, WASHINGTON
CAPITAL IMPROVEMENT PROGRAM
FOR THE YEARS 2017-2022**

EXPENDITURES	2017 Adopted	2018 Adopted	2019 Adopted	2020 Adopted	2021 Adopted	2022 Adopted	2017-2022 Totals
<u>PARKS</u>							
P 1 Twin Springs Interim Use Plan	\$40,000	\$25,000	\$0	\$1,100,000	\$0	\$0	\$1,165,000
P 2 Tolt Pipeline Trail Phase One	126,936	0	0	0	0	0	126,936
P 6 Moorlands Park Improvements	1,623,095	566,925	0	0	0	0	2,190,020
P 11 Log Boom Park New Ped Bridge	203,376	0	0	0	0	0	203,376
P 18 Rhododendron Park Waterfront & Natural Open Space A	408,000	615,000	5,000	5,000	5,000	5,000	1,043,000
P18a Rhododendron Park Float	209,000	200,000	25,000	0	0	0	434,000
P 26 Squires Landing Dock/Float	195,000	0	0	0	0	0	195,000
P 27 Squires Landing Park Waterfront & Natural Open Space	250,000	600,000	500,000	220,000	1,715,000	1,690,000	4,975,000
P 28 Log Boom Park Waterfront Access and Viewing	200,000	400,000	300,000	120,000	1,090,000	1,065,000	3,175,000
P 29 St Edward Ballfield Improvements & Lighting	204,000	2,355,500	2,355,500	0	0	0	4,915,000
P 30 Rhododendron Park Boathouse Pavilion	0	225,000	0	0	0	0	225,000
Total Parks	\$3,459,407	\$4,987,425	\$3,185,500	\$1,445,000	\$2,810,000	\$2,760,000	\$18,647,332
<u>TRANSPORTATION</u>							
T 6 SR 522 West A 61st to 65th	\$667,400	\$127,200	\$0	\$0	\$0	\$0	\$794,600
T 8 SR 522 West B 57th to 61st	0	0	0	600,000	7,400,000	4,000,000	12,000,000
T 27 Sidewalk Program:							
South side NE 181st ST Construction	123,600	0	0	0	0	0	123,600
North side NE 181st ST	181,800	0	0	0	0	0	181,800
NE 202nd ST (198th -66th)	1,180,310	101,555	0	0	0	0	1,281,865
62nd Ave NE	778,520	147,415	0	0	0	0	925,935
Arrowhead Dr	0	0	11,100	132,800	726,133	0	870,033
NE 153rd Pl	11,100	132,400	604,938	0	0	0	748,438
NE 181st (65th -67th)	136,730	668,475	0	0	0	0	805,205
Sidewalk Gaps	0	0	100,000	100,000	100,000	100,000	400,000
T 35 Overlay	450,000	805,351	450,000	450,000	450,000	450,000	3,055,351
T 37 West Samm Bridge	2,098,962	910,999	7,425,888	14,322,054	5,724,341	33,395	30,515,639
T 39 Neighborhood Traffic Calming Improvements	70,000	55,000	0	0	0	0	125,000
T 41 Juanita Dr Pedestrian & Bicycle Safety All Segments	600,000	1,500,000	4,162,000	2,156,667	2,156,667	2,156,666	12,732,000
T 42 68th Ave Pedestrian & Bicycle Safety All Segments	250,000	987,000	60,000	2,000,000	1,803,000	0	5,100,000
T 43 SR 522 Pedestrian Crossing Study	0	282,500	272,500	0	0	0	555,000
T 44 61st Ave Survey and Conceptual Plan	0	90,000	0	0	0	0	90,000
Total Transportation	\$6,548,422	\$5,807,895	\$13,086,426	\$19,761,521	\$18,360,141	\$6,740,061	\$70,304,466
<u>SURFACE WATER</u>							
SW 8 190th Culvert at 61st	\$0	\$1,500,000	\$0	\$0	\$0	\$0	\$1,500,000
SW 8 Trust Fund Loan Repayment	0	0	153,000	153,000	153,000	153,000	612,000
SW 19 NE 192nd St Culvert Replacement	1,010,634	0	0	0	0	0	1,010,634
SW 20 Small Works Projects	50,000	50,000	50,000	50,000	50,000	50,000	300,000
SW 25 Strawberry Hills SW Tank Retrofit	100,000	360,000	0	0	0	0	460,000
SW 29 Infiltration Tank Retrofit at 61st Ave NE/NE 190th St	120,000	0	500,000	0	0	0	620,000
SW 30 Drainage Improvements at 153rd/NE Arrowhead Dr	125,000	0	0	0	0	0	125,000
SW 31 Drainage Impr & Street Repair at 66th Ave NE /196th	115,000	0	0	0	0	0	115,000
Total Surface Water	\$1,520,634	\$1,910,000	\$703,000	\$203,000	\$203,000	\$203,000	\$4,742,634
TOTAL EXPENDITURES	\$11,528,463	\$12,705,320	\$16,974,926	\$21,409,521	\$21,373,141	\$9,703,061	\$93,694,432

EXHIBIT A

**CITY OF KENMORE, WASHINGTON
CAPITAL IMPROVEMENT PROGRAM
FOR THE YEARS 2017-2022**

REVENUES	2017 Adopted	2018 Adopted	2019 Adopted	2020 Adopted	2021 Adopted	2022 Adopted	2017-2022 Totals
Real Estate Excise Tax (Transportation)	\$1,250,356	\$770,165	\$577,750	\$550,000	\$550,000	\$550,000	\$4,248,271
Real Estate Excise Tax (Parks)	398,000	1,264,500	1,645,500	300,000	0	0	3,608,000
Transportation Impact Fee Revenue	188,505	345,278	65,544	63,750	1,286,833	33,395	1,983,305
Park Impact Fee Revenue	1,021,876	225,000	235,000	300,000	0	0	1,781,876
General Fund	267,900	59,900	500,000	0	0	0	827,800
Strategic Opportunities Fund	0	235,000	0	0	0	0	235,000
Federal Allocation SR 522 West A ROW/Const	0	67,300	0	0	0	0	67,300
Federal Preservation Grant Simonds Road	0	355,351	0	0	0	0	355,351
TIB Grant - Sidewalks	97,330	478,572	0	0	0	0	575,902
WSDOT Safe Routes to School - Sidewalks	681,315	99,670	574,284	99,670	678,360	0	2,133,299
Federal Highway Safety Impr Program - Sidewalks	707,864	0	0	0	0	0	707,864
BRAC Grant West Samm Bridge Replacement	674,754	703,448	6,413,800	3,289,378	0	0	11,081,380
STP Funds West Samm Bridge Replacement	1,063,994	0	0	0	0	0	1,063,994
Connecting WA Funds West Samm Bridge Replacement	237,904	186,461	988,298	4,102,056	2,485,281	0	8,000,000
Complete Streets Award	500,000	0	0	0	0	0	500,000
Washington State Pedestrian and Bicycle Safety	0	254,750	244,750	0	0	0	499,500
Washington State LEAP Transportation Bill	0	0	0	600,000	7,400,000	4,000,000	12,000,000
Surface Water Utility Funds	1,010,085	410,000	703,000	203,000	203,000	203,000	2,732,085
RCO Park Grants	600,595	786,925	0	0	0	0	1,387,520
State Capital Budget or Grant	0	0	0	500,000	0	0	500,000
King County Grant	0	611,000	0	0	0	0	611,000
State Capital Budget	225,000	225,000	0	0	0	0	450,000
King County Park and Trail Levies	355,936	25,000	0	0	0	0	380,936
King County Flood District Grant	379,915	0	0	0	0	0	379,915
Public Works Trust Fund Loan	0	1,500,000	0	0	0	0	1,500,000
Other Agencies Reimbursements	159,134	0	0	0	0	0	159,134
Walkways & Waterways Bond Measure	1,708,000	3,867,000	2,180,000	2,985,000	3,636,334	4,916,666	19,293,000
Unsecured Grant Match Juanita Drive	0	235,000	2,847,000	1,516,667	3,133,333	0	7,732,000
Unsecured Grant West Samm Bridge Replacement	0	0	0	6,900,000	0	0	6,900,000
10 year Note West Samm Bridge Replacement	0	0	0	0	2,000,000	0	2,000,000
TOTAL REVENUES	\$11,528,463	\$12,705,320	\$16,974,926	\$21,409,521	\$21,373,141	\$9,703,061	\$93,694,432

EXHIBIT B

**CITY OF KENMORE, WASHINGTON
PARK CAPITAL IMPROVEMENT PROGRAM UPDATE
FOR THE YEARS 2017-2022**

Project Description	2017 Adopted	2018 Adopted	2019 Adopted	2020 Adopted	2021 Adopted	2022 Adopted	2017-2022 Totals
P 1 Twin Springs Interim Use Plan	\$40,000	\$25,000	\$0	\$1,100,000	\$0	\$0	\$1,165,000
P 2 Tolt Pipeline Trail Phase One	126,936	0	0	0	0	0	126,936
P 6 Moorlands Park Improvements	1,623,095	566,925	0	0	0	0	2,190,020
P 11 Log Boom Park New Ped Bridge	203,376	0	0	0	0	0	203,376
P 18 Rhododendron Park Waterfront & Open Space Access	408,000	615,000	5,000	5,000	5,000	5,000	1,043,000
P 18a Rhododendron Park Float	209,000	200,000	25,000	0	0	0	434,000
P 26 Squires Landing Float	195,000	0	0	0	0	0	195,000
P 27 Squires Landing Park Waterfront & Natural Open Space	250,000	600,000	500,000	220,000	1,715,000	1,690,000	4,975,000
P 28 Log Boom Park Waterfront Access and Viewing	200,000	400,000	300,000	120,000	1,090,000	1,065,000	3,175,000
P 29 St Edward Ballfield Improvements & Lighting	204,000	2,355,500	2,355,500	0	0	0	4,915,000
P 30 Rhododendron Park Boathouse Pavilion	0	225,000	0				225,000
Total Project Costs	\$3,459,407	\$4,987,425	\$3,185,500	\$1,445,000	\$2,810,000	\$2,760,000	\$18,647,332

Funding As Proposed:							
Park Impact Fees	\$1,021,876	\$225,000	\$235,000	\$300,000		\$0	\$1,781,876
Real Estate Excise Tax	398,000	1,264,500	1,645,500	300,000	0	0	3,608,000
Strategic Opportunity Fund	0	235,000	0	0	0	0	235,000
General Fund	0	0	500,000	0	0	0	500,000
RCO Grants	600,595	786,925	0	0	0	0	1,387,520
Grant or State Capital Budget	0	0	0	500,000	0	0	500,000
King County Grant	0	611,000	0	0	0	0	611,000
King County Trail Levy	126,936	0	0	0	0	0	126,936
King County Park Levy	229,000	25,000	0	0	0	0	254,000
State Capital Budget	225,000	225,000	0	0	0	0	450,000
Walkways & Waterways Bond Measure	858,000	1,615,000	805,000	345,000	2,810,000	2,760,000	9,193,000
Total Project Funding	\$3,459,407	\$4,987,425	\$3,185,500	\$1,445,000	\$2,810,000	\$2,760,000	\$18,647,332

EXHIBIT C

**CITY OF KENMORE, WASHINGTON
TRANSPORTATION CAPITAL IMPROVEMENT PROGRAM
FOR THE YEARS 2017-2022**

Project Description	2017 Adopted	2018 Adopted	2019 Adopted	2020 Adopted	2021 Adopted	2022 Adopted	2017-2022 Totals
T 6 SR 522 West A 61st to 65th	\$667,400	\$127,200	\$0	\$0	\$0	\$0	\$794,600
T 8 SR 522 West B 57th to 61st	0	0	0	600,000	7,400,000	4,000,000	12,000,000
T 27 Sidewalk Program							
South side NE 181st ST Construction	123,600	0	0	0	0	0	123,600
North side NE 181st ST	181,800	0	0	0	0	0	181,800
NE 202nd ST (198th -66th)	1,180,310	101,555	0	0	0	0	1,281,865
62nd Ave NE	778,520	147,415	0	0	0	0	925,935
Sidewalk Gaps:	0	0	100,000	100,000	100,000	100,000	400,000
Arrowhead Dr	0	0	11,100	132,800	726,133	0	870,033
NE 153rd Pl	11,100	132,400	604,938	0	0	0	748,438
NE 181st (65th -67th)	136,730	668,475	0	0	0	0	805,205
Subtotal	2,412,060	1,049,845	716,038	232,800	826,133	100,000	5,336,876
T 35 Overlay	450,000	805,351	450,000	450,000	450,000	450,000	3,055,351
T 37 West Samm Bridge	2,098,962	910,999	7,425,888	14,322,054	5,724,341	33,395	30,515,639
T 41 Juanita Dr Pedestrian & Bicycle Safety All Segments	600,000	1,500,000	4,162,000	2,156,667	2,156,667	2,156,666	12,732,000
T 42 68th Ave Pedestrian & Bicycle Safety All Segments	250,000	987,000	60,000	2,000,000	1,803,000	0	5,100,000
T 43 SR 522 Pedestrian Crossing Study	0	282,500	272,500	0	0	0	555,000
T 44 61 Ave Survey and Conceptual Plan	0	90,000	0	0	0	0	90,000
T 39 Neighborhood Transportation Plans Program	70,000	55,000	0	0	0	0	125,000
Total Project Costs	\$6,548,422	\$5,807,895	\$13,086,426	\$19,761,521	\$18,360,141	\$6,740,061	\$70,304,466
Funding as Proposed:							
Real Estate Excise Tax	\$1,250,356	\$770,165	\$577,750	\$550,000	\$550,000	\$550,000	\$4,248,271
Transportation Impact Fee Revenue	66,195	324,188	41,754	33,130	47,773	0	513,040
Transportation Impact Fee Revenue - West Samm Bridge	122,310	21,090	23,790	30,620	1,239,060	33,395	1,470,265
General Fund	267,900	59,900	0	0	0	0	327,800
Federal Transportation Funds SR 522	0	67,300	0	0	0	0	67,300
Federal Preservation Grant - Simonds Road	0	355,351	0	0	0	0	355,351
TIB Grant - Sidewalks	97,330	478,572	0	0	0	0	575,902
WSDOT Safe Routes to School - Sidewalks	681,315	99,670	574,284	99,670	678,360	0	2,133,299
Federal Highway Safety Impr Program - Sidewalks	707,864	0	0	0	0	0	707,864
Reimbursements from Other Agencies	28,500	0	0	0	0	0	28,500
BRAC Grant West Samm Bridge Replacement	674,754	703,448	6,413,800	3,289,378	0	0	11,081,380
STP Funds West Samm Bridge Replacement	1,063,994	0	0	0	0	0	1,063,994
Connecting WA Funds West Samm Bridge Replacement	237,904	186,461	988,298	4,102,056	2,485,281	0	8,000,000
Complete Streets Award	500,000	0	0	0	0	0	500,000
Walkways & Waterways Bond Measure	850,000	2,252,000	1,375,000	2,640,000	826,334	2,156,666	10,100,000
Washington State Pedestrian and Bicycle Safety	0	254,750	244,750	0	0	0	499,500
Washington State LEAP Transportation Bill	0	0	0	600,000	7,400,000	4,000,000	12,000,000
Unsecured Grant Match Juanita Drive	0	235,000	2,847,000	1,516,667	3,133,333	0	7,732,000
Unsecured Grant West Samm Bridge Replacement	0	0	0	6,900,000	0	0	6,900,000
10 year Note West Samm Bridge Replacement	0	0	0	0	2,000,000	0	2,000,000
Total Project Funding	\$6,548,422	\$5,807,895	\$13,086,426	\$19,761,521	\$18,360,141	\$6,740,061	\$70,304,466

EXHIBIT D

**CITY OF KENMORE, WASHINGTON
SURFACE WATER CAPITAL IMPROVEMENT PROGRAM
FOR THE YEARS 2017-2022**

Project Description	2017 Adopted	2018 Adopted	2019 Adopted	2020 Adopted	2021 Adopted	2022 Adopted	2017-2022 Totals
SW 8 190th Culvert at 61st	\$0	\$1,500,000	\$0	\$0	\$0	\$0	\$1,500,000
SW 8 Trust Fund Loan Repayment	0	0	153,000	153,000	153,000	153,000	612,000
SW 19 NE 192nd ST Culvert Replacement	1,010,634	0	0	0	0	0	1,010,634
SW 20 Small Works Projects	50,000	50,000	50,000	50,000	50,000	50,000	300,000
SW 25 Strawberry Hills SW Tank Retrofit	100,000	360,000	0	0	0	0	460,000
SW 29 Infiltration Tank Retrofit at 61st Ave NE/NE 190th St	120,000	0	500,000	0	0	0	620,000
SW 30 Drainage Improvements at 153rd/NE Arrowhead Dr	125,000	0	0	0	0	0	125,000
SW 31 Drainage Impr & Street Repair at 66th Ave NE /196th Pl	115,000	0	0	0	0	0	115,000
Total Project Costs	\$1,520,634	\$1,910,000	\$703,000	\$203,000	\$203,000	\$203,000	\$4,742,634

Funding As Proposed:							
KC Flood Control District Grant (SW30)	\$49,915	\$0	\$0	\$0	\$0	\$0	\$49,915
KC Flood Control District Grant (SW19) Secured	330,000	0	0	0	0	0	330,000
Reimbursement from Other Agencies	130,634	0	0	0	0	0	130,634
Public Works Trust Fund 10Year Loan (SW8)	0	1,500,000	0	0	0	0	1,500,000
Surface Water Utility Funds	1,010,085	410,000	703,000	203,000	203,000	203,000	2,732,085
Total Project Funding	\$1,520,634	\$1,910,000	\$703,000	\$203,000	\$203,000	\$203,000	\$4,742,634

Exhibit E

CITY OF KENMORE, WASHINGTON
Park Impact Fee Fund Projection Worksheet
For the Years 2017-2022

DESCRIPTION	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Beginning Cash	\$1,137,617	\$302,879	\$232,879	\$152,879	\$8,879	\$165,879
Revenues:						
Interest Earnings	7,000	5,000	5,000	6,000	7,000	7,000
Park Impact Fees	180,138	150,000	150,000	150,000	150,000	150,000
Total Revenues	187,138	155,000	155,000	156,000	157,000	157,000
To be Transferred Out for Parks :						
P 1 Twin Springs Feasibility Study	0	0	0	300,000	0	0
P 6 Moorlands Park Improvements	359,500	0	0	0	0	0
P 11 Log Boom Park New Pedestrian Bridge	203,376	0	0	0	0	0
P 18a Rhododendron Park Float	60,000	115,000	25,000	0	0	0
P 26 Twedt/Squires	195,000	0	0	0	0	0
P 29 St Edward Ballfields & Lighting	204,000	110,000	210,000	0	0	0
Subtotal - Transfers to Park Capital	1,021,876	225,000	235,000	300,000	0	0
Net Income/(Loss)	(\$834,738)	(\$70,000)	(\$80,000)	(\$144,000)	\$157,000	\$157,000
Ending Cash Balance	\$302,879	\$232,879	\$152,879	\$8,879	\$165,879	\$322,879

CITY OF KENMORE, WASHINGTON

Transportation Impact Fee Fund Projection Worksheet

For The Years 2017-2022

DESCRIPTION	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Beginning Cash	\$1,148,347	\$1,083,196	\$1,137,234	\$1,350,346	\$1,578,705	\$647,538
Revenues:						
Interest Earnings	5,742	5,416	5,686	6,752	7,894	3,238
Transp. Impact Fees	617,612	400,000	300,000	300,000	300,000	300,000
Total Revenues	\$623,354	\$405,416	\$305,686	\$306,752	\$307,894	\$303,238
Transfers Out for Roads:						
T 37 West Samm Bridge	122,310	21,090	23,790	30,620	1,239,060	33,395
NE 202nd Sidewalk*	3,995	101,555	0	0	0	0
Arrowhead Sidewalk	0	6,100	33,130	47,773	0	0
NE 153rd Sidewalk	6,100	32,730	35,654	0	0	0
NE 181st 65-67 Sidewalk	56,100	189,903		0	0	0
Subtotal - Transfers for Roads	\$188,505	\$351,378	\$92,574	\$78,393	\$1,239,060	\$33,395
Net Income/(Loss)	\$434,849	\$54,038	\$213,112	\$228,359	(\$931,166)	\$269,843
Ending Cash Unreserved	\$1,083,196	\$1,137,234	\$1,350,346	\$1,578,705	\$647,538	\$917,381
Ending Cash Reserved*	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Total Ending Cash	\$1,583,196	\$1,637,234	\$1,850,346	\$2,078,705	\$1,147,538	\$1,417,381

* \$500K Complete Streets Award
Supplanted Trans Impact Fees

CITY OF KENMORE, WASHINGTON
REET Fund Projection Worksheet
For The Years 2017-2022

Exhibit G

DESCRIPTION	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Beginning Cash	\$1,672,911	\$1,696,432	\$970,249	(\$148,150)	\$41,109	\$691,315
Revenues:						
REET 1	881,756	700,000	650,000	600,000	600,000	600,000
REET 2	881,756	700,000	650,000	600,000	600,000	600,000
Interest Earnings	8,365	8,482	4,851	(741)	206	3,457
Total Revenues	\$1,771,877	\$1,408,482	\$1,304,851	\$1,199,259	\$1,200,206	\$1,203,457
Transfers Out for Parks :						
P 6 Moorlands Park Imp	398,000	380,000	0	0	0	0
P 1 Twin Springs	0	0	0	300,000	0	0
		0	0	0	0	0
P 29 St Edward Ballfield TBD	0	884,500	1,645,500	0	0	0
Subtotal - Transfers for Parks	398,000	1,264,500	1,645,500	300,000	0	0
Transfers Out for Roads:						
T6 SR 522 West A 61st to 65th	399,500	0	0	0	0	0
T27 Sidewalks						
Sidewalk Gaps	0	0	100,000	100,000	100,000	100,000
181st Sidewalks	260,200	0	0	0	0	0
62nd Ave NE	70,656	147,415	0	0	0	0
T 39 Traffic Calming Improvements	70,000	55,000	0	0	0	0
T 43 SR522 Pedestrian Crossing Study	0	27,750	27,750	0	0	0
T 44 61st Ave Survey amd Conceptual Plan	0	90,000	0	0	0	0
Overlay	450,000	450,000	450,000	450,000	450,000	450,000
Subtotal - Transfers for Roads	1,250,356	770,165	577,750	550,000	550,000	550,000
Repayment to Strategic Opps Fund 2015/16 six	100,000	100,000	200,000	160,000	0	0
Repayment of 10yr Note for West Samm Bridg	0	0	0	0	0	210,000
Net Income/(Loss)	\$23,521	(\$726,183)	(\$1,118,399)	\$189,259	\$650,206	\$443,457
Ending Cash	\$1,696,432	\$970,249	(\$148,150)	\$41,109	\$691,315	\$1,134,771

Exhibit H

CITY OF KENMORE, WASHINGTON

King County Trail and Park Levy Projection Worksheet

For the Years 2017-2022

DESCRIPTION	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Beginning Cash	\$339,211	\$33,275	\$58,275	\$108,275	\$108,275	\$108,275
Revenues:						
Interest Earnings	0	0	0	0	0	0
Levy Revenues- Trail (253955)				0	0	0
Levy Revenues- Park	50,000	50,000	50,000			
Total Revenues	50,000	50,000	50,000	0	0	0
To be Transferred Out for Parks :						
P 1 Twin Springs Feasibility Study	40,000	25,000	0	0	0	0
P 2 Tolt Pipeline Trail Phase One	126,936	0	0	0	0	0
P 6 Moorlands Park Improvements	40,000	0	0	0	0	0
P 18a Rhododendron Park Float	149,000	0	0	0	0	0
Subtotal - Transfers to Park Capital	355,936	25,000	0	0	0	0
Net Income/(Loss)	(\$305,936)	\$25,000	\$50,000	\$0	\$0	\$0
Ending Cash Balance	\$33,275	\$58,275	\$108,275	\$108,275	\$108,275	\$108,275

Exhibit I

CITY OF KENMORE, WASHINGTON
Strategic Opportunities Fund Projection Worksheet
For The Years 2017 - 2022

REVENUES

	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected
Beginning Fund Balance	\$2,239,243	\$1,870,992	\$1,665,992	\$1,795,992	\$1,885,992	\$1,815,992
Beginning Fund Balance	2,239,243	1,870,992	1,665,992	1,795,992	1,885,992	1,815,992
Investment Interest	10,000	10,000	10,000	10,000	10,000	10,000
Incubator Leases	30,000	30,000	30,000	30,000	30,000	30,000
Repayment from REET for Sidewalks	100,000	100,000	200,000	160,000	0	0
Transfer from Kenmore Village	0	0	0	0	0	0
Transfer from General Fund	0	0	0	0	0	0
Revenues	140,000	140,000	240,000	200,000	40,000	40,000
Total Strategic Opportunities Fund	\$2,379,243	\$2,010,992	\$1,905,992	\$1,995,992	\$1,925,992	\$1,855,992

EXPENDITURES

	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected
Ending Fund Balance	\$1,870,992	\$1,665,992	\$1,795,992	\$1,885,992	\$1,815,992	\$1,745,992
Total Ending Fund Balance	1,870,992	1,665,992	1,795,992	1,885,992	1,815,992	1,745,992
Business Incubator Program	110,000	110,000	110,000	110,000	110,000	110,000
Land	0	0	0	0	0	0
Transfer to Park Capital Projects	0	235,000	0	0	0	0
Transfer to Kenmore Village Fund	0	0	0	0	0	0
Transfer to Transportation Capital Projects	334,553	0	0	0	0	0
Interstate Signs	0	0	0	0	0	0
Pedestrian Safety Improvements	63,698	0	0	0	0	0
Public Input Process for Tax Measure	0	0	0	0	0	0
Expenditures	508,251	345,000	110,000	110,000	110,000	110,000
Total Strategic Opportunities Fund	\$2,379,243	\$2,010,992	\$1,905,992	\$1,995,992	\$1,925,992	\$1,855,992



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

Subject/Topic: Adopt Ordinance No. 17-0443 Amending the 2017-2018 Biennial Budget	For Council Meeting Agenda of: July 24, 2017 Department: Finance and Administration Prepared by: Joanne M. Gregory Approved by Department Head: Approved by City Attorney: Approved by Finance Director: Approved by City Manager: <u>Initial & Date</u> 						
Proposed Council Action/Motion: Adopt Ordinance No. 17-0443 Amending the 2017-2018 Biennial Budget	Exhibits/Attachments: Ordinance No. 17-0443 July 17, 2017 Memorandum						
<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Expenditure Required</th> <th style="text-align: left; border-bottom: 1px solid black;">Amount Budgeted (As Amended)</th> <th style="text-align: left; border-bottom: 1px solid black;">Appropriation Required</th> </tr> <tr> <td>N/A</td> <td> \$71,803,400 All Funds Revenue \$70,974,705 All Funds Expenditures </td> <td> \$17,406,632 Adjustment to Revenues \$14,262,756 Adjustment to Expenditures </td> </tr> </table>	Expenditure Required	Amount Budgeted (As Amended)	Appropriation Required	N/A	\$71,803,400 All Funds Revenue \$70,974,705 All Funds Expenditures	\$17,406,632 Adjustment to Revenues \$14,262,756 Adjustment to Expenditures	
Expenditure Required	Amount Budgeted (As Amended)	Appropriation Required					
N/A	\$71,803,400 All Funds Revenue \$70,974,705 All Funds Expenditures	\$17,406,632 Adjustment to Revenues \$14,262,756 Adjustment to Expenditures					
<u>INFORMATION/BACKGROUND:</u> On December 12, 2016, the City of Kenmore adopted the 2017-2018 biennial budget. The city wide budget includes revenue (\$54,396,768) and expenditure (\$56,711,949) estimates for both years which support the City Council priorities, departmental work programs, various municipal obligations, as well as Federal and State mandates. This will be the first budget amendment for the current biennium. The majority of the recommended amendments pertain to the budgets for capital projects and related funding sources for those projects that result from the recent update and recommended amendments to the 2017-2022 (CIP) Capital Improvement Program. Funds affected include the General Fund, the Kenmore Village Fund, the Strategic Opportunities Fund, the UTGO 2016 Bond Fund (new), the Walkways & Waterways Bond Fund (new), the Real Estate Excise Tax Fund, the Transportation Impact Fee Fund, the Park Impact Fee Fund, the Transportation Capital Fund, the Park Capital Fund, the Surface Water Management Fund and the Surface Water Capital Fund. The proposed amendments were introduced and reviewed by the City Council at the July 17, 2017 Council meeting. If approved and adopted by the City Council, Ordinance No. 17-0443 will establish the budget amendments proposed in the attachment Memorandum.							
<u>FISCAL CONSIDERATION:</u> See attached July 17, 2017 Memorandum for detail of proposed revenue and expenditure adjustments.							

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Per RCW 35A the budget is the legal authority to expend public funds and controls those expenditures by setting the amount of the appropriation at the fund level by ordinance.

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**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 17-0443**

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, RELATING TO THE 2017-2018 BUDGET; AMENDING THE 2017-2018 BUDGET, TO ESTABLISH NEW FUNDS KNOWN AS THE UTGO 2016 BOND FUND AND THE WALKWAYS AND WATERWAYS BOND FUND; AND TO ADJUST REVENUES AND APPROPRIATIONS FOR THE GENERAL FUND, THE KENMORE VILLAGE FUND, THE STRATEGIC OPPORTUNITIES FUND, THE REAL ESTATE EXCISE TAX FUND, THE TRANSPORTATION IMPACT FEE FUND, THE PARK IMPACT FEE FUND, THE TRANSPORTATION CAPITAL FUND, THE PARK CAPITAL FUND, THE SURFACE WATER MANAGEMENT FUND, THE SURFACE WATER CAPITAL FUND, THE UTGO 2016 BOND FUND AND THE WALKWAYS & WATERWAYS BOND FUND; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City Council (the “Council”) of the City of Kenmore, Washington, (the “City”), is required by applicable State law to finalize its biennial budget prior to the commencement of the first fiscal year of the biennium; and

WHEREAS, the amount of revenue and expenditures can only be estimated at the time of finalization of the budget; and

WHEREAS, the City Council finds it in the best interest of the City to establish new funds known as the UTGO 2016 Bond Fund and the Walkways & Waterways Bond Fund, and to adjust revenues and expenditures in the General Fund, the Kenmore Village Fund, the Strategic Opportunities Fund, the Real Estate Excise Tax Fund, the Transportation Impact Fee Fund, the Park Impact Fee Fund, the Transportation Capital Fund, the Park Capital Fund, the Surface Water Management Fund, the Surface Water Capital Fund, the UTGO 2016 Bond Fund, and the Walkways & Waterways Bond Fund;

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

Section 1. Funds Appropriated. The 2017-2018 Biennial Budget, as amended, is further amended by fund to reflect the adjustments to revenues and appropriations as shown below:

FUND	2017-2018	2017	2017-2018
	Adopted Revenue	Amendments	Amended Revenue
	<u>Budget</u>		<u>Budget</u>
General Fund	\$ 23,533,174	\$0.00	\$ 23,533,174
Street Fund	2,912,304	0	2,912,304
Public Art Fund	150	0	150
Park Impact Fee Fund	412,000	0	412,000
Transportation Impact Fee Fund	905,500	0	905,500
Transportation Benefit District	680,800	0	680,800
Strategic Reserve Fund	0	0	0
Strategic Opportunities Fund	280,000	0	280,000
Sammamish River Bridge Fund	3,009,961	0	3,009,961
Real Estate Excise Tax Fund	1,403,000	800,000	2,203,000
Kenmore Village Fund	424,628	0	424,628
UTGO 2016 Bond Fund	0	2,500,000	2,500,000
Walkways & Waterways Bonds	0	9,915,641	9,915,641
Park Capital Fund	4,332,020	3,858,876	8,190,896
Transportation Capital Fund	9,109,211	207,115	9,316,326
Surface Water Management Fund	3,543,400	0	3,543,400
Surface Water Capital Fund	3,625,634	125,000	3,750,634
Swamp Creek Basin Fund	14,000	0	14,000
Equipment Replacement Fund	210,986	0	210,986
Total Budget	\$54,396,768	\$17,406,632	\$71,803,400

FUND	2017-2018	2017	2017-2018
	Adopted Expenditure	Amendments	Amended Expenditure
	<u>Budget</u>		<u>Budget</u>
General Fund	\$ 23,366,621	\$ 168,925	\$ 23,535,546
Street Fund	2,909,009	0	2,909,009
Public Art Fund	11,000	0	11,000
Park Impact Fee Fund	754,500	517,376	1,271,876
Transportation Impact Fee Fund	982,098	(448,315)	533,783
Transportation Benefit District	669,000	0	669,000
Strategic Reserve Fund	0	0	0
Strategic Opportunities Fund	305,000	63,700	368,700
Sammamish River Bridge Fund	3,009,961	0	3,009,961
Real Estate Excise Tax Fund	2,184,895	1,437,930	3,622,825
Kenmore Village Fund	292,228	284,566	576,794
UTGO 2016 Bonds	0	2,358,253	2,358,253
Walkways & Waterways Bonds	0	5,575,000	5,575,000
Park Capital Fund	4,493,956	3,952,876	8,446,832
Transportation Capital Fund	9,426,560	102,445	9,529,005
Surface Water Management Fund	4,729,487	125,000	4,854,487
Surface Water Capital Fund	3,458,634	125,000	3,583,634
Swamp Creek Basin Fund	0	0	0
Equipment Replacement Fund	119,000	0	119,000
Total Budget	\$56,711,949	\$14,262,756	\$70,974,705

The City Manager is hereby authorized and instructed to effectuate the necessary changes to the 2017-2018 Biennial Budget and to make any necessary and appropriate line item entries and adjustments in order to reflect the amendments of this ordinance.

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

Section 3. Effective Date. This ordinance 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 the publication.

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 24th DAY OF JULY, 2017.

CITY OF KENMORE

David Baker, Mayor

ATTEST/AUTHENTICATED:

Kelly Chelin, City Clerk

Approved as to form:

Rod Kaseguma, City Attorney

Filed with the City Clerk:
Passed by the City Council:
Date of Publication:
Effective Date:



The City of Kenmore

PO Box 82607
KENMORE, WASHINGTON 98028

MEMORANDUM

TO: Mayor, Members of the City Council

FROM: Rob Karlinsey, City Manager;
Joanne Gregory, Finance Director

DATE: July 17, 2017

RE: Recommended 2017-2018 Budget Amendments (revised)

On December 12, 2016, the City of Kenmore adopted the 2017-2018 biennial budget. The city wide budget includes revenue (\$54,396,768) and expenditure (\$56,711,949) estimates for both years which support the City Council priorities, departmental work programs, various municipal obligations, as well as Federal and State mandates.

This will be the first budget amendment for the current biennium. The majority of the recommended amendments pertain to the budgets for capital projects and related funding sources for those projects that result from the recent update and recommended amendments to the 2017-2022 (CIP) Capital Improvement Program. The City Council received a presentation on the CIP amendments at the July 10, 2017 Council meeting. Other significant amendments are to establish accounts for the Walkways & Waterways bond proceeds transfers and debt obligations. The attached adjustments would result in an amended city wide revenue budget of \$71,803,400 and expenditure budget of \$70,974,705.

The 2017-2018 biennium budget may be amended in the fall of 2017, if needed, during the course of the required mid-biennium review.

All adjustments recommended at this time are presented in the table below. The adjustments are grouped by fund, displayed in a table on separate pages which follow. Revenue accounts are shaded in green and expenditure accounts are shaded in pink. The net effect of budget amendments are shown as a net adjustment to the budgeted ending fund balance at the end of each table.

This memorandum includes a revision to Project T-27 Arrowhead Drive Sidewalk. This project was removed from the current biennium and re-programmed for 2019-2021.

July 2017 Budget Amendment

Description	2017-2018 Adopted Budget	Proposed Increase (Decrease)	2017-2018 Amended Budget	Explanation
General Fund				
Expenditures:				
Finance Budget Financial Software Purchase-Tyler	\$19,607	\$93,925	\$113,532	\$169,959 approved by the City Council on April 25, 2016; spent \$56,427 in 2016. Request is to re-budget the balance of \$113,532 in 2017
Public Safety Budget Northshore School District Officer	\$0	\$50,000	\$50,000	Costs for School Resource Officer for 2017/2018 per contract. Total offset by revenue from NSD.
Audio Video Upgrades to Council Chambers	\$0	\$25,000	\$25,000	New microphones, new projection system, wireless capabilities. Project was originally scheduled for 2016; now scheduled for August 2017.
Total Additional Expenditures		\$168,925		
Ending Fund Balance	\$3,322,562	(\$168,925) net change	\$3,153,637	

Description	2017-2018 Adopted Budget	Proposed Increase (Decrease)	2017-2018 Amended Budget	Explanation
Kenmore Village Fund				
Expenditures:				
Town Square/Hangar	\$0	\$284,566	\$284,566	\$270,798 carryover funds from 2016 plus \$13,768 unanticipated costs to complete.
Total Additional		\$284,566		

July 2017 Budget Amendment

Expenditures				
Ending Fund Balance	\$352,359	(\$284,566) net change	\$67,793	

Description	2017-2018 Adopted Budget	Proposed Increase (Decrease)	2017-2018 Amended Budget	Explanation
Strategic Opportunities Fund				
Expenditures:				
Pedestrian Safety Improvements	\$0	\$63,700	\$63,700	Carryover unspent funds from 2016 to cover the project costs expected in 2016 but not paid until 2017
Total Additional Expenditures		\$63,700		
Ending Fund Balance	\$1,902,732	(\$63,700)	\$1,839,032	

Description	2017-2018 Adopted Budget	Proposed Increase (Decrease)	2017-2018 Amended Budget	Explanation
UTGO 2016 Bonds				
Revenues:				
Property Tax Revenues from Walkways & Waterways	\$0	\$2,500,000	\$2,500,000	Estimate required to meet 2017 and 2018 debt service payments. Levy request for 2017 was \$1,250,000 (actual rate was .34/\$1,000)
Total Additional Resources		\$2,500,000		
Expenditures:				
Bond Interest Payment	\$0	\$583,253	\$583,253	Per final bonded debt repayment schedule
Bond Principal Payment	\$0	\$1,775,000	\$1,775,000	Per final bonded debt repayment schedule
Total Additional Expenditures		\$2,358,253		
Ending Fund Balance	\$0	\$141,747	\$141,747	

July 2017 Budget Amendment

Description	2017-2018 Adopted Budget	Proposed Increase (Decrease)	2017-2018 Amended Budget	Explanation
Walkways & Waterways Bond				
Revenues:				
Beginning Fund Balance	\$0	\$9,815,641	\$9,815,641	Establish Beginning Balance for New Fund with Bond revenues received.
Investment Interest	\$0	\$100,000	\$100,000	Projected interest earnings at .7% on average balance over two years
Total Additional Resources		\$9,915,641		
Expenditures:				
Transfer to Transportation Capital Fund	\$0	\$3,102,000	\$3,102,000	Anticipated draw down of bond funds for Transportation Projects
Transfer to Park Capital Fund	\$0	\$2,473,000	\$2,473,000	Anticipated draw down of bond funds for Park Projects
Total Additional Expenditures		\$5,575,000		
Ending Fund Balance	\$0	\$4,340,641 net change	\$4,340,641	

July 2017 Budget Amendment

Description	2017-2018 Adopted Budget	Proposed Increase (Decrease)	2017-2018 Amended Budget	Explanation
Real Estate Excise Tax				
Revenues:				
Real Estate Excise Taxes	\$800,000	\$800,000	\$1,600,000	2017 revenues are projected to be greater than budgeted
Total Additional Resources		\$800,000		
Expenditures:				
Transfer to Transportation Capital Fund	\$1,604,891	\$155,430	\$1,760,321	1) \$140,430 for 62 nd Ave NE Sidewalk 2) \$15,000 for T 39 Traffic Calming Improvements
Transfer to Park Capital Fund	\$380,000	\$1,282,500	\$1,662,500	1) \$398,000 for P 6 Moorlands 2) \$884,500 for P 29 St Edward Ballfields
Total Additional Expenditures		\$1,437,930		
Ending Fund Balance	\$856,439	(\$637,930) net change	\$218,509	

July 2017 Budget Amendment

Description	2017-2018 Adopted Budget	Proposed Increase (Decrease)	2017-2018 Amended Budget	Explanation
Transportation Impact Fees				
Expenditures:				
Transfer to Transportation Capital Fund	\$838,698	-\$448,315	\$390,383	1) \$90,915 additional costs for NE 202 nd Sidewalk 2) -\$39,230 Arrowhead Project delayed to 2019-2020 3) -\$500,000 for NE 202 nd Sidewalk Project; supplanted by Complete Streets Award
Total Additional Expenditures		(\$448,315)		This is a reduction of expenditures
Ending Fund Balance	\$940,299	\$448,315 net change	\$1,388,614	

Description	2017-2018 Adopted Budget	Proposed Increase (Decrease)	2017-2018 Amended Budget	Explanation
Park Impact Fees				
Expenditures:				
Transfer to Park Capital Fund	\$754,500	\$517,376	\$1,271,876	1) \$203,376 carryover of unspent funds for P 11 Log Boom Park Ped Bridge 2) \$314,000 for P 29 St. Edward Ballfields
Total Additional Expenditures		\$517,376		
Ending Fund	\$819,603	(\$517,376)	\$302,227	

July 2017 Budget Amendment

Balance		net change		
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Transportation Capital Fund				
Description	2017-2018 Adopted Budget	Proposed Increase (Decrease)	2017-2018 Amended Budget	Explanation
Revenues:				
Transfer from Real Estate Excise Tax Fund	\$1,604,891	\$155,430	\$1,760,321	1) \$140,430 for 62 nd Ave NE Sidewalk 2) \$15,000 for T 39 Traffic Calming Improvements
Transfer from Transportation Impact Fee Fund	\$838,698	-\$448,315	\$390,383	1) \$90,915 additional costs for NE 202 nd Sidewalk 2) -\$39,230 Arrowhead Project delayed to 2019-2020 3) -\$500,000 for NE 202 nd Sidewalk Project; supplanted by Complete Streets Award
Complete Streets Award	\$0	\$500,000	\$500,000	Unbudgeted revenue; to be programmed to NE 202 nd Sidewalk Project supplanting Impact Fees
Total Additional Resources		\$207,115		
Expenditures:				
NE 202 nd Sidewalk Project	\$1,190,950	\$90,915	\$1,281,865	Estimated additional resources needed to complete project
62 nd Ave NE Sidewalk Project	\$785,505	\$140,430	\$925,935	Estimated additional resources needed to complete project
Arrowhead Dr Sidewalk Project	\$143,900	(\$143,900)	\$0	Grant was not awarded. Will resubmit grant and delay project two years (Impact fees and SRTS Grant)
T 39 Neighborhood Traffic Calming	\$110,000	\$15,000	\$125,000	Estimated additional resources needed to complete projects
Total Additional Expenditures		\$102,445		
Ending Fund	(\$309,620)	\$104,670	(\$204,950)	

July 2017 Budget Amendment

Balance		net change		
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Park Capital Fund				
Description	2017-2018 Adopted Budget	Proposed Increase (Decrease)	2017-2018 Amended Budget	Explanation
Revenues:				
Interfund Transfer From Real Estate Excise Tax Fund	\$380,000	\$1,282,500	\$1,662,500	1) \$398,000 for P 6 Moorlands 2) \$884,500 for P 29 St Edward Ballfields
Interfund Transfer From Park Impact Fee Fund	\$754,500	\$517,376	\$1,271,876	1) \$203,376 carryover of unspent funds for P 11 Log Boom Park Ped Bridge 2) \$314,000 for P 29 St. Edward Ballfields
Interfund Transfer from Walkways & Waterways Bond	\$2,225,000	\$248,000	\$2,473,000	Bids higher than anticipated for P 18 Rhododendron Park Waterfront Project
RCO Grant	\$0	\$750,000	\$750,000	P 29 St. Edward Ballfields
King County Grant	\$0	\$611,000	\$611,000	P 29 St. Edward Ballfields
State Budget Funding	\$0	\$450,000	\$450,000	1) Request for P 30 Rhododendron Park Boathouse Pavilion \$225,000 2) Moorlands Park \$225,000
Total Additional Resources		\$3,858,876		
Expenditures:				
P1 Twin Springs Interim Use Plan	\$40,000	\$25,000	\$65,000	Additional funding to seek grants for future improvements; funded with King Co Park Levy revenues
P 2 Tolt Pipeline Trail Ph 1	\$206,936	(\$80,000)	\$126,936	Project essentially complete and under budget
P6 Moorlands Park	\$1,567,020	\$623,000	\$2,190,020	Higher costs for underdrainage and bid results
P 11 Log Boom	\$0	\$203,376	\$203,376	Carryover of unspent funds

July 2017 Budget Amendment

Park Ped Bridge				from 2016
P 18 Rhododendron Park Waterfront	\$775,000	\$248,000	\$1,023,000	Bids higher than anticipated
P 18a Rhododendron Park Float	\$260,000	\$149,000	\$409,000	Bids higher than anticipated
P 29 St. Edward Ballfields	\$0	\$2,559,500	\$2,559,500	Establish project funding for current biennium: Impact Fees \$314,000; REET \$884,500; RCO Grant \$750,000; King Co Grant \$611,000
P 30 Rhododendron Park Boathouse Pavilion	\$0	\$225,000	\$225,000	New Project dependent on State budget funding
Total Additional Expenditures		\$3,952,876		
Ending Fund Balance	\$179,588	(\$94,000) net change	\$85,588	

Description	2017-2018 Adopted Budget	Proposed Increase (Decrease)	2017-2018 Amended Budget	Explanation
Surface Water Management Fund				
Expenditures:				
Transfer to Surface Water Capital Fund	\$1,448,085	\$125,000	\$1,573,085	To fund Project SW 19 NE 192 nd St Culvert Replacement
Total Additional Expenditures		\$125,000		
Ending Fund Balance	\$498,795	(\$125,000)	\$373,795	

July 2017 Budget Amendment

Description	2017-2018 Adopted Budget	Proposed Increase (Decrease)	2017-2018 Amended Budget	Explanation
Surface Water Capital Fund				
Revenues:				
Transfer from Surface Water Management Fund	\$1,448,085	\$125,000	\$1,573,085	To fund Project SW 19 NE 192 nd St Culvert Replacement
Total Additional Resources		\$125,000		
Expenditures:				
Project SW 19 NE 192 nd St Culvert Replacement	\$885,634	\$125,000	\$1,010,634	Additional funds requested for construction management and contingencies to complete project
Total Additional Expenditures		\$125,000		
Ending Fund Balance	\$269,210	\$0 net change	\$269,210	

SUMMARY OF ALL FUNDS

The proposed revenue adjustments represent an increase of \$17,406,632 from the 2017-2018 budgeted revenues of \$54,396,768 bringing the total adjusted revenues, for all funds, to \$71,803,400. Inter-fund transactions of \$1,879,991 are included in the proposed revenue adjustments.

The proposed expenditure adjustments, for all funds, represent an increase of \$14,262,756 to the 2017-2018 amended biennial expenditure budget of \$56,711,949 bringing the total amended expenditure budget to \$70,974,705. Of the total expenditure adjustments, inter-fund transactions represent \$1,879,991. The bond proceeds for the transportation and park projects are already budgeted as revenue in the capital funds, in the amount of \$5,327,000; as a result the budget amendment only appropriates the transfers out (expenditures) from the Walkways & Waterways Bond Fund.

July 2017 Budget Amendment

If approved by the City Council, Ordinance No. 17-0443 (attached) will be presented to the City Council on July 24, 2017 to adopt the recommended budget amendment.
Please let me know if there are questions that can be addressed prior to the July 17, 2017 City Council meeting

Subject/Topic: <i>Love Your City</i> microgrant pilot program application guidelines Proposed Council Action/Motion: Review and approve <i>Love Your City</i> Microgrant Pilot Program application guidelines that encourages community members to design and implement “Love Notes” in Kenmore	For Council Meeting Agenda of: 24 July 2017 Department: Executive Prepared by: Leslie Harris, Community Relations Manager <i>LH</i> Approved by Department Head: <i>LH for NFO</i> 7/21/17 Approved by City Attorney: _____ Approved by Finance Director: <i>[Signature]</i> Approved by City Manager: <i>[Signature]</i> Exhibits/Attachments: <i>Love Your City</i> microgrant pilot program application guidelines
Expenditure Required \$5,000 Amount Budgeted \$20,000 in the 2017/2018 biennial budget Appropriation Required \$0	
<u>INFORMATION/BACKGROUND:</u> At the March 27, 2017 City Council meeting, Council approved a pilot microgrant program that encourages community members to design and implement “Love Notes” in Kenmore. The <i>Love Your City</i> microgrant would invite community groups and residents to submit a proposal that may request up to \$500 to help support a new event or project within Kenmore. City Council requested reviewing the application guidelines prior to launching the pilot microgrant program. Attached is the draft <i>Love Your City</i> microgrant program application guidelines. City staff is seeking feedback and approval of the <i>Love Your City</i> microgrant program application guidelines. I referred to program guidelines from other cities while developing of the attached application guidelines. If approved, City staff will begin marketing the program in anticipation of accepting applications this fall. Background At the <i>For the Love of Kenmore</i> workshop in 2015, Kenmore businesses and individuals donated money to support a \$500 grant for the project that received the most votes. There were several great ideas presented at the workshop, including various community events, neighborhood block party, public art projects, Hank Heron stencil, t-shirt design, and others. While a few of the ideas came to fruition, additional projects may have been implemented if there was encouragement along with monetary support. At the <i>For the Love of Kenmore: To the Next Level</i> workshop on April 3, 2017, instead of awarding a \$500 grant to a single project, the City announced that City Council approved the idea of a pilot microgrant program that encourages community members to design and implement a “Love Note” in Kenmore. A microgrant is small, one-	

time-only, cash awards given to community groups or others for short-term community projects. The microgrant projects (Love Notes) are designed and implemented by the community groups (co-creators) themselves.

This pilot program can be funded by the Community Event Sponsorship budget. Kenmore City Council allocated \$20,000 in the 2017-2018 biennial budget to support community organized events. The 2015-2016 biennial budget supported events such as the Kenmore Hydroplane Cup, Kenmore Air Seaplane Fly-In, Kenmore Waterfront Activities Fair, and others that brought the community together. City staff recommendation would be to allocate \$5,000 toward a pilot microgrant program for 2017-2018. The pilot program will be evaluated in 2018 as part of the biennial budget development.

The Community Tool Box website outlines some benefits of a successful microgrant program:

- They inspire creative and innovative thinking
- They are an excellent way to reach "hard to reach" or "yet to be reached" people, because they are awarded to groups (like parent teacher associations, scouts, neighborhood organizations) that have access to many more citizens than traditional health and human service organizations
- Many grass-roots groups are not eligible for traditional grant funding. For example, they may not have federal tax-exempt status (a common grant requirement), or, they may not have another organization to act as a fiscal conduit for them. Thus, microgrants give them a chance to get hold of resources that would otherwise go only to bigger fish.
- The small amounts of money tend to discourage large agencies from applying, while encouraging smaller, innovative groups who might not otherwise respond
- Microgrant money tends to buy products, not staff. In-kind contributions of staff time increase with microgrant use. And having to make money go a long way forces people to bring other resources into play, thus increasing the amount of matching and volunteer projects receive.
- They can bring new partners into your efforts
- They can build political and community support

FISCAL CONSIDERATION:

The pilot microgrant program can be funded by the Community Event Sponsorship budget. Kenmore City Council allocated \$20,000 in the 2017-2018 biennial budget to support community organized events. The *Love Your City* microgrant pilot program will not affect events currently funded through this dedicated funding source.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Council Vision Statement: a community that fosters a sense of belonging and pride, makes use of the vast skills of its citizens, and promotes volunteerism

Love Your City Microgrant Pilot Program



#WhyILoveKenmore

Established 2017

LOVE YOUR CITY MICROGRANT PILOT PROGRAM APPLICATION GUIDELINES

A. Purpose of the Funds

The *Love Your City* microgrant program invites community groups and residents (co-creators) to submit proposals that bring new event or project ideas ("Love Notes") to enhance the quality of life of Kenmore residents and visitors. The *Love Your City* microgrant provides up to \$500 to support event or project activities and supplies.

B. Requirements and eligibility criteria

Love Your City events and projects must meet these requirements:

- Occur within the Kenmore city limits.
- Be free and open to all members of the public.
- Involve community members in creating and completing the event or project.
- Are feasible and ready to begin within 1-3 months from award date.
- Demonstrate community match.

Neighborhood groups, community organizations, informal groups, business groups, and individuals who want to organize an event or project are encouraged to apply. All applicant groups must be open and inclusive, actively engage diverse community members, and be composed of people who live and/or work in Kenmore.

Events and projects may involve a wide range of activities that address an existing concern (e.g., Citizen involvement and action, public education and awareness, beautification, etc.), or provide new additions to the City's existing programs such as a community wide event, block party, exposure to arts, and other unique experiences designed to leave a long-lasting impression and encourage everyone to *Love Your City*. Events and projects that are political or religious in nature are deemed ineligible.

C. Funding

- I. **Maximum Funds:** A maximum of \$500 in grant funds may be invested in each event or project. This grant program is intended for smaller events and projects. Organizations wishing to partner with the City on larger multi-day events are encouraged to contact the Volunteer and Events Supervisor.
- II. **Open Grant Limit:** Residents and groups may have only one active grant project underway at any time.
- III. **Annual Project Limit:** Grant awards are limited to one award per year per resident or group.
- IV. **Budget Limits:** The City reserves the right to limit the amount of the grant funds where necessary for budgeted items of food, beverages, and any other individual activities.
- V. **Annual Funding Limits:** Funding decisions are based on available funding in the current biennial budget. Early application submissions are encouraged.
- VI. **Funding Restrictions:** Grant funds cannot be used to purchase:
 - A. Alcoholic beverages

- B. Cash give-a-ways, gift cards, prizes
- C. Pre- and post- activities (i.e., meals)
- D. Purchase of equipment (rentals are permitted)
- E. Personal expenses (i.e., mileage, travel related expenses)
- F. Honoraria: non-contracted monetary donation to parties associated with the event (i.e., guest speakers).

VII. **Fiscal Responsibility:** Applicants must ensure that funds are used solely for the awarded *Love Your City* event or project.

D. Matching requirements

Recipients of grant funds must demonstrate matching resources for at least 50% of the value of the total awarded grant funds. For example, if the City provides a \$500 grant, the applicant must demonstrate matching resources of at least \$250 in equally valued resources. The match provided must have a direct relationship with the project being undertaken and may be demonstrated in volunteer time, donated professional services, cash contributions, or donated materials and supplies. The estimated value of volunteer time is based on a report published by Independent Sector.

E. Application procedure & review process

All interested applicants must participate in one meeting or phone conference in order for their applications to receive consideration. This is to ensure that applicants understand the program guidelines and application process prior to dedicating time toward perfecting a proposal. The next steps would be to complete and submit a microgrant proposal.

All applications are reviewed by designated representatives of the City of Kenmore. Should the proposal be reviewed favorably, a memorandum of agreement which provides clarifications or more information about the proposed project may be requested.

For projects involving improvements to property owned by public or private entities, property owner approval is required at the time of application. For improvements to City property, the appropriate City department will provide permission and approval during the application review process.

F. Award of funds

The review committee will recommend a funding amount based on availability or it believes is appropriate for each qualified event or project, which may result in a recommendation to allocate less than the requested amount.

Fifty percent (50%) of the total awarded funding may be provided at least 30 days in advance of the event, with the remaining amount released no later than 30 days after completion of the event. Final reports are due prior to the award of funds.

In addition to the grant award, recipients also will receive the following fee waivers where applicable:

- 1) City Special Event application fee.
- 2) City park or facility rental fee.

Grant recipients are required to adhere to all requirements in the special events permitting process.

G. Additional/contingency funding

No additional funding will be provided by the City above the awarded amount. Organizations are encouraged to budget carefully and account for any potential contingency needs that may arise.

H. Media and credit requirements

The grantee must include the following credit line in all promotional and marketing materials related to this grant including websites, news and press releases, social media, public service announcements, broadcast media, event programs, and publications: **“With the support of the City of Kenmore Love Your City Grant Program.”** The grantee also must use the city’s logo in marketing and publicity materials, including but not limited to newsletters, press releases, brochures, fliers, websites, social media, or any other materials for dissemination to the media or general public.

I. Timeline

Grant applications will be accepted on a continuous basis, with quarterly deadlines, until funding for the budget for the biennium is depleted. Please visit the City’s website at www.kenmorewa.gov/LoveYourCity for additional information.



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

Subject/Topic: June 2017 Financial Report	For Council Meeting Agenda of: July 24, 2017 Department: Finance and Administration Prepared by: Joanne Gregory Approved by Department Head: Approved by City Attorney: Approved by Finance Director: Approved by City Manager: <u>Initial & Date</u> Proposed Council Action/Motion: Presentation of June 2017 Financial Report for the City of Kenmore, Washington
Exhibits/Attachments: June 2017 Financial Report for the City of Kenmore, Washington.	
Expenditure Required N/A	Amount Budgeted \$54,396,768 Revenues \$56,711,949 Expenditures
Appropriation Required N/A	
<u>INFORMATION/BACKGROUND:</u> The June 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. It also provides an opportunity to identify any potential variances or fluctuations from the budget. Generally departmental workload and performance measures are included with the June financial report. These measures are not yet complete and the information will be attached to the July report. Due to the summer break, staff felt it was important to publish the June financial report as soon as possible.	
<u>FISCAL CONSIDERATION:</u> June is the sixth month of the 24 month 2017-2018 biennium. As of June, revenues for the biennium exceeded expenditures in the General Fund by \$1,277,989. The invoice for the first five months of the Police Services Contract was paid in June which brought the expenditures up to their expected level (a catch-up every year). Nationally the unemployment rate is 4.4% and the Dow Jones closed at 21,349, up slightly from the May close.	
<u>COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:</u>	

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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.



PO Box 82607
KENMORE, WASHINGTON 98028

MEMORANDUM

TO: Rob Karlinsey, City Manager
FROM: Joanne Gregory, Finance Director
DATE: July 13, 2017
RE: June 2017 Financial Reports for the City of Kenmore, Washington

June 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
- Investment Schedule
- Cash and Investment Report
- 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

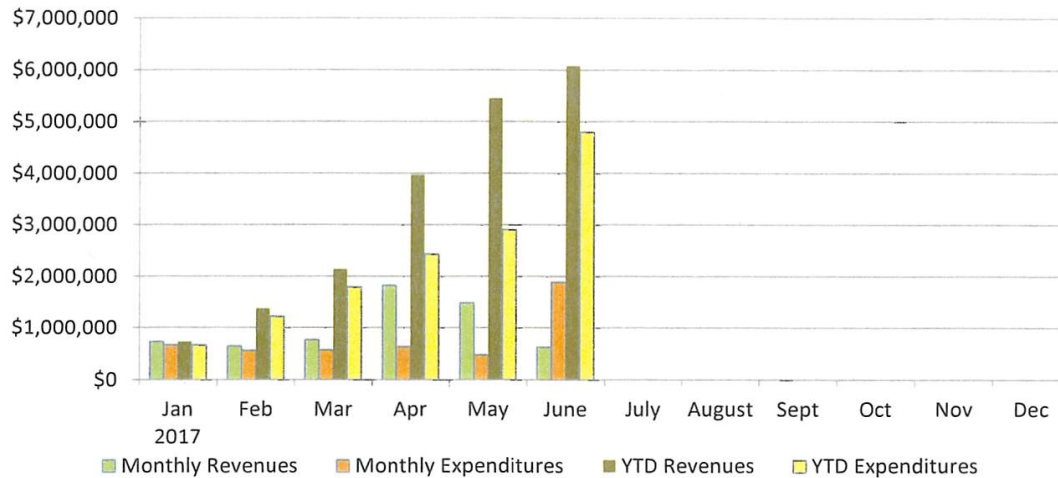
If you would like additional information or have any questions regarding the financial reports, please feel free to contact me.

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, June is the sixth month (24%) of the 2017-2018 biennial budget period. For the month of June, expenditures exceeded revenue in the General Fund by \$1,263,903. The general fund expenditures are high this month because the King County Sheriff's office billed us for the first five months of the contract in June. During the biennium revenues exceed expenditures by \$1,277,989.

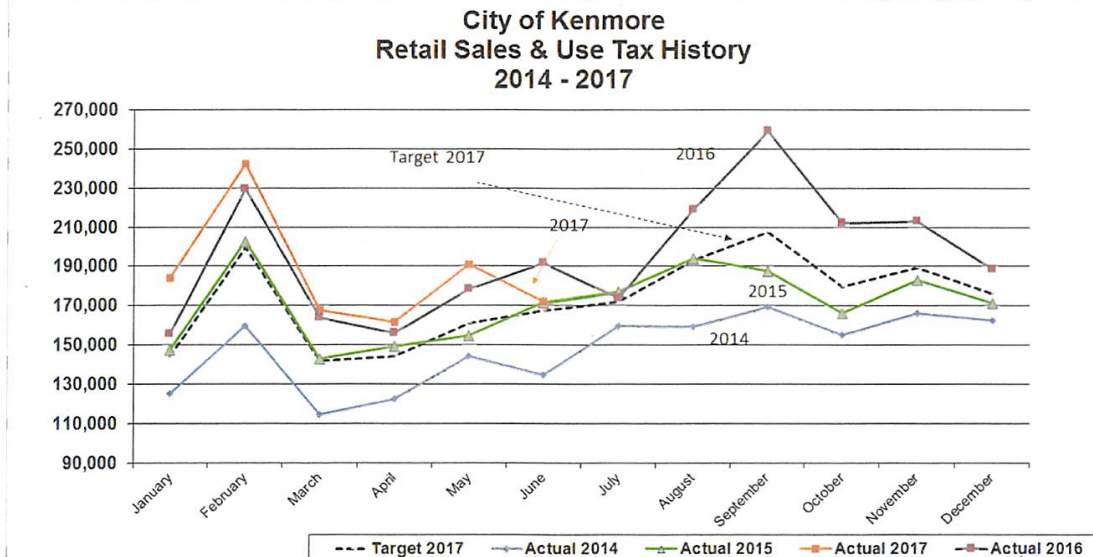
The following chart illustrates the monthly revenue and expenditure activity in the General Fund through June 2017.

City of Kenmore, Washington
Monthly Financial Report
June 2017



Total **revenues** for the month were **\$629,678**. Biennium to date revenues are \$6,077,749, which is 25.8% of the budgeted revenues of \$23,533,174. Primary sources of revenue for the month included property taxes in the amount of \$121,115, development fees & permits in the amount of \$70,717, retail sales and use taxes in the amount of \$172,177, and utility taxes in the amount of \$96,363.

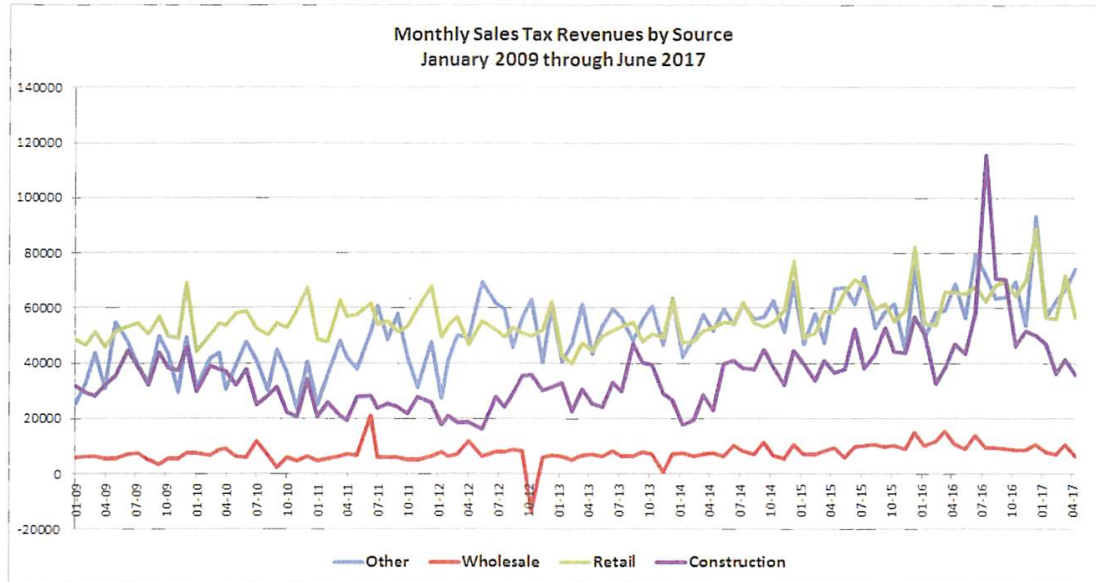
A summary of sales tax revenues received in June is attached. These receipts are based on April sales activity. The chart below gives a historical perspective of monthly sales tax receipts over the last several years. The black dotted Target 2017 line is a monthly average of actual receipts during 2014, 2015, and 2016. The orange line represents 2017 actual receipts, which are \$42,999 above 2016, and ahead of 2017 target by \$159,563.



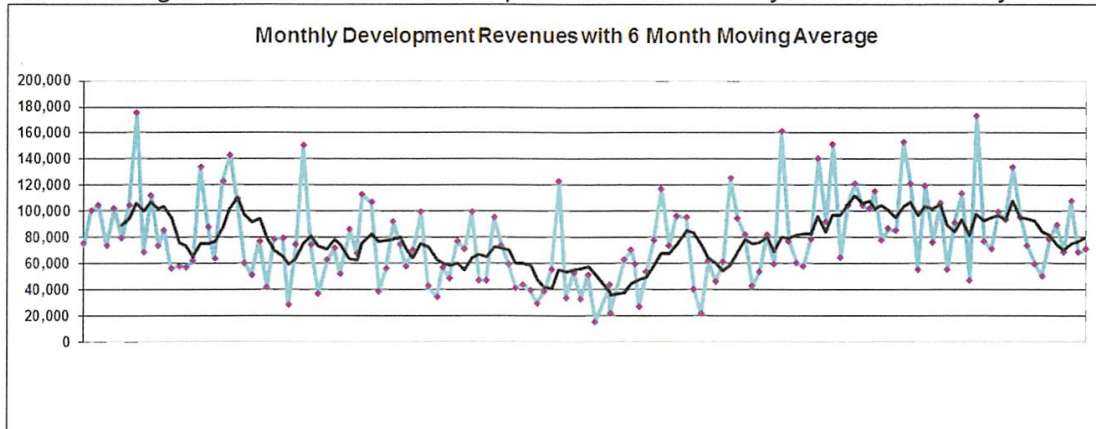
The following chart illustrates the historical trends of sales tax receipts from the major segments: construction, retail, wholesale, other (agriculture, services, manufacturing, transportation and utilities) from January 2009 through June 2017.

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City of Kenmore, Washington
Monthly Financial Report
June 2017



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



June 2017 expenditures were **\$1,893,581**. Biennium to date expenditures are \$4,799,760, which is 20.5% of the biennial budget expenditures of \$23,366,621.

Total City cash (\$18,737,431) and long term investments (\$11,861,125), at the end of June, totaled \$30,598,556. 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 \$543,718 and total non-General Fund expenditures were \$1,119,643.

City of Kenmore, Washington
Monthly Financial Report
June 2017

In the **Street Fund** revenue from gas tax distributions was \$41,295. \$92,513 was expended for maintenance and operations during the month.

In the **Transportation Capital Fund** expenditures were \$43,832 for SR 522 West A construction. The fund also had Sidewalk and other pedestrian & bike safety projects expenditures of \$149,544 during the month. The fund received \$5,047 in W. Sammamish Bridge Replacement reimbursements and \$138,122 in sidewalk grant reimbursements during the month.

The **Park Impact Fee** fund received \$7,695 in revenues during the month.

There was \$27,961 in revenues for the **Transportation Impact Fee** fund during the month.

The **Real Estate Excise Tax** Fund received \$211,430 of real estate excise taxes (REET) in June from sales activity that occurred in May. 71 transactions were reported this month. The 2017 year to date revenue exceeds the 2016 revenue by \$184,607 and the 2017 Target by \$336,110.

The **Kenmore Village** Fund expended \$90,822 during the month for the Town Green project.

The **Walkways & Waterways Debt Service** Fund collected \$33,799 in property taxes related to the Prop 1 Bond.

The **Transportation Benefit District** Fund received \$31,462 in vehicle license fees during the month.

SUMMARY

This concludes the financial report for the City of Kenmore as of **June 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
June 30, 2017



	CURRENT PERIOD 2017-2018				PRIOR PERIOD 2015-2016			
	MONTH <u>June 2017</u>	BIENNIUM TO DATE <u>2017-2018</u>	% of <u>BUDGET</u>	BIENNIUM BUDGET <u>2017-2018</u>	MONTH <u>June 2015</u>	BIENNIUM TO DATE <u>2015-2016</u>	% of <u>BUDGET</u>	BIENNIUM BUDGET <u>2015-2016</u>
REVENUES								
Beginning Fund Balance		2,981,035		3,131,687				
Property Taxes	121,115	2,502,483	26.6%	9,408,704	34,120	2,370,268	26.1%	9,075,766
Sales and Use Taxes	219,036	1,414,459	26.3%	5,376,291	212,650	1,226,864	24.5%	5,000,532
Utility Taxes	96,363	734,068	27.0%	2,717,485	83,865	653,353	23.6%	2,763,390
Other Taxes	785	38,899	17.8%	218,113	112	28,088	24.9%	112,720
Development Fees & Permits	70,717	482,823	27.4%	1,764,518	121,087	639,220	29.7%	2,151,432
Franchise Fees	0	425,607	25.5%	1,668,476		386,005	23.8%	1,622,160
Intergovernmental and Grants	71,224	226,540	26.9%	841,615	74,315	187,122	26.5%	707,370
Investment Interest	46,133	86,604	166.5%	52,000	2,225	43,086	85.0%	50,700
Fines and Forfeitures	524	-161	0.0%	0	-306	-1,925	n/a	0
Transfers and Other Revenues	3,782	166,427	11.2%	1,485,972	4,281	30,812	5.7%	541,200
Total Revenues	629,678	6,077,749	25.8%	23,533,174	532,348	5,562,892	25.3%	22,025,270
Total Revenues & Beginning Fund Balance								
		9,058,784		26,664,861				22,025,270

	CURRENT PERIOD 2017-2018				PRIOR PERIOD 2015-2016			
	MONTH <u>June</u>	BIENNIUM TO DATE <u>2017-2018</u>	% of <u>BUDGET</u>	BUDGET <u>2017-2018</u>	MONTH <u>June 2015</u>	BIENNIUM TO DATE <u>2015-2016</u>	% of <u>BUDGET</u>	BIENNIUM BUDGET <u>2015-2016</u>
EXPENDITURES								
Cost Center								
City Council	9,494	101,705	30.9%	329,426	7,926	89,141	27.1%	328,435
City Manager	131,556	674,090	20.3%	3,328,297	135,946	643,231	19.9%	3,233,222
City Clerk	10,582	134,561	31.6%	425,368	14,376	69,200	24.9%	277,683
Finance	56,512	530,546	33.6%	1,578,850	47,659	434,296	29.1%	1,490,155
Legal	14,984	114,760	23.0%	500,000	28,266	52,727	7.5%	700,000
Interfund Transfers	0	0	0.0%	1,328,228	0	0	0.0%	3,552,671
Public Safety	1,390,909	1,647,260	18.8%	8,756,304	1,298,451	1,602,637	19.6%	8,160,115
Engineering & Environmental Services	46,647	320,683	22.7%	1,415,011	80,925	399,375	22.9%	1,743,950
Community Development	54,073	268,408	15.6%	1,715,510	31,547	207,619	25.0%	830,030
Developmental Services	67,046	545,646	26.3%	2,071,288	71,438	441,217	25.1%	1,755,050
Parks & Facility Maintenance	111,779	462,101	24.1%	1,918,339	78,213	358,840	17.7%	2,029,409
Total Expenditures	1,893,581	4,799,760	20.5%	23,366,621	1,794,747	4,298,282	17.8%	24,100,720
Ending Fund Balance		4,259,024		3,298,240			0.0%	-2,075,450
Total Expenditures and Ending Fund Balance								
		9,058,784		26,664,861				22,025,270

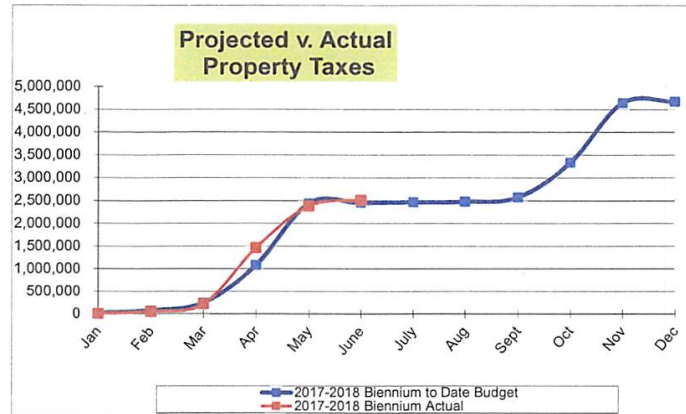
*Non-Departmental expenditures have been moved to other General Fund Cost Centers

**City of Kenmore, Washington
General Fund Revenue Graphs
June 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	
Aug	2,475,845	
Sept	2,569,762	
Oct	3,327,586	
Nov	4,641,977	
Dec	4,668,509	

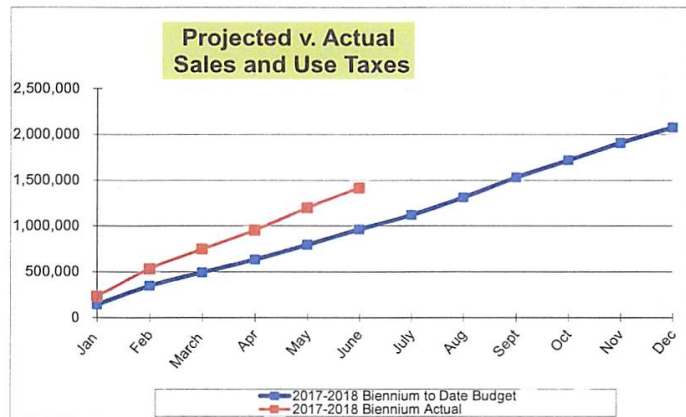
Year To Date
Actual v. Projected 102%



SALES, USE, CRIM JUSTICE TAXES

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	141,908	230,735
Feb	346,302	532,573
March	491,775	745,832
Apr	632,210	950,976
May	793,693	1,195,423
June	961,915	1,414,459
July	1,118,574	
Aug	1,312,542	
Sept	1,531,524	
Oct	1,718,407	
Nov	1,907,463	
Dec	2,075,374	

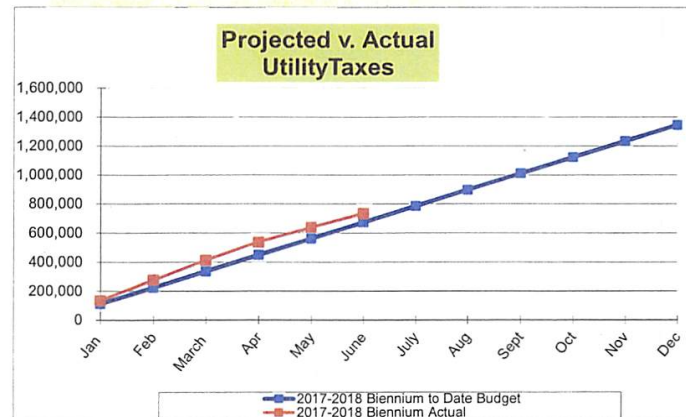
Year To Date
Actual v. Projected 147%



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	
Aug	896,860	
Sept	1,008,968	
Oct	1,121,075	
Nov	1,233,183	
Dec	1,345,290	

Year To Date
Actual v. Projected 109%



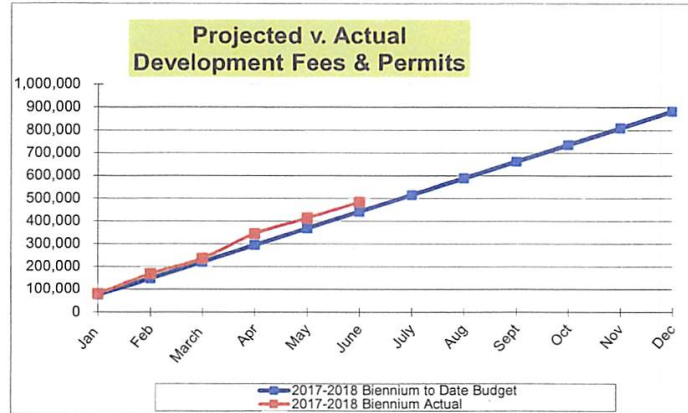
**City of Kenmore, Washington
General Fund Revenue Graphs
June 30, 2017**

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	
Aug	588,173	
Sept	661,694	
Oct	735,216	
Nov	808,737	
Dec	882,259	

Year To Date
Actual v. Projected

109%

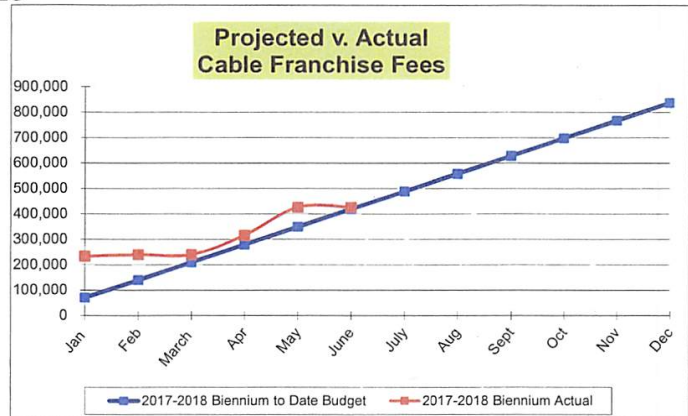


CABLE/WATER/SEWER FRANCHISE FEES

	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	
Aug	558,329	
Sept	628,121	
Oct	697,912	
Nov	767,703	
Dec	837,494	

Year To Date
Actual v. Projected

102%

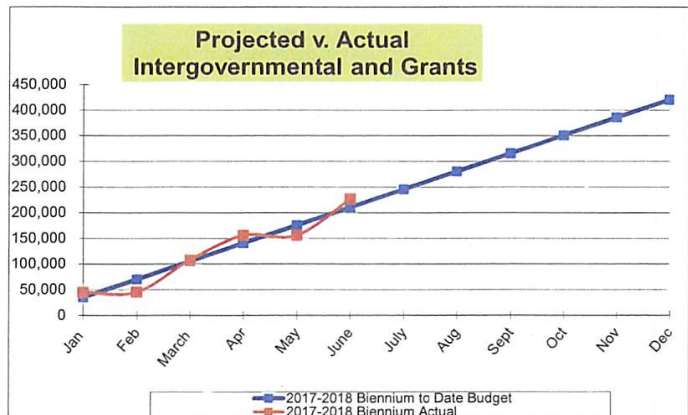


INTERGOVERNMENTAL & GRANTS

	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	
Aug	280,539	
Sept	315,606	
Oct	350,673	
Nov	385,741	
Dec	420,808	

Year To Date
Actual v. Projected

108%

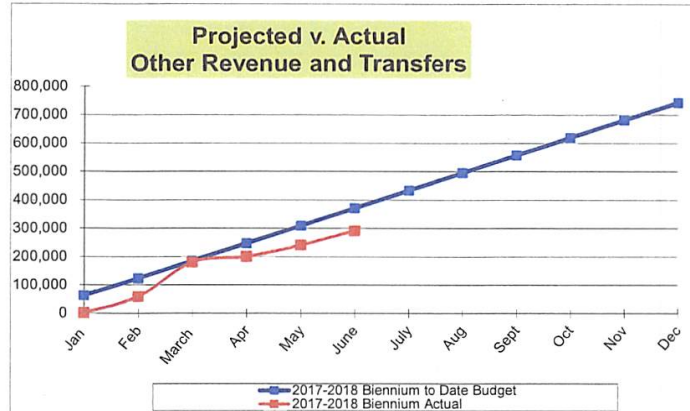


**City of Kenmore, Washington
General Fund Revenue Graphs
June 30, 2017**

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	
Aug	495,324	
Sept	557,240	
Oct	619,155	
Nov	681,071	
Dec	742,986	

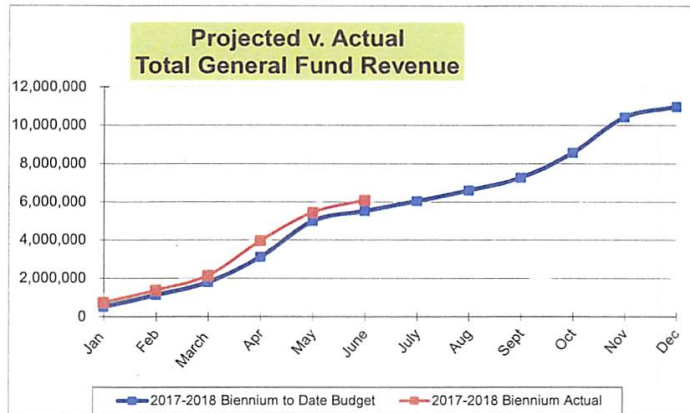
Year To Date
Actual v. Projected 79%



TOTAL GENERAL FUND REVENUE

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	509,311	729,719
Feb	1,123,874	1,372,665
March	1,793,292	2,137,799
Apr	3,122,498	3,961,250
May	4,991,814	5,448,071
June	5,525,489	6,077,749
July	6,047,490	
Aug	6,607,612	
Sept	7,272,914	
Oct	8,570,024	
Nov	10,425,873	
Dec	10,972,720	

Year To Date
Actual v. Projected 110%

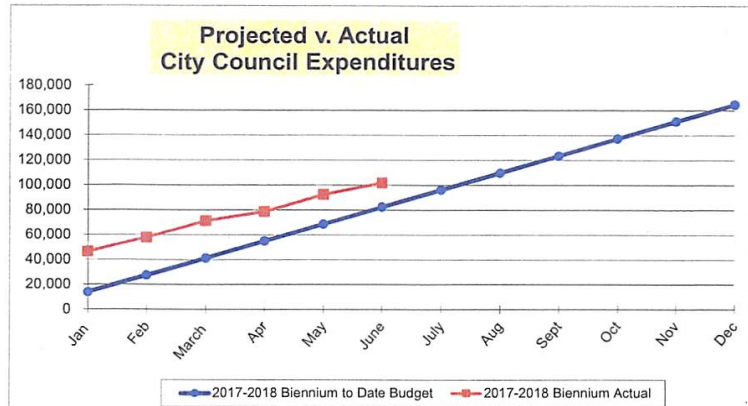


**City of Kenmore, Washington
General Fund Expenditure Graphs
June 30, 2017**

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	
Aug	109,809	
Sept	123,535	
Oct	137,261	
Nov	150,987	
Dec	164,713	

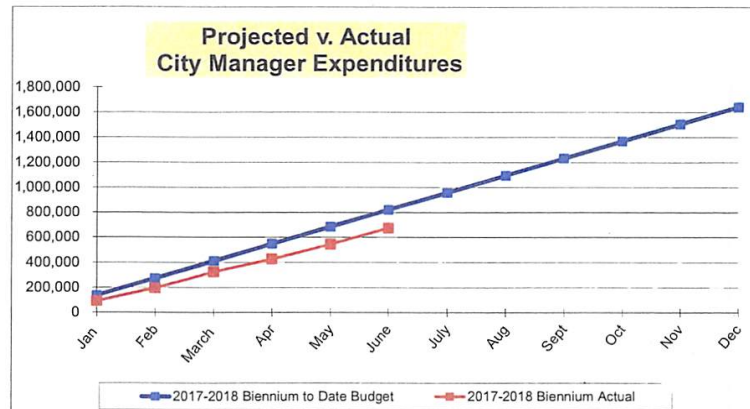
Year To Date
Actual v. Projected 123%



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	
Aug	1,095,526	
Sept	1,232,467	
Oct	1,369,408	
Nov	1,506,348	
Dec	1,643,289	

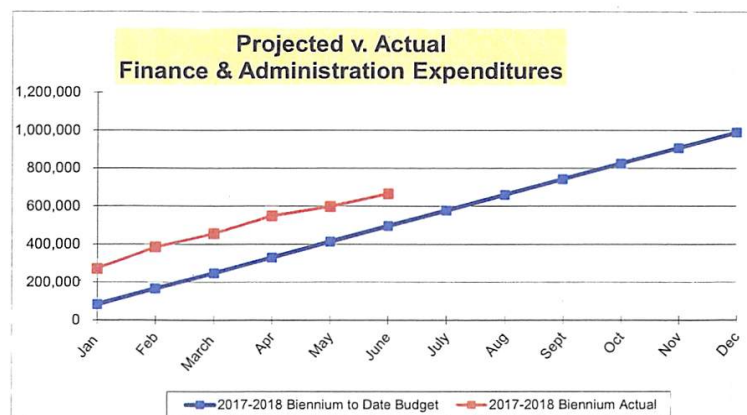
Year To Date
Actual v. Projected 82%



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	577,477	
Aug	659,973	
Sept	742,470	
Oct	824,967	
Nov	907,463	
Dec	989,960	

Year To Date
Actual v. Projected 134%

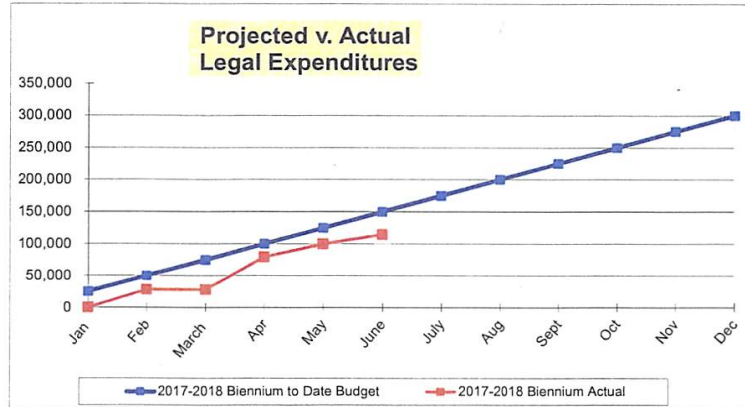


**City of Kenmore, Washington
General Fund Expenditure Graphs
June 30, 2017**

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	
Aug	200,000	
Sept	225,000	
Oct	250,000	
Nov	275,000	
Dec	300,000	

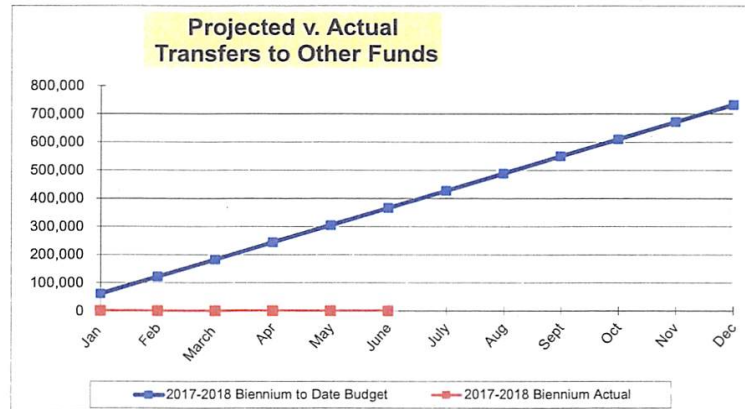
Year To Date
Actual v. Projected 77%



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	
Aug	488,767	
Sept	549,863	
Oct	610,959	
Nov	672,055	
Dec	733,151	

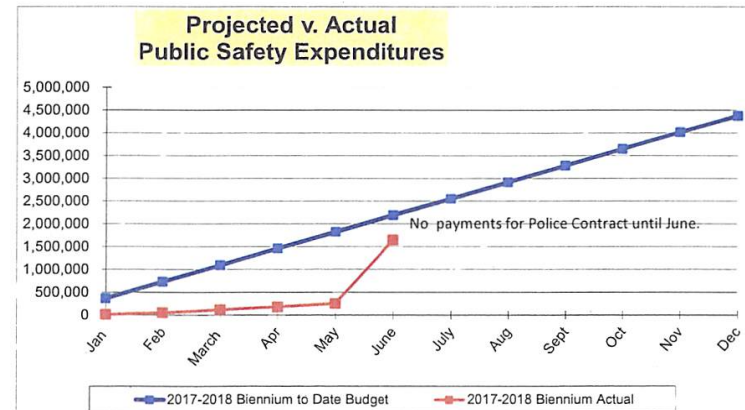
Year To Date
Actual v. Projected 0%



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	2,553,922	
Aug	2,918,768	
Sept	3,283,614	
Oct	3,648,460	
Nov	4,013,306	
Dec	4,378,152	

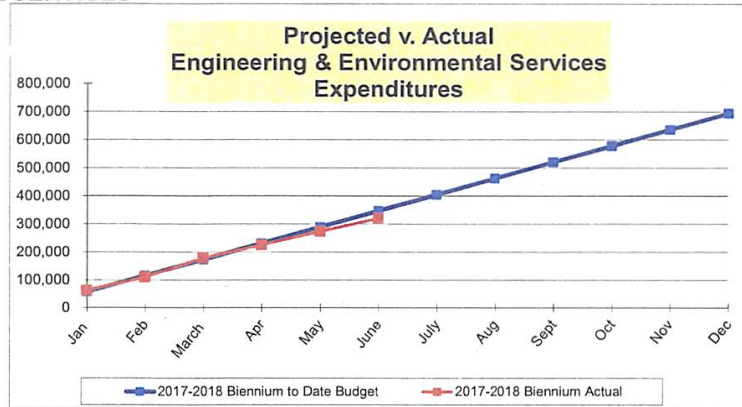
Year To Date
Actual v. Projected 75%



City of Kenmore, Washington
General Fund Expenditure Graphs
June 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	
Aug	462,673	
Sept	520,508	
Oct	578,342	
Nov	636,176	
Dec	694,010	

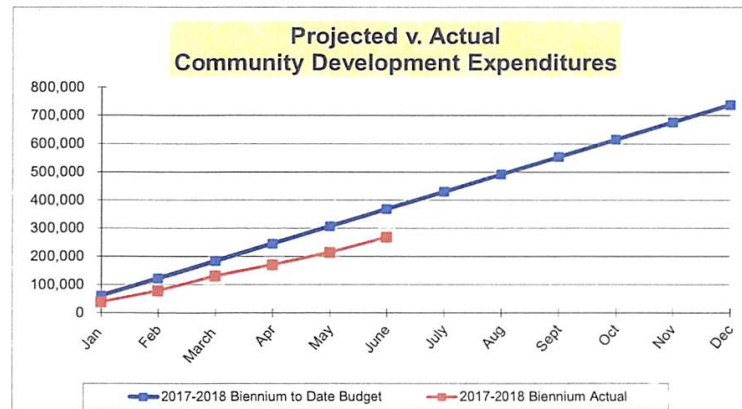
Year To Date
 Actual v. Projected 92%



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	
Aug	491,967	
Sept	553,463	
Oct	614,959	
Nov	676,455	
Dec	737,951	

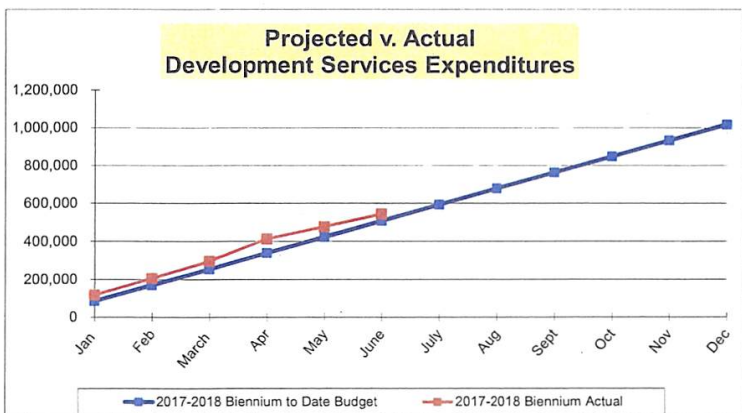
Year To Date
 Actual v. Projected 73%



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	
Aug	678,443	
Sept	763,248	
Oct	848,053	
Nov	932,859	
Dec	1,017,664	

Year To Date
 Actual v. Projected 107%

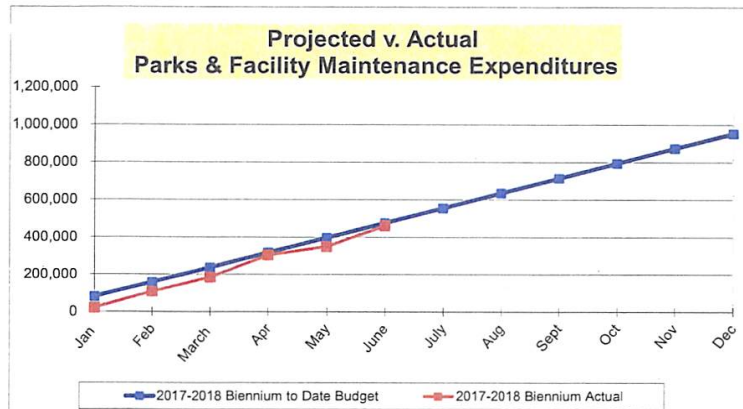


**City of Kenmore, Washington
General Fund Expenditure Graphs
June 30, 2017**

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	556,329	
Aug	635,804	
Sept	715,280	
Oct	794,755	
Nov	874,231	
Dec	953,706	

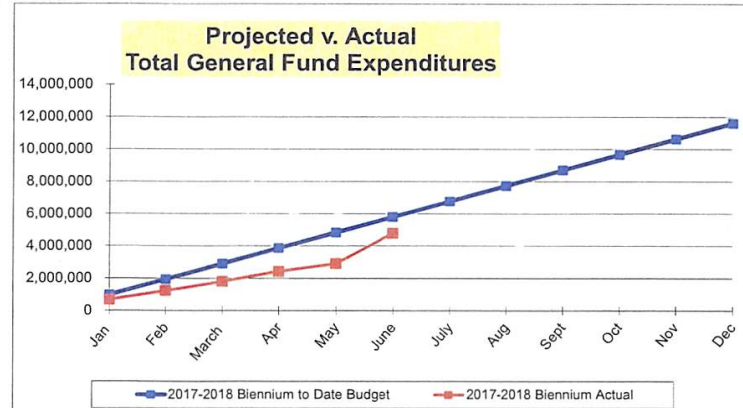
Year To Date
Actual v. Projected 97%



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	6,774,014	
Aug	7,741,731	
Sept	8,709,447	
Oct	9,677,163	
Nov	10,644,880	
Dec	11,612,596	

Year To Date
Actual v. Projected 83%



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



	MONTH	BIENNIUM TO DATE	% of	BUDGET
	<u>June 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	41,295	224,874	23.2%	969,604
Investment Interest	0	0	-	6,000
Miscellaneous	0	2,980	-	1,500
ROW Permit Fees/Inspections	0	37,779	17.2%	220,000
Multimodal Transportation	3,735	7,470	16.2%	46,200
Transfer from General Fund	0	0	0.0%	1,000,000
Transfer from TBD	0	0	0.0%	669,000
Total Revenues	45,030	273,102	9.4%	2,912,304

Total Revenues & Beginning Fund Balance		1,064,091		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	34,867	218,236	23.3%
Maintenance & Operations	92,513	355,355	18.4%
Capital	29,587	43,110	107.8%
Total Expenditures	156,967	616,701	21.2%
Ending Fund Balance	447,390		864,897
Total Expenditures and Ending Fund Balance		1,064,091	3,773,906

City of Kenmore, Washington
Investment Schedule
June 30, 2017



			Average Yield to Maturity-Securities				Overall Average Yield		0.76%
Report by Security	Investment #	Type	Maturity Date	Purchase Date	Rate	Yield	Possible Call Date	Principal or Balance	Yield Equivalents
Piper Jaffray									
	31771J4M9	FICO	9/26/2017	8/14/2012	1.13%	1.13%	non callable	894,731.88	10,137.31
Total Piper Jaffrey Purchases								894,731.88	10,137.31
Morgan Stanley									
	3130AB3N4	FHLB	10/29/2017	4/28/2017	1.55%	1.55%		1,000,750.00	15,511.63
Total Morgan Stanley Purchases								1,000,750.00	15,511.63
Time Value Investments									
	31771EAL5	FICO	2/8/2018	1/13/2015	1.15%	1.15%		999,114.48	11,489.82
	31771EAQ4	FHLB	11/2/2018	11/23/2016	1.08%	1.08%		999,868.36	10,798.58
	3130A7RL1	FHLB	4/19/2021	1/26/2017	1.80%	1.80%		992,893.00	17,872.07
	3135G0XK4	FNMA	5/25/2018	11/25/2013	1.38%	1.38%		985,750.00	13,583.64
	3135G0XK4	FNMA	5/25/2018	2/27/2014	1.30%	1.30%		989,691.00	12,865.98
	3135G0G23	FNMA	4/29/2019	11/24/2015	1.35%	1.35%	4/26/2016	998,326.00	13,477.40
Total TVI Purchases								5,965,642.84	80,087.49
Sound Community Bank CD's									
	18299229	CD	2/11/2018	2/14/2016	0.80%	0.80%		1,000,000.00	8,000.00
Total Sound Community Bank CD's								1,000,000.00	8,000.00
Opus Bank CD's									
	11495975	CD	2/10/17	6/10/15	0.35%	0.35%		1,000,000.00	3,500.00
	11539715	CD	3/29/18	3/30/16	0.85%	0.85%		1,000,000.00	8,500.00
	11527322	CD	6/30/16	6/30/2015	0.45%	0.45%		1,000,000.00	4,500.00
Total Cascade Bank CD's								3,000,000.00	16,500.00
TOTAL ALL SECURITIES								\$ 11,861,124.72	\$ 114,724.80
Banner Checking and Savings						0.07% Banner		5,109,758.90	3,576.83
Opus Savings						0.83% Opus		2,016,315.50	16,735.42
Cash								1,005.00	-
LGIP - Primary Account						0.83% LGIP		1,780,324.14	14,776.69
LGIP - Bond Proceeds Account						0.83% LGIP		9,830,027.30	81,589.23
Total Accounts								\$ 30,598,555.56	231,402.97

City of Kenmore, Washington
Cash and Investment Report
June 30, 2017



<u>Fund</u>	<u>Beg. Cash & Inv.</u> <u>from Prev. Mo.</u>	<u>Monthly</u> <u>Revenues</u>	<u>Monthly</u> <u>Expenditures</u>	<u>End. Cash & Inv.</u> <u>Current Month</u>
General	\$5,681,178	\$629,678	\$1,893,581	4,417,275
Street	559,328	45,030	156,967	447,390
Transportation Capital	838,469	143,169	193,916	787,721
Public Art	67,608	0	0	67,608
Park Impact Fee	1,261,908	7,695	0	1,269,603
Transportation Impact Fee	1,429,189	27,961	0	1,457,150
Swamp Creek Basin	1,415,361	0	0	1,415,361
Transportation Benefit District	203,423	31,462	0	234,885
Sammamish Bridge Replacement	520	0	126,094	(125,574)
Walkways & Waterways Debt Service	662,042	33,799	137,178	558,663
Real Estate Excise Tax	3,204,621	211,430	0	3,416,051
Kenmore Village	331,246	10,794	95,260	246,780
Park Capital	305,420	0	232,442	72,977
Walkways & Waterways Bond	9,890,547	7,914	0	9,898,461
Surface Water Management	2,493,476	14,627	141,789	2,366,315
Surface Water Capital	-245,076	0	5,513	(250,589)
Strategic Reserve	1,273,849	0	0	1,273,849
Strategic Opportunities	2,102,210	3,280	20,217	2,085,274
Equipment Replacement	374,635	0	9,533	365,103
Trust & Agency	588,397	6,557	735	594,218
Totals	\$32,438,350	\$1,173,396	\$3,013,224	\$30,598,521

<u>Fund</u>	<u>Cash, Savings,</u> <u>Local Govt Investment Pool</u>	<u>(> One Year)</u> <u>Fixed</u> <u>Investments</u>	<u>Total</u>
General	-\$1,858,811	\$6,276,125	4,417,314
Street	-402,609	850,000	447,391
Transportation Capital	787,721	0	787,721
Public Art	52,608	15,000	67,608
Park Impact Fee	339,603	930,000	1,269,603
Transportation Impact Fee	1,427,150	30,000	1,457,150
Swamp Creek Basin	15,361	1,400,000	1,415,361
Transportation Benefit District	234,885	0	234,885
Sammamish Bridge Replacement	-125,574	0	(125,574)
Walkways & Waterways Debt Service	558,663	0	558,663
Real Estate Excise Tax	3,416,051	0	3,416,051
Kenmore Village	-203,220	450,000	246,780
Park Capital	72,977	0	72,977
Walkways & Waterways Bond	9,898,461	0	9,898,461
Surface Water Management	1,856,315	510,000	2,366,315
Surface Water Capital	-250,589	0	(250,589)
Strategic Reserve	423,849	850,000	1,273,849
Strategic Opportunities	2,085,271	0	2,085,271
Equipment Replacement	-84,898	450,000	365,102
Trust & Agency	494,217	100,000	594,217
Totals	\$18,737,432	\$11,861,125	\$30,598,557

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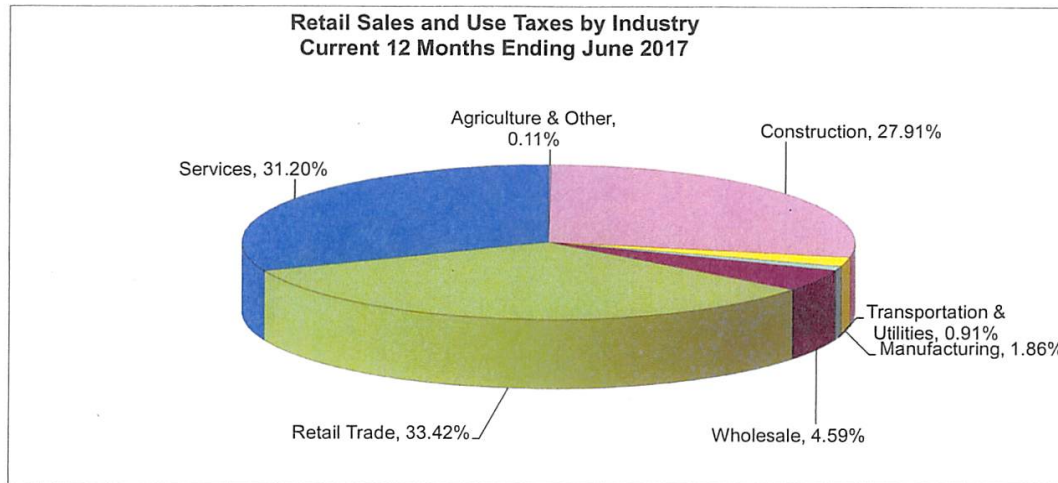
City of Kenmore, Washington
SALES TAX RECEIPTS BY BUSINESS TYPE
 June 2017

	SALES TAX	USE TAX	TOTAL	PERCENT
AGRICULTURE & OTHER	4.72	0.00	4.72	0.0%
CONSTRUCTION	34,916.37	549.18	35,465.55	20.6%
MANUFACTURING	2,899.25	6.01	2,905.26	1.7%
TRANSPORTATION & UTILITIES	1,157.72	449.03	1,606.75	0.9%
WHOLESALE	5,994.59	81.07	6,075.66	3.5%
RETAIL TRADE	56,319.53	124.64	56,444.17	32.8%
SERVICES	57,618.42	351.26	57,969.68	33.7%
INFORMATION	8,129.23	26.16	8,155.39	4.7%
PUBLIC SERVICES	9.16	3,540.31	3,549.48	2.1%
	<u>167,048.99</u>	<u>5,127.67</u>	<u>172,176.66</u>	<u>100.0%</u>

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

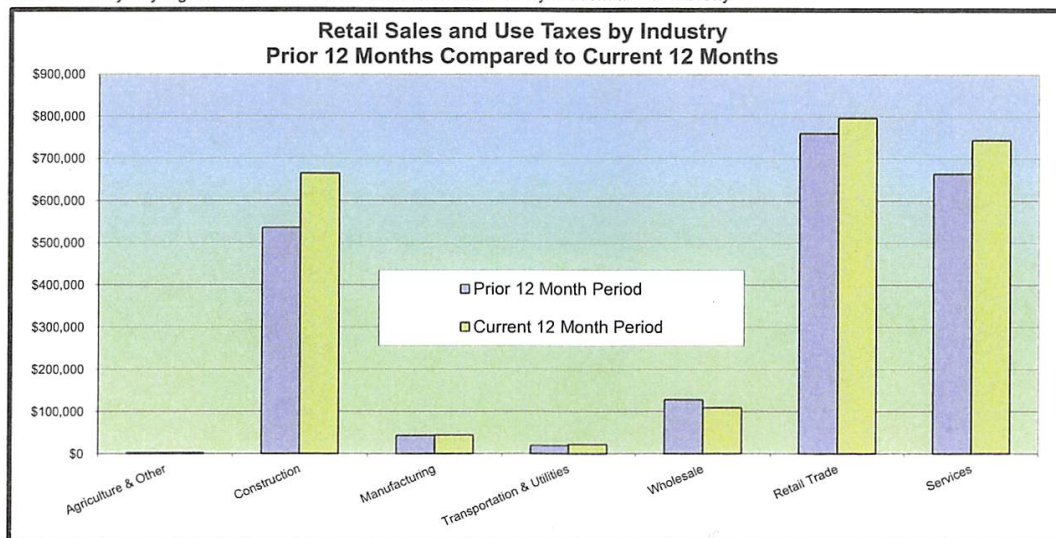


Industry	Prior 12 Months ending June 2016	Current 12 Months ending June 2017	% Increase/ (Decrease)	% of Total
Agriculture & Other (Landscaping, Animal Hospitals)	\$2,351	\$2,672	13.68%	0.11%
Construction	536,227	665,041 *	24.02%	27.91%
Manufacturing (Printing, Publishing, Other Manuf.)	42,999	44,251	2.91%	1.86%
Transp/Comm/Utilities (Telecomm., Air Transport.)	19,320	21,727	12.46%	0.91%
Wholesale (Lumber, Other Wholesale)	127,986	109,337	-14.57%	4.59%
Retail Trade (Eating, Merchandise, Food Stores)	760,135	796,400	4.77%	33.42%
Services (Auction, Recreation, Auto Repair, Financial)	663,720	743,623	12.04%	31.20%
Totals	\$2,152,737	\$2,383,053	10.70%	100%
Increase/(Decrease)		\$230,316	10.70%	



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



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



Real Estate Excise Taxes (REET)
2012 - 2016 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		155,793
August	92,932	166,651	165,397		141,660
September	91,812	147,668	136,176		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	\$917,974	\$1,399,935

For 2017, REET is \$184,607 more than the same period last year and more than the 2016 target by \$336,110

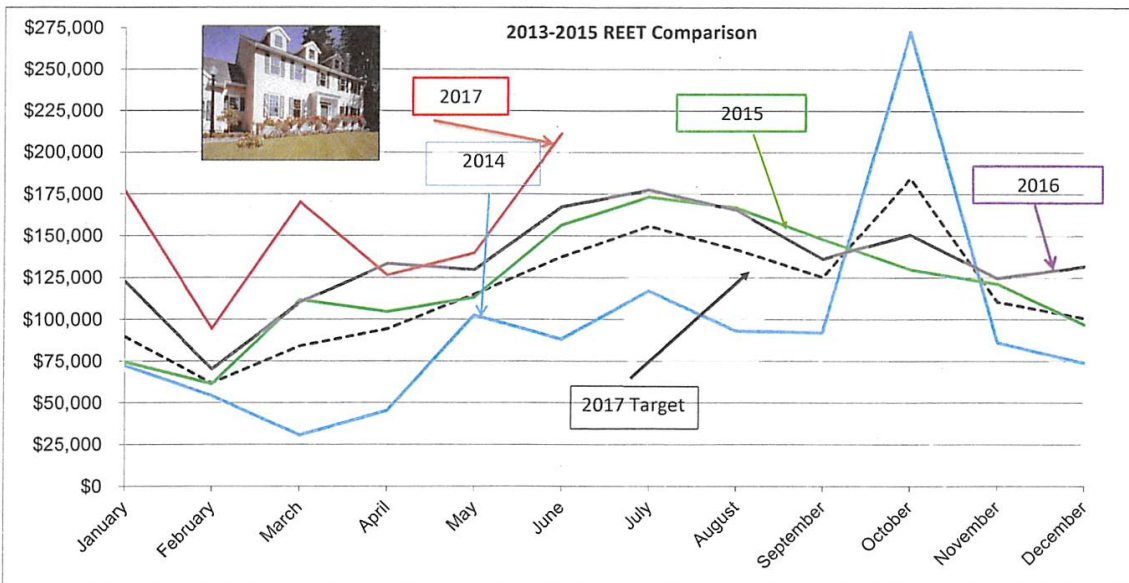
* NOTE THE 2017 target is computed on a 3 year average (2014-2016) of actual receipts

Real Estate Excise Taxes (REET)
2012 - 2016 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		74,604	126,578	118,902	0
August	5,882,306	22,614,538	21,648,781		29,117	111,942	107,161	0
September	8,437,700	18,821,380	16,950,242		41,767	93,166	83,904	0
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	\$156,903,171	617,202	901,259	1,147,305	\$776,671



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



<u>Revenues</u>	<u>June 2017</u>	<u>Biennium-to- Date</u>	<u>Biennium Budget</u>
Lease Income (USPS & Kenmore Village)	0	0	89,000
Investment Interest	0	0	5,000
Transfer From General Fund	0	0	328,228
Misc. Revenues	10,760	10,760	0
Leasehold Excise Returned	34	61	2,400
Total Revenues	10,794	10,821	424,628
<u>Expenditures</u>			
Salaries/Wages/Benefits	0	761	60,000
Downtown Plan Services	1,355	5,235	0
Events & Misc.	1,968	1,968	44,000
Utilities and Insurance - Kenmore Village	0	6,835	64,200
Repairs, Maintenance, Other Services	1,114	3,943	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	90,822	216,977	0
Total Expenditures	95,260	239,277	292,228
 Net Income (Loss)	 -84,466	 -228,455	 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
June 30, 2017**



<u>Revenues</u>	<u>June 2017</u>	<u>Biennium-to-Date</u>	<u>Percent of Budget</u>	<u>Biennium Budget</u>
Vehicle Fees	31,462	172,300	25.34%	680,000
Investment Interest	0	0	0.00%	800
Total Revenues	\$31,462	\$172,300	\$0	\$680,800
<u>Expenditures</u>				
Reimbursement to Street Fund	0	0	0.00%	669,000
Total Expenditures	0	0	0.00%	669,000
 Net Income (Loss)	 \$31,462	 \$172,300		 \$11,800

