



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

**City of Kenmore
City Council Special Meeting Agenda
6:00 p.m., Tuesday, November 13, 2018
Kenmore City Hall, Council Chambers
18120 68th Ave. NE, Kenmore, WA 98028**

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

I. 6:00 p.m. CALL SPECIAL MEETING TO ORDER

II. RECESS TO EXECUTIVE SESSION

(Confidential Session of the Council per RCW 42.30)

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

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

IV. POSSIBLE ACTION RELATING TO EXECUTIVE SESSION

V. ROLL CALL

VI. FLAG SALUTE

VII. AGENDA APPROVAL

VIII. 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.

IX. CONSENT AGENDA

- A. The following checks and electronic payments are approved for payment:
Total Checks 40989 through 41080 in the amount of \$861,001.41.
Payroll Check #10109 in the amount of \$3,579.70.
Total Payroll/Taxes/Flexible Spending/Retirement & Health Savings Account
Electronic Deposits Dated: 10/26/18 in the amount of \$121,989.26.
[Check vouchers](#)

- B. Regular City Council Meeting Minutes of September 24, 2018 and October 8, 2018
[9/24/18 Minutes](#)
[10/8/18 Minutes](#)
- C. Authorize the City Manager to Execute an Interlocal Agreement with the Northshore Utility District to Construct the District's Water Main Replacement Project for the West Sammamish River Bridge Replacement Project
[Agenda Item](#)
- D. Authorize the City Manager to Execute an Amendment to Contract 16-C1625 with HDR in an Amount not to Exceed \$435,000 for Juanita Drive Project Design and Right-of-Way Services
[Agenda Item](#)
- E. Authorize the City Manager to Execute a Snow Removal Interlocal Agreement with Northshore Utility District - Rob Karlinsey, City Manager
[Agenda Item](#)

X. PUBLIC HEARING

- A. Allow "Construction and Trade" as Temporary Use for One Year at 6532 NE Bothell Way for an Interim Public Works Shop - Samantha Loyuk, Associate Planner
[Agenda Item](#)
[PW Shop mini-PowerPoint](#)
- B. Extend Multifamily Tax Exemption in the Transit Oriented Development District Overlay - Bryan Hampson, Development Services Director
[Agenda Item](#)
- C. 2019-2020 Proposed Biennial Budget - Joanne Gregory, Finance and Administration Director
[Agenda Item](#)
[Presentation](#)

XI. BUSINESS AGENDA

- A. Receive and File September 2018 Financial Report for the City of Kenmore, Washington - Joanne Gregory, Finance and Administration Director
[Financial Report](#)
- B. 2017-2018 Biennial Budget Amendments - Joanne Gregory, Finance and Administration Director
[Agenda Item](#)
- C. "Construction and Trade" as a Temporary Use for One Year at 6532 NE Bothell Way for an Interim Public Works Shop - Samantha Loyuk, Associate Planner
[Agenda Item](#)

- D. Ordinance 18-0471 Designating the Transit Oriented Development District Overlay as a Residential Targeted Area; Amending Sections 3.65.030, 3.65.020, and 3.65.110 of the Kenmore Municipal Code - Bryan Hampson, Development Services Director
[Agenda Item](#)

XII. STAFF REPORT

XIII. COUNCILMEMBER REPORTS & COMMENTS & INITIATIVES

XIV. ADJOURNMENT

Upcoming Meetings:

Monday, November 19, 2018 - Regular Council Meeting

Monday, November 26, 2018 - Regular Council Meeting



Voucher Certification and Approval

City of Kenmore

DATE RANGE:

10/20/2018 - 11/02/2018

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

Total Check #s 40989 through 41080: \$861,001.41

Payroll Check # 10109 totaling: \$3,579.70

Total Payroll/Taxes/Flexible Spending/Retirement & Health Savings Acct. Electronic Deposits Dated: 10/26/2018: \$ 121,989.26

RJ Key 11-2-18
City Manager / Date

Jaime Guegny 11/1/18
Finance Director / Date

Vendor Name	Check #	Date	Description	Amount
BANNER BANK RK	40989	10/22/2018	Bothell Chamber/Hyatt Baltimore/Ingallinas	60.00
BANNER BANK RK	40989	10/22/2018	Bothell Chamber/Hyatt Baltimore/Ingallinas	232.40
BANNER BANK RK	40989	10/22/2018	Bothell Chamber/Hyatt Baltimore/Ingallinas	854.72
LAKEPOINTE, INC.	40990	10/22/2018	Property Possession/Use W. Samm. Bridge	4,500.00
LAKEPOINTE, INC.	40990	10/22/2018	Property Possession/Use W. Samm. Bridge	64,500.00
LAKEPOINTE, INC.	40990	10/22/2018	Property Possession/Use W. Samm. Bridge	8,000.00
PIONEER TOWING COMPANY	40991	10/22/2018	Property Possession/Use for W. Samm. Bridge	184,044.00
PIONEER TOWING COMPANY	40991	10/22/2018	Property Possession/Use for W. Samm. Bridge	14,250.00
PIONEER TOWING COMPANY	40991	10/22/2018	Property Possession/Use for W. Samm. Bridge	204,706.00
W. DEAN WEIDNER	40992	10/22/2018	Temp. Construction Easement W. Samm. Bridge	3,700.00
W. DEAN WEIDNER	40993	10/22/2018	Possession/Use for W. Samm. Bridge Proj.	30,000.00
W. DEAN WEIDNER	40993	10/22/2018	Possession/Use for W. Samm. Bridge Proj.	65,000.00
W. DEAN WEIDNER	40993	10/22/2018	Possession/Use for W. Samm. Bridge Proj.	11,000.00
INGLEWOOD VILLAGE III CONDOMINIUMS	40994	10/24/2018	Samm. Bridge Temporary Construction Easement	35,550.00
AFLAC	40995	10/26/2018	Employee Medical/Disability Plans	172.38
AFLAC	40995	10/26/2018	Employee Medical/Disability Plans	154.72
AMERICAN GENERAL LIFE GPO-400S	40996	10/26/2018	Life Insurance	203.27
AMERICAN GENERAL LIFE GPO-400S	40996	10/26/2018	Life Insurance	67.37
AMERICAN GENERAL LIFE GPO-400S	40996	10/26/2018	Life Insurance	37.63
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	(7.88)
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	41.78
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	6.33
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	4.96
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	18.49
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Ins Contributions	(72.63)
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Ins Contributions	1,000.18
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Ins Contributions	145.00
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Ins Contributions	77.14
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	2.79

AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	42.30
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	7.04
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	5.75
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	3,288.43
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	552.52
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	385.34
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	25.39
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	9.66
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	11.04
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Ins Contributions	1,090.11
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Ins Contributions	270.91
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Ins Contributions	221.04
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	3,247.39
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	29,283.07
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	5,181.89
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	3,400.81
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	3.78
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	1.40
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	1.59
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	432.42
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	71.45
AWC EMPLOYEE BENEFITS	40997	10/26/2018	Employee Health Insurance	51.73
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	193.01
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	52.49
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	51.47
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	743.86
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	202.25
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	198.33
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	103.78
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	2.23
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	0.84
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	189.07
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	4.08
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	1.52
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	161.52
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	55.93
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	51.47
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	622.44
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	215.55
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	198.33
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	101.40
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	3.44
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	2.16
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	184.75
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	6.27
DEPARTMENT OF LABOR AND INDUSTRIES	41000	10/26/2018	City of Kenmore	3.92
ICMA RETIREMENT TRUST 457 - 304745	41002	10/26/2018	ICMA 457 Deferred Comp	2,717.30
ICMA RETIREMENT TRUST 457 - 304745	41002	10/26/2018	ICMA 457 Deferred Comp	692.08
LINCOLN NATIONAL LIFE INSURANCE	41003	10/26/2018	Life Ins/ADD & LTD	343.77
LINCOLN NATIONAL LIFE INSURANCE	41003	10/26/2018	Life Ins/ADD & LTD	48.24
LINCOLN NATIONAL LIFE INSURANCE	41003	10/26/2018	Life Ins/ADD & LTD	38.22
LINCOLN NATIONAL LIFE INSURANCE	41003	10/26/2018	Life Ins/ADD & LTD	59.39
LINCOLN NATIONAL LIFE INSURANCE	41003	10/26/2018	Life Ins/ADD & LTD	2.98
LINCOLN NATIONAL LIFE INSURANCE	41003	10/26/2018	Life Ins/ADD & LTD	524.91
LINCOLN NATIONAL LIFE INSURANCE	41003	10/26/2018	Life Ins/ADD & LTD	70.24
LINCOLN NATIONAL LIFE INSURANCE	41003	10/26/2018	Life Ins/ADD & LTD	55.36
NATIONAL LIFE OF VERMONT	41004	10/26/2018	Life Insurance	123.17
NATIONWIDE FINANCIAL 401a	41005	10/26/2018	City of Kenmore 401a Loan	240.68
NATIONWIDE FINANCIAL 401a	41005	10/26/2018	City of Kenmore 401a Loan	219.19
NATIONWIDE FINANCIAL 401a	41005	10/26/2018	City of Kenmore 401a	10,011.95
NATIONWIDE FINANCIAL 401a	41005	10/26/2018	City of Kenmore 401a	1,410.80
NATIONWIDE FINANCIAL 401a	41005	10/26/2018	City of Kenmore 401a	1,112.79
NATIONWIDE RETIREMENT SOLUTIONS 457	41006	10/26/2018	Nationwide 457 Deferred Comp	250.00
NATIONWIDE RETIREMENT SOLUTIONS 457	41006	10/26/2018	Nationwide 457 Deferred Comp	75.00

IX. A. The following checks and electronic payments are approved for pay...

STATE OF FLORIDA DISBURSEMENT UNIT	41007	10/26/2018	Employee Deduction	275.00
UNITED WAY OF KING COUNTY	41008	10/26/2018	Employee Charitable Contribution	74.61
A-1 LANDSCAPING AND CONSTRUCTION,	41009	11/02/2018	17-C1650 Moorlands Park Final Billing	7,661.50
ACF WEST INC	41010	11/02/2018	Arrowhead & 62nd Ditchline Repair Materials	282.98
ALEXANDER'S STONE ART INC.	41011	11/02/2018	City Hall Fountain Repair	330.00
AM TEST, INC	41012	11/02/2018	Sept. Swamp Creek Water Testing	225.00
AM TEST, INC	41013	11/02/2018	Oct. Swamp Creek Water Testing	225.00
ARCHIVESOCIAL, INC.	41014	11/02/2018	Website & Social Media Acct. Renewal	2,388.00
BAKER, SHERI	41015	11/02/2018	Reimburse Expense for City Boat Motor	4,307.24
BASTYR UNIVERSITY	41016	11/02/2018	Management Team Retreat	331.54
BRUCE C ALLEN & ASSOC INC	41017	11/02/2018	17-C1786 Squire's Landing Appraisal	1,500.00
CADMAN MATERIALS, INC.	41018	11/02/2018	Asphalt for Berm Installation @ 15705 64th Ave	43.18
CALPORTLAND COMPANY	41019	11/02/2018	15433 62nd Pl Ditch Repair Materials	40.00
CHELIN, KELLY	41020	11/02/2018	Reimbursement for Employee Gift Baskets	86.40
CITY OF BELLEVUE	41021	11/02/2018	3rd Qtr Pooled Human Svcs Programs	17,775.00
COLUMBIA RIDGE LANDFILL	41022	11/02/2018	October Street Sweeper Debris Disposal	2,077.26
COMCAST BUSINESS	41023	11/02/2018	10/19-11/18 Hangar Bldg. Cable TV	94.13
CONTECH ENGINEERED SOLUTIONS, INC	41024	11/02/2018	Replacement Tree Grates	990.00
DEPARTMENT OF ECOLOGY	41025	11/02/2018	7/1/18-6/30/19 Aquatic Weed Control	618.00
FIRE PROTECTION, INC	41026	11/02/2018	Front Desk Panic Button Repair	335.50
FLEMINGS HOLIDAY LIGHTING LLC	41027	11/02/2018	16-C1562 Holiday Lighting	5,739.02
FRUHLING SAND & TOPSOIL	41028	11/02/2018	Rhododendron Park Brush Bin Disposal	180.00
GREATER SEATTLE PARTNERS	41029	11/02/2018	2018 Investment Pledge	1,000.00
GRETTE ASSOCIATES LLC	41030	11/02/2018	18-C1906 Squire's Wetland Delineation	8,212.08
HAULAWAY STORAGE CONTAINERS, INC.	41031	11/02/2018	Log Boom Park Storage Bin Removal	13.66
HERBIG, NIGEL	41032	11/02/2018	Airfare & Mileage Reimbursement	50.19
HERBIG, NIGEL	41032	11/02/2018	Airfare & Mileage Reimbursement	377.19
HERMANSON COMPANY, LLP	41033	11/02/2018	City Hall HVAC Maintenance	1,422.85
ICMA RETIREMENT TRUST 457 - 304745	41034	11/02/2018	2019 Membership Renewal	1,206.99
INNOVAC	41035	11/02/2018	Facility Maintenance	4,309.25
INNOVAC	41035	11/02/2018	8013 NE 153rd Pl Vector Services	2,689.50
INNOVAC	41035	11/02/2018	Facility Maintenance	1,828.75
INNOVAC	41035	11/02/2018	7500 NE 175th St. Vector Svcs	1,219.63
INNOVAC	41035	11/02/2018	18812 80th Ave NE Vector Svcs	555.50
INNOVAC	41035	11/02/2018	7500 NE 175th St. Vector Svcs	980.38
INNOVAC	41035	11/02/2018	6537 NE 198th Vector Services	609.13
JET CITY PRINTING	41036	11/02/2018	Envelopes	181.50
JET CITY PRINTING	41036	11/02/2018	Envelopes	181.50
KENMORE COMMERCIAL LLC	41037	11/02/2018	November Incubator Bldg. Lease	3,291.66
KENMORE ELEMENTARY PTA	41038	11/02/2018	3rd Qtr Human Svcs-Social Crisis Support	1,250.00

IX. A. The following checks and electronic payments are approved for pay...

KING COUNTY OFFICE OF FINANCE	41039	11/02/2018	Aug-Sep Public Defense Indigency Screening	1,348.83
KING COUNTY SHERIFF	41040	11/02/2018	Aug. School District Police Overtime	1,043.99
KING COUNTY SHERIFF	41041	11/02/2018	Aug. Movies in the Park Police Overtime	884.15
MARINE FLOATS CORPORATION	41042	11/02/2018	Log Boom Park Float Removal	2,670.56
MOTT MACDONALD GROUP, INC.	41043	11/02/2018	17-C1657 Sept. Squire's Landing Design/Permit	8,520.46
MOTT MACDONALD GROUP, INC.	41044	11/02/2018	17-C1656 Sept. Log Boom Park Design/Permit	2,421.19
MUMMA, RYAN	41045	11/02/2018	Business Mtg Meal Expense Reimbursement	63.95
NORTHSHORE FIRE DEPT	41046	11/02/2018	Sept. Fire Marshal Plan Review	560.00
NORTHSHORE SENIOR CENTER	41047	11/02/2018	3rd Quarter Human Svcs Contract Funding	6,250.00
OFFICE DEPOT	41048	11/02/2018	Office Supplies	12.30
OFFICE DEPOT	41048	11/02/2018	Office Supplies	9.23
OFFICE DEPOT	41048	11/02/2018	Office Supplies	90.66
OFFICE DEPOT	41048	11/02/2018	Office Supplies	27.68
OFFICE DEPOT	41048	11/02/2018	Office Supplies	12.30
OFFICE DEPOT	41048	11/02/2018	Office Supplies	43.06
OFFICE DEPOT	41048	11/02/2018	Office Supplies	24.61
OFFICE DEPOT	41048	11/02/2018	Office Supplies	89.67
OFFICE DEPOT	41048	11/02/2018	Office Supplies	18.45
OFFICE DEPOT	41048	11/02/2018	Office Supplies	24.61
OFFICE DEPOT	41048	11/02/2018	Office Supplies	18.46
OFFICE DEPOT	41049	11/02/2018	Toner	72.70
OFFICE DEPOT	41050	11/02/2018	Desk Chairs	688.66
OHNO CONSTRUCTION	41051	11/02/2018	17-C1662 Rhododendron Park Waterfront	71.59
OHNO CONSTRUCTION	41051	11/02/2018	17-C1662 Rhododendron Park Waterfront	71.59
OHNO CONSTRUCTION	41051	11/02/2018	17-C1662 Rhododendron Park Waterfront	4,830.00
PAWS	41052	11/02/2018	Sept. Animal Sheltering Svcs	186.00
PERFORMANCE JOURNEYS, INC.	41053	11/02/2018	Jeff Kober Training 9/17/18 & balance from May	15,000.00
PHSI PURE HEALTH SOLUTIONS INC.	41054	11/02/2018	City Hall Filtered Water Systems	101.07
PUGET SOUND ENERGY	41055	11/02/2018	9/13-10/12 City Hall Natural Gas	270.81
PUGET SOUND ENERGY	41055	11/02/2018	9/13-10/12 Incubator Electricity/Gas	408.06
PUGET SOUND ENERGY	41055	11/02/2018	9/13-10/12 Town Square/Hangar Electricity	449.99
PUGET SOUND ENERGY	41055	11/02/2018	9/13-10/12 Town Square/Hangar Gas	159.72
PUGET SOUND ENERGY	41055	11/02/2018	9/13-10/12 Parks Collective Electricity Chgs	505.26
PUGET SOUND ENERGY	41055	11/02/2018	9/13-10/12 Traffic Signals	399.94
PUGET SOUND ENERGY	41055	11/02/2018	9/13-10/12 School/Crosswalk Electricity	61.63
PUGET SOUND ENERGY	41055	11/02/2018	9/13-10/12 Radar Speed Signs	85.10
PUGET SOUND ENERGY	41055	11/02/2018	9/13-10/12 Tree Receptacles	76.41
QUALITY BUSINESS SYSTEMS - WELLS	41056	11/02/2018	10/5-11/4/18 1st Floor Copier Lease	675.53
SCHWARZWALTER, MARK	41057	11/02/2018	Work Boot Reimbursement	272.16
SCORE	41058	11/02/2018	May Health Services	30.00
SCORE	41059	11/02/2018	Medical Transport/Hospital Security	4,712.50
SCORE	41060	11/02/2018	Medical Transport	65.00
SEATTLE TIMES	41061	11/02/2018	Legal Notice for Ord. 18-0470	64.67
SEATTLE TIMES	41062	11/02/2018	Notice of Dev. Application Firestone Investment	185.09
SEATTLE TIMES	41063	11/02/2018	SEPA Notice for Comp Plan Amendments	113.73
SEATTLE TIMES	41064	11/02/2018	Ordinance Summary #18-0466	69.13

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SEATTLE TIMES	41065	11/02/2018	Legal Notice Planning Commission Pub Hrg 11/6	93.66
SEATTLE TIMES	41066	11/02/2018	SEPA Notice for Icap Equity	256.45
SELECT AIR SVCS DBA GREENWOOD	41067	11/02/2018	Refund Mechanical Permit MEC18-0770	378.00
SELECT AIR SVCS DBA GREENWOOD	41067	11/02/2018	Refund Mechanical Permit MEC18-0770	18.90
SHANNON & WILSON, INC.	41068	11/02/2018	18-C1850 Critical Areas/SMP Update	12,068.35
SHRED-IT USA LLC	41069	11/02/2018	October Shredding Service	70.05
SMS CLEANING, INC.	41070	11/02/2018	Monthly City Hall & Hangar Bldg. Janitorial Svcs	3,900.00
SMS CLEANING, INC.	41070	11/02/2018	Monthly City Hall & Hangar Bldg. Janitorial Svcs	1,800.00
STARDOM SERVICES, INC.	41071	11/02/2018	October Incubator Janitorial Svcs	510.00
SUNDANCE ENERGY SERVICES	41072	11/02/2018	Refund MEC17-0915 Cancelled Permit	35.00
SUNDANCE ENERGY SERVICES	41072	11/02/2018	Refund MEC17-0915 Cancelled Permit	1.75
TOTAL LANDSCAPE CORP	41073	11/02/2018	October City Hall & Parks Landscaping	880.00
TOTAL LANDSCAPE CORP	41073	11/02/2018	October City Hall & Parks Landscaping	4,145.45
TOTAL LANDSCAPE CORP	41073	11/02/2018	SWM Facility Maintenance	1,320.00
ULINE	41074	11/02/2018	Volunteer Supplies	54.02
WA RECREATION & PARK ASSOC.	41075	11/02/2018	Q. Proffitt CPSI Course & Test Fee	585.00
WA STATE DEPT OF TRANSPORTATION	41076	11/02/2018	Sept. Traffic Signal Maintenance	360.74
WASHINGTON STATE PATROL	41077	11/02/2018	Bridge Weight Restriction Enforcement	620.09
WETLANDS & WOODLANDS INC	41078	11/02/2018	Plants for Squire's Dpcl Mitigation Project	363.65
WHITEMAN, TELA	41079	11/02/2018	Gift Card for Pumpkin Contest	30.00
WILLIAMS, KASTNER & GIBBS PLLC	41080	11/02/2018	17-C1736 Sept. Legal Svcs - El Sharawy	7,610.79
DRS 457	DFT0000204	10/26/2018	DRS 457 Deferred Comp	865.00
DEPARTMENT OF RETIREMENT SYSTEMS	DFT0000205	10/26/2018	Public Employees Retirement	1,644.15
DEPARTMENT OF RETIREMENT SYSTEMS	DFT0000205	10/26/2018	Public Employees Retirement	79.75
DEPARTMENT OF RETIREMENT SYSTEMS	DFT0000205	10/26/2018	Public Employees Retirement	91.13
DEPARTMENT OF RETIREMENT SYSTEMS	DFT0000206	10/26/2018	Public Employees Retirement	15,718.85
DEPARTMENT OF RETIREMENT SYSTEMS	DFT0000206	10/26/2018	Public Employees Retirement	1,675.87
DEPARTMENT OF RETIREMENT SYSTEMS	DFT0000206	10/26/2018	Public Employees Retirement	1,447.89
DEPARTMENT OF RETIREMENT SYSTEMS	DFT0000207	10/26/2018	Public Employees Retirement	651.48
DEPARTMENT OF RETIREMENT SYSTEMS	DFT0000207	10/26/2018	Public Employees Retirement	377.23
DEPARTMENT OF RETIREMENT SYSTEMS	DFT0000208	10/26/2018	Public Employees Retirement	170.28
DEPARTMENT OF RETIREMENT SYSTEMS	DFT0000209	10/26/2018	Public Employees Retirement	862.69
DEPARTMENT OF RETIREMENT SYSTEMS	DFT0000210	10/26/2018	Public Employees Retirement	1,508.96
NAVIA	DFT0000211	10/26/2018	Employee Flexible Spending Account	153.85
NAVIA	DFT0000211	10/26/2018	Employee Flexible Spending Account	173.50
NAVIA	DFT0000211	10/26/2018	Employee Flexible Spending Account	85.38
NAVIA	DFT0000211	10/26/2018	Employee Flexible Spending Account	96.15
BANK OF AMERICA 941	DFT0000212	10/26/2018	Federal Taxes	9,251.33
BANK OF AMERICA 941	DFT0000212	10/26/2018	Federal Taxes	2,912.26
BANK OF AMERICA 941	DFT0000212	10/26/2018	Federal Taxes	431.12
BANK OF AMERICA 941	DFT0000212	10/26/2018	Federal Taxes	916.18
BANK OF AMERICA 941	DFT0000212	10/26/2018	Federal Taxes	358.88
BANK OF AMERICA 941	DFT0000212	10/26/2018	Federal Taxes	614.70
BANK OF AMERICA 941	DFT0000212	10/26/2018	Federal Taxes	283.06
NANCY OUSLEY	10109	10/26/2018	Payroll	3,579.70
PAYROLL	ACH Transaction	10/26/2018	Direct Deposit	81,619.57
				<u>\$ 986,570.37</u>

IX. A. The following checks and electronic payments are approved for pay...



City of Kenmore

Vendor Purchasing Report

For Date Range 01/01/2018 - 11/02/2018

Vendor Set: Vendor Set 01

Vendor	Name	Volume
0002	ACTION ENTERTAINMENT	500.00
0014	AMERICAN PLANNING ASSOCIATION	1,778.00
0022	ASSOCIATION OF WA CITIES	16,623.33
0024	BAKER, DAVID	3,600.66
0025	BAKER, SHERI	16,307.24
0037	BASTYR UNIVERSITY	531.54
0047	BRAVO ENVIRONMENTAL , NW INC.	96.00
0050	BRUCE C ALLEN & ASSOC INC	4,500.00
0054	BULGER SAFE & LOCK, INC.	997.66
0064	CASCADE PEST CONTROL	1,287.00
0067	CENTER FOR HUMAN SERVICES	21,000.00
0076	CITY OF BELLEVUE	134,145.75
0083	CITY OF LAKE FOREST PARK	785,427.37
0086	CITY OF SHORELINE	8,796.90
0092	CODE PUBLISHING COMPANY	4,114.24
0099	CONSOLIDATED PRESS	15,802.86
0106	CROWN PRODUCTS LLC	2,106.12
0109	DAILY JOURNAL OF COMMERCE	165.60
0111	DEPARTMENT OF ECOLOGY	38,579.96
0121	REPUBLIC SERVICES	11,958.41
0137	FERGUSON ENTERPRISES INC #1539	1,946.93
0145	FRUHLING SAND & TOPSOIL	4,482.50
0151	CALPORTLAND COMPANY	1,351.09
0152	GOVERNMENT FINANCE OFFICERS ASSOC	190.00
0173	HOME DEPOT CREDIT SERVICES	2,326.33
0184	INSLEE, BEST, DOEZIE & RYDER, P.S.	174,982.16
0197	JET CITY PRINTING	3,596.46
0201	KCDA PURCHASING COOP	16,919.77
0205	KENMORE HERITAGE SOCIETY	4,933.15
0206	KENMORE MIDDLE SCHOOL	9,963.62
0212	KING COUNTY FINANCE W.L.R.D.	22,283.75
0213	KING COUNTY ANIMAL SVCS	3,170.00
0218	KING COUNTY FINANCE	3,019.71
0219	KING COUNTY FINANCE	545,678.75
0224	SOUND PUBLISHING, INC.	5,786.90
0229	KING COUNTY OFFICE OF FINANCE	3,719.02
0230	KING COUNTY RADIO COMM SERVICES	900.90
0233	KING COUNTY SHERIFF	2,630,452.42
0235	KING COUNTY TREASURY	24,269.72
0237	FEDEX OFFICE	88.84
0246	LAKE CITY PICTURE FRAMING	257.85
0251	LIGHTHOUSE CONSULTING INC	54,788.77
0261	MICHAEL PENDLETON	6,038.50
0265	MORGAN SOUND INC	3,733.95
0267	MR. T'S TROPHIES	324.96
0285	NORTHSHORE FIRE DEPT	7,494.96
0287	NORTHSHORE SENIOR CENTER	29,950.00
0288	NORTHSHORE UTILITY DIST	152,142.25
0289	NORTHSHORE YMCA	4,875.00
0290	NORTHSHORE YOUTH & FAMILY SERVICES	16,000.00
0292	HONEY BUCKET	4,210.50
0299	EBIX, INC./ TOPHEALTH	118.27

Vendor Purchasing Report

For Date Range 01/01/2018 - 11/02/2018

Vendor Set: Vendor Set 01

Vendor	Name	Volume
0300	OFFICE DEPOT	8,098.42
0302	OFFICE TEAM	15,274.47
0304	OLYMPIC ENVIRONMENTAL RESOURCES INC	15,680.08
0310	PACIFIC TOPSOILS	3,453.46
0314	PETTY CASH CUSTODIAN	766.98
0327	PUGET SOUND CLEAN AIR AGENCY	18,341.00
0328	PUGET SOUND ENERGY	150,075.74
0329	PUGET SOUND FINANCE OFFICERS ASSOC	50.00
0331	PUGET SOUND REGIONAL COUNCIL	8,616.00
0345	SEATTLE TIMES	8,055.42
0346	SECRETARY OF STATE	5,115.40
0350	SIGN UP, SIGN CO, INC	979.00
0355	STAPLES ADVANTAGE	7,995.48
0356	STATE AUDITOR'S OFFICE	29,200.02
0357	STEWART MACNICHOLS HARMELL, INC.	50,000.00
0359	SOUND CITIES ASSOC	45.00
0365	TOTAL LANDSCAPE CORP	114,049.00
0370	UNITED RENTALS NW, INC	905.61
0371	UNITED STATES POSTMASTER	9,883.33
0374	URBAN LAND INSTITUTE	440.00
0375	US POSTAL SERVICE (HASLER)	10,299.47
0386	WA ASSOC OF CODE ENFORCEMENT	280.00
0387	WA CITIES INSURANCE AUTHORITY	274,303.00
0389	WASHINGTON CITY/COUNTY MGMT ASSOC	630.00
0390	WA FINANCE OFFICERS ASSOCIATION	150.00
0391	WASHINGTON MUNICIPAL CLERKS ASSOC	75.00
0401	WA STATE DEPT OF TRANSPORTATION	4,229.99
0412	COLUMBIA RIDGE LANDFILL	7,669.43
0416	WETLANDS & WOODLANDS INC	2,340.13
0419	WONDERLAND DEVELOPMENT	5,000.00
0422	NATIONWIDE FINANCIAL 401a	292,071.04
0423	NATIONWIDE RETIREMENT SOLUTIONS 457	7,150.00
0424	ICMA RETIREMENT TRUST 457 - 304745	89,679.03
0425	DRS 457	13,150.00
0426	AFLAC	3,271.00
0428	BANK OF AMERICA 941	350,572.26
0429	AWC EMPLOYEE BENEFITS	468,976.57
0431	DEPARTMENT OF RETIREMENT SYSTEMS	509,981.78
0432	DEPARTMENT OF LABOR AND INDUSTRIES	35,594.91
0434	UNITED WAY OF KING COUNTY	1,641.42
0436	NATIONAL LIFE OF VERMONT	1,231.70
0448	UPS STORE	199.96
0449	ACF WEST INC	1,396.73
0450	AURORA RENTS	335.32
0473	ARTS OF KENMORE	5,900.00
0480	WASHINGTON TREE SERVICE INC	1,540.00
0484	CITY WIDE FENCE COMPANY, INC	4,758.60
0494	SECRETARY OF STATE	3,818.83
0497	DAY WIRELESS SYSTEMS	76.79
0501	MACLEOD RECKORD	12,332.49
0542	AMERICAN SOCIETY OF COMPOSERS	352.38
0550	KING COUNTY RECORDER'S OFFICE	1,951.00
0558	SNOHOMISH COUNTY	4,179.00
0564	AMERICAN PUBLIC WORKS ASSOCIATION	120.00
0575	FUNRENT	1,532.30
0584	WASHINGTON STATE PATROL	620.09
0586	MAIL FINANCE	2,118.60
0588	ENVIRONMENTAL SYSTEMS RESEARCH INST	5,720.00

Vendor Purchasing Report

For Date Range 01/01/2018 - 11/02/2018

Vendor Set: Vendor Set 01

Vendor	Name	Volume
0594	RANDALL, BRIAN	2,746.19
0617	KING COUNTY FINANCE	527.05
0639	KONICA MINOLTA BUSINESS SOLUTIONS	2,242.14
0641	TELESYSTEMS WEST	137.51
0675	BANNER BANK CS	612.44
0685	PACE ENGINEERS, INC.	319,799.91
0689	DIGITAL REPROGRAPHICS SERVICES INC.	396.45
0690	BUILDERS EXCHANGE OF WASHINGTON INC	90.00
0692	HDR ENGINEERING, INC	553,232.31
0696	AMERICAN GENERAL LIFE GPO-400S	3,264.34
0699	BANNER BANK DB	1,532.65
0743	BANNER BANK NO	12,131.13
0764	OUSLEY, NANCY	1,763.29
0781	QUALITY BUSINESS SYSTEMS INC.	11,974.61
0785	FINANCIAL CONSULTANTS INT'L INC	196.02
0788	CURTIS, DR. MILTON	175.52
0791	NORTHSHORE ROTARY CLUB	716.00
0800	BANNER BANK JG	17,235.71
0817	GRAINGER	1,596.99
0831	NORTHSHORE PARK & REC SERVICE AREA	2,567.00
0833	VAUGHAN, KENT	403.13
0834	BANNER BANK KENMORE	33,864.93
0851	EVER-MARK, LLC	5,735.94
0852	GREGORY, JOANNE	404.60
0858	A+ CONFERENCING	478.66
0868	JAYMARC - AV	11,485.16
0869	BANNER BANK JGORDON	12,516.01
0892	JACOBS ENGINEERING GROUP	850,967.79
0898	ZONAR SYSTEMS	527.73
0899	SHRED-IT USA LLC	1,012.75
0912	ALCALDE & FAY	45,470.16
0913	KENMORE ELEMENTARY PTA	3,750.00
0937	ZUMAR	508.99
0981	COMCAST BUSINESS	25,932.28
0983	PASSPORT TRAVEL AND TOURS	2,487.99
0994	GORDON THOMAS HONEYWELL	35,854.35
0996	ANDERSON, LAURI	184.73
1000	JRW ENTERPRISES	6,635.54
1003	IWORQ SYSTEMS	2,800.00
1010	TOWN CENTER HARDWARE	1,601.66
1032	SAWYER, RICHARD	614.30
1034	EMERALD FIRE LLC	393.80
1045	HORIZON DISTRIBUTORS INC	2,373.16
1047	SARAH ROBERTS	100,450.53
1052	FIRE PROTECTION, INC	13,188.33
1068	WA STATE DEPT OF LABOR & INDUSTRIES	141.60
1114	PHSI PURE HEALTH SOLUTIONS INC.	938.82
1116	FRONTIER	9,529.48
1118	FAZZARI MARKETING	898.56
1123	AM TEST, INC	2,225.00
1131	SUSSMAN/PREJZA & CO, INC	2,850.00
1140	PAWS	2,790.00
1148	QUALITY WATER FINANCIAL LLC	324.21
1152	WASHINGTON ENERGY SERVICES CO. LLC	36.75
1161	INDEPENDENT STATIONERS	166.01
1168	SCHINDLER ELEVATOR CORPORATION	3,715.82
1177	WELLS FARGO FINANCIAL	5,704.81
1181	BANNER BANK BH	6,054.81

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Vendor	Name	Volume
1192	HOPKINS, CRAIG	546.12
1193	DEVRIES, DENIS	226.20
1197	MILLER STEPHENS, MARY	11,250.00
1215	STATE OF FLORIDA DISBURSEMENT UNIT	6,050.00
1216	ADVANCE TESTING & SERVICE INC	1,188.00
1222	OLSON BROTHERS PRO-VAC	25,191.10
1226	CONTECH ENGINEERED SOLUTIONS, INC	990.00
1259	PERTEET INC.	74,075.81
1266	AAA FLAG & BANNER MFG. CO., INC.	3,022.34
1269	KAMINS CONSTRUCTION INC.	8,802.72
1291	SCHNEE, CARLA	661.96
1299	VERIZON WIRELESS	5,011.56
1309	BANNER BANK BAKER	11,128.05
1311	WASHINGTON STATE PATROL	2,514.99
1313	BOTHELL KENMORE CHAMBER OF COMMERCE	4,100.00
1322	AABCO BARRICADE COMPANY INC.	1,848.00
1326	JOYCE ZIKER PARKINSON	692.50
1327	HWA GEOSCIENCES INC.	1,120.44
1328	ANCHOR QEA, LLC	607.50
1331	KBA INC.	20,422.32
1333	WELWEST CONSTRUCTION INC.	4,297.62
1337	STATE OF WA DEPT. OF LICENSING	7.72
1339	STATE OF WA DEPARTMENT OF LICENSING	30.00
1342	PETERSON, JANET	350.00
1356	KARLINSEY, ROB	868.64
1357	KENMORE COMMERCIAL LLC	32,995.01
1358	ALPHAGRAPHS	1,469.29
1360	GOODSELL POWER EQUIPMENT #2 INC.	1,656.82
1363	INNOVAC	117,493.77
1370	WINTERBOURNE LANDSCAPE	1,836.47
1377	D.R. HORTON	7,500.00
1383	CHICAGO TITLE	50,000.00
1385	CITYWORKS/ AZTECA SYSTEMS INC.	22,000.00
1389	SELECT AIR SVCS DBA GREENWOOD HEATING	396.90
1390	UTILITIES UNDERGROUND LOCATION CTR	2,024.01
1402	NORTHWEST MARINE TRADE ASSOCIATION	450.00
1403	OSBORN CONSULTING INC.	46,323.84
1411	INTERNATIONAL BUSINESS INNOVATION	525.00
1412	SKAGIT GARDENS	4,356.88
1416	MOBILE MINI, INC.	959.75
1420	SAUVE, GAYLEN	400.00
1431	BRIEN, GAYLYNN	500.00
1437	VOLGISTICS, INC	540.00
1452	CITY OF KENT	500.00
1456	HESTON VISUAL ARTS	863.50
1457	LANGUAGE LINE SERVICES, INC.	22.61
1459	FLEMINGS HOLIDAY LIGHTING LLC	11,507.64
1465	WA TRUST FOR HISTORIC PRESERVATION	100.00
1478	HERBIG, NIGEL	491.63
1479	A V CAPTURE ALL	4,740.12
1480	VERTICAL VISUAL SOLUTIONS INC.	11,811.25
1485	WA ASSOC OF PUBLIC RECORDS OFFICERS	350.00
1500	MARINE FLOATS CORPORATION	6,744.96
1504	SCORE	273,380.11
1521	SPOT HOT DOG & BRATS	12.00
1533	314 PIE	48.00
1540	A-1 LANDSCAPING AND CONSTRUCTION, INC	144,961.23
1541	HEWITT	2,255.00

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Vendor	Name	Volume
1544	METROPOLITAN TRANS. COMMISSION	1,500.00
1550	HANSEN, COREY	45,320.00
1552	DENUSKI, STACEY	46.70
1555	LINCOLN NATIONAL LIFE INSURANCE	10,477.22
1577	MUMMA, RYAN	1,219.82
1580	NORTHWEST TROPHY	566.19
1581	STARDOM SERVICES, INC.	5,100.00
1584	STUDIO 3 SIGNS	1,178.07
1590	HERMANSON COMPANY, LLP	8,762.60
1591	ULINE	1,062.67
1596	NW ENVIRONMENTAL TRAINING CENTER	700.00
1598	HELMETS R US INC	208.97
1606	GALLATIN PUBLIC AFFAIRS	35,580.00
1607	SCHOCK, BRETT	829.47
1609	MARSHBANK CONSTRUCTION	31,952.47
1629	WESTERN DISPLAY FIREWORKS, LTD.	18,000.00
1634	SREBNIK, DEBRA	314.42
1655	CATHOUSE PIZZA	30.00
1657	STEWART TITLE COMPANY	17,095.10
1661	WHITEMAN, TELA	712.51
1667	PRINTWEST	545.60
1673	KPFF CONSULTING ENGINEERS	335,521.58
1678	VICENTE, JOHN	522.07
1689	MOTT MACDONALD GROUP, INC.	387,467.11
1690	SITTS & HILL ENGINEERS, INC.	5,756.47
1704	BANNER BANK RK	9,270.35
1711	SOFTWAREONE, INC.	8,925.18
1715	THE WIDE FORMAT COMPANY	770.00
1718	RESOURCE EXPLORATION, LLC	20,000.00
1719	SALTER, JON	1,202.40
1721	GOOD TO GO	50.80
1726	UNITED STATES TREASURY	30.30
1731	NORTHWEST ARBORICULTURE LLC	29,718.18
1732	PERFORMANCE SYSTEMS INTEGRATION LLC	973.50
1733	BELMARK, LLC	7,832.80
1734	TOP TO BOTTOM JANITORIAL, INC.	21,447.00
1738	MUNIMANAGE, LLC	137,325.00
1739	FIX AUTO	2,875.38
1754	RFI ENTERPRISES INC.	9,603.00
1759	CORT PARTY RENTAL	541.87
1762	BAKER, BRIDGIT	149.16
1774	OWEN EQUIPMENT COMPANY	1,591.70
1782	SWANK MOTION PICTURES, INC.	1,128.60
1785	ECOSS	7,183.50
1786	TYLER TECHNOLOGIES, INC.	17,341.50
1789	BLUEBEAM, INC.	891.00
1791	PROFFITT, QUINN	150.00
1794	CLEARWATER LEAK DETECTION, INC.	825.00
1795	CABOT DOW ASSOCIATES, INC.	2,929.25
1796	EXPONENT, INC.	6,027.50
1798	OLBRECHTS & ASSOCIATES, PLLC	3,019.50
1806	RYCO EQUIPMENT, INC.	1,155.00
1810	ABBIEY PARTY RENTS OF WA, INC.	2,318.68
1814	YSI INCORPORATED, A XYLEM BRAND	1,417.82
1816	NAVIA	16,620.36
1818	GORLIN, LARRY N.	907.50
1819	COSTTREE, LLC	3,000.00
1822	ECO-COUNTER	840.00

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Vendor Set: Vendor Set 01

Vendor	Name	Volume
1824	URBAN FORESTRY SERVICES, INC.	842.47
1826	MCCLURE AND SONS, INC.	5,794.00
1827	LENTZ, FLORENCE K.	750.00
1828	QUALITY BUSINESS SYSTEMS - WELLS FARGO	5,588.97
1829	SHI INTERNATIONAL CORP.	351.81
1843	TUFF SHED, INC	6,046.70
1848	STANLEY PATRICK STRIPING COMPANY	23,417.50
1852	STANTON, ANN	57.77
1855	OFFICE DEPOT	2,015.05
1859	IRON CREEK CONSTRUCTION LLC	1,820.63
1863	HAULAWAY STORAGE CONTAINERS, INC.	1,241.26
1864	INTERNATIONAL SOC. OF ARBORICULTURE	185.00
1873	ENGINEERING/REMEDATION RES. GROUP	60,140.25
1879	HOLMBERG COMPANY	12,575.10
1884	CADMAN MATERIALS, INC.	2,405.74
1889	WILLIAMS, KASTNER & GIBBS PLLC	31,371.01
1892	DEVON LEGER	3,600.00
1893	YUNUSOV, SURIYA	36.00
1900	ASPECT CONSULTING LLC	3,619.57
1901	NORTH COAST ELECTRIC COMPANY	1,119.15
1907	CHRISTOPHER, MARINA	1,300.00
1908	VAUGHAN, KENT	700.00
1913	GRAND EVENT RENTALS	4,109.03
1914	MCNAMARA SIGNS	440.40
1920	BERGER PARTNERSHIP	12,270.82
1921	CITY OF MARYSVILLE PARKS, CULTURE & RECREATION	2,800.00
1926	GUARDIAN SECURITY SYSTEMS, INC.	339.91
1930	T-MOBILE USA, INC.	1,232.25
1932	U.S. BANK N.A. - CUSTODY	624.00
1935	YUMMY BOX FOOD TRUCK LLC	612.00
1936	SUPERION, LLC	21,437.95
1939	ARCHIVESOCIAL, INC.	2,388.00
1942	THE VET CHEF LLC	120.00
1944	OHNO CONSTRUCTION	73,775.10
1946	FALL PROZ INC	3,886.00
1953	CONNOR, DARLENE	250.00
1955	HUIZENGA ENTERPRISES, LLC	115,904.13
1960	WALTER E. NELSON CO.	554.75
1961	WESTERN ENTRANCE TECHNOLOGY, LLC	605.00
1962	BANNER BANK SKROGH	9,489.17
1963	COMBINED CONSTRUCTION, INC.	26,947.25
1964	EARTHWORKS	47,225.50
1969	CAPITOL ASSET & PAVEMENT SERVICES INC.	3,460.00
1970	CROSSROAD SIGN	4,769.60
1975	COMMUNITY ATTRIBUTES INC.	34,119.37
1979	MSPT VI, LLC	7,500.00
1980	HRA VEBA TRUST	27,675.00
1982	CRAWFORD ELECTRIC	366.55
1985	CONTRACT LAND STAFF LLC	5,699.35
1987	KITSAP CONFERENCE CENTER	124.69
1989	WA TRAFFIC SAFETY COMMISSION	103.49
1990	GLOCK PROFESSIONAL, INC.	500.00
1991	WASHINGTON STATE TREASURER	6,570.28
1993	HYAS GROUP, LLC	7,500.00
1994	LAKE CITY PARTNERS ENDING HOMELESSNESS	2,000.00
1995	REY TRANSLATIONS	5,222.80
1996	SEQUOYAH ELECTRIC LLC	7,477.80
1997	BARCLAY DEAN ARCHITECTURAL PRODUCTS, LLC	610.50

Vendor Purchasing Report

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Vendor Set: Vendor Set 01

Vendor	Name	Volume
1998	JOHNSTON GROUP, LLC	24,462.50
1999	KING COUNTY POLICE CHIEFS ASSOCIATION	20.00
2000	WILLIAMS MECHANICAL, INC.	2,931.50
2001	PETERSEN BROTHERS, INC.	1,994.16
2002	GHORBANI, FARIBA	472.00
2003	INNOVATIVE COMFORT SYSTEMS, INC.	255.15
2004	RED BARN ENGINEERING, INC.	291.77
2005	VAN DYK, JOE	850.00
2006	SOMOL HAMASAKI, KRIS	36.75
2007	HYDROPOINT DATA SYSTEMS, INC.	517.01
2008	MEAD GILMAN & ASSOCIATES	40.00
2009	O'CONNOR CONSULTING GROUP, LLC	25,000.00
2010	JUDHA OF LION LANDSCAPING	356,378.27
2011	PLAN TO PERMIT, LLC	4,235.00
2012	DDK DESIGNS, LLC	35.38
2013	THE POTTING SHED	1,787.50
2015	INGLEWOOD VILLAGE III CONDOMINIUMS	48,661.20
2017	DARRELL THOMSON	5,781.00
2018	LAKE HARRISON ESTATES	7,500.00
2019	EMERALD CITY STATEWIDE	2,046.00
2020	KELLY ATKINSON	1,180.00
2021	GEOTERRA, INC.	5,951.48
2022	JA BRENNAN ASSOCIATES, PLLC	2,274.00
2023	HR&A ADVISORS, INC	175,000.00
2024	DFR LAW GROUP, LLC	3,600.00
2025	LOCAL PROS PAINTING	8,789.00
2026	HEAT FLOW MECHANICAL LLC	113.40
2027	MERIT HOMES, INC.	7,747.90
2028	PRIDE ELECTRIC INC.	12,358.13
2029	HAWTHORNE GLEN 12, LLC	7,500.00
2030	ZEP SALES & SERVICE	869.44
2031	ANDREW POGUE PHOTOGRAPHY LLC	2,050.00
2032	DOOR PROS INC.	971.85
2033	DUGAN, GERALD & GAIL	3,000.00
2034	GEO GROUP NORTHWEST INC.	10.60
2035	JURASSIC PARLIAMENT	1,458.35
2037	PRO-LONG ROOF CARE & GUTTERS	1,097.80
2038	SKEFFINGTON, ELAINE	300.00
2039	ATTORNEY & NOTARY SUPPLY, INC.	80.30
2040	SEAPLANE LLC	96.25
2041	LAKE UNION SEA RAY	14,740.15
2042	CRITERION PICTURES USA	940.00
2043	LIGHTING GROUP NORTHWEST	2,431.19
2044	THE PART WORKS, INC.	67.12
2045	PERFORMANCE JOURNEYS, INC.	24,000.00
2047	PUGET SOUND PLANTS	34,832.05
2048	SMS CLEANING, INC.	34,200.00
2049	SUNBELT RENTALS	952.39
2050	NORCAN-OSINT	280.00
2051	PANTAC, LLC	128.57
2052	J. A. BRENNAN ASSOCIATES, PLLC	26,293.00
2053	WINDOW COVERINGS USA	1,463.00
2054	BLUE FLAME HEATING, AIR & ELECTRIC	255.15
2055	WESTERN CENTURIES	1,250.00
2056	J3 ARCHITECTS LLC	850.00
2057	WIRTHLIN CONSULTING GROUP LLC	4,489.00
2058	FLAMENCO SEATTLE LLC	500.00
2059	JARRETT, WINSTON	1,300.00

IX. A. The following checks and electronic payments are approved for pay...

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Vendor	Name	Volume
2060	LEVA, VIVIAN	1,750.00
2061	SQUIRREL BUTTER LLC	250.00
2062	YOGOMAN	1,000.00
2063	French Touchup LLC	4,608.00
2065	AMY'S ARTISTIC EXPRESSIONS	200.00
2066	COUSINEAU, NICK	131.63
2067	CRAWFORD, KRISTIN	121.21
2068	DITCH MAINTENANCE SERVICES	18,743.70
2069	EMERSON, DEVIN	76.99
2070	GREEN SOLUTIONS HEATING & COOLING	255.15
2071	GRETTE ASSOCIATES LLC	10,389.72
2072	GRAPPONE, RAYMOND	1,750.00
2073	HOOPSMILES	237.00
2074	KATO, CATHERINE	142.60
2075	LANDEZA, PATRICK	2,200.00
2076	THE CHEESE PIT	78.00
2077	THEO'S GYROS	216.00
2078	WA RECREATION & PARK ASSOC.	1,165.00
2079	ZESBAUGH, INC.	275.00
2080	PLAYOUT FOUNDATION	1,886.50
2081	SHANNON & WILSON, INC.	66,535.00
2082	FRELARD TAMALES	72.00
2083	THE 12TH DAWG MOBILE FOOD TRUCK	114.00
2084	Lakeland Restoration Services, LLC	51,892.50
2086	BOND, STEPHANIE	59.95
2087	BOYER, ANDREW	170.64
2088	DCI PLUMBING	1,736.70
2089	DRUMMOND, NICHOLAS D.	1,000.00
2090	SARA SOLUM HAYASHI	1,500.00
2091	MCDONALD, DON & BEVERLY	265.33
2092	PETERSON, DAVID A.	300.00
2093	THE WARREN G. HARDINGS	1,500.00
2094	THORSON BARNETT & MCDONALD, P.C.	3,675.00
2095	TRANSCO GROUP USA INC.	3,220.00
2096	TUPLING, SANDRA	56.90
2097	ROBINSON NOBLE	19,081.78
2098	A & G PROPERTY, LLC	54,300.00
2099	INGLEWOOD GOLF CLUB	6,750.00
2100	HOPKINS, CRAIG R.	22,800.00
2101	PENINSULA FINANCIAL CONSULTING	5,664.24
2102	CHG SF LLC	10,128.90
2103	WILLIAMS, MARLA J.	40.00
2104	INGLEWOOD CONDOMINIUM ASSOCIATION	100.00
2105	LEGACY HOMES	7,500.00
2107	BOTHELL SKI & BIKE	94.54
2108	DAMAGE RECOVERY	124.50
2109	SEATOWN DEVELOPMENT GROUP	7,869.50
2110	WILLIAM GARZA CREATIVE	800.00
2111	TYE FOUR, LLC	5,000.00
2112	TRANSPORTATION SOLUTIONS, INC.	1,350.00
2113	WA ASSOC. OF SHERIFFS & POLICE CHIEFS	180.00
2115	INGLEWOOD SQUARE PARTNERSHIP	5,700.00
2116	WHITE FIR DESIGN	500.00
2117	WILCOX, ROBERTA	106.50
2118	MERIDIAN TERRACE	43,066.02
2119	PIONEER TOWING COMPANY	403,000.00
2120	LAKEPOINTE, INC.	77,000.00
2121	W. DEAN WEIDNER	106,000.00

IX. A. The following checks and electronic payments are approved for pay...

Vendor Purchasing Report

For Date Range 01/01/2018 - 11/02/2018

Vendor Set: Vendor Set 01

Vendor	Name	Volume
2122	W. DEAN WEIDNER	3,700.00
2123	GREATER SEATTLE PARTNERS	1,000.00
2124	ALEXANDER'S STONE ART INC.	330.00
2126	SCHWARZWALTER, MARK	272.16
2128	SUNDANCE ENERGY SERVICES	36.75
2129	CHELIN, KELLY	86.40
Vendor Set Vendor Set 01 Total:		14,101,854.59

IX. A. The following checks and electronic payments are approved for pay...

**City of Kenmore
City Council Regular Meeting
Minutes
September 24, 2018**

CALL TO ORDER - Mayor David Baker called the meeting to order at 7:00 p.m.

Mayor David Baker
Deputy Mayor Nigel Herbig
Councilmember Joe Marshall
Councilmember Milton Curtis
Councilmember Debra Srebnik
Councilmember Stacey Denuski
Councilmember Brent Smith

ROLL CALL

FLAG SALUTE

AGENDA APPROVAL

The agenda was approved as presented.

PRESENTATION

Introduction of Andrew Vaabene, Police Officer - Pete Horvath, Police Chief

Introduction of Tobin Bennett-Gold, Traffic Engineer - John Vicente, City Engineer

Resources Addressing the Homeless Crisis including Low Barrier Shelters - Kira Zylstra, Acting Director, All Home

PROCLAMATION

Diaper Awareness Week - September 24 through September 30, 2018

Welcoming the Seaplane Pilots Association Conference that will be in Kenmore/Seattle - October 1-6, 2018

CITIZEN COMMENTS

Carrell Jones Tysrer
21007 28th Avenue SE
Bothell, Washington 98011

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September 24, 2018

Ms. Jones Tysrer stated that she was part of the Northlake Lutheran Church. She thanked the Council for their support of the temporary shelters.

Paul Albers
19220 61st Avenue NE
Kenmore, Washington 98028

Mr. Albers stated he was here last Council meeting and asked the Council to consider waiving the permit fees for a bridge project at Lakemore Estates.

CONSENT AGENDA

Councilmember Smith requested that the last item on the consent agenda be removed for further discussion.

MOTION: Councilmember Denuski made a motion to approve the consent agenda, Deputy Mayor Herbig seconded the motion. The motion passed unanimously.

The consent agenda included the following:

City Council Meeting Minutes of August 13, 2018 and August 27, 2018

Alternative Service Demonstration Project (Community Van) Agreement - John Vicente, City Engineer

Consent item pulled for further discussion:

Direct the City Manager to Waive the City of Kenmore Permit Fees Associated with Lakemore Estates Bridge Repair

Council discussed concerns about the request to waive fees due to it being located on a private road.

MOTION: Councilmember Smith made a motion to not approve Item C on the consent agenda (Direct the City Manager to Waive the City of Kenmore Permit Fees Associated with Lakemore Estates Bridge Repair), Councilmember Curtis seconded the motion. The motion passed unanimously.

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PUBLIC HEARING

Ordinance 18-0466 Temporary Homeless Shelter - Jack Urquhart, Management Intern

Over the last year, Kenmore has received multiple requests to use sites as temporary shelters. The City has appropriately conditioned applications through its Temporary Use Permit process. However, the question has been raised as to whether Kenmore should have specific code provisions for temporary shelters to address concerns of safety and security, and establish expectations for temporary shelter permit applicants. At the January 2018 retreat, the City Council directed staff to produce a policy memo in summer 2018 with research and recommendations for a temporary shelter ordinance.

On June 18, staff presented a recommendation for temporary homeless shelter regulations and low-barrier temporary shelter regulations. The City Council determined to revisit low-barrier shelters at another time and directed staff to draft an ordinance for temporary homeless shelters in accordance with what was presented.

On July 23, a temporary homeless shelter ordinance draft was presented to Council for adoption. The ordinance failed with Council suggestions on adjustments.

In addition to adjusting the requirements for temporary homeless shelters, Council directed staff to draft a combined ordinance proposing regulations for both indoor and outdoor temporary homeless shelters and cold-weather low-barrier shelters.

After researching policies of low-barrier shelter organizations and conversing with stakeholders, staff drafted an ordinance with a section for indoor and outdoor temporary homeless shelters (KMC 18.100.200) and a section for cold-weather low-barrier shelters (KMC 18.100.210).

Council and staff discussed the proposed ordinance.

Mayor Baker opened the public hearing for public comments:

Jeffrey Dugger
20418 73rd Court NE
Kenmore, Washington 98028

Mr. Dugger introduced himself as a volunteer at Northlake Lutheran Church. He is in favor of the shelters.

Wim Mauldin
15923 67th Lane NE, #4
Kenmore, Washington 98028

Mr. Mauldin introduced himself as a volunteer at Mary's Place. He helps people get jobs and housing. He said the problem of homelessness is not going away.

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Pastor Anja Helmon
7427 NE 198th Place
Kenmore, Washington 98028

Pastor Helmon introduced herself as the Pastor for Northlake Lutheran Church. She stated that the shelters keep people safe and off the streets. There are rules at the shelters that must be followed.

Reverend Kristen Joyner
8409 NE 177th Street
Bothell, Washington

Reverend Joyner introduced herself as the reverend of United Methodist Church. She urged the Council to approve the temporary shelters.

Juliette Yamane
18627 66th Avenue NE
Kenmore, Washington 98028

Ms. Yamane stated that she appreciates the rules of the shelter. She said the same rules need to be at every shelter. She said she is worried about where they go during the day.

Mayor Baker closed the public hearing at 9:08 p.m.

BUSINESS AGENDA

Ordinance 18-0466 Relating to Zoning and Land Use Controls and Temporary Homeless Shelters and Cold-Weather Low-Barrier Shelters to the Kenmore Municipal Code to Enact Regulations for Indoor and Outdoor Temporary Homeless Shelters and Cold-Weather Low-Barrier Shelters - Jack Urquhart, Management Intern

MOTION: Councilmember Curtis made a motion to approve Ordinance 18-0466 an Ordinance of the City of Kenmore, Washington Relating to Zoning and Land Use Controls and Temporary Homeless Shelters and Cold-Weather Low-Barrier Shelters; And Adding New Sections 18.100.200 And 18.100.210 To the Kenmore Municipal Code to Enact Regulations for Indoor and Outdoor Temporary Homeless Shelters and Cold-Weather Low-Barrier Shelters, Deputy Mayor Herbig seconded the motion.

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AMENDMENT TO THE MOTION: Deputy Mayor Herbig made an amendment to the motion to change 30 days to 31 days in KMC 18.100.210 Section A, Councilmember Curtis seconded the motion. The motion passed unanimously.

City Attorney Rod Kaseguma read edits into the record related to changes to 18.100.200 and 18.100.210.

AMENDMENT TO THE MOTION: Councilmember Curtis made an amendment to the motion to accept the proposed changes read into the record by City Attorney Rod Kaseguma, Deputy Mayor Herbig seconded the motion. The motion passed unanimously.

AMENDMENT TO THE MOTION: Councilmember Denuski made a motion for cold weather shelters to require a sex offender and felony warrant checks, Councilmember Srebnik seconded the motion. The motion passed 4-3-0 with Councilmember Curtis, Councilmember Marshall and Deputy Mayor Herbig voting no.

AMENDMENT TO THE MOTION: Councilmember Srebnik made an amendment to the motion to approve Ordinance 18-0466 as amended and to remove the cold weather shelter sections, Deputy Mayor Herbig seconded the motion. The motion failed 0-7-0.

MOTION: Councilmember Smith made a motion to table this ordinance to the October 15, 2018 meeting, Councilmember Srebnik seconded the motion. The motion passed unanimously.

Council took a 5-minute break.

Estimates of Revenue and Expenditures for Current 2017-2018 Budget and Preliminary 2019-2020 Budget - Joanne Gregory, Finance and Administration Director

Finance Director Gregory explained that RCW 35A.34 provides statutory deadlines for budget development, review, and approval.

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September 24, 2018

On or before the first business day in October, a proposed preliminary budget must be submitted to the City Manager. The budget should set forth the complete financial program, showing expenditures requested by each department and the proposed sources of revenue by which those programs will be financed. The RCW additionally requires that the revenue and expenditure sections be presented for each fund in a comparative form that will display the actual for the last fiscal year, the estimates for the current fiscal year, and the budget projections for the ensuing fiscal year.

No later than the first Monday in October, the City Manager must present it to the City Council.

Subsequently, the Council must hold public hearings on the proposed preliminary budget and on revenue sources for the coming year including consideration of possible increases in property tax revenues.

The estimates of revenue and expenditures for the current 2017-2018 Budget and the proposed 2019- 2020 Budget for the City of Kenmore was provided to the Council.

A calendar is included in the Council packet which indicates the dates for budget presentations and discussions as well as public hearings. The 2019-2010 Biennial Budget is expected to be adopted on November 19, 2018.

MOTION: Deputy Mayor Herbig made a motion to receive and file the Estimates of Revenue and Expenditures for Current 2017-2018 Budget and Preliminary 2019-2020 Budget, Councilmember Curtis seconded the motion. The motion passed unanimously.

Ordinance 18-0468 Amending Chapter 5.105 Kenmore Business Registration Program - Nancy Ousley, Assistant City Manager

The Washington State Legislature adopted Engrossed House Bill 2005 in 2017, which requires cities with general business licenses to adopt model ordinance language relating to business licenses, and to partner with the WA Department of Revenue or File Local to process business licenses. The proposed Ordinance amends the Kenmore Municipal Code to be consistent with the new legislation. The Ordinance also maintains exemptions currently in place for businesses doing business in the city who do not have a physical location in the city.

MOTION: Councilmember Smith made a motion to approve Ordinance 18-0468 Amending Chapter 5.105 Kenmore Business Registration Program, Councilmember Curtis seconded the motion. The motion passed 6-1-0 with Mayor Baker opposed.

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ADJOURNMENT

The meeting adjourned at 10:48 p.m.

David Baker, Mayor

ATTEST:

Kelly M. Chelin, City Clerk

**City of Kenmore
City Council Regular Meeting
Minutes
October 8, 2018**

CALL TO ORDER - Mayor David Baker called the meeting to order at 7:00 p.m.

Mayor David Baker
Deputy Mayor Nigel Herbig
Councilmember Joe Marshall
Councilmember Milton Curtis
Councilmember Debra Srebnik
Councilmember Stacey Denuski
Councilmember Brent Smith

ROLL CALL

FLAG SALUTE

AGENDA APPROVAL

PRESENTATION

ST3 Rapid Bus Transit Update - Luke Lamon, Government & Community Relations at Sound Transit

North Eastside Mobility Project - King County Metro

PROCLAMATION

Domestic Violence Awareness Month - October 2018

CITIZEN COMMENTS

Garreth Jeffers
15527 12th Avenue NE
Shoreline, Washington

Ms. Jeffers introduced herself from the Kenmore Senior Center. She thanked the Council for their support of the senior center; which is the second largest center in the County.

CONSENT AGENDA

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MOTION: Councilmember Denuski made a motion to approve the consent agenda, Mayor Baker seconded the motion. The motion passed unanimously

Total Check #40698 through #40795 in the amount of \$725,354.81.

Payroll Check #10107-10108 totaling \$1,673.77.

Total Payroll/Taxes/Flexible Spending and Health Savings Account Electronic Deposits
Dated 9/14/18 in the Amount of \$133,538.80.

Authorize the City Manager to Execute Contract 18-C1945 an Interlocal Agreement for
Locating and Housing NEMCo Ham Radio Repeater Equipment at a Northshore Utility
District Facility

Authorize the City Manager to Execute Agreement 18-C1935 with Olson Brothers Pro-Vac,
LLC for an Amount not to Exceed \$54,097 for Drainage Pipe Rehabilitation for Facility
P1978-01 in the Strawberry Hill Plat

Authorize the City Manager to Execute Contract No. 16-C1622 as Amended, an Interlocal
Agreement with the City of Lake Forest Park, Northshore Utility District and Northshore Fire
District for Regional Emergency Management

Approve Resolution 18-311 Providing for the Disposition of the Lakeside Upright Piano

PUBLIC HEARING

Public Hearing and Deliberation on Ordinance No. 18-0470 Extending the Moratorium
Prohibiting the Filing and Acceptance of Applications for Development Permits Relating to
Mobile Home Parks - Debbie Bent, Community Development Director and Lauri Anderson,
Senior Planner

Community Development Director Bent and Senior Planner Anderson explained that on November 13, 2017, the City Council adopted Ordinance 17-0453 establishing a moratorium that prohibits the filing and acceptance of applications for development permits relating to mobile home parks.

The moratorium was adopted for a 6-month period from the November 13, 2017 effective date of the Ordinance through May 11, 2018. The moratorium was extended for 6 months on April 23, 2018 through Ordinance 18-0462 and now automatically expires on October 28, 2018 unless it is repealed, modified or extended after a public hearing and entry of findings. The Ordinance preserves the integrity of the City's development regulations while the City Council, and staff are reviewing, analyzing, and enacting the policies described in the Housing Strategy Plan related to preserving existing affordable housing in the mobile home parks.

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The Planning Commission reviewed the issues surrounding mobile home park preservation beginning in October 2017 and held a public hearing on options for treatment on May 15 and 16, 2018. The Commission provided their recommendations to the City Council on July 9, 2018. The City Council has considered the recommendations at several meetings, most recently on September 17 when decisions were made on the policy options to be pursued. Given that final policies and new regulations will not be finalized before the current expiration deadline of the moratorium, an extension is recommended.

Proposed Ordinance 18-0470 would authorize this extension to April 8, 2019.

State law requires that the city hold a public hearing on the moratorium extension. After the public hearing the City Council can consider the extension.

Mayor Baker opened the public hearing for public comments:

John Krumweide
7301 NE 175th Street
Kenmore, Washington 98028

Mr. Krumweide explained that he lives in a mobile home. He thanked the Council for all their work on this and urged the continuation of the moratorium.

Joanna Crocker
7301 NE 175th Street
Kenmore, Washington 98028

Ms. Crocker thanked the Council for all their listening. She said residents are terrified they will lose their homes. She also urged the Council to extend the moratorium.

BUSINESS AGENDA

Ordinance 18-0470 to Extend the Current Moratorium Prohibiting the Filing and Acceptance of Applications for Development Permits Relating to Mobile Home Parks Through April 8, 2019 - Debbie Bent, Community Development Director and Lauri Anderson, Senior Planner

MOTION: Deputy Mayor Herbig made a motion to approve Ordinance 18-0470 to Extend the Current Moratorium Prohibiting the Filing and Acceptance of Applications for Development Permits Relating to Mobile Home Parks Through April 8, 2019, Councilmember Curtis seconded the motion. The motion passed unanimously.

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City of Kenmore Proposed 2019 Federal Legislative Priorities and Report from Paul Schlesinger, Alcalde and Fay

Mr. Schlesinger and Assistant City Manager Ousley explained that the City of Kenmore continues to pursue active contacts with our Congressional Delegation and Federal agencies to promote City priorities for policies and project funding. The City's Federal Legislative Priorities charts the key initiatives that City officials will advocate and provides clarity for our Delegation and our government relations consultant in representing the City.

The City's investment in maintaining strategic contacts at the federal level has resulted in funding for sediment testing and analysis of the Kenmore Navigation Channel, transportation project funding, and progress in dealing with disruptions in Kenmore Air operations related to Presidential visits to the area. Council involvement with the National League of Cities also provides positive connections to municipal policy initiatives at the federal level.

The proposed Federal priorities continue to emphasize support for the Lakepointe project, Kenmore Navigation Channel maintenance dredging and adopting procedures that minimize disruption to Kenmore Air operations during Presidential visits to the area. Additional guidance for monitoring budget or policy development accompanies the Legislative Priorities.

With no objections, the Council unanimously approved the 2019 Federal Legislative Priorities.

City of Kenmore Proposed 2019 State Legislative Agenda and Report from Briahna Murray and Shelly Helder, Gordon Thomas Honeywell

Ms. Murray, Ms. Helder and Assistant City Manager Ousley explained that the 2019 Session of the Washington State Legislature will be a 105-day regular ("long") session that will include approving a biennial budget. The Kenmore City Council approves a Legislative Agenda prior to each session that outlines priority actions the City and its government relations consultants will promote during the session.

The proposed list of Legislative Priorities continues to focus on State participation in supporting the redevelopment of the Lakepointe property, in recognition of the State's reliance on this property in major State transportation projects such as Interstate 5 and the SR 520 Bridge. The agenda also features requests for funding infrastructure (sidewalk improvements) and parks projects.

The packet includes Policy Statements that guide the consultants in expressing City support for proposals and issues that are not on the priorities list.

The Council discussed the priorities and asked for a few edits. This item will come back as a consent agenda item at a future meeting.

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October 8, 2018

Direct Staff on the Preferred Process for Filling the 4 Open Positions on the Planning Commission (effective 1/1/19) and Consider Whether Changes to the Planning Commission Rules are Needed - Debbie Bent, Community Development Director

The 3-year terms of four Planning Commissioners end this December 31 (Douglas Nugent, Mark Ohrenschall, Dennis Olson, and Mike Vanderlinde). Mr. Nugent is not seeking reappointment. The other three Commissioners have been asked about their interest in reappointment but have not yet responded to staff. Mr. Vanderlinde has been on the Commission for 12 years. Mr. Ohrenschall has been a Commissioner for 6 years; Mr. Olson has been a Commissioner for 3 years. Terms of the three additional Commissioners (Carol Baker, Mike Mulcare, and Scott McDonald) expire at the end of 2020. Ms. Baker and Mr. Mulcare are in their second terms. Commissioner McDonald is in his first full term (he served a partial term in 2017).

Staff requests direction from the City Council on whether interviews should be held for all four of the open positions. Staff also recommends that the Council consider whether the standards for the Planning Commission, developed in 2006, should be adjusted. If the Council wishes to amend the standards, staff would prepare amendments for future consideration.

The last round of Planning Commissioner interviews was conducted in January 2015. The “pool” of backup candidates chosen at that time has been exhausted and a new round of interviews could also be used to create a roster of “alternates” to be tapped in the event of unexpected vacancies.

Background

Planning Commission rules are found in Municipal Code Chapter 2.30. Planning Commissioners must:

- Be Kenmore residents;
- If possible, represent all geographic areas of the City;
- Be available to serve three-year terms.

After a review of Planning Commission standards in other cities (Kirkland, Redmond, Bothell, Lake Forest Park, and Shoreline), the following additional potential criteria surfaced:

- Redmond - The Commission should have a broad *demographic* representation. No member shall serve more than 2 consecutive 4-year terms.
- Lake Forest Park - Commissioners are limited to 2 consecutive 3- year terms, with at least a one-year break in service. Service as Commission Chair is limited to 36 months in every 48 consecutive months. Commissioners may be residents or business

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owners or employees in the City. In selection, consumer/citizen interests and professional expertise should be considered.

- Shoreline – No Commissioner should serve longer than 2 consecutive 4-year terms. Commissioners should have an interest in environmental affairs, planning, land use, and residential and commercial development as evidenced by training, experience or actions. The Commission should evenly represent these areas of interest. Property-owners may serve, as well as residents.

The City Council may wish to consider the City's criteria and possibly other criteria. For example, using the City's criteria.

- All current Commissioners live in the northwest and southwest areas of the City. No Commissioners live in northeast Kenmore (east of 68th Avenue NE), Downtown or in southeast Kenmore (east of 72nd Avenue NE).

Separately, the Planning Commission has its own "Rules of Procedure," which are included in the Council packet.

Council and staff discussed the process. The Council would like to proceed with advertising for the vacancies and the incumbents can apply.

City Manager's Budget Message & 2019-2020 Preliminary Biennial Budget - Rob Karlinsey, City Manager and Joanne Gregory, Finance and Administration Director

City Manager Karlinsey read his budget message to the City Council.

ADJOURNMENT

Mayor Baker adjourned the meeting at 10:34 p.m.

David Baker, Mayor

ATTEST:

Kelly M. Chelin, City Clerk



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Northshore Utility District Interlocal Agreement for the West Sammamish River Bridge Replacement Project Proposed Council Action/Motion: Authorizing the City Manager to enter into an Interlocal Agreement with the Northshore Utility District to Construct the District's Water Main Replacement Project.	For Council Meeting Agenda of: November 13, 2018 Department: Public Works/Engineering Prepared by: John Vicente, PE <u>Initial & Date</u> Approved by Department Head: <u> @ 10/9/18 </u> Approved by City Attorney: <u> NA </u> Approved by Finance Director: <u> J. Vicente 10/17/18 </u> Approved by City Manager: <u> JVK </u> Exhibits/Attachments: NA
<u>PROJECT UPDATE:</u> The West Sammamish River Bridge Project (Project) design phase is complete and final plans are under review. Several permits are still under review by their respective agencies and still will continue to work towards securing all permitting for the bridge by the end of this year. All property rights have been acquired for the project, however, negotiations are ongoing to reach settlement agreements for several of the parcels. It is anticipated that the project will be advertised for construction before the end of the year.	
<u>DISCUSSION:</u> During the design phase, Northshore Utility District (NUD) reviewed their existing water main system along 68th Avenue NE and identified a need to replace their main line along this part of the corridor. NUD approached the City with a request to include their water main replacement project into the City's Project. The benefits to this partnership include a cost savings to NUD and a reduction in disruption to City traffic by avoiding two construction periods. Staff agreed to include NUD's work into the Project. NUD contracted separately with the City's engineering design firm, Jacobs Engineering, to design the water main replacement and incorporated those plans into the Project.	
<u>RECOMMENDATION:</u> City staff recommends authorizing the City Manager to enter into an interlocal agreement with the Northshore Utility District to construct the district's water main replacement project.	
<u>FISCAL CONSIDERATION:</u> NUD contracted separately for the design work for the water main replacement which resulted in no increase in cost to the City. The interlocal agreement would require NUD to reimburse the City the full cost of the water main replacement work including a proportional share of inspection, documentation, traffic control and other general construction costs associated with completing the water main work.	



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

Subject/Topic:

Design and Right-of-Way Services for the Juanita Drive NE Pedestrian and Bicycle Safety Improvements Project (Contract 16-C1625)

Proposed Council Action/Motion:

Authorize the City Manager to execute an amendment to Contract 16-C1625 with HDR in an amount up to \$435,000 for Juanita Drive project design and right-of-way services.

For Council Meeting Agenda of: November 13, 2018

Department: Public Works / Engineering

Prepared by: Kent Vaughan

Initial & Date

Approved by Department Head: 9/10/18

Approved by City Attorney: _____

Approved by Finance Director: ✓ _____

Approved by City Manager: RJK

Exhibits/Attachments:

N/A

INFORMATION/BACKGROUND:

With the passage of the City's Walkways and Waterways Bond Measure by voters in November of 2016, up to \$5,000,000 in bond measure funds were allocated for the Juanita Drive project to complete design and right-of-way phases until additional funding is secured to construct the project.

In February 2017, staff received contract authorization from Council for the Juanita Drive project in an amount up to \$1.8M. Staff negotiated a scope and fee with HDR to complete the design for the project in the amount of \$1,485,384 with the contract expiring in 12/31/2018. In August 2017, staff amended the contract by \$45,464 to add NEPA permitting services to maintain project eligibility for federal funding (contract total to date = \$1,530,848).

Right-of-way services were planned to be added once the design had progressed to the stage when staff could fully assess design impacts / property needs. At this time, design is 60% complete and property impacts involving 26 parcels are estimated below (subject to change):

8 permanent fee title acquisitions (7 would be acquired with staff pursuing a donation of the 8th which is owned by King County);
2 permanent slope easements;
16 temporary construction easements;
5 temporary construction permits (mutual benefit, non-compensable).

With Amendment #2, staff is proposing to extend Contract 16-C1625 with HDR through December 31, 2019 and increase the contract amount by up to \$435,000 (contract total = \$1,965,848). Additional services with Amendment #2 are summarized below:

Professional Contract Services	Amount	Comments
Project management / administration	\$36,320	Additional PM costs through December 31, 2019
Geotechnical engineering support	\$18,230	Additional explorations required to complete design
Final Design - PS&E	\$38,987	Re-design at 30% to reduce construction costs
Right-of-way services	\$291,833	Right-of-way services for up to 26 parcels
Subtotal	\$385,370	

Contingency	\$50,000	Consultant salary escalation; Unforeseen property acquisitions, etc.
Total Amendment#2 Authorization	\$435,000	Rounded to nearest thousand

STAFF RECOMMENDATION: Staff recommends that Council authorize the City Manager to execute an amendment to Contract 16-C1625 with HDR in an amount up to \$435,000 for Juanita Drive project design and right-of-way services.

FISCAL CONSIDERATION: The Juanita Drive project budget is currently estimated to be \$15.8 Million (at 60% design stage). The 2017-18 biennial budget for Juanita Drive is \$2.1 M. The funds to pay for the additional services are available in the current budget and will be carried forward in the 2019-20 project budget.

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 – Implement the Sidewalk Plan

Council Goal 2: To implement the Walkways and Waterways projects.



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

Subject/Topic:

Snow Removal Services Interlocal
Agreement with Northshore Utility
District

For Council Meeting Agenda of: November 12, 2018

Department: City Manager's Office

Prepared by: Rob Karlinsey

Proposed Council Action/Motion:

Authorize the city manager to sign a snow
removal interlocal agreement with
Northshore Utility District, substantially
similar to the attached draft agreement.

Initial & Date

Approved by Department Head:

Approved by City Attorney:

Approved by Finance Director:

Approved by City Manager:

✓ via email

RJK

Attachment(s): Proposed Interlocal Agreement

When it snows in Kenmore, the priority routes are the City's main arterial streets. Given limited staffing and city-owned trucks available, arterials consume available resources during the snow event, leaving time for residential streets after the event and after snow has been compacted and become more difficult to plow.

To address this problem, it is proposed that the City contract with Northshore Utility District to provide supplemental snow removal services during a snow event. NUD snow plows will be directed to priority residential streets before the snow becomes compacted. Sloped residential streets will receive higher priority. In addition, NUD snow removal services may be directed to arterials as a back up to city snow plows.

FISCAL CONSIDERATION:

Per the attached agreement, the City will reimburse NUD for the startup costs of purchasing and installing up to three snow plows on NUD vehicles, not to exceed \$25,000.

For snow removal services, the amount billed to the City shall not exceed \$40,000 per year, based on a pessimistic scenario of five 24-hour days of snow plowing per year, assuming an average of two trucks per day and an hourly rate of \$151 per truck (using highest wage rate for NUD utility worker, overhead multiplier, and equipment rate). In more typical years, the annual cost will likely be between \$15,000 and \$30,000. The City shall be billed on a time, equipment and materials basis in accordance with the District's current rate resolution. The applicable rate resolution is the one in affect at the time services are provided. The District's rate resolution is published on its website www.nud.net.

The labor rate for snow removal and de-icing shall be based on the individual employee's hourly rate plus labor overhead in accordance with the District's rate resolution. In no case shall the labor rate for snow removal, de-icing services exceed the top salary range of the District's "Senior Utility Worker".

**INTERLOCAL AGREEMENT BETWEEN
THE CITY OF KENMORE AND NORTSHORE UTILITY DISTRICT RELATING TO
SNOW REMOVAL AND DE-ICING SERVICES**

THIS AGREEMENT (Agreement) is entered into this ___ day of _____, 2018, by and between the City of Kenmore (City) and the Northshore Utility District (NUD) for snow removal services (individually a "Party" and collectively the "Parties").

WHEREAS, the City and NUD enter into this Agreement pursuant to and in accordance with the Washington Interlocal Cooperation Act, Chapter 39.34 RCW;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES HEREIN, IT IS AGREED THAT:

BACKGROUND

1. The City maintains the public right-of-way roadway system ("System") within City limits. The City desires to contract with an outside service provider for supplemental assistance with snow removal maintenance of the System.
2. NUD has the personnel and equipment necessary to provide certain maintenance services for the System and is willing to provide such services under the conditions specified herein.
3. The City and NUD are authorized by Chapter 39.34 RCW, the Interlocal Cooperation Act, to enter into cooperative agreements.

I. GENERAL AGREEMENT

The City and NUD shall comply with this Agreement, which governs the provision of snow removal services by NUD for the City's System (Services).

II. NUD RESPONSIBILITIES AND RIGHTS

NUD, by and through its employees, agents and representatives, shall have the following responsibilities and rights:

A. Provide the Services as requested by the City in accordance with the priority routes of **Exhibit A**, attached hereto and incorporated herein, as amended by the City pursuant to Section III(A) below.

B. Prepare reasonably for anticipated snow conditions.

C. Perform Services as requested by the City in accordance with Article III:

D. Respond in a timely manner to the City's request for Services by giving to the City requester (1) a cell phone number or VHF hand held radio, which the City will use to provide route and plowing instructions, (2) the name and contact information of the NUD employee(s) assigned for response, and (3) the name and contact information of the supervisor of the NUD employee(s), who shall be one of the following:

NUD Supervisor Contacts:

Maintenance and Operations (M&O) Personnel

M&O Director: Ethan Maiefski (425) 471-3017 cell

M&O Superintendent: Thomas Bagley (425) 471-8020 cell

M&O Supervisor: Jamie Lamb (425) 471-1483 cell

M&O Supervisor: Trent Vanhulle (206) 423-5187 cell

M&O Fleet & Facilities Supervisor: Michael Acheson (206) 255-2184

If desired, NUD may modify the supervisor contacts above by giving written notice to the City's Representative.

E. During the months of November through April, NUD shall have three trucks equipped and ready for deployment with a front-mount snow plows. Each truck must be a F350 (or equivalent) or larger. For the purposes of this Agreement, the Parties acknowledge and agree that NUD will use existing vehicles and will not be acquiring new vehicles. In addition to the provisions of Section XV(B), the City will pay the costs of acquiring and installing any new snow plows; the agreed upon rates for such acquisitions and installations are shown in **Exhibit B**, attached hereto and incorporated herein.

G. With three hours' notice from the City, NUD shall deploy trucks and personnel for the Services. NUD shall ready for deployment at all hours of the day or night during all days of the week from November through April. NUD shall be ready and capable of providing round-the-clock, continuous snow removal Service – rotating on 12 hour shifts.

H. During City business hours, NUD shall advise both the City Public Works Operations Manager and the City employee who requested the Services of the nature and status of the Services, in a manner and frequency stated in the WR. During non-City business hours, NUD shall advise only the Public Works Operations Manager of such information in such manner and frequency.

I. Have the right to refuse to provide Services on specific System street segments if NUD believes that providing such Services will likely pose a threat to life or safety, or will lead to equipment damage or stranding. In this event, the NUD employee(s) assigned for the response shall notify the City requester of such determination.

J. Plow all residual snow and ice to the curb, except in cul-de-sacs where snow and ice shall be plowed to the center, and make every good faith effort not to plow residual snow and ice onto City sidewalks and pedestrian walkways.

K. Not be responsible for the inadvertent or unintentional breakage of or damage to in-street manholes, valve boxes or other utility boxes within the System caused by the reasonable operation of snow and ice removal and sanding equipment. NUD shall immediately notify the City of any damage to the System so that repairs can be made in a timely manner.

L. Immediately notify the City of any circumstances that could reasonably lead to the temporary or permanent disruption of Services.

M. Provide a written invoice to the City monthly for any Services completed in the prior month, which shall describe the dates, types and hours of Services, and the labor, materials and equipment utilized at the rates stated in **Exhibit B**, attached hereto and incorporated herein.

III. CITY RESPONSIBILITIES AND RIGHTS

The City, by and through its employees, agents, and representatives, shall have the following responsibilities and rights:

A. At any time and at its sole discretion, change or alter the priority routes in **Exhibit A**. The change or alteration shall be effective twenty-four (24) hours after written notice of the change or alteration to NUD's Representative.

B. Consistent with NUD's responsibility in Section II(B) above, determine whether weather conditions may require Services.

C. Request Services through the following City employees: City Manager, Assistant City Manager and Public Works Operations Manager. The City shall provide the email addresses, office telephone numbers and cell phone numbers of these employees to NUD. The City may modify this list of employees by giving written notice of the modification to NUD's Representative. The request for Services shall be orally by office telephone or cell phone or in writing by electronic mail. If the request is orally, the City shall confirm the request in writing by electronic mail as soon as feasible. The City shall use its best efforts to request Services before the end of City business hours if Services are requested for that evening; provided, that the City may request additional snow removal services at any time. The City shall issue a City cell phone to the Public Works Operations Manager.

D. Request Services by submitting a work request (WR) for each potential snow event. The WR shall be sent to the following:

Normal Business Hours Contact:

Attention: Dispatcher
Northshore Utility District
Email: dispatch@nud.net
Fax: (425)398-4432
Phone: (425)398-4400 extension 231

After-Hours Contact:

24hr On-Call Duty Personnel
425-398-4400 "Press 1 for Emergencies" (Office Number to Answering Service)
425-608-3751 NUD Answering Service
425-471-3027 24hr On-Duty Cellular Number

After submitting the WR, NUD shall provide to the City a cell phone number or VHF hand held radio, which the City will use to provide route and plowing instructions.

E. Upon receipt of notification by NUD of the disruption of Services under Section III) above, determine whether to close the street temporarily if deemed necessary by the City Manager, Assistant City Manager or Public Works Operations Manager.

F. Pay NUD's monthly invoice within forty-five (45) days of receipt. If the City fails to pay an invoice within forty-five (45) days, the unpaid invoice shall bear interest at the rate of ten (10) percent per annum until the amount of the unpaid invoice, plus interest thereon, is paid in full.

IV. GENERAL TERMS

A. This Agreement shall be effective when executed by the Parties.

B. The Parties recognize that amendments to this Agreement may become necessary, and such amendments shall become effective only when the legislative bodies of the Parties have executed a written addendum to this Agreement.

C. NUD's records and documents with respect to all matters covered by this Agreement shall be subject to inspection, review or audit by the City or appropriate state agency.

V. INDEMNIFICATION, DEFENSE AND HOLD HARMLESS

A. Each party shall defend, indemnify and hold harmless the other party, and its officers, officials, employees and volunteers, from any and all claims, injuries, damages, losses or suits including attorneys' fees, arising out of or in connection with any negligent acts of the first party in performing the first party's obligations under this Agreement.

B. The parties agree that their obligations under this Section extend to claims made against one party by the other party's own employees. For this purpose, the parties, by mutual negotiation, hereby waive any immunity that, as respects the other party only, would otherwise be available against such claims under the industrial insurance provisions of Title 51 RCW.

C. The provisions of this section shall survive and remain applicable to each of the parties notwithstanding any expiration or termination of this Agreement.

VI. INSURANCE

Both parties shall procure and maintain, without interruption for the term of this Agreement, insurance of the types and coverage that are in effect at the time this Agreement is executed pursuant to Section VII (A) below.

VII. DURATION AND TERMINATION

A. The initial term of this Agreement shall begin upon execution by both parties and shall expire on June 30, 2019, unless it is renewed by the Parties. Thereafter, this Agreement shall renew annually on July 1 of each succeeding calendar year, unless terminated as hereafter set forth.

B. Either party may terminate this Agreement upon the expiration of the initial term or any annual renewal by providing written notice of such intent to terminate to the other not later than ninety (90) days prior to the expiration of the initial term or annual renewal.

VIII. SEVERABILITY

In the event any term or condition of this Agreement or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other terms, conditions, or applications of this Agreement which can be given effect without the invalid term, condition or application. To this end, the terms and conditions of this Agreement are declared severable.

IX. RIGHTS TO OTHER PARTIES

It is understood and agreed that this Agreement is solely for the benefit of the parties hereto and conveys no right to any other party.

X. GOVERNING LAW

This Agreement shall be construed and enforced in accordance with, and the validity and performance hereof shall be governed by, the laws of King County and the State of Washington.

XI. ADMINISTRATION

NUD shall be the lead agency for purposes of administering this Agreement and ensuring compliance thereof.

The City's Representative shall be:

	Jennifer Gordon
Address:	18120 68 th Ave NE
	Kenmore, WA 98028
Phone:	(425) 398-8900
Facsimile:	(425) 481-3236

NUD's Representative shall be:

Address: Ethan Maiefski
6830 NE 185th ST
Kenmore, WA 98028
Phone: (425) 398-4400 ext. 253
Facsimile: (425) 398-4432

Either Party may change its respective Representative upon written notice to the other Party.

XII. ASSIGNABILITY

The rights, duties and obligations of either party to this Agreement may not be assigned to any third party without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided that NUD shall have the right to subcontract the performance of the Services as necessary and appropriate.

XIII. ENTIRE AGREEMENT

This Agreement represents the entire and integrated Agreement between the parties and supersedes all prior negotiations, representations, and agreements, either written or oral. This Agreement may be amended, modified, or added to only by written instrument approved by the legislative bodies of each party.

XIV. ATTORNEYS' FEES

Should either party commence any legal action relating to the performance of this Agreement, the prevailing party shall be entitled to recover all costs incurred in any legal action including, but not limited to, costs, expert witness fees and reasonable attorneys' fees, including all such fees and costs incurred on appeal.

XV. CONTROL AND STATUS OF EMPLOYEES AND EQUIPMENT

A. NUD employees and equipment used to provide the services under this Agreement shall remain under exclusive direction and control of NUD. All privileges, immunities, rights, duties and benefits of NUD's employees shall apply while they are performing the services under this Agreement, unless otherwise provided by law.

B. The City owns front-mount snow plow(s) and shall retain all ownership rights thereto. The City agrees to allow NUD to use the front-mount snow plow to effectuate its Services and responsibilities under this Agreement. NUD shall reimburse the City for any damage caused by NUD to city-owned equipment, above and beyond normal wear and tear caused by reasonable snow plow services.

C. Nothing herein shall be construed to create a new partnership or joint venture or any separate legal or administrative entity between the Parties.

XVII. AUTHORIZATION

Each Party shall approve this Agreement by appropriate resolution or ordinance and shall provide the other Party with a copy of such resolution or ordinance. Each Party represents to the other Party that it has the power and authority to enter into this Agreement.

THE CITY OF KENMORE,
WASHINGTON

NORTHSHORE UTILITY DISTRICT

By: Rob Karlinsey, City Manager

By: Alan G. Nelson, General Manager

Date: _____

Date: _____

Exhibit A

Priority Routes

The City Manager or designee shall designate priority routes when requesting snow removal services. These routes may change as weather patterns and other needs arise.

Exhibit B

Rates

Equipment Acquisition and Installation

The City will purchase or agree to reimburse the purchase of City owned snow plows, spreaders, and other necessary equipment.

Snow Removal Service Hourly Rates

The rates shall include all of NUD's costs in providing snow removal services.

The City shall be billed on a time, equipment and materials basis in accordance with the District's current rate resolution. The applicable rate resolution is the one in affect at the time services are provided. The Districts rate resolution is published on its website www.nud.net.

The labor rate for snow removal and de-icing shall be based on the individual employee's hourly rate plus labor overhead in accordance with the Districts rate resolution. In no case shall the labor rate for snow removal, de-icing services exceed the top salary range of the District's "Senior Utility Worker".

Employee work hour conditions are defined in the Districts employee handbook and shall apply to the compensation provisions of this agreement. Below list current examples of the Districts, employee work hour conditions and shall apply to the Districts current employee handbook provisions in place at the time services are provide.

- **Employee Hourly Rate:** Employee Monthly Salary/173.3
- **Normal Work Hours:** 7:30am to 4:00pm (M-Fri) excluding District observed holidays
- **Continuation Pay:** District personnel prior to 4:00pm of Normal Work Hours
- **Overtime Rate (1.5x):** Applied to all hours worked past the employee's normal work hours.
- **Minimum 2 Hour Call-Back:** Applied to all hours called outside of normal work hours, with the exception of the "Minimum 3 Hour Call-Back" provision discussed below and the call is made at least 2 hours prior to the normal work schedule. In which case the actual call-back hours shall apply.
- **Minimum 3 Hour Call-Back:**
 - Holiday (Actual Recognized); and,
 - Called between 11:00pm to 4:30am.

Equipment rates shall be based on the District equipment rate plus equipment overhead as defined in the Districts rate resolution.

Material rate is actual average cost of materials plus material overhead as defined in the Districts.

The employee's actual hourly rate plus overhead as published in the District's Rate Resolution.

Supplies and Materials

The City will purchase materials and supplies directly. NUD may order materials, supplies and equipment on behalf of the City with the City's prior approval, and the City will be invoiced directly by the vendors.



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Public Hearing, Deliberation and Action to Allow “Construction and Trade” as a Temporary Use for One Year at 6532 NE Bothell Way for an Interim Public Works Shop.

Proposed Council Action/Motion:
Motion to Allow “Construction and Trade” as a Temporary Use for One Year at 6532 NE Bothell Way for an Interim Public Works Shop.

For Council Meeting Agenda of: November 13, 2018

Department: Development Services

Prepared by: Samantha Loyuk, Associate Planner

Initial & Date

Approved by Department Head: ~~SA~~ 10/30/18

Approved by City Attorney: _____

Approved by Finance Director: ✓ _____

Approved by City Manager: psk _____

Exhibits/Attachments:

Attachment #1: Development Review Team Pre-Application Meeting Comments.

Attachment #2: Project Narrative and Justification.

Attachment #3: Site location map

INFORMATION/BACKGROUND:

The City of Kenmore (Kenmore) has contracted with the City of Lake Forest for public works services since incorporation. Starting on January 1, 2019, Kenmore will be providing in-house public works services. Kenmore has not been able to find a permanent location for a Public Works Shop, which is considered a “Construction and Trade” use, per the zoning code (KMC 18.20.590). A city-owned property located at 6532 NE Bothell Way (“subject property”) has been identified as a temporary location for the Public Works shop. The subject property is zoned Downtown Commercial (DC) and does not contain any environmentally critical areas or buffers. Per KMC 18.25.020, Construction and Trade uses are prohibited use in the DC zone. However, the use is allowed on a temporary basis through Temporary Use Permit (KMC 18.100.100).

Temporary Use Permits are a mechanism by which the City may permit a use otherwise not permitted in the zone. Temporary Use Permits that exceed 90-days require a public hearing and City Council approval.

In accordance with KMC 18.100.125, a Temporary Use Permit shall demonstrate that:

- A. The proposed temporary use will not be materially detrimental to the public welfare;
- B. The proposed temporary use is compatible with existing land uses in the immediate vicinity in terms of noise and hours of operation; and
- C. Adequate public off-street and traffic control for the exclusive use of the proposed temporary use can be provided in a safe manner.

Staff reviewed the application for compliance with the approval criteria described in KMC 18.100.125 and determined the temporary use complies.

Development Services staff recommends the temporary use be allowed for one year, starting January 1, 2019.

FISCAL CONSIDERATION:

Having the Public Works shop at this location allows staff adequate time to locate and negotiate a permanent location.



ATTACHMENT #1

City of Kenmore, Washington

Development Services

October 5, 2018

City of Kenmore Public Works Department
Attn: Jennifer Gordon
18120 68th Ave NE
Kenmore, WA 98028
jgordon@kenmorewa.gov – via email only

**RE: Development Review Team Pre-Application Meeting Final Comments
Interim Public Works Shop, PRE18-0147 (PRJ18-0005)**

Ms. Gordon,

Thank you for your participation in the City's development review program. Enclosed are the final review comments resulting from the pre-application meeting held on 10/4/18 and include:

1. Planning comments provided by Samantha Loyuk dated 10/4/18;
2. Engineering comments provided by Terri Bielenberg dated 10/4/18;
3. Building comments provided by Ryan Mumma dated 9/28/18;
4. Northshore Utility District comments provided by Thema Crenshaw dated 10/1/18;
5. Northshore Fire Department comments provided by Jeff LaFlam dated 9/20/18;
6. Pre-application sign-in sheet.

Sincerely,

Tela Whiteman, Permit Specialist
Development Services

cc: File
Ben Yazici, MuniManage – ben@munimanage.com
Richard Sawyer – rsawyer@kenmorewa.gov

Attachments

18120 68th Ave NE · Kenmore, WA 98028

Office: (425) 398-8900 · Fax: (425) 481-3236 · cityhall@kenmorewa.gov · www.kenmorewa.gov



City of Kenmore, Washington

Development Review Comments

Date of Report: October 4, 2018
Permit Number: PRE18-0147 (PRJ18-0005)
Project Name: Interim Public Works Shop
Project Location: Parcel # 794630-0195 & -0196
Reviewer: Samantha Loyuk, Planner
E-mail Address: sloyuk@kenmorewa.gov
Department: Development Services – Planning

Regulatory Responsibilities of Department: Development Services is responsible for reviewing the project for compliance with the Kenmore Land Division Code (KMC Title 17), Zoning Code (KMC Title 18), Land Use Policies and Procedures Code (KMC Title 19), and other applicable land use and environmental regulations such as the State Environmental Policy Act (SEPA).

Project Description: Feasibility inquiry regarding an interim Public Works Shop.

- Phase I: Provide a temporary staging area and shop for City of Kenmore Public Works Department. The temporary use will be designed to accommodate an existing drive-thru coffee stand. Proposed temporary use is 90 days.
- Phase II: Provide a temporary staging area and shop for City of Kenmore Public Works Department; existing coffee shop to be removed and entire lot to be use for Public Works. Proposed temporary use is approximately one (1) year.

Executive Summary: These comments are general and subject to change as additional information is provided and/or if the scope of the project changes.

Review Comments:

1. The subject property is located in the Downtown Commercial (DC zone). The downtown commercial zone features a mix of private and public uses designed to create a small-town feel and pedestrian-friendly environment. Public places, sidewalks, extensive landscaping, transit orientation, shared or structured parking, protection of critical areas, and high-quality design and signage are key features. KMC 18.25.010
2. Per KMC 18.20.2180, "Public agency or utility yard" means a facility for open or enclosed storage, repair, and maintenance of vehicles, equipment, or related materials, excluding document storage. The DC zone use table (KMC 18.25.020 Table A) does not use the term "Public Agency or Utility Yard," as it is outdated and has since been replaced with "Construction and Trade."

Per KMC 18.20.590, "Construction and Trade" means an establishment that provides services related to construction and maintenance of buildings and infrastructure and improvements to property. Such establishments include landscape and horticultural services. This definition excludes construction and trade establishments that qualify as an office by virtue of having only a business office without outside storage or fabrication. **Construction and trade is a prohibited use in the DC zone. However, the applicant**

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(425) 398-8900 · cityhall@kenmorewa.gov · www.kenmorewa.gov

informal Public Development Application (PDR) Set 4 - PM (04/01/2019)
12/4/2018 11:51

may choose to pursue a Temporary Use Permit (TUP) to allow the use on an interim basis (KMC 18.100.100).

Temporary Use Permit (TUP):

3. Pursuant to KMC 18.100.120, TUPs are limited to duration and frequency as follows:
 - a. The TUP shall be effective for up to 365 days after issuance;
 - b. The TUP shall not exceed a total of 90 days or as otherwise provided in this title; provided, that this requirement applies only to the days that the event(s) authorized by the permit actually takes place. This time limit may be extended by the *city council* following a public hearing on the proposal;
 - c. The temporary use permit shall specify a date upon which the *use* shall be terminated and removed; and
 - d. A temporary use permit shall not be granted for the same temporary use on a property more than once per calendar year; provided, that a temporary use permit may be granted for multiple events during the approval period.

The permit will be conditioned, as necessary. This comment is provided for information purposes; a response is not required.

4. Pursuant to KMC 18.100.125, the TUP application shall demonstrate the following:
 - a. The proposed temporary use will not be materially detrimental to the public welfare;
 - b. The proposed temporary use is compatible with existing land *uses* in the immediate vicinity in terms of noise and hours of operation; and
 - c. Adequate public off-street parking and traffic control for the exclusive use of the proposed temporary use can be provided in a safe manner.

As part of the project narrative, the applicant shall address each of the approval criteria described above.

Action Items:

- a. A response to the criteria listed above was not provided as part of the application. A narrative demonstrating compliance with items KMC 18.100.125 (4.a-c above) for Phase I is required. If the applicant has questions on how to prepare this letter, development services staff is available and happy to provide guidance.
- b. A narrative demonstrating compliance with items KMC 18.100.125 (4.a-c above) for Phase II is required. If the applicant has questions on how to prepare this letter, development services staff is available and happy to provide guidance. If the response is the same for each phase, the applicant can choose to write one response only.

Downtown Commercial (DC) Development Standards:

5. The project is subject to the development standards described in KMC 18.25.040 Table B:
 - a. Street Setback: Minimum 10 ft. from SR-522, unless otherwise allowed through Chapter 18.52 KMC, Downtown Design Standards; other *streets* 0 ft.
 - b. Interior Setback: 0 ft.
 - c. Maximum impervious surface: 90%

Interim Public Works Shop pre-application: PRE18-0147 (PRJ18-0005)
10/4/2018 SL

If the applicant proposes deviation from any of the development standards described above, the project narrative shall identify those and provide justification and/or compensatory measures. The request for deviation will be reviewed by City Council.

Action Items:

Provide a revised site plan for Phase II which identifies the property lines.

Trees:

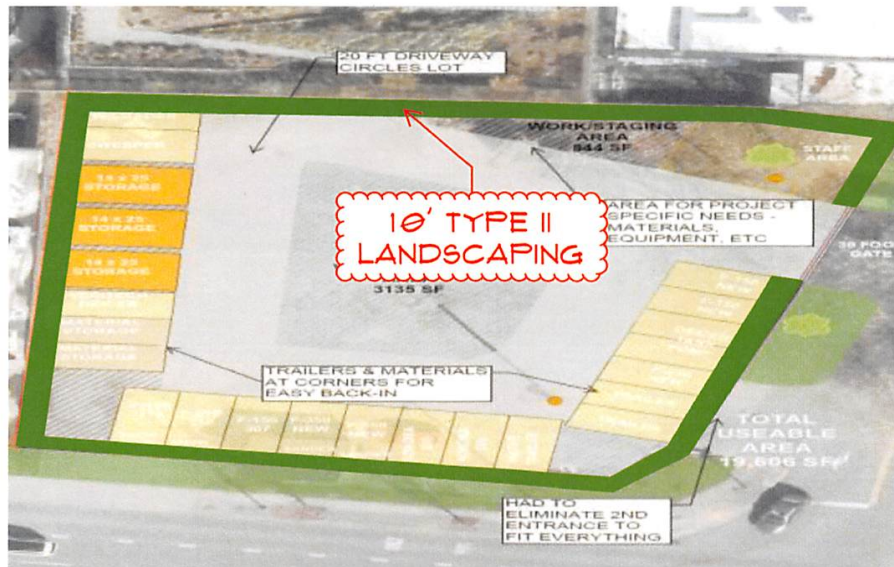
6. The project is exempt from Tree Management and Protection standards pursuant to KMC 18.57.035.A.4.

Landscaping:

7. All new development is subject to the landscaping provisions described in KMC 18.35. Per KMC 18.35.045, the project shall provide the following landscaping:

Street Frontage Perimeter Landscaping (average width)	Interior Lot Line Perimeter Landscaping (average width)	Surface parking lots of 10 or more stalls
10' Type II	10' Type II	N/A

The proposed plans do not appear to provide the required landscaping. The applicant may choose to provide an alternative landscape plan, per KMC 18.35.100. If the applicant proposes deviation from landscape standards (beyond alternative landscaping), the project narrative shall identify the deviation and provide justification and/or compensatory measures. The request for deviation will be reviewed by City Council.



8. Type II landscaping is a "filtered screen" that functions as a visual separator. Per KMC 18.35.040.B.2, Type II landscaping shall minimally consist of: a. A mix

Interim Public Works Staff Review Report (PRL) 17-047 (HLL 18-030)
10/4/2018 S

of evergreen and deciduous trees and shrubs generally interspersed throughout the landscape strip spaced to create a filtered screen; b. At least 50 percent deciduous trees and at least 30 percent evergreen trees; c. Trees provided at the rate of one per 20 linear feet of landscape strip and spaced no more than 30 feet apart on center; d. Shrubs provided at the rate of one per four linear feet of landscape strip and spaced no more than eight feet apart on center; and e. Ground cover pursuant to KMC 18.35.090.

Downtown Design Standards:

9. The subject property is located in Downtown Design Standard Area #1, per KMC 18.52.070.A.1.
10. The proposed fence does not comply with design standards. Unadorned wood fences and chain link fencing are not allowed (KMC 18.52.180.C). To address this design standard the applicant could add temporary art panels to the fence.
11. The following categories of improvements are exempt from applicable design standards:
 - a. Re-roofing that does not modify the roof structure;
 - b. Repainting;
 - c. Interior remodels;
 - d. Mechanical equipment replacement;
 - e. Parking lot pavement patching, or stall repainting that does not involve reconfiguration;
 - f. Normal maintenance or minor repair;
 - g. Any activity in which the total cost or fair market value (whichever is higher) of labor and materials combined does not exceed \$15,000; provided, that the improvement does not involve priority standards listed in subsection G of this section. This cost/fair market value figure shall be adjusted upward by five percent annually to address a cost of living increase; provided, that within a three-year period, if the total \$15,000 amount is exceeded, future improvements shall be subject to applicable design standards.

The proposal does not appear to be exempt from design standards. However, the degree to which each standard applies to a redevelopment project shall be evaluated on a case-by-case basis in an effort to achieve an overall design which meets the purpose and intent of the downtown design standards. The TUP shall address the following design standards:

- KMC 18.52.140 Site Lighting
- KMC 18.52.180 Parking lot screening
- KMC 18.52.200 Screening (100% sight-obscuring, year-round)
- KMC 18.52.300, -340 Building materials

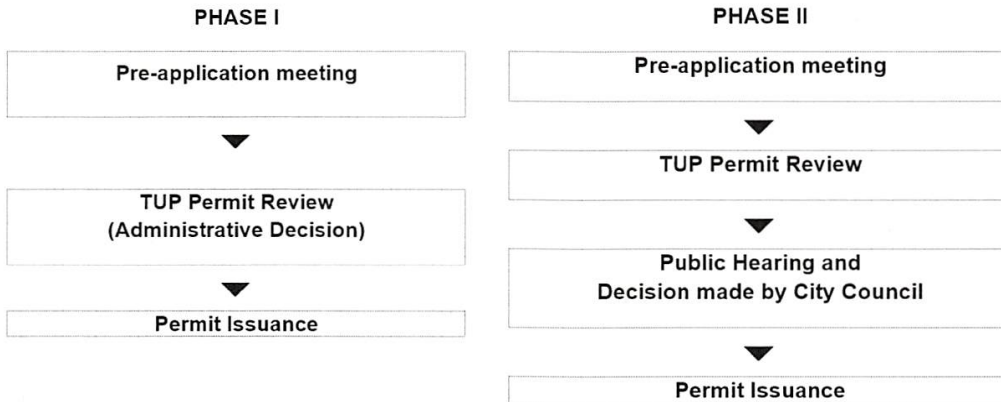
Procedural Comments:

12. Phase I is a Type 1 administrative decision. The improvements described in this letter will be deferred to Phase II.
13. Phase II requires a public hearing and decision made by City Council.
14. The is exempt from review of the State Environmental Policy Act (SEPA) pursuant to WAC 197-11-800(1)(d). SEPA exemption status will be confirmed when the application is filed.

Interim Public Works Shop pre-application, PRE18-0147 (PRJ18-0005)
10/4/2018 SL

Exempt status is subject to change if the scope of the project is revised or if new information is received.

15. The charts below summary the process for each phase:



Reviewer Signature and Date: *AA Gil*

X. A. Allow "Construction and Trade" as Temporary Use for One Year at 65...



City of Kenmore, Washington

Development Review Comments

Date of Report: October 4, 2018
Permit Number: PRE18-0147(PRJ18-0005)
Project Name: Interim Public Works Shop
Project Location: 6532 NE Bothell Way
Reviewer: Terri Bielenberg – Civil Engineer
E-mail Address: tbielenberg@kenmorewa.gov
Department: Engineering

Regulatory Responsibilities of Department: Review plans in accordance with Kenmore Municipal Code (KMC) 12.50, 13.35, & 18.40 which adopt, with amendments, the 2016 King County Surface Water Design Manual (KCSWDM) & 2016 City of Kenmore Road Standards (COKRS).

Project Description: Feasibility inquiry regarding an interim Public Works Shop.

- Phase I: Provide a temporary staging area and shop for City of Kenmore Public Works Department. The temporary use will be designed to accommodate an existing drive-thru coffee stand. Proposed temporary use is 90 days.
- Phase II: Provide a temporary staging area and shop for City of Kenmore Public Works Department; existing coffee shop to be removed and entire lot to be use for Public Works. Proposed temporary use is approximately one (1) year.

Executive Summary: These comments are general and subject to change as additional information is provided and/or if the scope of the project changes.

Drainage Comments: The project is not adding or replacing any impervious area. The City will require protecting all inlets during Phase I and II.

1. An erosion and sediment control (ESC) plan, consistent with KCSWDM 2.3.1.3, and Stormwater Pollution Prevention Plan & Spill (SWPPS) Plan, consistent with KCSWDM 2.3.1.4, will be required for phase II.

Street/Traffic Comments:

2. Per COKRS 1.06, all projects that generate new traffic impacts are required to provide frontage improvements. The site is currently utilized as a drive through coffee stand. The proposed project will eliminate the coffee business and will be replaced with storage of materials and will generate up to approximately 15-20 vehicle trips per day. The proposed plan will also close one driveway on 67th. The reductions in vehicle trips and vehicle/pedestrian conflicts will result in net reduction in overall traffic impacts. Given this facility serves a broad public purpose and reduces traffic impacts from the current use, frontage improvements will be waived. Per KMC 20.47.040.A6 impact fees may be waived by Council if the project provides a greater public benefit and will be recommended to Council for approval.

Reviewer Signature and Date: Terri Bielenberg 10/4/18

Engineering Review Comment
 Project: PRE18-0147
 Date: 10/4/2018

Page | 1



City of Kenmore, Washington

Development Review Comments

Date of Report: September 28, 2018 – **Draft comments**
Permit Number: PRE18-0147
Project Name: **Interim Public Works Shop**
Project Location: 6532 NE Bothell Way
Reviewer: Ryan Mumma – Plans Examiner/Inspector
E-mail Address: rmumma@kenmorewa.gov
Department: Development Services – Building Department

Regulatory Responsibilities of Department: Development Services is responsible for reviewing building and structures for fire and life safety and to ensure buildings and structures are built safe for the public in accordance with the International Building Code and Kenmore Municipal Code.

Project Description: Reconfigure existing lot for use as a storage and staging area for public works activities

Executive Summary: The comments below are provided in response to the conceptual plans submitted. These comments are general and subject to change as additional information is provided and/or if the scope of the project changes.

Review Comments:

1. Please indicate proposed use or action for existing coffee shack building. A permit may be required for the removal, alteration, or relocation of the structure

No further building division comments at this time.

Reviewer Signature and Date: _____ **DRAFT**



Northshore Utility District Memo

To: Tela Whiteman, City of Kenmore
From: Thema Crenshaw
Log No: 2065
Date: October 1, 2018
Re: Interim Public Works Shop PRE18-0147 (PRJ18-0005)

The District has reviewed the information provided for the Interim Public Works Shop project. The existing parcel is vacant and is not connected to the water or sewer system. The City plans to use the parcel as a storage area for public works operations equipment and supplies and is requesting a water connection and 1-inch water meter to install a yard hydrant at the site. Sewer service is not needed.

A completed application for a new water service and meter was received on September 25, 2018, however, no payment has been made at this time. Connection fees and water service installation fees are due in the amount of \$6,335.57. If the City plans to waive the ROW permit fee for the District to install the new water service in 67th Ave NE, the total amount due will decrease to \$5,785.57. Payment must be made before the new water service and meter can be installed.

The District has no further comments at this time.

Thema Crenshaw
Permit Specialist
425.398.4401
tcrenshaw@nud.net



KING COUNTY FIRE PROTECTION DISTRICT NO.16

7220 NE 181st Street
KENMORE, WA 98028

BUSINESS: 425-354-1780 FAX: 425-354-1781

To: Tela Whiteman, Permit Specialist
From: Jeff LaFlam, Fire Marshal
Date: September 20, 2018
Re: PRE18-0147, Kenmore Public Works shop

The preliminary plans and documents submitted for the use of an existing vacant lot located at 6532 NE Bothell Way as a temporary Public Works storage area was reviewed in accordance with the 2015 International Fire Code (IFC). The following comments apply to this proposal:

Review Comments:

There are no fire department conditions for this proposal.

X. A. Allow "Construction and Trade" as Temporary Use for One Year at 65...

ATTACHMENT #2

PROJECT NARRATIVE AND JUSTIFICATION

Kenmore contracts most public works and parks maintenance services to various private and public contractors. The largest contract, existing since our incorporation, is with the City of Lake Forest Park. This contract has worked well for our city for almost 20 years. As the needs of each city has evolved and the infrastructure maintenance demands have increased, both cities decided that each would be better served by having its own Public Works and Parks Maintenance Operation division. We have received notice from Lake Forest Park terminating the Public Works and Park Maintenance services to Kenmore effective December 31, 2018.

The City hired Munimanage consultants to develop an in-house Public Works and Park Maintenance Division operation and implementation plan. We have shared the plan's implementation schedule, and the associated costs with the Council during the August 13, 2018 Council meeting. The Council subsequently approved the plan and authorized us to proceed with the required financial expenditures at the September 10, 2018 Council meeting. Since then, we have developed job descriptions, advertised positions to hire maintenance workers, and hired an architect to remodel the back side of the post office building for an office space for the new division.

Providing excellent service and meeting our community public works needs is a top priority for City leadership and City staff. Moving services in-house gives us more local control over work order prioritization. In-house staff can be more flexible and responsive to community needs. After careful study, we believe we can provide these services over the long term for the same or less cost compared to our costs while we were in contract with Lake Forest Park.

This transition will require hiring six new public works employees who will start in late November or early December. We will also need to purchase equipment and find a permanent 1.5 to 2-acre site for a permanent Public Works/Parks shop.

The City has been working to find an appropriate location for a permanent Public Works / Parks shop. We worked with a real estate agent, checked real estate web sites (Zillow, Redfin, etc), and checked the King County Parcel map to identify a 1.5 to 2 Acre property to be used for this purpose within the City of Kenmore.

Most of the parcels identified on the King County Parcel map within our parameters were either not for sale or were located in the middle of a residential neighborhood. We pursued one property which was for sale and greater than 4 acres. We thought this property would give us the needed buffer and screening from the surrounding residents. We entered into a purchase and sale agreement to do a feasibility study for this property. Unfortunately, the property was constrained with many environmental issues. We also received very strong opposition from the neighborhood. Consequently, we terminated our purchase and sale agreement.

We also toured a property owned by the Local fire district on the west side of the City. This was an old fire station. It is not being used for that purpose now. The District wants to keep this property for potential future use. The Fire Chief was very kind and supportive of the idea that we could perhaps lease it from them, contingent upon his board's approval. We reviewed the property and the structure on it. The yard outside the building is very small and would not allow us to store even half of the equipment we need. It is also very close to a number of residential homes without the means to provide proper screening. Further evaluation revealed many structural problems with the standing structure which would require significant funds to repair. It was thus decided not to proceed with this interim option.

TEMPORARY USE PERMIT

The City owns the Shell property at the northwest corner of SR-522 and 67th Ave NE which is approximately ½ acre in size. It is the only viable option at present identified for use as an interim public works and parks maintenance and operation site. The entire property would be needed to accommodate the interim use for the City. This property was purchased by the City in 2013. Espresso Works drive-through is currently occupying part of this property under a 1-year temporary lease. City Council approved a 1-year temporary lease starting in November 2014. Espresso Works moved to the location and applied for a building permit in June 2015. The Espresso Works 1-year temporary use lease was extended for an additional year in November 2016 and again in November 2017. Their current lease expires in November 2018 and we have mutually agreed to extend it again until December 31, 2018, at which time Espresso Works will no longer reside on the property.

Both drive-through and Public Works / Parks operation and Maintenance uses are prohibited on this property by the Zoning code. To accommodate Espresso Works, the Council has approved several one-year temporary use exceptions since 2014. We need a temporary location while we search for and purchase a permanent Public Works / Parks shop. We anticipate needing to use this site on an interim basis for two to three years until we find a permanent location.

FENCING

The City proposes to install a 6-foot high black chain link fence with privacy screening. The proposed fencing is appropriate for the proposed temporary use and will meet the interim needs of the city by providing a secure site for city vehicles, equipment and staff.

LANDSCAPING

The City proposes to install a 5-foot wide strip of Type II landscaping along the SR 522 frontage, which will act as a visual separator between the property and traveling public. The Type II landscaping shall consist of a mix of evergreen and deciduous trees and shrubs generally interspersed throughout the landscape strip. Trees will be provided approximately every 20 linear feet and spaced no more than 30 feet apart on center and shrubs will be provided

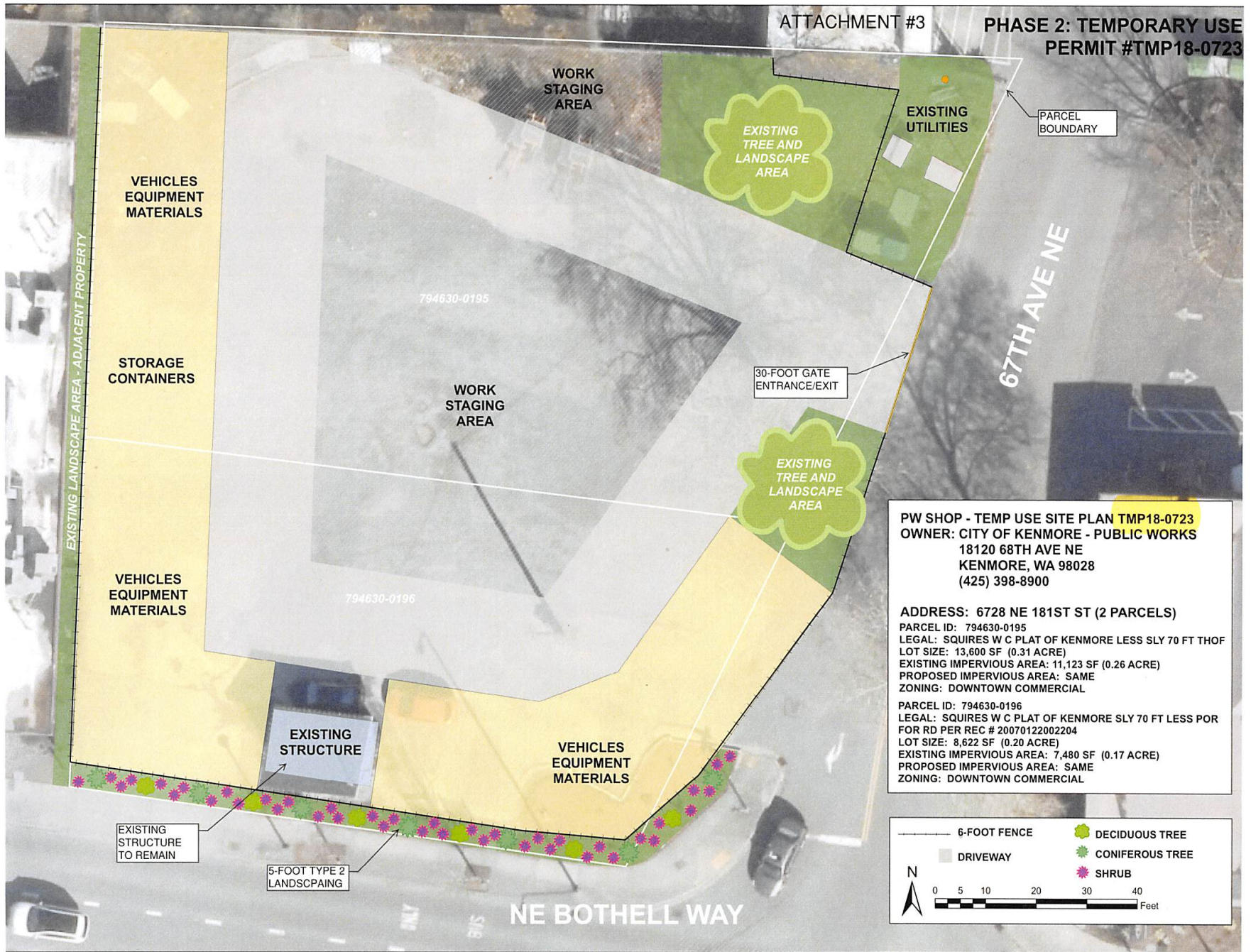
approximately every 4 linear feet and spaced no more than eight feet apart on center. The proposed plant list and quantities are as follows:

Quantity	Botanical Name	Common Name
7 (20' O.C.)	<i>Thuja occidentalis</i> 'Smaragd'	Emerald Green Cedar
6 (20' O.C.)	<i>Quercus garryana</i>	Garry Oak
40 (mixture of shrubs)	<i>Ribes sanguinum</i>	Red Current
	<i>Viburnum tinus</i> 'Spring Bouquet'	Laurustinus
	<i>Physocarpus opulifolius</i> 'Nana'	Ninebark
	<i>Nandina domestica</i>	Heavenly Bamboo
	<i>Magnolia stellata</i>	Star Magnolia
	<i>Euonymus alatus</i> 'Compacta'	Compact Burning Bush

NOISE/PARKING AND LAND USE

The proposed temporary use will not be materially detrimental to the public welfare. As mentioned, it may be beneficial to the public to move these services in-house. The noise associated with the shop will be minimal and compatible with how the property has been used over the past 5 years. The property has been frequently used to stage road and infrastructure projects in Kenmore. During these staging periods the City did not receive any complaints. The employees will either be parking at the Post Office or City Hall where there is adequate parking.

In addition to the property on SR 522, we will also be using the back side of the Post Office building at 6700 NE 181st St (another city-owned building) for indoor storage and office space for maintenance workers.





City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Public Hearing, Deliberation and Action to Extend Multifamily Tax Exemption in the Transit Oriented Development District Overlay

Proposed Council Action/Motion:
Motion to adopt Ordinance No. 18-0471 amending sections 3.65.020, 3.65.030, and 3.65.110 of the KMC to designate the transit oriented development district overlay as a residential targeted area and to establish low or moderate income equal to or less than ____ percent of King County median family income.

For Council Meeting Agenda of: November 13, 2018

Department: Development Services

Prepared by: Bryan Hampson

	Initial & Date
Approved by Department Head:	<u>BA 10/29/18</u>
Approved by City Attorney:	<u>✓ P.L.</u>
Approved by Finance Director:	<u>_____</u>
Approved by City Manager:	<u>PAK</u>

Exhibits/Attachments:

Attachment 1: October 29, 2018 Memo Analyzing Multi-Family Property Tax Exemption in the Transit Oriented Development District and Exhibits

Attachment 2: Ordinance No. 18-0471

INFORMATION/BACKGROUND:

To help further encourage multi-family development and redevelopment in our transit-oriented development (TOD) district overlay, City staff recommends City Council increases the incentives available in the TOD area by designating the TOD as a *residential targeted area*, to be eligible to take advantage of the Multifamily Tax Exemption (MFTE) as allowed by the codified Ordinance, Chapter 3.65 KMC.

Reference the October 29, 2018 Memo Analyzing Multi-Family Property Tax Exemption in the Transit Oriented Development District and Exhibits (Attachment 1). It provides history and demonstrates different possible property tax and housing unit scenarios, including affordable units, and one-time revenues to the City if there is no redevelopment, a townhome development, or a TOD product with or without an MFTE.

Ordinance No. 18-0471 (Attachment 2), amends Section 3.65.030 in the Kenmore Municipal Code to expand the MFTE area to the TOD and modifies the level of affordability. This Ordinance provides Council the opportunity to change the level of affordability if so chooses to. Currently, with regards to MFTE, low or moderate income is equal to or less than 85%. Council needs to provide direction on the level of affordability during the deliberation and insert into adopting motion.

FISCAL CONSIDERATION:

There is no fiscal impact by establishing a residential target area. The fiscal impact will occur if a project is approved for tax exemption following the adoption of this Ordinance.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Promote economic development and implement the Economic Development Plan and to increase the affordable housing stock.



City of Kenmore, Washington

Memorandum

Date: October 29, 2018

To: Rob Karlinsey, City Manager

From: Bryan Hampson, Development Services Director

A handwritten signature in blue ink, likely belonging to Bryan Hampson, is written over the "From:" line.

Re: Analyzing Multi-Family Property Tax Exemption in the Transit Oriented Development District

Executive Summary

To help further encourage multi-family development and redevelopment in our transit-oriented development (TOD) district overlay, City staff recommends City Council increases the incentives available in the TOD area by designating the TOD as a *residential targeted area*, to be eligible to take advantage of the Multifamily Tax Exemption (MFTE) as allowed by the codified Ordinance, Chapter 3.65 KMC. Ordinance No. 18-0471 (Attachment 2), adds a new Subsection to Section 3.65.030 in the Kenmore Municipal Code to expand the MFTE area to the TOD.

This memorandum provides history and demonstrates different possible property tax and housing unit scenarios, including affordable units, and one-time revenues to the City if there is no redevelopment, a townhome development, or a TOD product with or without an MFTE.

Kenmore's vision is to attract multi-family residential development close to transit, including affordable housing, in the downtown area. To help facilitate this, in 2015 the City established a TOD district overlay.

In 2007, the City established an MFTE Ordinance. An MFTE is an economic development incentive that many cities have successfully used to encourage multi-family development, including affordable housing, particularly in situations where the market has not produced sufficient housing. The MFTE is specifically authorized by state law, Chapter 84.14 RCW, for the purpose of encouraging residential opportunities, including affordable housing, where the requirements of the statute are met.

18120 68th Ave NE · Kenmore, WA 98028

Office: (425) 398-8900

Fax: (425) 481-3236

cityhall@kenmorewa.gov

www.kenmorewa.gov

Background

Since the adoption of the TOD, the City has yet to receive a TOD application. We are hearing from developers, currently building multifamily townhomes in the TOD, that parcels in the TOD are small and the economic risks associated with assembling multiple parcels to build a TOD project, outweigh the incentives.¹ Developers are choosing to build the low-risk townhome options instead of assembling multiple parcels for a TOD project. As such, the TOD area continues to lack sufficient residential opportunities, including affordable units.

The TOD is within an urban center as defined by Chapter 84.14 RCW and it lacks sufficient desirable and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center if affordable, desirable, attractive and livable residences were available. Providing additional housing opportunity, including affordable housing in this area, will assist in achieving one or more of the following purposes:

- a. Encourage increased residential opportunities, including affordable housing opportunities, within the City; or
- b. Stimulate the construction of new multifamily housing; or
- c. Encourage the rehabilitation of existing vacant and underutilized buildings for multifamily housing.

TOD Ordinance

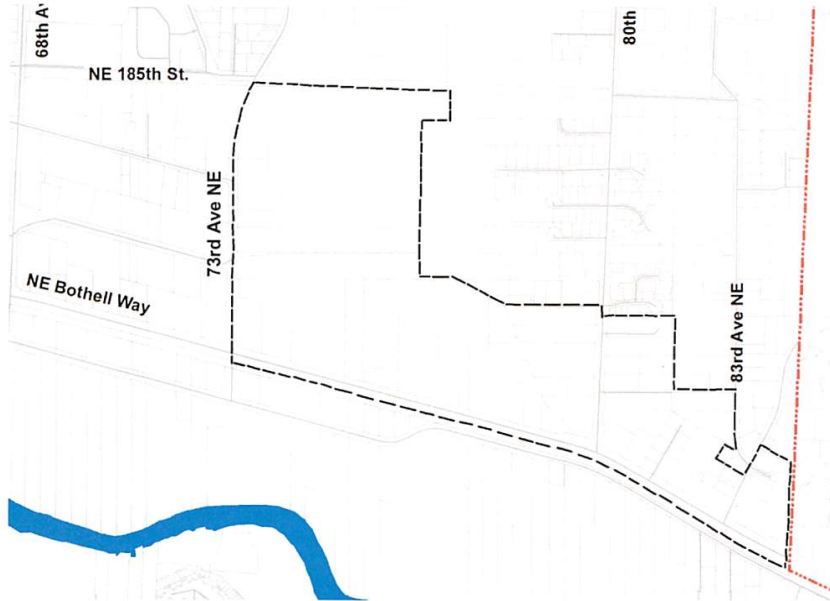
In 2015 the Kenmore City Council established a transit-oriented development (TOD) district overlay, Ordinance No. 15-0406, (**EXHIBIT B**), with the purpose of reinforcing the City's planned concentration of pedestrian-oriented mixed-use development at intensities that support and are supported by multi-modal transportation options, including high capacity transit. The TOD district overlay enhances the City's core by creating incentives and opportunities for a mix of jobs and residences, cultivates a respectful relationship among development within the district, the natural environment, and nearby traditional neighborhoods, and provides a framework for future infrastructure and service decisions. The TOD district overlay provides public benefits in the form of encouraging housing that is affordable to all economic groups, increased pedestrian connectivity, quality design, and incentive to preserve significant tree groves where they exist.

To be eligible to develop under the TOD district overlay regulations, a development application shall meet the following criteria:

- 1. The property must be located within the TOD district overlay;
- 2. The proposed development must either:
 - a. Be considered a mixed-use development; or
 - b. Be a residential-only development or mixed-use development with commercial permitted only on the ground floor if located in the R-12, R-18, or R-24 underlying zones, which are areas designated as primarily residential.

¹ Reference JKChan Development Memo dated May 14, 2018 (**EXHIBIT A**)

Dashed lines delineate TOD area



Zoning map of TOD Area



Regional Business	Downtown Residential	Parks*	R-6 (Residential 6 Dwellings Per Acre)
Urban Corridor	Community Business	Golf Course	R-12 (Residential 12 Dwellings Per Acre)
Waterfront Commercial	Neighborhood Business	R-1 (Residential 1 Dwelling Per Acre)	R-18 (Residential 18 Dwellings Per Acre)
Downtown Commercial	Public/Semi-Public	R-4 (Residential 4 Dwellings Per Acre)	R-24 (Residential 24 Dwellings Per Acre)

Comparison between Underlying Zoning and TOD Densities

Table 1		Underlying Zoning			
<i>Zones in TOD</i>	Min Density du/ac	Max Density du/ac Must Use RDI*	Base Height	Max Height w/ RDI	Commercial Required
<i>R-24</i>	17	36	60	60	No
<i>R-18</i>	14	27	60	80	No
<i>R-12</i>	10	18	60	80	No
<i>Public/Semi-Public</i>	0	0	NA	NA	No
<i>Downtown Commercial</i>	36	72	35	65	Yes
<i>Urban Corridor- East</i>	0	72	55	55	No

* Residential Density Incentives (RDI) are a way to receive higher densities (bonus units) by providing additional affordable housing or dedicated open space

Table 2		TOD Standards		
<i>Zones using TOD Alternatives</i>	Min Density du/ac	Max Density du/ac	Max Height	Max Height w/in 50' of SFR
<i>R-24</i>	60	150	65	35
<i>R-18</i>	60	150	65	35
<i>R-12</i>	60	150	65	35
<i>Public/Semi-Public</i>	60	150	65	35
<i>Downtown Commercial</i>	60	150	65	35
<i>Urban Corridor- East</i>	60	150	65	35

For property owners choosing to develop under the TOD district overlay, developments shall provide affordable housing. For TOD purposes, 10% of the units exceeding the base density of the underlying zone is required to be affordable. Affordable housing in the TOD has three tiers of affordable moderate, low and very low-income levels. The type of affordable required, is based on how many total units exceeds the base density of the underlying zone.

For purposes of the TOD district overlay, the following affordable housing definitions apply:

“Affordable housing unit” means affordable to households whose annual income does not exceed the percentage of median income types described in the subsections below, adjusted for household size, and no more than 30 percent of the monthly household income is paid for monthly housing expenses. (Housing expenses for ownership housing include mortgage and mortgage insurance, property taxes, property insurance, and homeowner’s dues. Housing expenses for rental housing include rent and appropriate utility allowance.)

Moderate Income Affordable Housing

- For rental housing, “moderate income affordable housing” is defined as affordable at 70 percent of median income, adjusted for household size.
- For ownership housing, “moderate income affordable housing” is defined as affordable at 80 percent of median income, adjusted for household size.

Low Income Affordable Housing

- For rental housing, “low income affordable housing” is defined as affordable at 50 percent of median income, adjusted for household size.
- For ownership housing, “low income affordable housing” is defined as affordable at 65 percent of median income, adjusted for household size.

Very Low Income Affordable Housing

- For rental housing, “very low income affordable housing” is defined as affordable at 35 percent of median income, adjusted for household size.
- For ownership housing, “very low income affordable housing” is defined as affordable at 50 percent of median income, adjusted for household size.

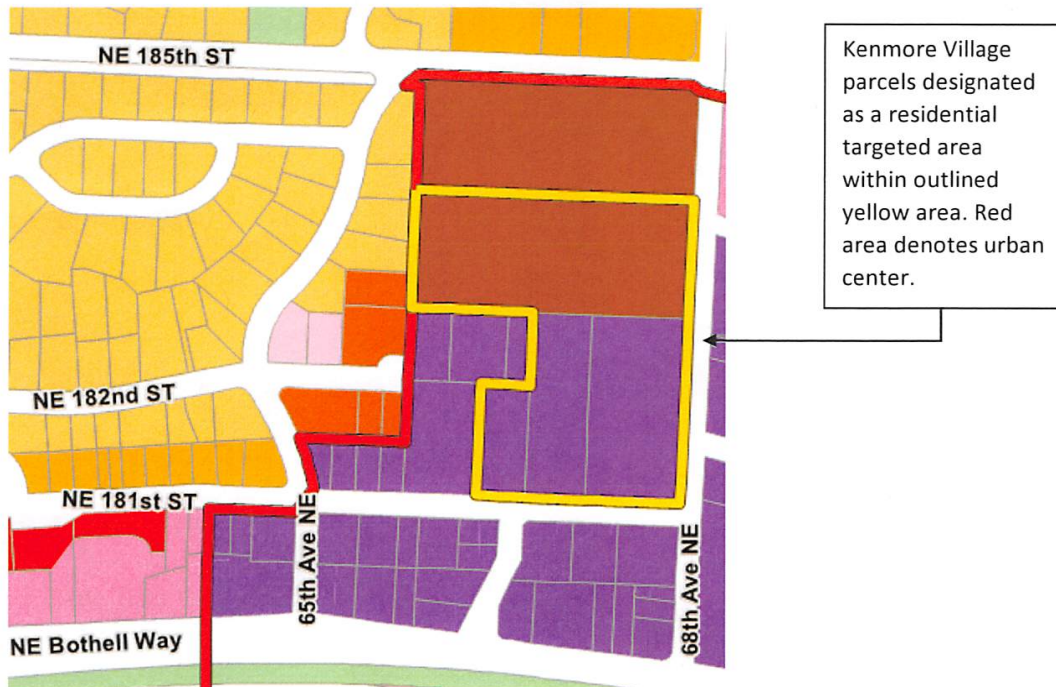
MFTE Ordinance

In 2007 the Kenmore City Council established a Multifamily Tax Exemption (MFTE) Ordinance, Ord. No. 07-0271, (**EXHIBIT C**) with the purposes:

1. To encourage more multifamily housing opportunities, including affordable housing, within the City;
2. To stimulate the construction of new multifamily housing, including affordable housing, and the rehabilitation of existing vacant and underutilized buildings for multifamily housing;
3. To increase the supply of multifamily housing opportunities within the City for low and moderate-income households; and
4. To accomplish the planning goals required under the Growth Management Act, Chapter 36.70A RCW, as Implemented by the City’s comprehensive plan.

Tax abatement is one economic development incentive that cities have successfully used to encourage multi-family development, including affordable housing, in urban centers. The City’s MFTE Ordinance was adopted in accordance with the requirements of Chapter 84.14 RCW, which authorizes this tax exemption.

The MFTE Ordinance allows the City Council to designate one or more residential targeted areas. Ord. No. 07-0271 designated the parcels lying northwest of the intersection of NE 181st St and 68th Ave NE, aka Kenmore Village as a *residential targeted area*. These parcels have been mostly redeveloped by the MainStreet Property Group LLC.



The MFTE Ordinance also provides two exemption scenarios; an 8-year or a 12-year ad valorem property tax exemption. The 8-year exemption does not require an affordable housing component. The 12-year exemption requires at least 25% of the total units to be affordable. The affordable housing requirements for MFTE are very different than those required for TOD projects. For Example:

**TOD = 10% of the units exceeding the base density of the underlying zone; and
MFTE w/12-year Tax Exemption = 25% of total units.**

A project in the TOD receiving a 12-year tax exemption would need to satisfy the TOD level of affordability (without exceeding the established affordability level in the MFTE), the remainder, up to 25% would need to meet the MFTE requirement.

City Ordinance No. 07-0271, for the Kenmore Village project, relating to MFTE, originally defined a moderate-income household as a household whose adjusted income is 80% of the King County median family income.

In 2013, following the economic crisis of 2008, via City Ordinance No. 13-0363, (**EXHIBIT D**), relating to MFTE, the Council revised the low or moderate-income level from 80% income to equal or less than 85% of the King County median family income. Ordinance No. 13-0363, relating to 12-year tax exemption, also changed the amounts of affordable units from 20% to 25% of the total units.

Ordinance No. 13-0363, relating to the specific zoning requirements for the Kenmore Village project, also revised the affordable housing from 50% of the King County median household income to 85% of the King County median household income.

Analysis

Analyzing property taxes over a 20-year period and residential units, including affordable units, for the following five scenarios:

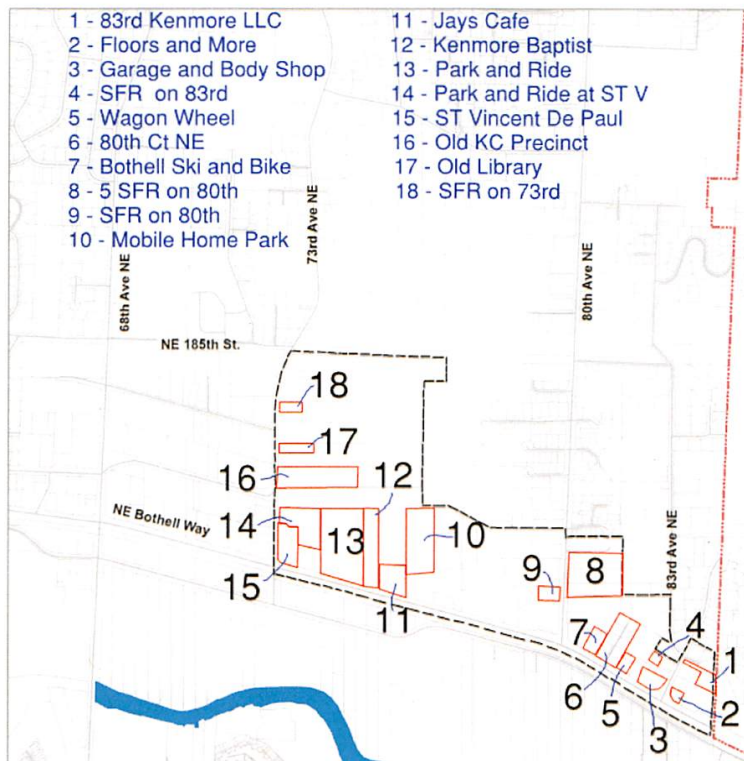
- No development, continued use;
- Townhouse development without MFTE;
- TOD development with 8-year MFTE;
- TOD development with 12-year MFTE; and
- TOD development without MFTE.

Reviewed each parcel in the TOD (approximately 75), for the probability of being redeveloped.

Excluded:

- New construction;
- Existing large multi-family buildings;
- Parcels in critical areas; and
- Large commercial businesses.

Identified 18 properties or groups of properties within the TOD, that have a high possibility of being redeveloped. The 18 parcels identified are as follows:



For this development scenario:

- Unit and square footage assumptions are based on average net present value costs and sizes;
- Townhouses are based on 2,000 sf;
- Multi-family apartments are based on 1,000 sf;
- The land and total improvement assessed value (AV) assumptions are based on King County Department of Assessments data;
- The AVs and improvements are assumed to increase at a rate of 3% per year;
- For this analysis, the 18 projects would theoretically receive their certification of occupancy at the end of 2018 and the multi-family tax exemption would begin in 2019;
- Only the taxes from new multi-family construction is foregone during the exemption period;
- Property tax benefits from the land and other new construction (e.g. retail) are still received;
- During construction, taxing jurisdictions receive property taxes on the value of the partial improvements;
- The taxing exemption begins January 1st of the year following the calendar year of issuance of a certificate of occupancy;
- At the end of the tax exemption period all the improvements become taxable, at the present assessed value, and are counted as new construction which increases local taxing authority;
- Residential Density Incentives were not considered. RDIs are a way to receive higher densities (bonus units) by providing additional affordable housing or dedicated open space;
- The middle of the TOD density of 105 dwelling units per acres was used (reference Table 2 above, TOD densities are 60-150 du/ac).

Figure 1
Total Levy Rate Distribution

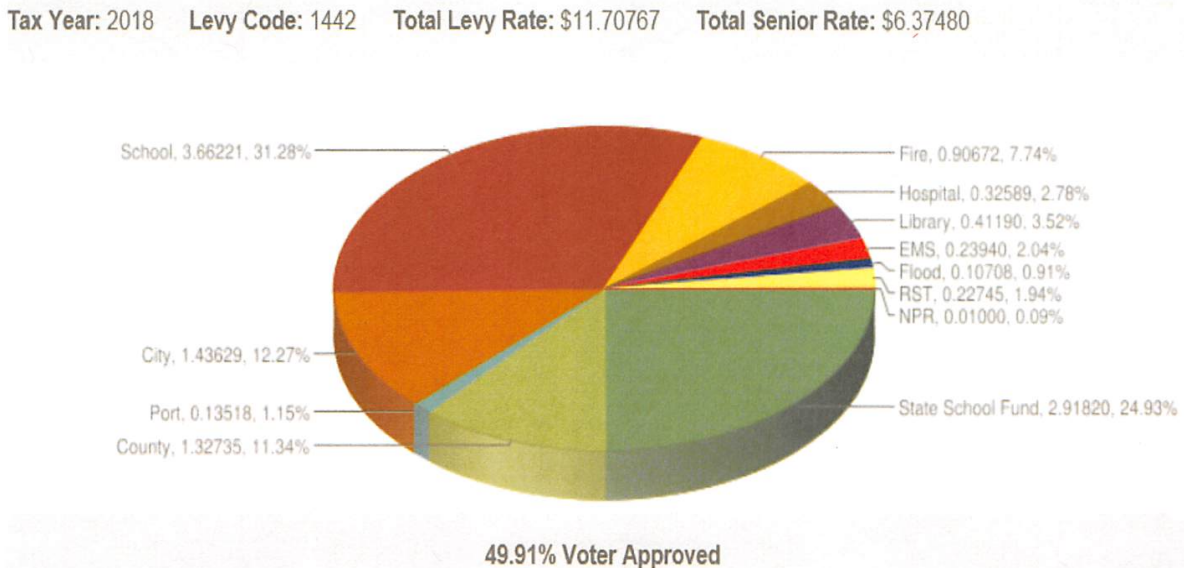


Figure 2

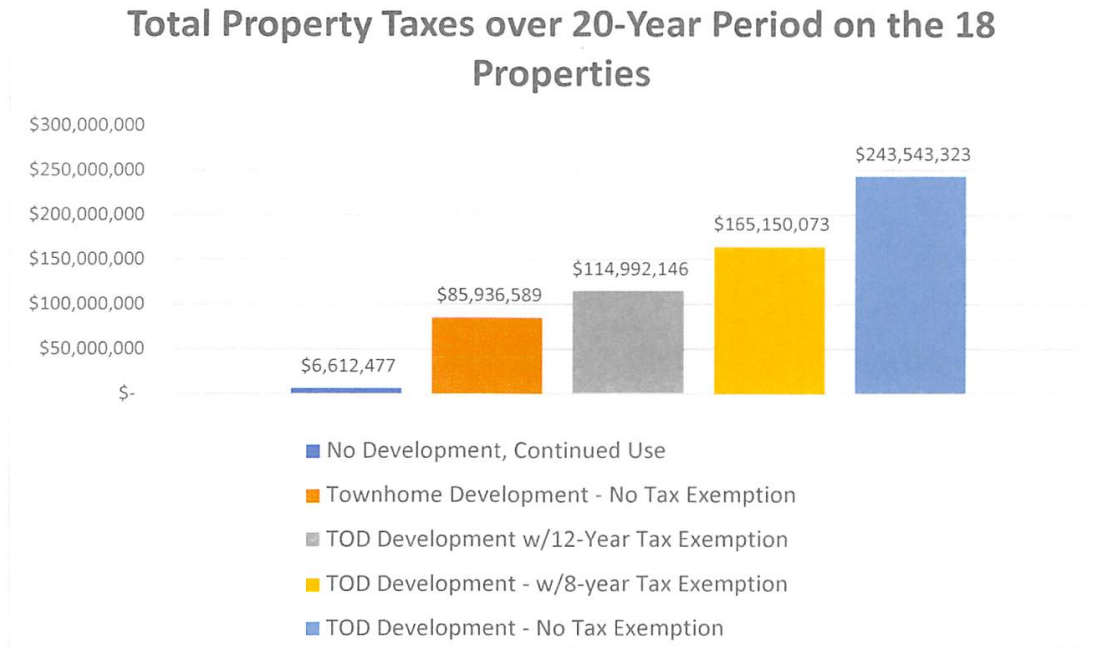


Figure 3

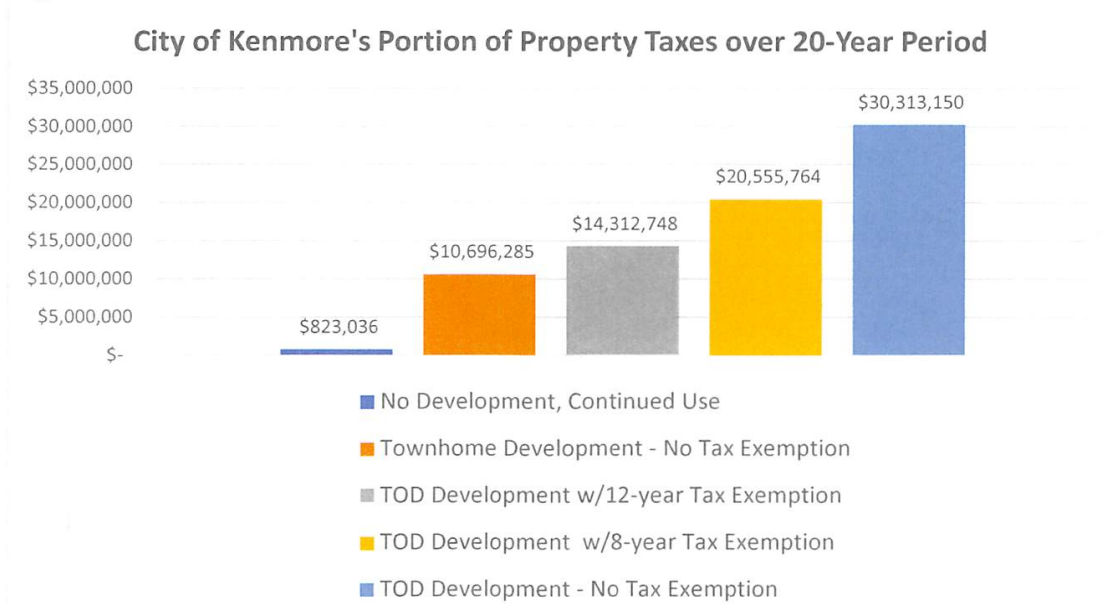


Figure 4

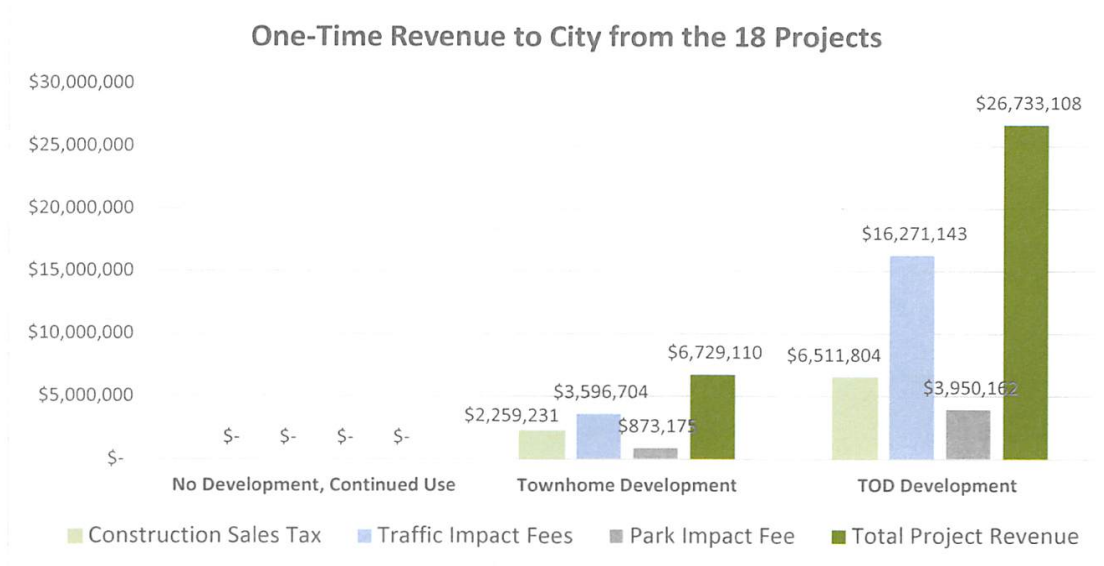


Figure 5

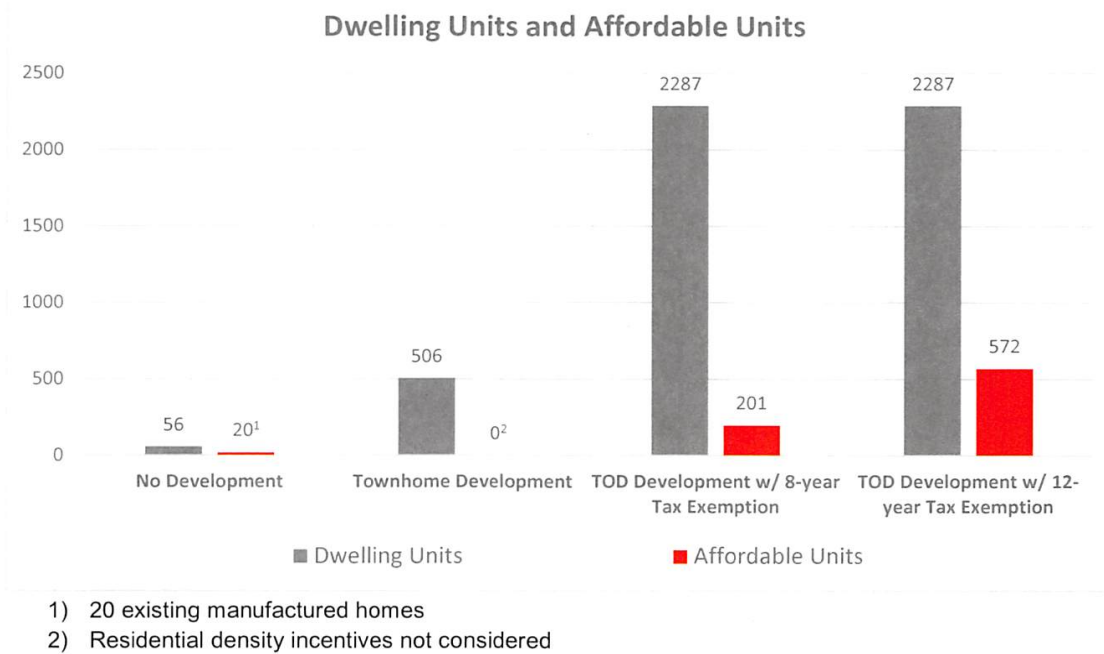


Figure 6

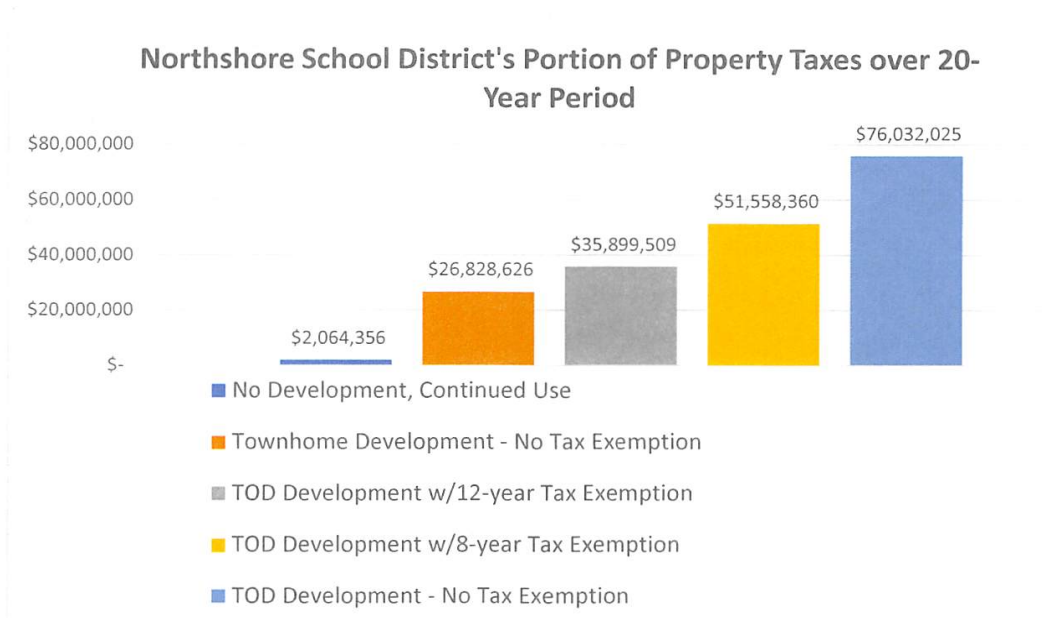
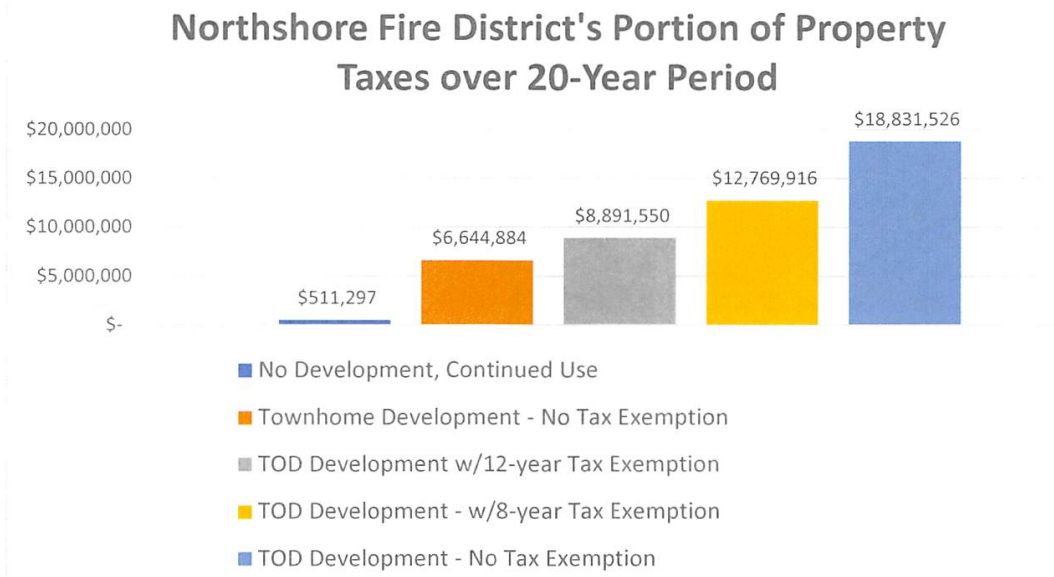


Figure 7



Summary of Findings and Recommendation

After analyzing the five different scenarios:

- No development, continued use;
- A townhouse development without MFTE;
- A TOD development with 8-year MFTE;
- A TOD development with 12-year MFTE; and
- A TOD development without MFTE,

it is obvious that a TOD project will provide substantially more dwelling units, including affordable units, than no development or a townhouse development. However, it is unlikely, without additional incentives, that a TOD product will be produced. Therefore, it is staff's recommendation that Council expand the MFTE to the TOD for additional incentives to facilitate a TOD product.

The TOD is in the City's urban core and has been zoned high density residential. The tax exemption could provide that added incentive to get the high density the City is looking for and meet the City's vision to attract multi-family residential development close to transit, including affordable housing, in the downtown area.

While the TOD product without a tax exemption appears to generate more taxes than an exempt product, the probability is that without a tax exemption incentive, a townhouse development would occur. Compared to the overall revenues and taxes that a TOD product, with a tax exemption, would produce, a townhouse product will produce far fewer dwelling units, probably with no affordable units.

EXHIBIT D

CITY OF KENMORE WASHINGTON ORDINANCE NO. 13-0363

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, RELATING TO AFFORDABLE HOUSING AND MULTIFAMILY HOUSING PROPERTY TAX EXEMPTIONS; AMENDING SECTIONS 3.65.020(A), 3.65.020(G), 3.65.100, 3.65.130 AND 18.77.030 OF THE KENMORE MUNICIPAL CODE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on May 23, 2013 the City provided notice to the Washington State Department of Commerce regarding the proposed amendments pursuant to RCW 36.70A.106 and received no comments; and

WHEREAS, on May 31, 2013 the City's Responsible Official under the State Environmental Policy Act issued a determination of non-significance for the proposed amendments and received no public comments; and

WHEREAS, on June 24, 2013, the City Council held a public hearing on the proposed amendments; and

WHEREAS, the City Council has considered public testimony and comments, City staff input, and certain documents and information, including: 1) Definitions of low- and moderate-income households in RCW 84.14.010 and RCW 43.63A.510; 2) Kenmore Comprehensive Plan policies related to affordable housing; 3) Vision 2040 and the King County Countywide Planning Policies; and 3) the SEPA Determination of Nonsignificance; and

WHEREAS, the City Council finds that proposed amendments continue to provide for and support provision of low and moderate income housing units within the City; now therefore,

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

Section 1. Amendment. KMC 3.65.020(A) is amended to read as follows:

A. "Affordable housing" means: (1) for an owner-occupied dwelling unit, housing reserved for occupancy by a low or moderate income households, and (2) for a renter-occupied dwelling unit, housing reserved for occupancy by a low or moderate income household and whose monthly housing costs, including utilities other than telephone, do not exceed 30 percent of the household's monthly income.

Section 2. Amendment. KMC 3.65.020(G) is amended to read as follows:

G. "~~Low or Moderate~~ income household" means a household whose adjusted income is equal to or less than 80 85 percent of the King County median family income adjusted for family size,

as reported by the United States Department of Housing and Urban Development. If HUD no longer publishes median family income figures for King County, the city may use or determine such other method as it may choose to determine the King County family median income adjusted for household size.

Section 3. Amendment. KMC 3.65.100(A)2 is amended to read as follows:

2. For 12 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if (a) the owner commits to renting or selling at least 20 25 percent of the multifamily housing units as affordable housing units and (b) the owners and renters of the affordable housing units meet the income and eligibility requirements of this chapter. If the original owner of the property transfers title to the portion of the property on which the affordable housing units are located to the nonprofit corporation that owns such units, such transfer shall not affect the 12-year tax exemption for the new housing construction and rehabilitation improvements qualifying under this chapter.

Section 4. Amendment. KMC 3.65.130(B) is amended to read as follows:

B. Annually, beginning in 2010, the director shall review the program established by this chapter and provide a report to the city council outlining development activity, types and numbers of units produced and their locations, rent and sales prices, information regarding the number of low and moderate income households benefiting from the program, and other appropriate factors. The report may include recommendations on whether any neighborhoods should be added or removed and whether affordability limits should be changed in certain areas, and shall analyze any issues related to the use of the program for home-ownership units. The annual report shall be submitted to the city council no later than March 30th of each year the program is in effect, starting in 2010. Each report shall include information for the previous year.

Section 5. Amendment. KMC 18.77.030 is amended to read as follows:

18.77.030 Requirements.

A. Affordable housing units amounting to 25 percent of the total number of units in the *development* shall be provided. ~~Rents~~Housing shall be affordable to those who make equal to or less than ~~50~~ 85 percent of the King County median household income adjusted for household size; ~~or~~.

~~B. In lieu of meeting the requirements of subsection A of this section, a comparable level of benefit may be provided as determined by the city; for example, providing ownership housing affordable to those earning equal to or less than 80 percent of the median income at rates recognizing the difficulty in providing the units at the particular affordability level.~~

~~C.~~ Unit size mix shall be comparable to the market mix, units shall be integrated into the whole *development*, and affordable units shall match the tenure of the whole *development*, unless otherwise authorized by the *city*.

DC. Subject to *city* authorization, the affordable units need not be provided within the *development*, but must be provided within the downtown commercial, downtown residential, or regional business zone. Units may be either rented or sold. Off-site affordable housing may be provided if the *city* finds that:

1. The location chosen does not lead to undue concentration of affordable housing in any particular area of the *city*; and
2. The *site* is within close proximity to employment opportunities and/or transit services; and
3. Adequate infrastructure and municipal services can be provided.

ED. Monthly rents, including utilities where applicable, shall be no greater than 30 percent of the monthly income for households earning ~~50 up to 85~~ percent of the King County median household income adjusted for household size. ~~Sold units shall be sold to buyers earning equal to or less than 80 percent of the King County median income.~~ Home prices considered affordable for buyers earning up to 85 percent of the King County median household income adjusted for household size shall be determined by the *city*. Covenants shall be established which guarantee the fulfillment of this obligation.

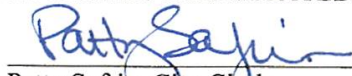
Section 6 Effective Date. This ordinance shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 24TH DAY OF JUNE, 2013.

CITY OF KENMORE


David Baker, Mayor

ATTEST/AUTHENTICATED:


Patty Safrin, City Clerk

APPROVED AS TO FORM:


Rod P. Kaseguma, City Attorney

FILED WITH THE CITY CLERK: June 14, 2013
PASSED BY THE CITY COUNCIL: JUNE 24, 2013
DATE OF PUBLICATION: June 28, 2013
EFFECTIVE DATE: July 3, 2013
ORDINANCE NO. 13-0363

EXHIBIT A



83RD KENMORE LLC

MEMORANDUM

Date: May 14, 2018

To: Kenmore City Council
Rob Karlinsey: Kenmore City Manager
Bryan Hampson: Kenmore Development Services Director
Debbie Bent: Kenmore Community Development Director
Lauri Anderson: Kenmore Senior Planner
Samantha Loyuk: Kenmore Associate Planner

From: Jenkins K. Chan – 83rd Kenmore LLC: Member / JKChan Development LLC: Owner
Eric Clarke – 83rd Kenmore LLC: Member / REO Consultants LLC: Owner

RE: City of Kenmore Transit Oriented Development Opportunities

Dear City Council Members,

My partners and I are local real estate developers with a collective 50+ years of experience, specializing in residential development. We started work on a project located at 17520 83rd Place NE, Parcel #011410154 ("Property") last summer and have been impressed with your city staff and development services.

We entered into negotiations with the previous owner of the Property in the spring of 2017. In the early stages of our feasibility study, we learned about the potential use of the Transit Oriented Development Overlay (KMC 18.29) ("TOD"). Although interested in a multi-family project, our initial financial analysis heavily favored the development of the Property as a for-sale, townhome project. We held our first pre-application meeting with city staff on September 14, 2017, where we discussed the TOD, but spent the majority of our time on a 10-unit townhome concept.

We purchased and closed on the Property on November 28, 2017, still with no true intent to pursue the TOD option because of the relatively high cost, risk, and inefficiency of a small multi-family building. We applied for our townhome engineering permit and resubmitted the corrections on May 3, 2018 and believe we could start construction as early as July 2018.

We are fortunate to have stakeholders who are not only interested in maximizing profits, but who are also very in tune with current social issues. Despite having a profitable townhome

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project that could start this year, our stakeholders have been willing to spend time and resources to research deeper into the TOD. Thus, even while our townhome project was moving forward, we worked on a few rounds of conceptual massing studies and held a second pre-application meeting with City Staff on March 1, 2018 to specifically talk about a TOD project.

What we are currently evaluating is a conceptual 62-unit apartment building, which could start construction in 2019. The alternative is a 10-unit for-sale townhome project that could start this summer. Unfortunately, as-is, we would most likely not be able to utilize the TOD and would move forward with the townhome project to not lose this construction season.

We appreciate the TOD concept and would like to use it; however, the current incentives behind the TOD are not enough to offset the risks. We believe this to be true across the entire TOD overlay, and not just for our specific property. The TOD ordinance was adopted on October 12, 2015 and there has yet to be a single project to utilize it. In addition, a review of each TOD parcel of current and recent projects indicates that other property owners and developers are reaching the same conclusion that we are.

Outside of a commercial property being developed as a child care facility, five residentially zoned properties have recently developed or are developing for-sale townhomes. Using just the minimum density calculation under the TOD for these parcels, what would be a minimum of approximately 829 multi-family residential units will instead be just 60 townhome units. Please see the list below:

	Project Name	Address	Brief Description	Status	TOD Min Density
1.	Lake Harrison	18254 73 rd Ave NE	16-unit townhome development.	Starting site development work (ENG permit).	~325 Units
2.	Basalt	18234 – 18244 73 rd Ave NE	18-unit townhouse development	Completed; occupied.	~300 Units
3.	Kiddie Academy	7760 NE Bothell Way	New child care facility.	Site development work underway (ENG permit).	58 Units
4.	Dwell80 Townhomes	17720 80th Ave NE	8-unit townhome development	Land use application under review.	40 Units
5.	Beechwood Townhomes	17722 80th Ave NE	10-unit townhome development	Engineering permit under review.	80 Units
6.	Northlake Townhomes	17516 83 rd PL NE	8-unit townhome development	Buildings under construction (BLD permit)	26 Units

The opportunity to develop under Kenmore's TOD ordinance is rapidly evaporating. Once these parcels are developed as subdivided townhomes, there will be no future opportunity to

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later convert them into more housing units.

In order to offset the higher construction costs and economic risks in developing multifamily projects, we believe the TOD needs stronger incentives. We believe a natural solution would be to offer a 12-year Multi-Family Tax Exemption ("MFTE") in exchange for affordable housing above and beyond the current TOD affordable housing requirements. Other potential incentives might include expedited reviews or minor zoning variances.

We also believe that the stronger incentives (particularly the MFTE/affordable housing incentive) will make it more likely that the smaller parcels in the TOD overlay will be developed. Of the roughly 100 parcels in the TOD area, about 26 parcels (totaling approximately 7 acres) are smaller than 0.5 acres each and about 64 parcels (totaling 18 acres) are less than one acre each. It is more challenging to develop TOD projects on these smaller parcels because of economies of scale for construction and the operation of income-producing property.

It is our understanding that the TOD was implemented with thoughts that developers would create assemblages from these smaller parcels to utilize the TOD. Unfortunately, what history has shown since the TOD implementation is that developers are simply choosing the low-risk townhome option, as assemblages can take additional months and years to coordinate. So, it is especially the smaller parcels that need more developer incentives to make TOD projects viable. If the City of Kenmore wants to fully take advantage of its TOD ordinance it must take measures to make these smaller parcels developable as TOD projects.

We have an imminent deadline for a decision between a townhome and a TOD project, as we would not want to lose this construction season for a townhome project. If no additional incentives would be considered for the TOD, it would be challenging for our stakeholders to undertake the risk of a multifamily project in lieu of a relatively straightforward for-sale townhome project. We hope the City Council can quickly consider adopting additional incentives to the TOD, particularly an MFTE/affordable housing incentive. As it is currently constructed in our region's economy, we do not believe the TOD is viable and will quickly become irrelevant as more development occurs.

Regardless of the outcome for our current project, we are very interested in continuing the TOD conversation and how we can help be a part of the solution to our region's housing supply challenge.

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EXHIBIT B

CITY OF KENMORE WASHINGTON ORDINANCE NO. 15-0406

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, AMENDING TITLE 18 OF THE MUNICIPAL CODE TO ADD A TRANSIT-ORIENTED DEVELOPMENT DISTRICT OVERLAY OPPORTUNITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, between 2008 and 2010, the Downtown Task Force reviewed and recommended amendments to Title 18 of the Municipal Code to add a Transit-Oriented Development District Overlay opportunity; and

WHEREAS, after reviewing the Downtown Task Force recommendations and holding a public hearing, the City Council on February 28, 2011 deferred action on the recommendation until such time as the Planning Commission could make a recommendation on boundaries for the overlay district in conjunction with their work on the Regional Business Zoning District review; and

WHEREAS, on June 16, 2014 the Planning Commission recommended a revised boundary for the Transit-Oriented Development District Overlay to the City Council; and

WHEREAS, the City's Responsible Official under the State Environmental Policy Act has issued a determination of non-significance for the amendments; and

WHEREAS, the Washington State Department of Commerce was notified of the proposed amendments pursuant to RCW 36.70A.106; and

WHEREAS, on July 20, 2015 and September 21, 2015, the City Council reviewed and discussed the Transit-Oriented Development District Overlay recommendations; and

WHEREAS, on October 12, 2015, the City Council held a public hearing on the revised Transit-Oriented Development District Overlay recommendations to obtain public input before taking their final action; and

WHEREAS, the City Council desires to adopt regulations to reinforce a concentration of pedestrian-oriented, mixed-use, transit-oriented development, at intensities that support and are supported by multimodal transportation options, including high capacity transit along SR-522;

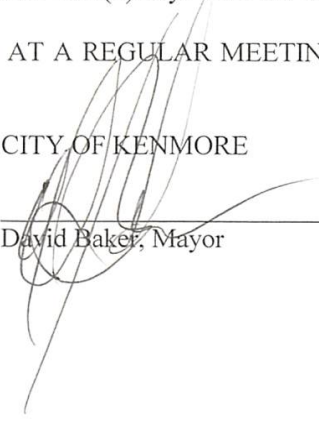
NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Adoption of Amendments to Title 18 of the Kenmore Municipal Code. The City Council adopts Transit-Oriented Development District Overlay amendments to Title 18 of the Kenmore Municipal Code to read as set forth in Attachment A, attached hereto and incorporated herein by reference.

Section 2. 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.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 12th DAY OF October, 2015.

CITY OF KENMORE



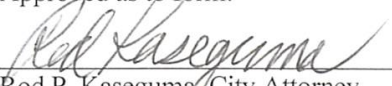
David Baker, Mayor

ATTEST/AUTHENTICATED:



Patty Safrin, City Clerk

Approved as to form:



Rod P. Kaseguma, City Attorney

Filed with the City Clerk: October 2, 2015
Passed by the City Council: October 12, 2015
Ordinance No.: 15-0406
Date of Publication: October 16, 2015
Effective Date: October 21, 2015

**City of Kenmore
Ordinance No. 15-0406**

Attachment A

ADD A NEW CODE CHAPTER AS FOLLOWS:

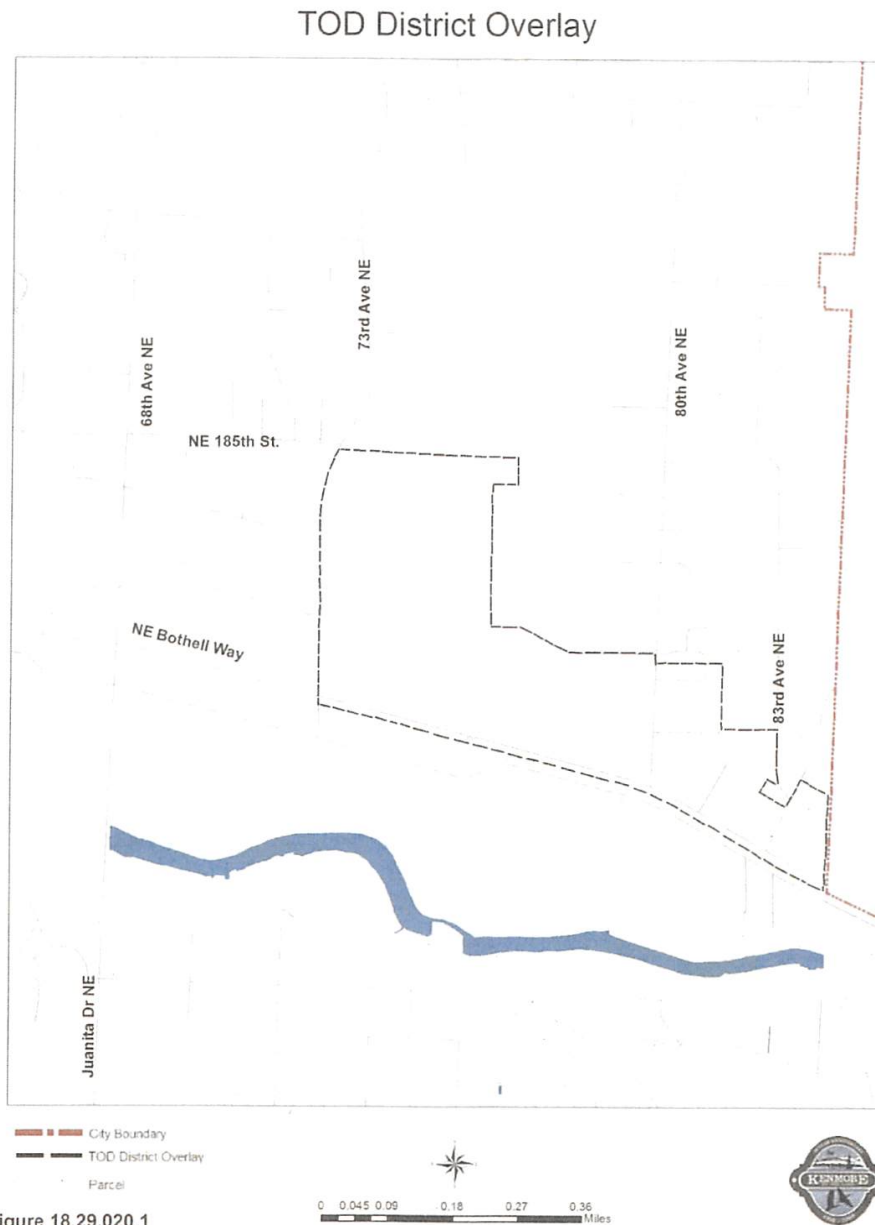
Chapter 18.29 Transit Oriented Development (TOD) District Overlay

18.29.010 Intent

The purpose of the Transit Oriented Development (TOD) District Overlay is to reinforce the City's planned concentration of pedestrian-oriented mixed-use development at intensities that support and are supported by multi-modal transportation options, including high capacity transit. The TOD District Overlay revitalizes the City's core by creating incentives and opportunities for a mix of jobs and residences, cultivates a respectful relationship among development within the District, the natural environment, and nearby traditional neighborhoods, and provides a framework for future infrastructure and service decisions. The TOD District Overlay provides public benefits in the form of encouraging housing affordable to all economic groups, increased pedestrian connectivity, quality design, and incentive to preserve significant tree groves where they exist.

18.29.020 Area

The area of the TOD District Overlay is shown on Figure 18.29.020.1. In order to develop under the TOD District Overlay, at least 50% of a parcel shown on Figure 18.29.020.1 shall be located within the TOD District Overlay.



18.29.030 Applicability

- A. The TOD District Overlay is an incentive-based zoning overlay. Applicants who elect to develop under the provisions of the TOD District Overlay shall adhere to all development standards set forth in this Chapter; except that development standards not addressed in this Chapter shall be governed by provisions of the underlying zone.
- B. In order to be eligible to develop under the TOD District Overlay regulations, a development application shall meet the following criteria:
1. The property must be located within the TOD District Overlay area as described in KMC 18.29.020;
 2. The proposed development must either:
 - i. Be considered a mixed-use development as defined in KMC 18.20.1740; or
 - ii. Be a residential-only development or mixed-use development with commercial permitted only on the ground floor if located in the R-12, R-18, or R-24 underlying zones, which are areas designated as primarily residential.
- C. Eligible properties within the TOD District Overlay that do not choose to develop under the provisions of this Chapter shall comply with the provisions of the underlying zone in their entirety.

18.29.040 Use allowances

The following uses listed in Table A are identified as permitted, conditionally permitted or prohibited uses for properties electing to develop under provisions of the TOD District Overlay.

All uses not specifically listed in this section shall be prohibited.

Table A. TOD District Overlay Use Allowances

Permitted	Conditionally Permitted	Prohibited
Arts, entertainment, indoor ^{1,3}	Ambulatory surgery center ²	Adult entertainment business
Business service, standard ^{1,3}	Animal kennel/shelter ^{2,5}	Air transportation service
Day-care	College/university ²	Arts, entertainment, outdoor
Eating and drinking place ¹	Communication facility	Auction house
Educational service ¹	Fire or police facility ²	Automotive sales and service, marine
Health care and social assistance ^{1,3}	Laboratory ²	Automotive sales and service, non-marine
Manufacturing, light ^{1,3,5}	Park	Business service, intensive
Mobile food service ⁴	Regional land use	Cemetery, columbarium or mausoleum
Multiple family dwelling	Religious institution ²	Community residential facility
Office ¹	Supportive living facility ²	Construction and trade

Permitted	Conditionally Permitted	Prohibited
Personal service ^{1,3}		Family child-care home
Recreational facility, indoor ^{1,3}		Funeral home/crematory
Retail sales ^{1,3,5}		Hospital
Temporary lodging ^{1,3}		Manufacturing, heavy
		Marijuana business
		Mobile home park
		Recreational facility, outdoor
		Resource land use
		Retail sales, bulk
		Secure facility
		Single detached dwelling unit
		Standalone parking
		Transportation
		Utility facility
		Vehicle or equipment rental
		Vehicle refueling station
		Warehousing
		Wholesale trade

- ¹ Commercial use limitations in residentially-oriented underlying zones: If these uses are proposed for property with underlying zoning of R-12, R-18, or R-24, then each use is limited to maximum 5,000 square feet per use and 15,000 square feet total contiguous non-residential area within the development.
- ² Conditional use permit required in underlying Urban Corridor, Downtown Commercial, and Public/Semi-Public zones. Prohibited in all other underlying zones within the TOD District Overlay area.
- ³ Conditional use permit required in underlying R-12, R-18, R-24 zones. Permitted in underlying Urban Corridor, Downtown Commercial, and Public/Semi-Public zones within the TOD District Overlay area.
- ⁴ Mobile food vendors are permitted subject to the following requirements:
 - a. For a stand, location shall be on a sidewalk or near a storefront consistent with barrier-free regulations;
 - b. For a stand, location on the sidewalk or near a storefront shall provide for at least four feet of unobstructed sidewalk between the stand and the sidewalk edge for pedestrian movement;
 - c. No permanent fencing, walls, or other structures are installed which hinder removal of the structure from the site;
 - d. No required parking stall shall be blocked or rendered unusable as a result of the mobile vendor;

- e. Safe ingress and egress to the site shall be maintained. Visibility for transportation and pedestrian access shall be maintained;
 - f. The limited duration of the mobile vendor shall be established as a condition of approval of any applicable permits; if accessory to a use, such operation is removed daily at the time of or prior to the close of business hours;
 - g. A sign permit is required for exterior signage in accordance signage in accordance with the sign code, KMC Chapter 18.42.
- ⁵ No outdoor storage of materials shall be permitted.

18.29.050 Zoning standards

The following development standards in Table B apply to properties electing to develop under provisions of the TOD District Overlay:

Table B. TOD Overlay District Development Standards

STANDARD	REQUIREMENT
Minimum Density: Dwelling Units/Gross Acre	60 ¹
Maximum Density: Dwelling Units/Gross Acre	150 ¹
Maximum Height	65' ²

- ¹ Portions of any property developing under the TOD District Overlay regulations with an underlying zoning of R-1 shall cluster development away from critical areas or corridors such as urban separators or the wildlife habitat network to the extent possible and the open space shall be placed in a separate tract that includes at least 50 percent of the site. The open space tract shall be permanent and meet the provisions of KMC 17.20.130.B.
- ² Portions of any property developing under the TOD District Overlay regulations that are within 50 feet of a single family zone (R-1, R-4, R-6) shall have a maximum height of 35 feet within that area to provide a transition in height to the lower intensity uses.

18.29.060 Affordable housing requirements.

For properties choosing to develop under the TOD District Overlay, development shall provide affordable housing. Development choosing to develop under the TOD District Overlay shall not utilize the provisions of Residential Density Incentives found in KMC Chapter 18.80 to achieve maximum densities.

- A. Definitions: For purposes of the TOD District Overlay, the following affordable housing definitions shall apply:
 - 1. Affordable Housing Unit: Housing reserved for occupancy by eligible households and affordable to households whose annual income does not exceed the percentage of Median Income types

described in the Subsections below, adjusted for household size, and no more than thirty percent of the monthly household income is paid for monthly housing expenses (Housing expenses for ownership housing include mortgage and mortgage insurance, property taxes, property insurance, and homeowners dues. Housing expenses for rental housing include rent and appropriate utility allowance.)

2. **Bonus units:** Dwelling units achieved through the TOD District Overlay that exceed the number of units allowed by the base density of the underlying zoning district.
3. **Moderate Income Affordable Housing.** For rental housing, moderate income affordable housing is defined as affordable at 70% of Median Income, adjusted for household size. For ownership housing, moderate income affordable housing is defined as affordable at 80% of Median Income adjusted for household size.
4. **Low Income Affordable Housing.** For rental housing, low income affordable housing is defined as affordable at 50% of Median Income, adjusted for household size. For ownership housing, low income affordable housing is defined as affordable at 65% of Median Income adjusted for household size.
5. **Very Low Income Affordable Housing.** For rental housing, very low income affordable housing is defined as affordable at 35% of Median Income, adjusted for household size. For ownership housing, very low income affordable housing is defined as affordable at 50% of Median Income adjusted for household size.
6. **Median Income** means the median income for the Seattle MSA as most recently determined by the Secretary of Housing and Urban Development under Section 8(f)(3) of the United States Housing Act of 1937, as amended, or if programs under said Section 8(f)(3) are terminated, median income is determined under the method used by the Secretary prior to such termination. In the event that HUD no longer publishes median income figures for the Seattle MSA or King County, the City may use any other method for determining the King County median income, adjusted for household size.

Pursuant to the authority of RCW 36.70A.540, the City finds that the higher income levels specified in the definition of Affordable Housing under Subsection 18.29.060.A, rather than those stated in the definition of "low-income households" in RCW 36.70A.540, are needed to address local housing market conditions in the City.

- B. **Cap on Total Number of Affordable Housing Units Required:** Affordable housing requirements shall be capped at 10% of the total number of dwelling units being provided.
- C. **Number of Affordable Housing Units Required:** Affordable housing units shall be provided for any development exceeding the base density of the underlying zone as follows:
 1. **Tier 1:** If the number of bonus units is less than or equal to thirty percent of the total number of dwelling units, then for every three bonus units, one dwelling unit shall be a moderate income affordable housing unit and two bonus dwelling units may be bonus market rate dwelling units.
 2. **Tier 2:** If the number of bonus units is greater than thirty percent of the total number of dwelling units and if the overall project density is less than or equal to 120 dwelling units per acre, then a combination of low income affordable housing units and moderate income

affordable housing units shall be provided as follows: For every four bonus units allowed beyond that needed to achieve the 10% moderate income affordable housing units, one of the moderate income affordable housing units shall be made into a low income affordable housing unit up to a maximum of 33% of the affordable housing units (or 3.3% of the total dwelling units in the development).

3. Tier 3: If the overall development density is greater than 120 dwelling units per acre, a combination of very low income affordable housing units, low income affordable housing units and moderate income affordable housing units shall be provided as follows: The required numbers of low income affordable housing units and moderate income affordable housing units shall be equivalent to those that would be required under Tier 2 assuming that the project were to be developed at a density of 120 dwelling units per acre. An amount of very low income affordable housing shall be required so that the total combined amount of very low income, low income and moderate income affordable housing units is equal to 10% of the total number of dwelling units in the development.
4. Determination of Number of Affordable Housing Units Required: See KMC 18.30.020.D for method of rounding to determine the number of affordable housing units required.
5. Affordable housing example:

Example is a 1.5-acre property with a base density of 48 dwelling units (du)/acre. Without the TOD District Overlay, the property could achieve up to 72 dwelling units.

Tier 1 example: Proposed TOD development would achieve 93 dwelling units on site for 62 du/acre. This provides 21 "bonus" dwelling units above the 48 du/acre base density of the zone. Since the number of bonus units (21) is less than 30% of the total units (93), seven of the 21 bonus units must be affordable to moderate income households, meeting Tier 1 affordability requirements.

Tier 2 example: Proposed TOD development would achieve 113 dwelling units on site for 75 du/acre. This provides 41 "bonus" dwelling units above the 48 du/acre base density of the zone. Since the number of bonus units (41) is greater than 30% of the total units (113), 11 of the 41 bonus units must be affordable, meeting the 10% affordability cap. Nine of these are affordable to moderate income households and 2 are affordable to low income households (33 of the bonus units used toward achieving 10% affordable units (11×3) plus 8 of the bonus units applied toward making two of the affordable units low income affordable units $(8 \times .25 = 2)$).

Tier 3 example: Proposed TOD development would achieve 210 dwelling units on site for 140 du/acre. The first step is to determine how many affordable units would have been required assuming 120 du/acre using the Tier 2 formula. This calculation results in 13 moderate income affordable housing units and 5 low income affordable housing units. To achieve the requirement that 10% of the total units in the development be affordable, 3 additional affordable housing units would be needed $(21 - 18 = 3)$. These 3 units would be required to be very low income affordable housing units. In summary, the development would provide 13 moderate income affordable housing units, 5 low income affordable housing units, and 3 very low income affordable housing units.

D. Alternative Compliance. The city manager may approve a request for satisfying all or part of the affordable housing requirements with alternative compliance methods if they meet the following requirements:

1. The project proponent may propose an off-site alternative, and must demonstrate that any alternative compliance method achieves a result equal to or better than providing affordable housing onsite.
2. Affordable Housing Units provided through the alternative compliance method must be the same type of units as the units in the project which gave rise to the requirement.
3. Affordable Housing Units may be provided offsite if the location chosen does not lead to undue concentration of affordable housing in any particular area of the Transit Oriented Development District or Downtown.
4. Priority is for the project to be located within the Transit Oriented Development District. However, the city manager may approve a project located outside the Transit Oriented Development District if the location has access to commercial uses, transit, and does not result in an undue concentration of affordable housing,
5. The proposal must demonstrate that the affordable units provided off-site will be completed before or within the same time period as the development generating the affordable housing requirement, or provide such other assurances as approved by the city manager.

Applications for alternative compliance shall be submitted at the time of application, and must be approved prior to issuance of any building permit. The proposal must describe a specific location, type, and amount of affordable housing and how and when it will be developed. Any proposal for providing off-site affordable housing must also address the timing for providing the off-site housing, which, unless otherwise approved by the City, shall be built simultaneously with or prior to the construction of housing for the subject property. For projects approved for off-site affordable housing, there will be a recorded agreement on both the "sending" property and the "receiving" property. The covenant on the sending site will be released once the affordable housing is completed on the receiving property.

E. Affordability Agreement. Prior to issuing any building permit, an agreement in a form approved by the city manager that addresses price restrictions, homebuyer or tenant qualifications, phasing of construction, monitoring of affordability, duration of affordability, and any other applicable topics of the Affordable Housing Units shall be recorded with King County Department of Records and Elections. This agreement shall be a covenant running with the land and shall be binding on the assigns, heirs and successors of the applicant. The City may agree, at its sole discretion, to subordinate any affordable housing regulatory agreement for the purpose of enabling the owner to obtain financing for development of the property.

F. Implementation Provisions. The following requirements shall be met for all affordable units:

1. **Duration.** Housing shall serve only income-eligible households for a minimum period of 50 years from the latter of the date when the Affordability Agreement between the housing owner and the City, as referenced in Subsection E is recorded, or the date when the affordable housing becomes available for occupancy as determined by the City.

2. **Designation of Affordable Housing Units.** Prior to the issuance of any permit(s), the City shall review and approve the location and unit mix of the Affordable Housing Units consistent with the following standards:
 - a. **Location.** The location of the Affordable Housing Units shall be approved by the City, with the intent that they generally be intermingled with all other dwelling units in the development.
 - b. **Tenure.** The tenure of the Affordable Housing Units (ownership or rental) shall be the same as the tenure for the rest of the housing units in the development.
 - c. **Size (bedroom).** The Affordable Housing Units shall consist of a range of number of bedrooms that are comparable to units in the overall development.
 - d. **Size (square footage).** The size of the Affordable Housing Units, if smaller than the other units with the same number of bedrooms in the development, shall be approved by the city manager. If there is a proposal that the affordable units be smaller than the market rate units, in no case shall the Affordable Housing Units be less than 500 square feet for a studio unit, 600 square feet for a one bedroom unit, 800 square feet for a two bedroom unit, or 1,000 square feet for a three bedroom unit.
 - e. **Design.** The exterior design of the Affordable Housing Units shall be compatible and comparable with the rest of the dwelling units in the development and shall comply with design standards specified in KMC 18.29.080. The interior finish and quality of construction of the Affordable Housing Units shall at a minimum be comparable to entry level rental or ownership housing in the City.
3. **Timing/Phasing.** The Affordable Housing Units shall be available for occupancy in a time frame comparable to the availability of the rest of the dwelling units in the development.

G. **Monitoring and fees.** The City reserves the right to establish in the Affordability Agreement referred to in Subsection E, monitoring fees for the Affordable Housing Unit, which can be adjusted over time to account for inflation. The purpose of any monitoring fee is for the review and processing of documents to maintain compliance with income and affordability restrictions of the Affordability Agreement.

18.29.070 Parking.

Parking in the TOD District Overlay should be sufficient to support local businesses and residential development, while at the same time promoting transit ridership, walkable streets, and efficient use of land. Proposed development choosing to develop under the TOD District Overlay shall provide parking as follows:

- A. Minimum parking requirements for non-residential uses may be reduced to 75% of the minimum requirement computed according to the provisions of KMC 18.40.030.
- B. Minimum residential parking shall be supplied at the following ratios:

1. 1.0 parking spaces per market-rate dwelling unit, except as follows:
 - a. Pioneer Project Incentive. For purposes of this code section, a pioneer project consists of the first 100 bonus housing units provided in the city under the TOD District Overlay regulations. The first 100 bonus housing units in a pioneer project(s) may elect to provide parking spaces for market rate bonus units at 0.6 parking spaces per dwelling unit.
 2. 1.0 additional parking space per every five (5) market rate dwelling units shall be provided and designated as guest parking for use by all guests.
 3. 0.6 parking spaces per dwelling unit for affordable or senior dwelling units.
 4. Affordable housing shall be as defined under KMC 18.29.060. Senior housing shall be defined as housing restricted to those meeting the definition of senior citizen as found in KMC 18.20.2500.
- C. The following factors shall count towards minimum parking standards for residential and nonresidential development:
- a. On-street parking immediately adjoining a property proposed for development or provided as part of the proposed development may be counted toward the minimum parking requirement.
 - b. Minimum on-site parking may be reduced further by provisions of KMC 18.40.090B for properties within the TOD District Overlay that meet the requirements of KMC 18.40.090B for accessibility to high frequency transit service.
 - c. Shared parking among uses is encouraged within the TOD District Overlay. Developments that propose shared parking arrangements shall submit a parking management plan as defined in KMC 18.20.1995 that describes the terms and conditions of shared parking arrangements on site.
- D. Parking Provided in Excess of Minimum: Provision of parking in excess of the minimum parking requirements outlined in subsections A. and B. above, shall require the excess parking be included in a structured parking garage, or under building and screened from the street frontage, unless the additional parking is associated with a phased, mixed use development, is interim in nature, and is temporarily located on land reserved for future phases not yet built.
- E. Maximum parking within the TOD District Overlay shall not exceed 100% of the minimum requirement calculated under the provisions of KMC 18.40.030.
- a. Applicants may be allowed to exceed the maximum parking if the applicant can produce a parking study that demonstrates probable on-site parking needs that are significantly higher than similar uses. This traffic study shall be subject to review by the city manager before approval for additional parking is granted. All parking granted in excess of the maximum shall be provided in a structured parking garage or under building and screened from the street frontage.
- F. All other parking requirements shall be as provided in KMC Chapter 18.40.

18.29.080 Design Requirements.

Development within the TOD District Overlay shall comply with Standard 1 provisions of the Downtown Design Standards, as set forth in KMC Chapter 18.52.

In addition, the following design requirements shall apply:

- A. Relational Setback Requirements: Any proposed development within the TOD District Overlay adjacent to an existing single-family zone (R-1, R-4, or R-6) shall be required to provide an interior

ground-level setback of 15 feet on the side of the property facing the single-family zone, unless a larger setback is required in the underlying zone. In that event, the larger of the two setback requirements shall govern. The setback required by this Subsection shall be landscaped with Type II landscaping as defined in KMC 18.35.040B to provide a visual buffer.

18.29.090 Connectivity Requirements.

The TOD District Overlay should remove impediments to pedestrian use of the district and the downtown area by fostering the creation of an extensive network of sidewalks and pedestrian walkways.

Development proposals within the boundaries of the TOD District Overlay that elect to develop under the provisions of KMC Chapter 18.29 shall:

- A. Provide any direct pedestrian connections between proposed development and transit facilities, or arterials providing transit access in order to minimize walking distances to transit.
- B. Comply with the Downtown Design Standards pertaining to pedestrian walkways, as set forth in KMC 18.52.100.
- C. Properties abutting water bodies (i.e., wetlands, rivers, lakes, or streams) shall provide a public access trail paralleling the water body from one property line to the next with setbacks that are consistent with the requirements of KMC Title 16, Division I, and KMC Chapter 18.55. The public access trail shall connect to a public right-of-way.
 1. Where a development proposal abuts a property with a public access trail segment, the public access segment on the subject property shall connect to abutting property public access segment(s).
 2. The public access easement for public access trails shall be documented on the face of the plat or plan and recorded with the King County Department of Records and Elections. Public access easements shall run with the land in perpetuity.

18.29.100 Significant Tree Grove Retention

A. Definitions:

1. **Significant Tree Grove Definition:** A significant tree grove shall consist of 2 or more trees with a minimum of 5.5 tree units total. A qualifying tree has 2 tree units minimum. The maximum distance measured in feet between qualifying trees shall be equal to 2 times the critical root zone in order to be defined as a significant tree grove. For example a 24-inch d.b.h. tree must be within 24 feet of another tree in the grove to be included in the significant tree grove. A tree of any size that is topped or considered a "hazard tree" as defined in KMC 18.20.3084 may not qualify as part of a significant tree grove as herein defined. For purposes of this chapter, a significant tree grove may not contain trees that are located within a critical area or critical area buffer protected under KMC Chapter 18.55. A significant tree grove is not the same as a "grove," as defined in KMC 18.20.1273.
2. **Tree Units:** See KMC 18.57.060.A for translation of diameter at breast height (d.b.h.) to tree units.

B. Applicability:

1. If the underlying zone within the TOD District Overlay requires tree retention as provided in KMC Chapter 18.57, then the provisions of KMC Chapter 18.57 shall be retained. If KMC Chapter 18.57 exempts a property from tree retention then it shall remain exempt.
 2. Development proposals within the boundaries of the TOD District Overlay that elect to develop under the provisions of KMC Chapter 18.29 shall be eligible to benefit from providing less parking or more dwelling units or any combination of the two if the development retains one or more significant tree grove(s) as defined in this Section in perpetuity. A development may be able to benefit from both reduced parking and additional dwelling units by preserving a significant tree grove so long as the same tree credits are not counted towards both reductions in parking and additional bonus dwellings. Trees or groves retained through the provision of KMC Chapter 18.57 may count towards the significant tree grove retention if they meet the definitions found in KMC 18.29.100.A.
 3. Tree on Property Line: In instances where one or more trees that would qualify as part of a significant tree grove is located on a property line such that the tree is on more than one property, and the properties are in separate ownerships, the tree shall qualify to be counted as part of a separate tree grove by each property owner.
- C. Reduced Parking: In order to retain qualifying significant tree groves, required parking may be reduced at the maximum rate of one stall per each 5.5 Tree Units. Parking quantities may be reduced up to a maximum of 20% from the parking requirement after other reductions are applied, if any.
- D. Residential Bonus Units:
1. In order to retain qualifying significant tree groves, residential units are offered at the rate of one bonus unit per each 11 Tree Units preserved. Grove bonus units are not included in maximum unit density calculations. Grove bonus units are not subject to the affordability requirements of KMC 18.29.060.
- E. Significant Tree Grove Preservation Requirements:
1. Tree Protection Plan Required. A tree protection plan as identified in KMC 18.57.050 shall be required for any development application proposing to protect one or more significant tree groves through this Section.
 2. Recorded on Title. The map of significant tree groves preserved through this Section, along with a covenant preventing removal, shall be recorded and shown on the property title.
 3. Subject to Tree Protection Measures of KMC Chapter 18.57. Significant tree groves protected under this Section shall be subject to the tree protection measures during construction found in KMC 18.57.090, the post-construction replacement, financial guarantee, and maintenance requirements of KMC 18.57.100, and the penalties and enforcement of KMC 18.57.110.

ADD A NEW DEFINITION TO CHAPTER 18.20 AS FOLLOWS:

18.20.1995 Parking management plan.

"Parking Management Plan" means a plan developed by a property owner or applicant that clearly identifies the short- and long-term parking management methods used to ensure that on-site parking provided on a property is adequate to meet anticipated parking demands. Parking management methods can include but are not limited to transportation demand methods that include on-site parking enforcement, signage, and parking fees.

AMEND THE FOLLOWING SECTIONS OF CHAPTER 18.52, DOWNTOWN DESIGN STANDARDS, AS FOLLOWS:

18.52.070 Applicability.

- A. Design standards shall apply as depicted in Figure 18.52.070.A.1.
 - B. A property owner or developer electing to develop under KMC Chapter 18.29, Transit-Oriented Development District Overlay, shall comply with Standard 1 as described in Subsection C. below.
 - ~~B-C.~~ The components of the design standards shall apply as follows: (X = design component required under the specific standard)
- (Relabel remaining subsections in consecutive order...)*

18.52.100 Pedestrian walkways.

- A. Intent.
 - 1. Pedestrian Network. To create on-site pedestrian networks from streets and drives to building entrances, through parking lots to connect buildings to the street (see surface parking location standards), and between sites.
 - 2. Through Block Connections. To create through block connections between blocks of development, between streets, and connecting streets to public spaces.
- B. Standards – Required.
 - 1. Locations. Clear and visible pedestrian walkways shall be provided in the following locations:
 - a. Through Block Connections.
 - (1) Northwest Quadrant. If the property abuts a proposed pedestrian route designated in the Northwest Quadrant circulation plan, see KMC 18.52.110. In areas not identified on the circulation plan, one pedestrian walkway shall be provided for an average of every 300 feet

or less of street frontages in the north-south and east-west directions to create a linked pedestrian walkway system around and through the Northwest Quadrant. Distances may vary from exactly 300 feet to accommodate linking adjacent development on a case-by-case basis.

(a) Public spaces shall be linked to adjacent streets and developments.

(b) Exact locations of pedestrian walkways shall be determined at the time of development to accommodate linkages between adjacent developments.

(2) Northeast Quadrant and TOD District Overlay. In the Northeast Quadrant and for properties electing to develop under KMC Chapter 18.29 in the TOD District Overlay, one pedestrian walkway shall be provided between the north and south end of the property, spaced an average of every 300 feet or less of street frontages. The walkway must connect with walkways located on other properties established in accordance with this condition. Distances may vary from exactly 300 feet to accommodate linking adjacent developments on a case-by-case basis. The comprehensive plan downtown circulation concept shall be a general guide to priority pedestrian links.

(a) Public spaces shall be linked to adjacent streets and developments.

(b) Exact locations of pedestrian walkways shall be determined at the time of development to accommodate linkages between adjacent developments.

b. Street to Building Entrances. Between a public right-of-way and building entrances where the building is set back from the street, sidewalk, or parking area.

c. Parking Lots to Building Entrances. Between parking lots and building entrances.

d. Building to Building. Between buildings where multiple structures are a part of a single development project.

e. As identified on the Northwest Quadrant circulation plan, which is located in KMC 18.52.110.

(Remaining subsections remain unchanged)

EXHIBIT C

CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 07-0271

**AN ORDINANCE OF THE CITY OF KENMORE,
WASHINGTON, AUTHORIZING A MULTI-FAMILY HOUSING
PROPERTY TAX EXEMPTION PROGRAM, AND ADDING A
NEW CHAPTER 3.60 TO THE KENMORE MUNICIPAL CODE.**

WHEREAS, Chapter 84.14 RW provides for exemption from ad valorem property taxation for the value of eligible improvements associated with qualifying multifamily housing located in residential targeted areas within urban centers; and

WHEREAS, by Ordinance No. 07-0262, passed on July 9, 2007, the City Council approved a Development Agreement with Kenmore Partners, LLC, for the development of Kenmore Village; and

WHEREAS, pursuant to the Development Agreement, the City agreed to consider designation of the Kenmore Village parcels as a residential target area for purposes of exemption from ad valorem taxation under Chapter 84.14 RCW; and

WHEREAS, the City Council considered a memorandum by Berk & Associates regarding the financial impact of tax exemption for the multifamily housing in Kenmore Village; and

WHEREAS, the City Council recognizes that additional financial incentives are required in certain areas of the city to facilitate the development of multifamily housing;

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

Section 1. A new chapter 3.60, to be titled "Multifamily Housing Property Tax Exemption," is added to the Kenmore Municipal Code as follows:

3.60.010 Purpose.

A. The purposes of this chapter are:

1. To encourage more multifamily housing opportunities, including affordable housing, within the city;
2. To stimulate the construction of new multifamily housing, including affordable housing, and the rehabilitation of existing vacant and underutilized buildings for multifamily housing;
3. To increase the supply of multifamily housing opportunities within the city for low and moderate income households; and
4. To accomplish the planning goals required under the Growth Management Act, Chapter 36.70A RCW, as implemented by the city's comprehensive plan.

B. Any one or a combination of these purposes may be furthered by the designation of a residential targeted area under this chapter.

3.60.020 Definitions.

- A. "Affordable housing" means: (1) for an owner-occupied dwelling unit, housing reserved for occupancy by moderate-income households, and (2) for a renter-occupied dwelling unit, housing reserved for occupancy by a moderate income household and whose monthly housing costs, including utilities other than telephone, do not exceed 30 percent of the household's monthly income.
- B. "Assessor" means the King County assessor.
- C. "Director" means the director of the city's community development department, or any other city office, department or agency that shall succeed to its functions with respect to this chapter, or the director's designee.
- D. "Eligible household" means a household that certifies that its household monthly income or household annual income at time of initial occupancy, as applicable, does not exceed the income maximums, and that certifies that it meets all qualifications for eligibility, including, if applicable, any requirements for recertification on income eligibility.
- E. "Household" means a single person, family, or unrelated persons living together.
- F. "Household annual income" means the aggregate annual income of all persons in the household over 18 years of age for a period of at least four months.
- G. "Moderate-income household" means a household whose adjusted income is 80 percent of the King County median family income adjusted for family size, as reported by the United States Department of Housing and Urban Development. If HUD no longer publishes median family income figures for King County, the city may use or determine such other method as it may choose to determine the King County family median income adjusted for household size.
- H. "Multifamily housing" means a building or townhouse project having four or more dwelling units designed for permanent residential occupancy resulting from new construction or rehabilitation or conversion of vacant, underutilized, or substandard buildings.
- I. "Owner" means the owner of the real property on which the project proposed for tax exemption is located, and its successors and assigns. If tax exemption is requested or authorized for 12 years pursuant to this chapter, "owner" also means a non-profit corporation that will own or owns the affordable housing units.
- J. "Permanent residential occupancy" means multifamily housing that provides either rental or owner occupancy for a period of at least one month, and excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.
- K. "Rehabilitation improvements" means:
 - 1. Modifications to an existing structure, the residential portion of which has been vacant for at least 12 months prior to application for exemption under this chapter, that are made to achieve a condition of substantial compliance with the applicable building and construction codes contained in Title 15 of this code; or
 - 2. Modifications to an existing occupied residential structure or mixed use structure that contains occupied residential units and that adds at least four multifamily dwelling units.
- L. "Residential targeted area" means an area within an urban center as defined by Chapter 84.14 RCW that has been so designated by the city council pursuant to this chapter.
- M. "Substantial compliance" means compliance with the applicable building and construction codes contained in Title 15 of this code that is typically required for rehabilitation as opposed to new construction.

3.60.030 Residential targeted areas—Criteria—Designation—Rescission.

A. Following notice and public hearing as prescribed in RCW 84.14.040, the city council may designate one or more residential targeted areas, in addition to the area stated in subsection D of this section, upon a finding by the city council that the residential targeted area meets the following criteria:

1. The residential targeted area is within an urban center as defined by Chapter 84.14 RCW;

2. The residential targeted area lacks sufficient available, desirable and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center if affordable, desirable, attractive and livable residences were available; and

3. Providing additional housing opportunity, including affordable housing, in the residential targeted area will assist in achieving one or more of the following purposes:

a. Encourage increased residential opportunities, including affordable housing opportunities, within the city; or

b. Stimulate the construction of new multifamily housing; or

c. Encourage the rehabilitation of existing vacant and underutilized buildings for multifamily housing.

B. In designating a residential targeted area, the city council may also consider other factors, including:

1. Whether additional housing in the residential targeted area will attract and maintain an increase in the number of permanent residents;

2. Whether providing additional housing opportunities for low and moderate income households would meet the needs of citizens likely to live in the area if affordable housing was available;

3. Whether an increased permanent residential population in the residential targeted area will help to achieve the planning goals mandated by the Growth Management Act under Chapter 36.70A RCW, as implemented through the city's comprehensive plan; or

4. Whether encouraging additional housing in the residential targeted area supports better jobs and housing balance.

C. At any time the city council may, by ordinance, amend or rescind the designation of a residential targeted area pursuant to the same procedural requirements as set forth in this chapter for original designation.

D. The parcels lying Northwest of the intersection of Northeast 181st Street and 68th Avenue Northeast, which are shown on Map 1 in this Section, meet the criteria of this chapter on residential targeted areas and are designated as such.

3.60.040 Project eligibility.

To be eligible for exemption from property taxation under this chapter, the property shall satisfy all of the following requirements:

A. The property must be located in a residential targeted area.

B. A building or buildings in the project on the property shall have at least four dwelling units. Any project may be proposed in phases. If applicable, the affordable housing units may be located in all or some of the buildings in the project.

C. For new construction, a minimum of four new dwelling units must be created; for rehabilitation or conversion of existing occupied structures, a minimum of four additional dwelling units must be added.

D. Existing dwelling units proposed for rehabilitation shall have been unoccupied for a minimum of 12 months prior to submission of an application and shall fail to comply with one or more requirements the building code as set forth in Title 15 of this code.

E. No application may 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).

F. Prior to issuing a certificate of occupancy, an agreement in a form acceptable to the city attorney that addresses eligible household qualifications and any other applicable topics of the affordable housing units shall be recorded with King County Department of Records and Elections. This agreement shall be a covenant running with the land and shall be binding on the assigns and successors of the owners.

G. The project shall comply with all applicable zoning, land use, building and housing requirements contained in this code.

H. New construction of multifamily housing and rehabilitation improvements shall be scheduled to be completed within 3 years from the date of approval of the application, or within an authorized extension of this time limit.

3.60.050 Application procedure—Fee.

A. The owner of property applying for exemption under this chapter shall submit an application to the director, on a form established by the director. The owner shall verify the application by oath or affirmation. The application shall contain such information as the director may deem necessary or useful, and shall include:

1. A brief written description of the project, including phasing if applicable, and preliminary schematic site and floor plans of the multifamily units and the structure(s) in which they are proposed to be located;

2. A statement from the owner acknowledging the potential tax liability when the property ceases to be eligible for exemption under this chapter;

3. In the case of rehabilitation of an existing vacant structure, verification of non-compliance with applicable building and housing codes, and an affidavit from the owner verifying that the existing dwelling units have been vacant for a period of 12 months prior to filing the application; and

4. If tax exemption for 12 years is proposed, and the owner of the affordable housing units will be different from the owner applying for the exemption, a description of the person or entity that will own the affordable housing units and an explanation of the financing plan for such units.

B. At the time of application under this section, the owner shall pay an initial application fee as established by resolution and pursuant to the provisions of RCW 84.14.080. In addition, at the time of application under this section, the owner shall pay a fee of 150 dollars to cover the county assessor's administrative costs. If the director approves the application, the city shall forward the fee for the county assessor's administrative costs to the county assessor. If the director denies the application, the city shall refund the fee for the assessor's administrative costs to the applicant.

C. The director shall notify the owner within 28 days of the application being filed if the director determines that an application is not complete and shall identify what additional information is required before the application will be complete. Within 14 days of receiving additional information, the director shall notify the owner in writing if the director determines that the application is still not complete, and what additional information is necessary. An application shall be deemed to be complete if the director does not notify the applicant in writing by the deadlines in this section that the application is incomplete; however, a determination of completeness does not preclude the director from requiring additional information during the review process if more information is needed to evaluate the application according to the criteria in this chapter.

D. The application shall be submitted any time before, but no later than, the date the building or other construction permit is issued under Title 15 of this code.

3.60.060 Application review—Issuance of conditional certificate—Denial—Appeal.

A. The director shall approve or deny an application under this chapter. If the application is approved, the owner shall enter into a contract with the city, subject to approval by resolution of the city council regarding the terms and conditions of the project and eligibility for exemption under this chapter. If tax exemption for 12 years is requested, the owner of the affordable housing units, if different from the owner of the other multifamily housing units, also shall enter into such contract. The city council's resolution to approve the owner's contract with the city shall be adopted within 90 days of the director's receipt of the completed application. Upon city council approval of the contract, the director shall execute the contract which shall be substantially in the form of the contract as approved by the city council, and shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire 3 years from the date of approval unless an extension is granted as provided in this chapter.

B. If the application is denied, the director shall state in writing the reasons for the denial and send notice of denial to the owner's last known address within 10 days of the denial.

C. An owner may appeal the director's denial of the application to the city council by filing a notice of appeal with the city clerk along with the appeal fee as established by resolution within 30 days of the date of the denial. The appeal before the city council shall be based upon the record before the director, and the director's decision shall be upheld unless the owner can show that there is no substantial evidence on the record to support the director's decision. The city council's decision on appeal is final.

3.60.070 Amendment of contract.

A. Any owner seeking an amendment to the contract may do so by submitting a request in writing to the director at any time within 3 years of the date of the city council's approval of the contract.

B. The director shall have authority to approve amendments to the contract that are reasonably within the scope and intent of the contract approved by the city council. Amendments that are not reasonably within the scope and intent of the approved contract, as determined by the director, shall be submitted to the city council for approval by resolution.

C. Any owner seeking amendments to the contract, which in the sole discretion of the director require approval by the city council, shall pay to the city an amendment application fee as established by resolution.

D. The date for expiration of the conditional certificate shall not be extended by contract amendment unless: (1) all the conditions for extension set forth in Section 3.60.080 are met, or (2) the conditions set forth in Section 3.60.080(A) and (B) are met and the city council specifically approves the extension.

3.60.080 Extension of conditional certificate.

The conditional certificate may be extended by the director for a period not to exceed 24 consecutive months. The owner shall submit a written request stating the grounds for the extension together with a fee as established by resolution. The director may grant an extension if the director determines that:

A. The anticipated failure to complete construction or rehabilitation within the required time period is due to circumstances beyond the control of the owner;

- B. The owner has been acting and could reasonably be expected to continue to act in good faith and with due diligence; and
- C. All the conditions of the original contract between the applicant and the city will be satisfied upon completion of the project.

3.60.090 Final certificate—Application—Issuance—Denial and appeal.

A. Upon completion of the rehabilitation improvements or new construction as provided in the contract between the applicant and the city, and upon issuance of a certificate of occupancy, the owner may request a final certificate of tax exemption. The owner shall file with the director such information as the director may deem necessary or useful to evaluate eligibility for the final certificate, and shall include:

- 1. A statement of expenditures made with respect to each multifamily housing unit and to each affordable housing unit, and the total expenditures made with respect to the entire property;
- 2. A description of the completed work and a statement of qualification for the exemption;
- 3. A statement that the work was completed within the required 3-year period or any approved extension; and
- 4. If applicable, a statement that the project meets the affordable housing unit requirements.

B. Within 30 days of receipt of all materials required for a final certificate, the director shall determine whether the completed work is consistent with the application and contract approved by the city council and is qualified for exemption under Chapter 84.14 RCW, and which specific improvements completed meet the requirements of this chapter and the required findings of RCW 84.14.060.

C. If the director determines that the project has been completed in accordance with subsection A of this section, the city shall file a final certificate of tax exemption with the Assessor within 10 days of the expiration of the 30-day period provided under subsection B of this section.

D. The director is authorized to cause to be recorded, or to require the owner to record, in the real property records of the King County Department of Records and Elections, the contract with the city required under Section 3.60.060(A), and such other documents as will identify such terms and conditions of eligibility for exemption under this chapter as the director deems appropriate for recording, including requirements under this chapter relating to affordability of units.

E. The director shall notify the owner in writing that the city will not file a final certificate if the director determines (1) that the project was not completed within the required three-year period or any approved extension or was not completed in accordance with subsection B of this section or (2) that the owner's property is not otherwise qualified under this chapter.

F. Within 30 days of the date of notice of denial of final certificate, the owner may file a notice of appeal with the city clerk along with the appeal fee as established by resolution specifying the factual and legal basis for the appeal. The appeal shall be heard by the city's hearing examiner pursuant to Section 3.60.120.

3.60.100 Exemption—Duration—Limits.

A. The value of new housing construction and rehabilitation improvements qualifying under this chapter shall be exempt from ad valorem property taxation:

- 1. For 8 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate; or

2. For 12 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if (1) the owner commits to renting or selling at least 20 percent of the multifamily housing units as affordable housing units and (2) the owners and renters of the affordable housing units meet the income and eligibility requirements of this chapter. If the original owner of the property transfers title to the portion of the property on which the affordable housing units are located to the nonprofit corporation that owns such units, such transfer shall not affect the 12-year tax exemption for the new housing construction and rehabilitation improvements qualifying under this chapter.

B. The exemptions in subsections A and B do not apply to the value of land or to the value of improvements not qualifying under this chapter, to increases in assessed valuation of land and nonqualifying improvements, or to increases made by lawful order of the King County Board of Equalization, Washington State Department of Revenue, State Board of Tax Appeals, or King County, to a class of property throughout the county or a specific area of the county to achieve uniformity of assessment or appraisal as required by law. In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to submission of the completed application required under this chapter.

3.60.110 Annual certification—Cancellation of exemption.

A. A property that receives a tax exemption under this chapter shall continue to comply with the contract and the requirements of this chapter in order to retain its property tax exemption.

B. Thirty days after the anniversary of the date the city filed the final certificate of tax exemption and each year for the tax exemption period, the owner shall file a certification with the director, verified upon oath or affirmation, which shall contain such information as the director may deem necessary or useful, and shall include the following information:

1. A statement of occupancy and vacancy of the rehabilitated or newly constructed property during the previous year;
2. Information demonstrating compliance of the owners and renters of the affordable housing units with the requirements of Section 3.60.100(A)(2), this chapter and the contract with the city, if applicable;
3. A certification that the property has not changed use since the date of filing of the final certificate of tax exemption; and
4. A description of any improvements or improvements constructed after the filing of the final certificate or last declaration.
5. The income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied units at the time of purchase for each of the units receiving a tax exemption.
6. Any additional information requested by the city in regards to the units receiving a tax exemption.

C. Failure to submit the annual declaration may result in cancellation of the tax exemption.

D. For the duration of the exemption granted under this chapter, the property shall have no violation of applicable zoning, land use and building and housing code requirements of this code for which the designated city department or contract agency shall have issued a notice of violation or notice of civil infraction that is not resolved by a certificate of compliance, certificate of release, or withdrawal within the time period for

compliance provided in such notice of violation or notice of civil infraction and any extension of the time period for compliance granted by the director.

E. For owner-occupied affordable housing units, in addition to any other requirements in this chapter, the affordable owner-occupied units must continue to meet the income eligibility conditions of this chapter. In the event of a sale of an affordable owner-occupied unit to a household other than an eligible household, the property tax exemption for that affordable owner-occupied unit shall be cancelled pursuant to this section

F. For renter-occupied affordable housing units, in addition to any other requirements in this chapter, the affordable renter-occupied units must continue to meet the income eligibility conditions of this chapter. In the event of a rental of an affordable renter-occupied unit to a household other than an eligible household, the property tax exemption for the property shall be cancelled pursuant to this section

G. If the owner converts the multifamily housing to another use, the owner shall notify the director and the Assessor within 60 days of the change in use. Upon such change in use, the tax exemption shall be canceled and additional taxes, interest and penalty imposed pursuant to state law.

H. The director shall cancel the tax exemption for any property or individual unit that no longer complies with the terms of the contract or with the requirements of this chapter. Upon cancellation, additional taxes, interest and penalties may be imposed pursuant to state law. Upon determining that a tax exemption shall be canceled, the director shall notify the owner by certified mail, return receipt requested. The owner may appeal the determination by filing a notice of appeal with the city clerk along with the appeal fee established by resolution within 30 days of the date of notice of cancellation, specifying the factual and legal basis for the appeal. The appeal shall be heard by the hearing examiner pursuant to Section 3.60.120.

3.60.120 Appeals to hearing examiner.

A. The city's hearing examiner is provided jurisdiction to hear appeals of the decisions of the director on the final certificate of tax exemption and cancellation thereof.

B. The hearing examiner's procedures shall apply to hearings under this chapter to the extent they are consistent with the requirement of this chapter and Chapter 84.14 RCW. The hearing examiner shall give substantial weight to the director's decision and the burden of overcoming the weight shall be on the appellant. The decision of the hearing examiner constitutes the final decision of the city. An aggrieved party may appeal the decision to superior court under RCW 34.05.510 through 34.05.598 if the appeal is properly filed within 30 days of the date of the notification by the city to the appellant of that decision.

3.60.130 Annual reporting.

A. If the city issues tax exemption certificates pursuant to this chapter, the director shall submit annually by December 31st of each year to the Department of Community, Trade and Economic Development the report required by RCW 84.14.100.

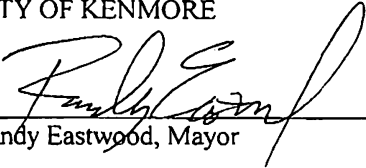
B. Annually, beginning in 2010, the director shall review the program established by this chapter and provide a report to the city council outlining development activity, types and numbers of units produced and their locations, rent and sales prices, information regarding the number of moderate income households benefiting from the program, and other appropriate factors. The report may include recommendations on whether any neighborhoods should be added or removed and whether affordability limits should be changed in certain areas, and shall analyze any issues related to the use of the program for homeownership units. The annual report shall be submitted to the city

council no later than March 30th of each year the program is in effect, starting in 2010.
Each report shall include information for the previous year.

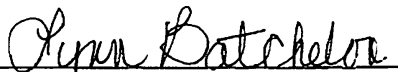
Section 2. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 10TH DAY OF DECEMBER, 2007.

CITY OF KENMORE


Randy Eastwood, Mayor

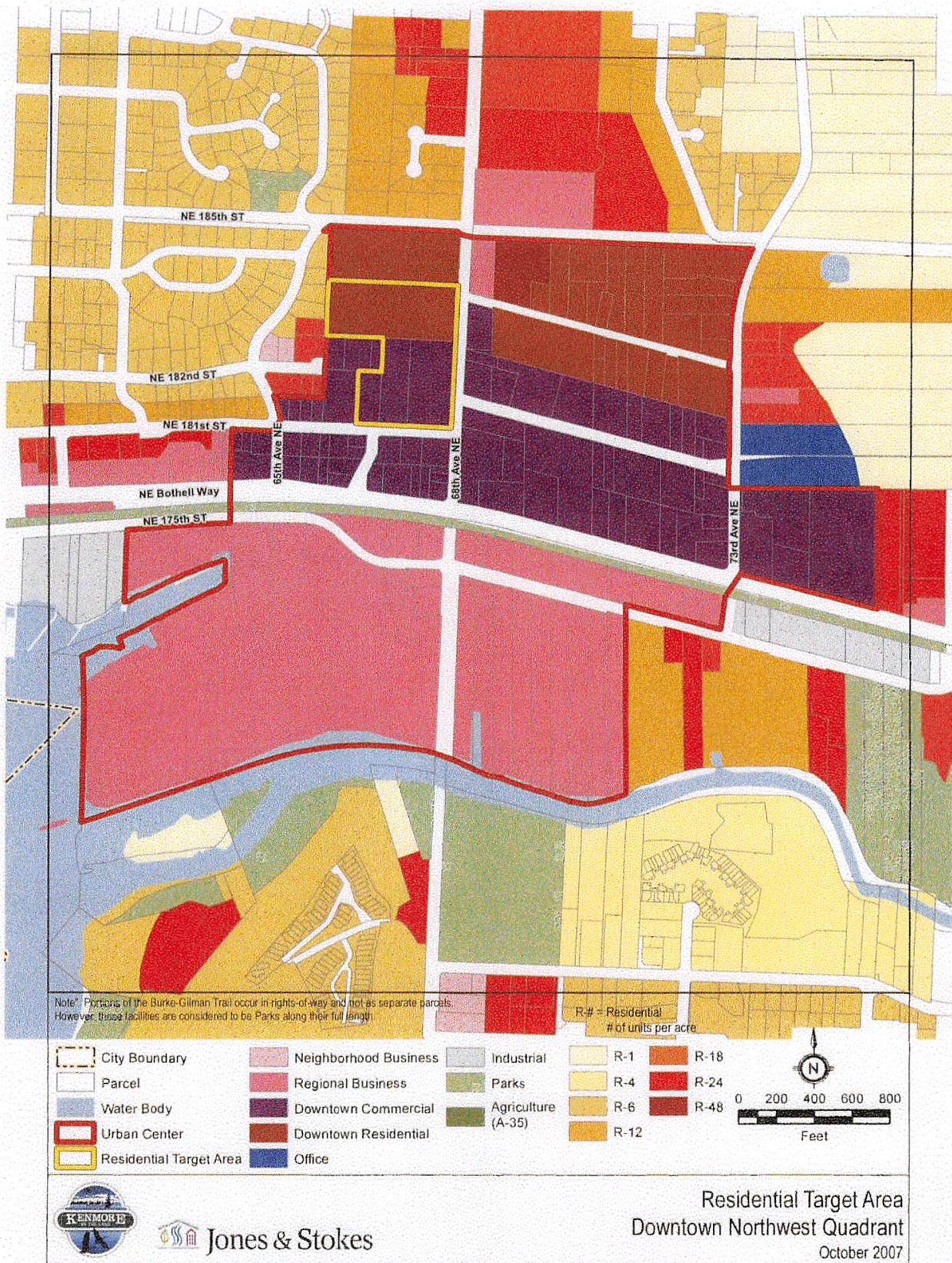
ATTEST/AUTHENTICATED:


Lynn Batchelor, City Clerk

Approved as to form:


Rod P. Kaseguma, City Attorney

Filed with the City Clerk:	December 7, 2007
Passed by the City Council:	December 10, 2007
Ordinance No.	07-0271
Date of Publication:	December 14, 2007
Effective Date:	December 20, 2007



**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 18-0471**

**AN ORDINANCE OF THE CITY OF KENMMORE,
WASHINGTON, DESIGNATING THE TRANSIT
ORIENTED DEVELOPMENT DISTRICT OVERLAY AS A
RESIDENTIAL TARGETED AREA; AMENDING
SECTIONS 3.65.030, 3.65.020, AND 3.65.110 OF THE
KENMORE MUNICIPAL CODE; AND ESTABLISHING AN
EFFECTIVE DATE.**

WHEREAS, Chapter 84.14 RCW provides for exemption from ad valorem property taxation for the value of eligible improvements associated with qualifying multifamily housing located in residential targeted areas within urban centers; and

WHEREAS, the Kenmore City Council approved Ordinance No. 07-0271 authorizing a multifamily housing property tax exemption program, Chapter 3.65 KMC; and

WHEREAS, Chapter 3.65 KMC allows the City Council to designate one or more residential targeted areas; and

WHEREAS, the City Council determined that the City's Transit Oriented Development District Overlay area, as established in Ordinance No. 15-0406, is within an urban center as defined by Chapter 84.14 RCW; and

WHEREAS, the City Council recognizes the Transit Oriented Development District Overlay lacks sufficient available, desirable and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center if affordable, desirable, attractive and livable residences were available; and

WHEREAS, the City Council recognizes providing additional housing opportunity, including affordable housing, in the residential targeted area will assist in achieving one or more of the following purposes:

- a. Encourage increased residential opportunities, including affordable housing opportunities, within the City; or
- b. Stimulate the construction of new multifamily housing; or
- c. Encourage the rehabilitation of existing vacant and underutilized buildings for multifamily housing; and

WHEREAS, the City Council recognizes that additional financial incentives are required in certain areas of the city to facilitate the development of multifamily housing; and

WHEREAS, the City has complied with the notice and public hearing requirements of RCW 84.14.040 and KMC 3.65.030A in order to designate a residential target area under Chapter 84.14 RCW and Chapter 3.65 KMC;

-1-

825984.1 - 359830 -0078

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

Section 1. New Subsection. Section 3.65.030 of the Kenmore Municipal Code is amended to add new subsection E to read as follows:

E. The parcels lying within the Transit Oriented Development District Overlay, which are shown on the map attached to the ordinance codified in Chapter 18.29.020 KMC, meet the criteria of this chapter on residential targeted areas and are designated as such.

Section 2. Amended Subsection. Paragraph A of Section 3.65.030 of the Kenmore Municipal Code is amended to read as follows:

A. Following notice and public hearing as prescribed in RCW 84.14.040, the city council may designate one or more residential targeted areas, in addition to the areas stated in subsections (D) and (E) of this section, upon a finding by the city council that the residential targeted area meets the following criteria:

1. The residential targeted area is within an urban center as defined by Chapter 84.14 RCW;
2. The residential targeted area lacks sufficient available, desirable and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center if affordable, desirable, attractive and livable residences were available; and
3. Providing additional housing opportunity, including affordable housing, in the residential targeted area will assist in achieving one or more of the following purposes:
 - a. Encourage increased residential opportunities, including affordable housing opportunities, within the City; or
 - b. Stimulate the construction of new multifamily housing; or
 - c. Encourage the rehabilitation of existing vacant and underutilized buildings for multifamily housing.

Section 3. Amended Subsection. Paragraph G of Section 3.65.020 of the Kenmore Municipal Code is amended to read as follows:

G. "Low or moderate income household" means a household whose adjusted income is equal to or less than 85[] percent of the King County median family income adjusted for family size, as reported by the United States Department of Housing and Urban Development. If HUD no longer publishes median family income figures for King County, the City may use or determine such other method as it may choose to determine the King County family median income adjusted for household size.

Section 4. Amended Section. Section 3.65.110 of the Kenmore Municipal Code is amended to read as follows:

Annual certification – Cancellation of exemption.

A. A property that receives a tax exemption under this chapter shall continue to comply with the contract and the requirements of this chapter, as this chapter existed on the date the final certificate of tax exemption was issued, in order to retain its property tax exemption.

B. Thirty days after the anniversary of the date the City filed the final certificate of tax exemption and each year for the tax exemption period, the owner shall file a certification with the director, verified upon oath or affirmation, which shall contain such information as the director may deem necessary or useful, and shall include the following information:

1. A statement of occupancy and vacancy of the rehabilitated or newly constructed property during the previous year;
2. Information demonstrating compliance of the owners and renters of the affordable housing units with the requirements of KMC 3.65.100(A)(2), this chapter as it existed on the date the final certificate of tax exemption was issued, and the contract with the City, if applicable;
3. A certification that the property has not changed use since the date of filing of the final certificate of tax exemption;
4. A description of any improvements or improvements constructed after the filing of the final certificate or last declaration;
5. The income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied units at the time of purchase for each of the units receiving a tax exemption; and
6. Any additional information requested by the City in regards to the units receiving a tax exemption.

C. Failure to submit the annual declaration may result in cancellation of the tax exemption.

D. For the duration of the exemption granted under this chapter, the property shall have no violation of applicable zoning, land use and building and housing code requirements of this code for which the designated City department or contract agency shall have issued a notice of violation or notice of civil infraction that is not resolved by a certificate of compliance, certificate of release, or withdrawal within the time period for compliance provided in such notice of violation or notice of civil infraction and any extension of the time period for compliance granted by the director.

E. For owner-occupied affordable housing units, in addition to any other requirements in this chapter, the affordable owner-occupied units must continue to meet the income eligibility conditions of this chapter, as it existed on the date the final certificate of tax exemption was issued. In the event of a sale of an affordable owner-occupied unit to a household other than an eligible household, the property tax exemption for that affordable owner-occupied unit shall be cancelled pursuant to this section.

F. For renter-occupied affordable housing units, in addition to any other requirements in this chapter, the affordable renter-occupied units must continue to meet the income eligibility conditions of this chapter, as it existed on the date the final certificate of tax exemption was issued. In the event of a rental of an affordable renter-occupied unit to a household other than an eligible household, the property tax exemption for the property shall be cancelled pursuant to this section.

G. If the owner converts the multifamily housing to another use, the owner shall notify the director and the assessor within 60 days of the change in use. Upon such change in use, the tax exemption shall be cancelled and additional taxes, interest and penalty imposed pursuant to State law.

H. The director shall cancel the tax exemption for any property or individual unit that no longer complies with the terms of the contract or with the requirements of this chapter. Upon cancellation, additional taxes, interest and penalties may be imposed pursuant to State law. Upon determining that a tax exemption shall be cancelled, the director shall notify the owner by certified mail, return receipt requested. The owner may appeal the determination by filing a notice of appeal with the city clerk along with the appeal fee established by resolution within 30 days of the date of notice of cancellation, specifying the factual and legal basis for the appeal. The appeal shall be heard by the hearing examiner pursuant to KMC 3.65.120.

Section 5. Summary Publication and Effective Date. This Ordinance, or a summary thereof consisting of the title, shall be published in the official newspaper of the City. It shall take effect and be in full force five (5) days after the date of the publication.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 13th DAY OF NOVEMBER, 2018.

CITY OF KENMORE

David Baker, Mayor

ATTEST/AUTHENTICATED:

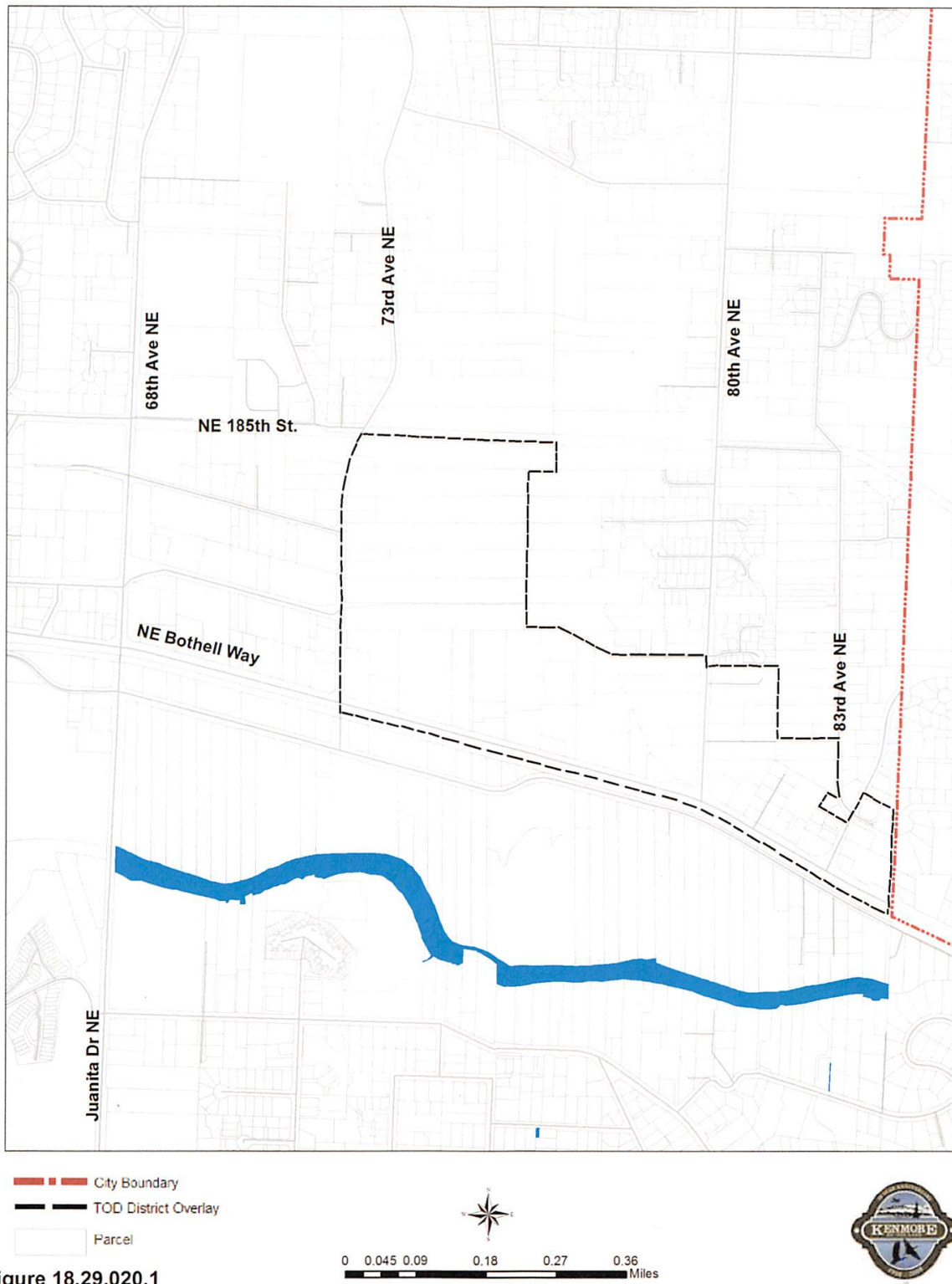
Kelly Chelin, City Clerk

Approved as to form:

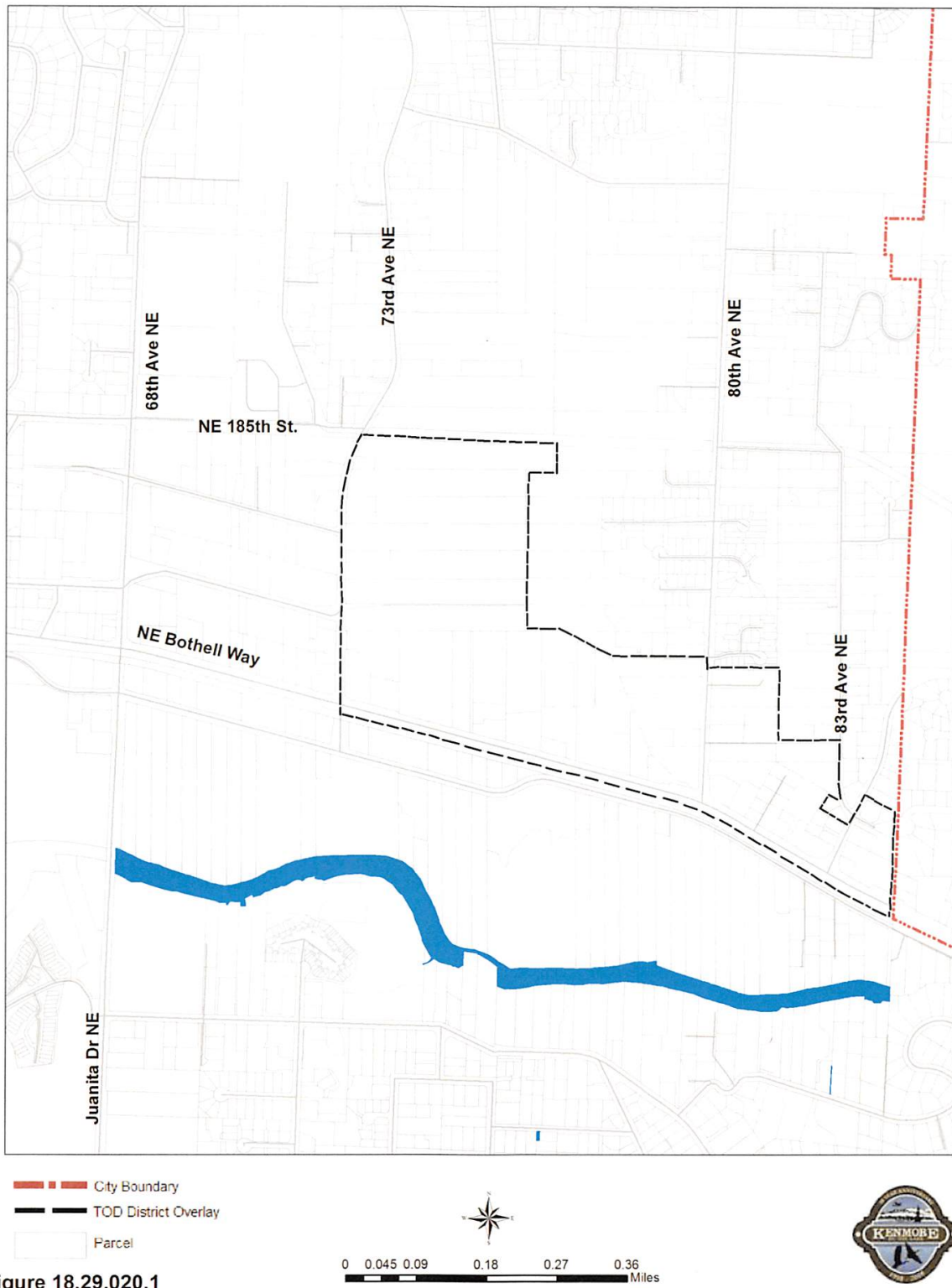
Rod Kaseguma, City Attorney

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
ORDINANCE NO.: 18-0471
DATE OF PUBLICATION:
EFFECTIVE DATE:

TOD District Overlay



TOD District Overlay



Subject/Topic: Public Hearing on the 2019-2020 Proposed Preliminary Biennial Budget Including 2019 Salary Plan and Employee Benefits Proposed Council Action/Motion: Public Hearing on the 2019-2020 Proposed Preliminary Biennial Budget Including 2019 Salary Plan and Employee Benefits	For Council Meeting Agenda of: November 13, 2018 Department: Finance and Administration Prepared by: Joanne Gregory, Director of Finance and Administration Initial & Date Approved by Department Head: <u>mg 11-2-18</u> Approved by City Attorney: _____ Approved by Finance Director: <u>mg 11-2-18</u> Approved by City Manager: <u>PK</u> Exhibits/Attachments: Exhibit 1: Summary of All Revenues and Expenditures By Fund 2017-2018 to 2019/2020 Exhibit 2: City Manager Proposed Budget Message
<u>INFORMATION/BACKGROUND:</u> Passage of a biennial budget by year-end is required by State law. A public hearing will be held November 13, 2018 regarding the 2019-2020 proposed preliminary budget. A public hearing on the 2019 tax levy was held on November 5, 2018. The proposed budget document was distributed to the City Council on October 8, 2018 and is also available at City Hall and at www.kenmorewa.gov/finance. City Council reviews of department and fund budgets were held throughout October and the adoption of the 2019-2020 Biennial Budget is scheduled for November 19. The public is invited and encouraged to attend public sessions and offer public comment.	
<u>FISCAL CONSIDERATION:</u> The City wide 2019-2020 Proposed Budget expenditures are \$102,859,413 and budgeted revenues are \$106,958,161. These balances include \$18,243,972 of interfund transfers, primarily due to transfers of capital resources to capital projects. The General Fund is balanced in that budgeted expenditures do not exceed budgeted revenues and the projected ending fund balance at 12/31/2020 is \$3,823,626. The Preliminary Budget expenditures are 22% more than the amended 2017-2018 budget and 25% more than the 2017-2018 projections, primarily due to increased capital project expenditures and use of capital project funding	

sources such as bond funds, grants, real estate excise taxes and impact fees. Most significantly this includes the West Sammamish River Bridge project and the Walkways and Waterways park and transportation projects. Several of the more significant assumptions and new requests included in the 2019-2020 Proposed Preliminary Budgets for the operational funds such as General Fund, Street Fund and Surface Water Management include:

- A 3% increase in the tax levy in 2019 and 2020 utilizing banked tax levy capacity. This generates revenue of \$294,963 over the biennium and provides a compounding benefit in future years.
- Up to \$250,000 in reimbursements for costs related to the Lakepointe development project.
- A temporary Capital Project Engineer to manage the West Sammamish Bridge project which would be 90% funded by the project.
- An increase in salaries and wages of 3.6% effective January 1, 2019 (Proposed Salary Plan will be provided).
- An increase in medical insurance premiums of 4.5%.
- An increase in dental insurance premiums of 4.0%.
- Elimination of the Kenmore Village Fund and all activities and accounts rolled up to the General Fund as of 2019.
- Transfer of the Kenmore Business Incubator activities and accounts to the General Fund.
- \$100,000 to support the need for GIS services; likely through a contractual arrangement.
- \$35,000 for a new telephone system.
- An increase of \$60,000 in the contribution to ARCH.
- A 5% increase in the Police Services contract with \$58,000 additionally set aside for a possible retroactive pay increase back to 2017, pending settlement of the collective bargaining agreement with the Police Guild.
- \$40,000 for website improvements.
- Increases in landscape maintenance contract costs due to a 110% increase in the Labor and Industries prescribed prevailing wage for landscape workers.
- A new fund for development of a Public Works Shop plus salaries, benefits and other operational costs associated with park, facility, streets and surface water maintenance.
- One additional position in Surface Water Management funded by SWM fees.
- A 15% increase in Surface Water Management service charges for 2019 and 2020 was approved by the City Council on October 30, 2018. The 2019-2020 Proposed Budget will be updated to reflect this change.
- A General Facilities Charge as a new revenue source to support Surface Water Capital projects was discussed by the City Council on October 30, 2018 and has been included in the Surface Water Capital program pending approval.

The City Council is also requested to consider the following salaries and benefits for 2019:

1. An update to the Salary Plan pay ranges is requested. The CPI-W as of June was 3.6%. This is the index typically used by the City for wage adjustments. The pay ranges would be updated and increased by 3.6% which would allow for a wage increase of this percentage for all employees on January 1, 2019. Several staff positions are at the top of their pay range and will not be eligible for a merit increase during 2019. In addition, several positions in the Salary Plan were adjusted due to market data and internal organizational changes. The wage adjustment and cost of benefits have been included in the 2019-2020 Proposed Budget.
2. Council approval is requested to continue the HRA VEBA contributions that were first offered to employees in 2018 as follows:

HRA VEBA	
Employee	450
Employee + 1 Dependent	900
Employee + 2 or more	
Dependents	1,350

3. Council approval is requested to continue the Health Savings Account contributions that were first offered to employees in 2015 for those that chose the High Deductible Health Plans (HDHP). The HDHPs carry monthly premiums that are up to 30% less than the premiums of the Healthfirst 250 Plans. In 2018, the City's annual contribution schedule was as follows:

High Deductible Health Plans with Health Savings Accounts		
Health Savings Account		Premium Savings to City
Employee	2,000	2,628
Employee + Spouse	4,500	5,258
Employee + Child	3,000	3,871
Employee + 2 Children	3,000	4,934
Employee + Spouse + Child	4,500	6,499
Full Family	4,500	7,550

4. Council approval is requested to add Affordable Health Network (AHN) 250 Plans as an additional option for employees. These new AHN Plans offer premiums that are 5% less than the Healthfirst 250 plans. Since there is a 5% savings to the City for each employee that enrolls in an AHN and to provide an incentive to employees, Council is requested to consider sharing the premium savings on a 50/50 basis with the employee. The employee's share would be contributed to their HRA VEBA.

Attached as reference is the Summary of All Revenues and Expenditures By Fund 2017-2018 to 2019/2020 (Exhibit 1) and the City Manager Preliminary Budget Message (Exhibit 2).

Staff presentation at the City Council meeting will include the 2019 Proposed Salary Plan.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

RCW 35A.33.055 The legislative body must schedule hearings on the budget or parts of the budget prior to the final approval.

EXHIBIT 1

City of Kenmore, Washington
Summary of All Revenues and Expenditures By Fund
2017/2018 to 2019/2020

FUND	2017-2018 Amended Revenue Budget	2017 Actual	2018 Projected	2017-2018 Biennium Total	2019 Budget	2020 Budget	2019-2020 Proposed Budget
General Fund	\$ 23,605,174	\$ 11,721,120	\$ 12,792,660	\$ 24,513,780	\$ 12,852,467	\$ 13,025,404	\$ 25,877,871
Kenmore Village Fund	424,628	317,063	44,040	361,103	0	0	0
Strategic Reserve Fund	0	12,814	12,800	25,614	12,900	13,000	25,900
Strategic Opportunities Fund	280,000	157,176	156,500	313,676	223,000	184,000	407,000
Street Fund	2,912,304	1,470,114	1,507,369	2,977,483	1,608,041	1,599,173	3,207,214
Public Art Fund	150	680	700	1,380	1,027	1,035	2,063
Transportation Benefit District	680,800	357,602	356,047	713,649	359,000	359,000	718,000
UTGO 2016 Bond Fund	2,500,000	1,301,272	1,221,750	2,523,022	1,223,150	529,650	1,752,800
Transportation Capital Fund	9,316,326	4,812,486	3,995,552	8,808,038	11,055,945	12,807,312	23,863,257
Real Estate Excise Tax Fund	2,203,000	1,943,691	1,784,800	3,728,491	1,437,842	1,228,074	2,665,916
Walkways & Waterways Bonds	9,915,641	94,180	70,000	164,180	10,030,000	15,000	10,045,000
Park Capital Fund	8,190,896	3,788,172	2,750,725	6,538,897	3,532,947	354,000	3,886,947
Park Impact Fee Fund	412,000	157,195	146,800	303,995	257,825	234,039	491,864
Transportation Impact Fee Fund	905,500	482,823	916,500	1,399,323	1,049,168	932,823	1,981,991
Sammamish River Bridge Fund	3,009,961	748,320	2,648,868	3,397,188	11,539,791	10,083,265	21,623,056
Public Works Shop Fund	0	0	0	0	0	6,500,000	6,500,000
Surface Water Management Fund	3,543,400	1,904,373	1,838,000	3,742,373	1,852,000	1,875,000	3,727,000
Surface Water Capital Fund	3,750,634	0	0	0	0	0	0
Swamp Creek Basin Fund	14,000	14,238	14,300	28,538	20,000	20,000	40,000
Equipment Replacement Fund	210,986	91,288	89,300	180,588	71,141	71,141	142,282
TOTAL	\$71,875,400	\$29,374,606	\$30,346,711	\$59,721,317	\$57,126,244	\$49,831,917	\$106,958,161

FUND	2017-2018 Amended Expenditure Budget	2017 Actual	2018 Projected	2017-2018 Biennium Total	2019 Budget	2020 Budget	2019-2020 Proposed Budget
General Fund	\$ 23,691,246	\$ 11,154,974	\$ 12,688,029	\$ 23,843,003	\$ 12,843,796	\$ 13,020,511	\$ 25,864,307
Kenmore Village Fund	576,794	462,039	374,300	836,339	0	0	0
Strategic Reserve Fund	0	0	0	0	0	0	0
Strategic Opportunities Fund	368,700	191,649	175,957	367,607	30,000	30,000	60,000
Street Fund	2,909,009	1,609,409	1,184,048	2,793,457	1,608,041	1,599,173	3,207,214
Public Art Fund	11,000	0	500	500	500	500	1,000
Transportation Benefit District	669,000	334,500	334,500	669,000	358,000	358,000	716,000
UTGO 2016 Bonds	2,358,253	1,136,503	1,221,750	2,358,253	1,223,150	529,650	1,752,800
Transportation Capital Fund	9,529,005	3,962,031	3,103,960	7,065,991	10,709,652	13,171,107	23,880,759
Real Estate Excise Tax Fund	3,622,825	2,027,786	1,595,039	3,622,825	2,314,650	2,890,400	5,205,050
Walkways & Waterways Bonds	5,575,000	2,111,671	3,216,246	5,327,917	6,797,775	1,888,019	8,685,794
Park Capital Fund	8,446,832	4,014,088	1,498,522	5,512,611	3,502,000	357,000	3,859,000
Park Impact Fee Fund	1,271,876	881,377	268,222	1,149,599	341,000	6,000	347,000
Transportation Impact Fee Fund	533,783	350,000	183,783	533,783	1,152,913	63,750	1,216,663
Sammamish River Bridge Fund	3,009,961	730,007	2,646,073	3,376,080	11,539,791	10,083,265	21,623,056
Public Works Shop Fund	0	0	0	0	0	2,000,000	2,000,000
Surface Water Management Fund	4,890,487	2,456,063	1,880,865	4,336,928	2,549,046	1,816,724	4,365,770
Surface Water Capital Fund	3,583,634	0	0	0	0	0	0
Swamp Creek Basin Fund	0	0	0	0	0	0	0
Equipment Replacement Fund	119,000	24,882	9,823	34,705	37,500	37,500	75,000
TOTAL	\$71,166,405	\$31,446,980	\$30,381,618	\$61,828,597	\$55,007,814	\$47,851,600	\$102,859,413



City of Kenmore, Washington

October 8, 2018

Honorable Members of the City Council
City of Kenmore
18120 68th Avenue NE
Kenmore, WA 98028

Honorable Mayor, Deputy Mayor, and City Council:

We are pleased to present the proposed biennial budget for the years 2019 and 2020. As we near the completion of the second decade in the 21st century, I am amazed to see how far Kenmore has come and all that has been accomplished since Kenmore incorporated in 1998. The celebration of 20 years of cityhood this past year was fantastic, and our community's enthusiasm for and pride in Kenmore was palpable. Public safety services, pedestrian and bicycle infrastructure, parks and recreation, access to the waterfront, sense of place and community, control of our destiny, and much more have seen improvements by leaps and bounds since incorporation 20 years ago, and these improvements do not go unnoticed or unappreciated.

Thanks to your leadership and direction as well as the support of our citizens, we look forward to Kenmore's next 20 years with great anticipation and excitement. Given the ambitious goals you have set, we have our work cut out for us—and we are up to the task! Target Zero, Walkways & Waterways, Lakepointe, bus rapid transit, economic development, affordable housing, and providing essential city services will ensure that there will never be a dull moment here at City Hall.

This proposed budget allocates resources toward your Council goals while still providing significant funding to basic and core services such as police, criminal justice, parks, surface water maintenance, land use planning, and protecting our natural environment. As costs for existing services continue to rise faster than operating revenues, it has become increasingly challenging to produce a balanced budget. Eventually, we will need to have a broader discussion with the community about the structural revenue problem that many bedroom communities like Kenmore face. I will discuss our budget picture later in this document; but the positive news is we are proposing a balanced budget that allocates resources to provide important projects and services that will make a positive difference in the lives of our residents.

2019-2020 Budget Highlights

This budget is goal and priority driven. The City Council, as the elected representatives of the citizens of Kenmore, has adopted a set of major goals. These goals are as follows:

2018-2019 City Council Goals

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.
 - Implement the Sidewalk Plan
2. To implement the Walkways and Waterways projects.
3. To continue to seek opportunities to complete a successful Lakepointe project.
4. To actively insure the implementation of Sound Transit 3 Projects for SR 522.
5. To update and continue to implement the Economic Development Plan, with an emphasis on the following key points:
 - Advance public access to water
 - Create a vibrant, walkable downtown
 - Attract new businesses and support existing businesses
 - Promote the image of Kenmore
6. To continue to implement a Parks Improvement Plan.
7. To increase the affordable housing stock.
8. To protect and enhance the water, air and forest environment.
9. To build community and create fun.
10. To continue to seek funds to mitigate State impacts on the City's transportation System.

In addition to Council goals, we can look to a set of value-based criteria called Priority-Based Budgeting (PBB) results. Like Council goals, these results were set by the City Council early on in the budgeting process. These results include:

1. Access to quality cultural, recreational, educational and leisure opportunities
2. Attractive, well-planned, enduring and desirable place to live and work
3. Connected, involved and family-oriented community that values diversity

4. Effective mobility and connected, reliable transportation systems
5. Prosperous, vibrant and sustainable economy
6. Safe and secure community
7. Sustainable, healthy environment and the preservation of natural resources
8. Good Governance:
 - Fosters open, responsive and transparent government by ensuring accountability, efficiency, effectiveness, and integrity in all operations
 - Protects, manages, optimizes and invests in its financial, human, physical, and technology resources
 - Supports decision making with timely and accurate short term and long range analysis that enhances vision and planning
 - Provides assurance of regulatory and policy compliance
 - Attracts, motivates, develops, and retains a high quality, engaged, and productive workforce
 - Provides responsive and accessible leadership, focused community priorities, and facilitates timely, well utilized two-way communication and input with all stakeholders

Using the above results, Priority Based Budgeting provides a systematic way of looking at the budget “through a new lens” as PBB founder Chris Fabian says. Through the PBB method, we identify, define and assign a cost to all of our city programs. The cost of each program is all-inclusive, including staff time. Once the programs are identified and costed, they are all scored using the results listed above. Scoring involves department self-scoring and peer-review scoring by other departments. Programs are then ranked by their score and assigned to quartiles, then quantified by cost in those quartiles.

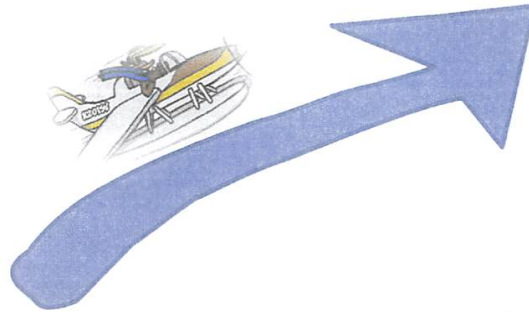
By viewing how we’re spending resources in this way, PBB can give us further insight into whether we are allocating resources where our priorities (i.e. highest scoring programs) are, given our limited resources. As costs continue to rise faster than revenues, PBB may prove to be especially useful in helping us adjust service levels in some programs.

In addition to Council Goals and PBB, our other guides in building the budget include Council-adopted policies such as the City’s 20-Year Vision Statement and Comprehensive Plan, as well as more specific policies such as the Target Zero Resolution for pedestrian and bicycle safety.

Using the City Council’s goals, priority-based results, and other adopted policies to guide the way, the proposed budget allocates resources towards advancing these goals and policies.

With all of these goals, results, and policies in mind, I prefer to capture our work and all that we do for the City in the following statement:

Kenmore is on an upward trajectory of becoming.



All of our programs, tasks, and daily work are toward that end—helping Kenmore move upward toward its potential. Much of the work we do prevents human suffering (preventing traffic accidents, reducing crime, etc.), and a large portion of our work facilitates fulfillment and happiness (protecting the character of our neighborhoods through good planning and visioning; promoting affordable housing options; bringing recreation opportunities and fun events to the community; providing great, walkable public spaces; and much more).

Protecting and improving our natural resources will also propel Kenmore upward, and we are allocating resources accordingly. We are inevitably connected to our natural environment, and the healthier our rivers and wildlife habitat, the better off we are as humans and as a community. (more to come on this subject)

Kenmore's upward trajectory doesn't happen overnight—it takes place one small step, one tiny drop at a time. All of these seemingly small daily efforts add up over time, and I refer to this process as:

Relentless Incrementalism.

We need to stay focused and relentlessly pursue our goals day in and day out. We must not give up or lose focus. Just as a child grows to adulthood, we may not be able to see noticeable differences from day to day; but added up over a year or five years, the improvements are very noticeable and impressive. On this upward journey, we need to make sure to concentrate on our vision while celebrating our successes along the way.

While very rewarding in the end, sustaining that upward trajectory through relentless incrementalism is not and will not be easy. In fact, making progress usually means doing hard things. Walkways and Waterways, Lakepointe, the West Sammamish River Bridge, downtown redevelopment, alleviating the homeless crisis, improving the water quality of our rivers and the Lake—none of those things are easy. They're hard! But I know we have an amazing community and a strong City team that keep us on that upward momentum. We have done it, and we can do it!

Of the many meaningful and important services and projects that will propel us upward in the next biennium, I would like to highlight the following:

- Pedestrian and Bicycle Safety
- Walkways & Waterways
- Lakepointe
- Water Quality and Riparian Habitat Restoration
- Downtown Sense of Place
- Public Works, Including the In-House Transition
- Organizational Health
- Affordable Housing and Human Services
- Pavement Preservation
- Recreation Coordination
- Geographic Information System

Pedestrian and Bicycle Safety

Pedestrian and bicycle safety continues to be a top priority as demonstrated by the City Council's Number 1 priority goal "To focus and emphasize multimodal transportation safety in the City of Kenmore with a specific focus on pedestrian, bicycle, and other means of travel." This goal includes implementing the Sidewalk Plan.

This two-year budget builds upon our prior pedestrian and bicycle safety accomplishments. City Council Resolution No. 14-235 adopting a "Target Zero" goal for no pedestrian and bicycle deaths or fatalities from collisions with motorized vehicles continues to provide a good vision for what we are trying to accomplish.

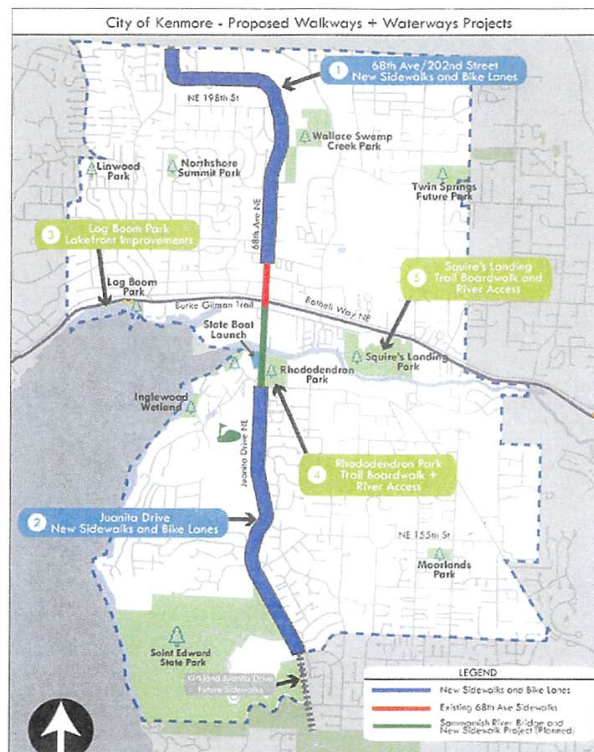
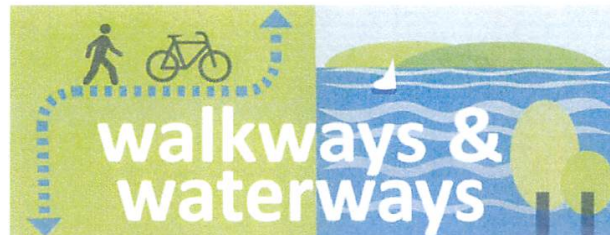


Keeping this Target Zero goal at the forefront, we will continue to fund a full-time traffic engineer who will keep pedestrian and bicycle safety improvements as a top priority. In addition, our projects to build new sidewalks and bicycle lanes will continue forward, as will our targeted enforcement and education efforts.

Walkways & Waterways

I'm pleased with the progress that we're making on the Walkways and Waterways (W&W) capital projects approved by the Kenmore voters in November 2016. We've already completed

one of the W&W projects, Rhododendron Park boardwalk and waterfront access, ahead of schedule. Design and permitting continue for the other four projects, and we anticipate meeting the schedule as forecasted during the W&W ballot measure process.



However, staying within the project budgets and delivering what was described in the bond measure is proving to be a challenge. Construction costs in the region have jumped in recent years, even more so than was predicted in the pre-bond measure cost estimates. The good news is that we have identified potential grants and other sources of revenue that should supplement the funding provided by the W&W bond. These additional resources should help us deliver what our residents voted for.

We are also looking ahead to the operational costs that the Walkways & Waterways will bring when they come on line in the early- to mid-2020s. By bringing our Public Works maintenance operations in house, I believe we will see efficiencies that will allow us to use our maintenance resources more efficiently; that said, we need to plan for additional resources when the Walkways & Waterways projects are complete.

Lakepointe

Lakepointe has been a prominent topic in Kenmore for many years, and I have discussed Lakepointe in all of my biennium budget messages since my arrival in 2012. Are we getting anywhere with Lakepointe? I believe we are, but not without great persistence, patience, and partnerships. Lakepointe is large, complex, and fraught with challenges—not the least among which are the pile driving costs associated with landfill material placed there many decades ago—and it will take a committed, unrelenting team of players (city, developer, and others) to get it off the ground.

This last summer we, in partnership with the developer, accomplished an important milestone—the completion of a financial pro forma report that analyzes the financial feasibility of the Lakepointe project and its funding gap due to the site's extraordinary costs. Knowing the gap, we can work with the developer to narrow the gap through tools available to the City (e.g. multi-family property tax exemption over a number of years), while assuring that the project produces public benefits and amenities.



Lakepointe is the last undeveloped site of its kind on Lake Washington and has the potential to transform our downtown, provide new housing, office, and retail service options for our community, and produce unprecedented new public open space, waterfront access, and other recreational opportunities. Lakepointe can be a true waterfront village right in the heart of our city.

As I said, however, getting there is far from easy. How to mitigate traffic and other impacts and how to close the gap caused by the extraordinary costs will be the major obstacles. But I believe we are further along than we were two years ago, especially with the completion of the financial pro forma report. I believe our audacious “man on the moon” goal set in 2013 is still achievable: to see Lakepointe break ground by the year 2023.

For the 2019-2020 biennium, we plan to continue to work with the Lakepointe developer towards a quality project that will be a true jewel for Kenmore. A major milestone would be for the developer to design and submit a full site plan application sometime in either 2019 or 2020. City resources will be needed to assist in achieving that milestone, and the 2019-2020 proposed

budget includes \$250,000 of consultant services expended by the City but reimbursed by the developer.

Surface Water Quality and Riparian Habitat Restoration

Protecting our natural environment is another very important city mission, and this budget includes resources dedicated to improving the quality of our wetlands, streams, rivers, and the Lake, as well as the surrounding tree canopy and wildlife habitat that depends on those natural resources. In 2018, we began the process to update our Critical Areas (e.g. wetlands) and Shoreline Regulations, and we hope to wrap that up in the first half of 2019. These changes will bring our codes up to date with the latest science and changes at the State level.

Beyond regulatory changes, we will be working to leverage the resources of the non-profit sector to perform riparian habitat restoration along the banks of the Sammamish River. In partnership with our upstream cities, we have been in communications with Forterra to begin an initiative to remove invasive weeds and replace them with native plants along the River, similar to the very successful effort that Forterra recently led on the Cedar River.

As for our daily surface water operations, due to increasing surface water requirements from the state as well as rising workload demands from more drainage facilities coming on line to inspect and maintain, I am proposing to add a second surface water technician to the 2019-2020 budget. This position will be funded by revenue from newly developed properties as well as a proposed surface water rate increase.

Since our first Surface Water Technician was hired in 2012 (when we took maintenance and inspections over from King County), there were approximately 80 private drainage facilities¹ and 105 public drainage facilities in the City's inventory. These numbers have increased to 138 private facilities (31% increase) and 205 public facilities (95% increase) in 2018.

The private drainage facility inspection program consists of an initial inspection of the facility followed with a maintenance correction letter (MCL) to the property owner, if needed. Follow up with property owners through technical assistance, education and enforcement, when needed, is critical to keep these facilities operating as designed and to protect our waterways and natural habitat. As the program has matured, SWM staff have become more efficient; however, as the volume of facilities increase so does the need for staff resources.

The public drainage facility inspection program consists of an initial inspection of City-owned drainage facilities followed by work orders to various contractors, and soon to be, internal maintenance staff (previously King County and Lake Forest Park). Follow up inspections and on-site coordination with contractors is often necessary. Additionally, to continue meeting NPDES (National Pollutant Discharge Elimination System) Permit requirements with public facility inspections, SWM staff have contracted with PACE Engineering to provide additional inspection services to supplement City staff at a cost of approximately \$26,000 annually. This cost will be eliminated with the addition of a second Surface Water Technician.

¹ "Facilities," for this discussion are detention ponds and underground vaults, as well other flow-control structures. Catch basins and conveyance pipes are in addition and not "facilities" for purpose of this this discussion.

The following describes new Surface Water Technician duties added after the first technician was hired in 2012:

1. Beginning in 2016, the City ended drainage facility mowing services with King County and contracted the service with a private company. Overall, this operational change saves the City money (while offering a higher level of service) but requires additional staff time to manage and inspect. This additional time is captured in the public drainage facility program.
2. Beginning in 2017, inspection requirements outlined in the City's Western Washington Phase II Storm Water Permit (NPDES Permit) increased significantly, including requirements to conduct inspections on developing properties, particularly for erosion and sediment control (ESC). Prior to 2017 these requirements typically only included 12-15 projects, and in 2017 it included over 100. The Surface Water Technician will also coordinate the process of transferring new facilities from new development to public works operations and maintenance, including maintenance defect bond tracking and release.
3. Beginning in 2019, the Surface Water Technician position will assume the responsibility of conducting surface water utility locates as required by state law. When this unfunded mandate from the state became effective in 2014, the City's Right-of-Way Inspector assumed the responsibility due to a lack of resources in SWM; however, with Public Works staffing changes in 2019 and additional resources available with an additional Surface Water Technician, this task will be done within SWM. The City may receive over 2,000 surface water utility locate requests annually (up from 0 before 2014).
4. The proposed NPDES Permit is requiring a new source control program in the next permit cycle beginning in 2019. Source control programs include outreach, technical assistance and enforcement to businesses on how to manage water quality on their property. These new requirements will impact businesses that may or may not currently have private drainage facilities on their property. Surface Water Technicians will be trained and equipped to implement this program as it becomes effective in the new NPDES Permit.
5. Duties for the first Surface Water Technician position have included a small amount of outreach and technical assistance in the past; however, more education and outreach duties will be placed on both the first and proposed second Surface Water Technician positions in order to meet current and future NPDES requirements.
6. The Surface Water Technician position has offered some support with service request (CAR) response in the past, however, starting in 2019, this position and the proposed second technician position will play a larger role in conducting initial investigations of SWM service requests. Currently, the City receives over 200 surface water related service requests annually, which is up over 33% since 2012.

EXHIBIT 2

The following table summarizes the major duties of the Surface Water Technician position with an estimated FTE allocation proposed for each duty:

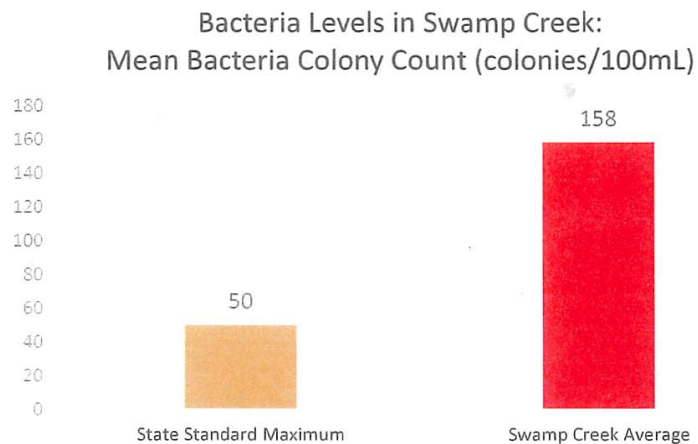
	2010-2012 Number	2012 SW Tech Allocation (FTE)	2019-2020 Number*	2019-2020 SW Tech Proposed Allocation (FTE)
Private Drainage Facilities	80	0.50	138	0.80
Public Drainage Facilities	105	0.45	205	0.80
ESC/Dev Inspections	0	0.00	105	0.05+
Utility Locates	0	0.00	2183	0.18
SWM Service Requests	150	0.01	200+	0.10
Mapping/GIS Updates		0.05		0.05
Source Control Program		0.00		0.05
Outreach Program		0.01		0.05
Other Duties		0.05		0.05
Total FTE		1.07		2.13

** These numbers will continue growing annually*

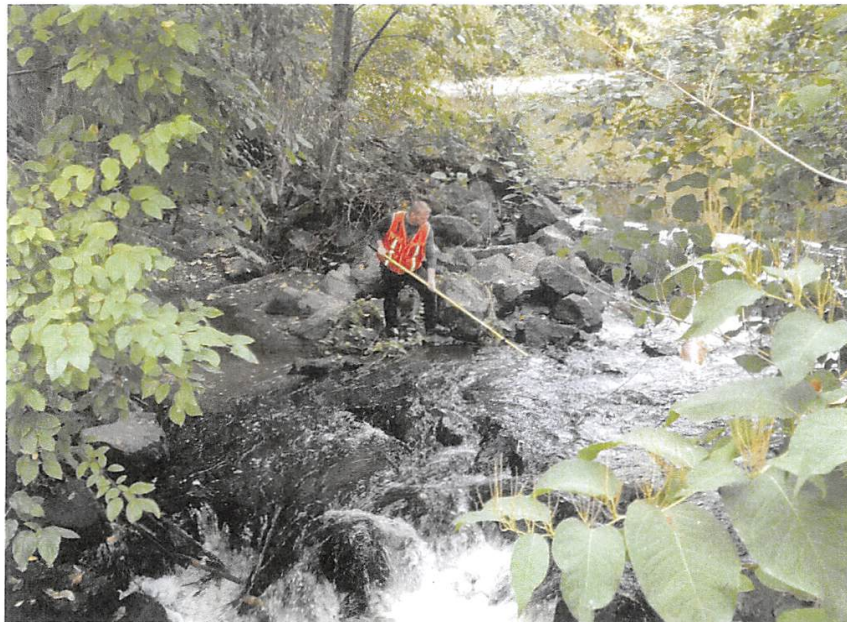
As shown in the above table, the total FTE allocation (or need) slightly exceeds the proposed 2.0 Surface Water Technicians proposed in this budget. Any additional work needed above what our Surface Water Technicians can provide will be supplemented with interns and/or consultants.

How are we going to pay for these additional resources? This year (2018) we have been conducting a surface water utility rate study to incorporate the costs of added requirements and resources needed to meet increased workload demands. Full cost recovery is the underlying assumption of this study. The last surface water utility rate study was completed ten years ago, and the last surface water utility rate increase was in 2012. The 2018 rate study will likely result in a substantial rate increase. Currently, Kenmore's surface water utility rates are generally lower than our neighboring cities. Kenmore's single family home rate is \$167.40 per year. Neighboring cities range from \$169.70 (Bothell) to \$203.50 (Lake Forest Park), to \$221.28 (Kirkland), and \$240.44 (Woodinville).

Even with additional resources as proposed above, our waterways will continue to be in distress, thanks to regional forces from outside of Kenmore and beyond our immediate control. As required by the state and federal governments, our surface water staff monitor bacteria and other contaminants in Swamp Creek. Measured bacteria levels in Swamp Creek far exceed the state's standards, as shown in the following graph:



As you can see, measured levels² of bacteria in Swamp Creek are more than triple the state standard. The main source of these high levels come from fecal coliform, a form of bacteria that “generally originates in the intestines of warm-blooded animals.” (Fecal coliform, *Wikipedia*) In particular, we believe that pet waste is a contributor to the unhealthy bacteria levels.



Surface Water Manager Richard Sawyer taking a water sample from Swamp Creek

² Average of five Swamp Creek sites sampled between July 2015 and August 2018.

And fecal coliform is only one type of pollutant impacting our local waterways; many other types of pollutants also impair Swamp Creek, Sammamish River, Lake Washington and many of our smaller tributaries. Such pollutants include high temperature, low oxygen, pH, and dissolved metals. For the most part, these pollutants originate upstream and outside of Kenmore; but that fact should not cause us throw up our hands and give up.

As the downstream city, Kenmore needs to continue to take a regional approach in combating the pollution of our waterways. In addition to our many outreach, inspection, and enforcement efforts to our own residents and businesses, we need to keep this problem at the forefront of our upstream neighbors. Only a team approach at the regional level will put a dent in this problem.

Given the high importance of our natural resources and the mandate to protect them, as well as the regional approach needed to combat waterway pollution problems head on, I am proposing to elevate and somewhat broaden the SWM function in our organization. As a result, the Surface Water Manager will start reporting directly to me, and I am proposing a new title of Environmental Services Manager. This position will still be at the manager level, and duties of the position will include not only surface water management but also protection of the broader environment, including air quality and wildlife habitat. This position will coordinate with upstream neighbors and other agencies on projects such as the Sammamish River restoration, waterway pollution reduction, and other joint ventures that require regional cooperation.

With these organizational changes and proposed additional resources, I am confident we can meet the increasing workload demands and state and federal surface water requirements, while doing an even better job of protecting our natural resources right here in Kenmore.

Downtown Sense of Place

It is a thrill to see the work and visioning that produced the 2003 Downtown Plan come to fruition. Creating that true sense of downtown—that elusive sense of place where citizens can walk, gather, and interact, as well as meet their daily needs and have a strong sense of community—has been a central strategy ever since incorporation and is slowly but surely becoming a reality.

The new Town Square and Hangar in the “bull’s eye” of our downtown are more than meeting our expectations and vision that we had for them. The Hangar is proving to be that year-round community living room that we had envisioned, and our partnership with the Hangar’s tenant, Diva Espresso, is fantastic. Both the Beaver and the Otter rooms are being reserved frequently, and the building is proving to be the gathering space that our citizens have been asking for. For the next biennium and beyond, we will continue to make the Hangar and Town Square a great destination and public space.

In addition, with the new Hangar and Town Square at the heart of our downtown, we will continue in a strong support role in helping other downtown property owners redevelop, including the new Seaplane Restaurant to open this year and the new mixed use “Flyway” building next to the Hangar to get under construction in the next few months.

New sidewalks and landscaping have also added to our downtown walkability and sense of place, including those recently built on 68th Avenue and 181st Street. Adding to the sidewalk network and keeping our downtown clean and well maintained will continue to be key ingredients in creating an attractive, walkable city core.

Public Works, Including the In-House Transition

For many years we have contracted with the City of Lake Forest Park for Public Works maintenance services, such as landscape maintenance, road repair, and surface water system maintenance. For a new city, this partnership worked well for Kenmore. However, as citizen requests for services and competing demands between the two cities have increased over the last two decades, the partnership has not worked as well in recent years. As a result, last May the City of Lake Forest Park notified us that they will no longer be providing maintenance services to Kenmore after 2018. We appreciate the service that Lake Forest Park has provided, and we look forward to having our own in-house crew.

Creating a new in-house maintenance operation will be no small chore. We are already ramping up to make it happen, and we have a plan in place to be ready to go by the end of this year. In August we presented an in-house transition plan to the City Council. At an operating level, we expect to provide the same or better services for less cost than we have been paying to Lake Forest Park. However, we will need to locate and fund a permanent site and build a public works facility that will serve our needs long term. This public works facility has been recently added to the adopted Capital Improvement Plan. Our main goals for the in-house public works transition are two-fold:

- Stand up our new in-house operation in December of 2018 and be in full service January of 2019
- Locate a site for a public works operations facility

The most important part of standing up our in-house operation will be to hire new employees. These new positions are as follows and were approved by the City Council in September 2018:

- Streets and Surface Water Maintenance Supervisor (1)
- Maintenance Workers (4)
- Administrative Specialist (1)

The above new positions will be funded from the savings realized from no longer contracting with Lake Forest Park for public works maintenance services. We have our work cut out for us as we transition to an in-house public works operation, and I look forward to the improved local control and service level that will result.

In addition to the changes resulting from the in-house transition, I am also proposing the elimination of the Public Works Director position. As a result, three Public Works division managers will report directly to me: Public Works Operations Manager, City Engineer, and Environmental Services Manager. Some of the salary savings from the Public Works Director position will be used in 2019 to hire a temporary consultant who will help us with the in-house transition and other needs in public works.

I am also proposing a limited term project engineer to assist with capital projects for the next several years. With the elimination of the Public Works Director position and the resulting shift in workload, we will need resources to manage our robust capital program, including the West Sammamish River Bridge project in 2019-2021. This new project engineer position will be funded mostly (approximately 90%) by the revenue sources for the capital projects (mostly grants).

Organizational Health

Here in Kenmore, we place a high value on customer service. When we picture our customers, we typically think of those for whom we provide city services—permit applicants, taxpayers, businesses, visitors, etc. We also have another very important set of customers known as *internal* customers. These internal customers are our city employees—our co-workers. When we are providing great internal customer service within our organization, the desired result is known as employee engagement or high morale.

In their book *Lead With Your Customer*, Mark David Jones and J. Jeff Kober assert that “World class organizations view their employees as internal customers.” (page 5) Kober and Jones emphasize the importance of internal customer service and resulting employee engagement by asserting that organizations “cannot achieve external customer loyalty without first achieving internal customer loyalty.” (page 6)

Starbucks CEO Howard Schultz understood this concept well. “We built the Starbucks brand first with our people, not with our consumers,” Schultz said in his 1997 book *Pour Your Heart Into It*. Back in the 1980s and 1990s, Starbucks led the way in offering health insurance benefits to its part time employees. Schultz knew that investing first in his employees would result in company loyalty as well as passion for the product and the service they provide. So too should we create an environment where our co-workers are highly valued and where we give each other the best internal customer service. Doing so results in high employee engagement which produces outstanding external customer service and even more passion for our mission and the services we provide.

A key component of taking care of our internal customers is compensating them fairly and competitively. In this region and market, it’s easy to lose good people to other cities and the private sector. With average household income going up in the region combined with rising housing and other costs, we need to keep our coworkers whole and prevent them from losing financial ground. Once every two years, as part of the biennial budget preparation, we conduct a salary study to assess whether the City’s salary ranges are competitive with comparable cities in the area, and we make the necessary adjustments in those ranges to stay competitive. We also recommend annual (effective January 1st) wage adjustments based on the Consumer Price Index for the Seattle area. For 2019 we are recommending a CPI-based wage adjustment of 3.6%, and we are forecasting a CPI-based wage adjustment of 3.5% for 2020.

Our benefits package (health insurance, retirement, etc.) is also an important part of compensation, and we have stayed competitive amidst the significant changes in health care over the past decade. I could write a great deal about health care and how insurance coverage has

changed over the years, but for the sake of brevity, I believe we've kept pace with the gradual movement of public sector health insurance coverage towards plans that maintain choice and value for the insured while at the same time giving all parties, including the insured, more of a financial stake in how health insurance dollars are spent.

The Association of Washington Cities' gradual shift from the 100% coverage indemnity plans of the past to the new plans that combine employee cost sharing with employer-funded health savings accounts moves us closer to this value-vs.-incentive balance. And the AWC is seeing results—while we are continuing to see other insurance premiums rise by double digits, the AWC insurance pool's rate increases are historically low, hovering around 4% per year over the last few years—this is unheard of compared to what we experienced in the prior two decades. I recommend that we continue using AWC's cost sharing insurance plan while continuing to fund the employees' health savings accounts at the same level.

In addition to fair compensation, a pillar of strong employee engagement and resulting passion for service is having a clear service vision established, with accompanying values and agreed-upon behaviors that go with each of those values. This last year we worked together as an organization to create a service vision along with agreed-upon values and behaviors. The service vision, values, and behaviors we established are as follows:

Service Vision:

Propelling Kenmore Upward

- We create a thriving community
- We help people love where they live

Organizational Values & Behaviors:

Safety

- I emphasize safety in all we do
- I seek out safety opportunities in our community
- I proactively identify, report, and follow up on safety concerns
- I protect the natural and physical assets of our community
- I speak up to ensure the safety of others

Integrity

- I walk the talk, modeling what I expect of others
- I care about the quality and accuracy of my work
- I strive to be fair and honest
- I assume good intent in my interactions with others

Courteous

- I am friendly and cordial
- I exercise patience
- I treat others the way they want to be treated (the Platinum rule)

- I go out of my way to help

Proactive

- I seek to know, understand, and anticipate the needs of the community and individuals I serve
- I exceed expectations others have of me
- I model an aspirational, “can do” attitude
- I find ways to make it easier for people to do business with us
- I seek continuous improvement and innovation

Collaborative

- I invest the time to build relationships of trust with others
- I build on the strengths and diversity of our community
- I share the information others need, making it easy to access
- I pitch in to support others, providing resources needed for success
- I pull down silos and bring people together

The service vision and accompanying values and behaviors shown above serve as a strong base in moving toward the results we are striving to achieve—high morale, employee engagement, outstanding internal and external customer service, City Council goals, priority-based budgeting results, and overall all organizational health.

Speaking of organizational health, management expert Patrick Lencioni makes a distinction between “smart” organizations and “healthy” organizations. In his book *The Advantage*, Lencioni asserts that while it’s great to have smart people working in your organization, it’s even more important to have a healthy organization where internal politics are minimized, trust is maximized, and constructive conflict is frequent:

The seminal difference between successful companies and mediocre or unsuccessful ones has little, if anything, to do with what they know or how smart they are; it has everything to do with how healthy they are. (page 8)

An organization that is healthy will inevitably get smarter over time. . . . Without politics and confusion getting in their way, they cycle through problems and rally around solutions much faster than their dysfunctional and political rivals do. . . (page 9)

Because of the success it produces and the employee fulfillment it generates, organizational health will continue to be a top priority of mine, and it starts at the management level. Trust, cohesiveness, and clarity on vision and priorities begins with leadership and permeates throughout the organization. The more I work toward organizational health the more I realize that it’s a long-haul journey, and the more I learn about it. I still have a lot to learn, but I do know that I have a management team and an entire organization made up of great people who are committed to organizational health and providing that first-rate internal and external customer service I spoke of earlier.

In this coming biennium I fully intend to continue that journey toward organizational health and make it a top priority. We have excellent tools to do so, and I, with the help of my team and the foundation we have already established, will make use of those tools toward the goal of an even more healthy and successful organization.

Affordable Housing and Human Services

While our regional economy is booming, we are aware of many who are not realizing the benefits or who are being hurt by the economic growth. Thanks to rising rents and home prices, many are finding it more difficult to reside within a reasonable commute to where they work, and regional homelessness is on the rise. Human Services funding requests remain steady, and the need for assistance is stronger than ever.

During the last biennium budget cycle, we reviewed human service funding levels of other cities in the area, and the City Council established \$7.53 per capita as the size of the City's human services grant budget. Setting a per capita amount allows the funding to grow with the City's population.

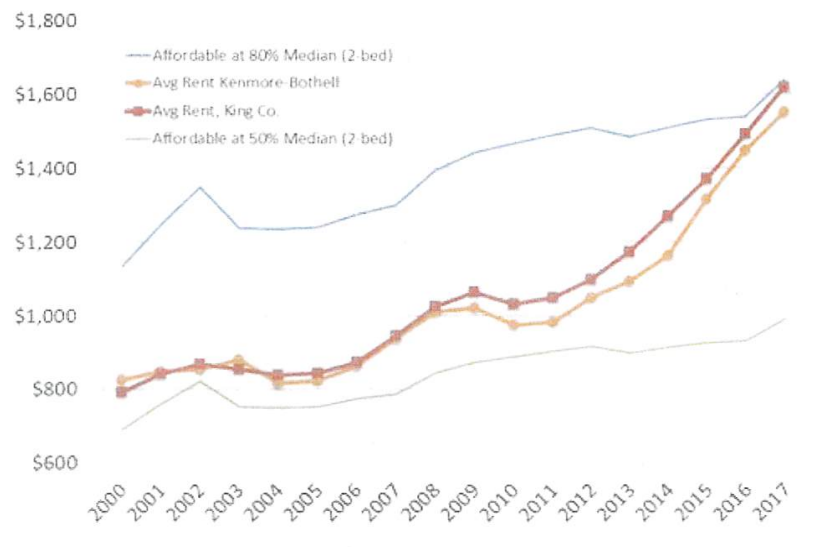
Using the same per capita rate for the 2019/2020 Human Services Funding Cycle and assuming a population of 22,920, the proposed human services budget is \$172,588 per year or \$345,176 for the 2019-2020 biennium.

For 2019 human services funding, the City received 48 applications totaling \$408,701 annually (or \$817,402 biennial total). While the need is great and the requests continue to exceed the budget, I am recommending that we continue using the \$7.53 per capita rate for the human services budget.

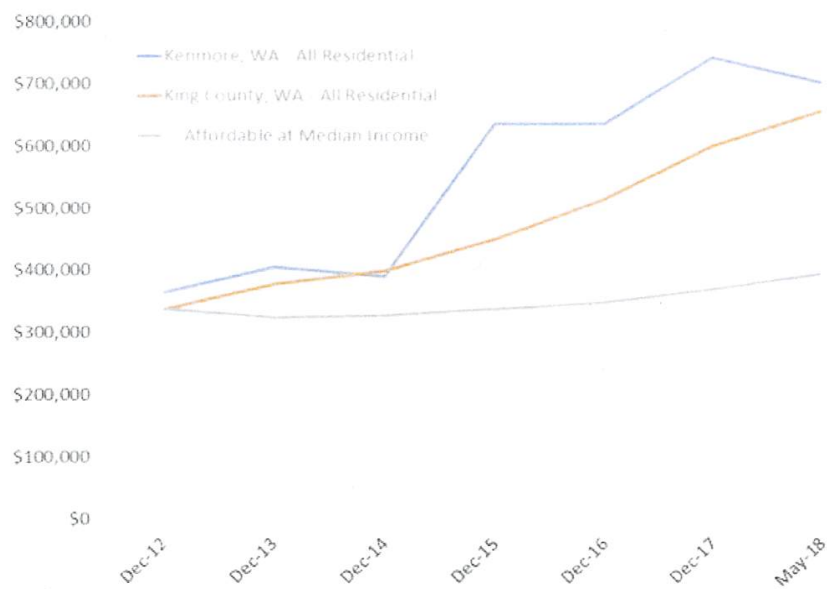
Affordable housing is another area of great need in our community. As in neighboring communities, rents and housing prices have continued to climb in Kenmore. The following charts illustrate rent and housing price increases in the area over the past several years.

This chart shows the average Kenmore-Bothell rent relative to affordability thresholds for those making 50% of King County median income (low-income) and those making 80% of King County median income (moderate income):

EXHIBIT 2



This chart shows average sales prices for all residences, including condos, in Kenmore and King County relative to the affordability threshold for those making the King County median income:



As both charts illustrate, rental and ownership housing are unaffordable to low-income households.

EXHIBIT 2

Kenmore presently has a little more than 3% of its housing units formally dedicated to long-term affordable housing (320 housing units out of 9,276). The commitment in our Comprehensive Plan is to support housing that is affordable to very-low, low-, and moderate-income households, comparable to the countywide need. The following table illustrates that commitment and Kenmore's current condition:

Income Level	Countywide Need	Kenmore's current condition
< 30% AMI (very low income)	12%	2%
31-50% AMI (low income)	12%	9%
51-80% AMI (moderate income)	16%	18%

The City continues to consider the land use and financial assistance strategies to address affordable housing identified in the Housing Strategy Plan. Key actions include: preserving existing affordable housing, reviewing accessory dwelling unit (ADU) regulations to encourage development, and allowing flexible reuse of tax-exempt or publicly-owned sites to provide affordable housing.

Regional approaches also are important. Continued participation in A Regional Coalition for Housing (ARCH) supports collective action in our area. The City also should review and potentially adopt ideas identified in the final reports of the Regional Affordable Housing Task Force (co-chaired by Mayor Baker) and King County's One Table effort related to homelessness. Strategies to date from the Regional Affordable Housing Task Force include provision of affordable housing through support for transit-oriented development and maximizing use of the Multifamily Tax Exemption (MFTE) program.

In addition to the City's dues as an ARCH member, Kenmore and other ARCH member cities routinely make a capital contribution to the ARCH housing trust fund to help underwrite the cost of more affordable housing units in the region. In the last biennium, Kenmore's capital contribution to the trust fund was \$30,000 per year. Given the need, I am proposing that the City temporarily increase its contribution to \$60,000 per year for both 2019 and 2020, and I am proposing that this increase in funding (\$30,000 per year of the biennium) for the ARCH capital contribution be paid for out of the Strategic Opportunities Fund.

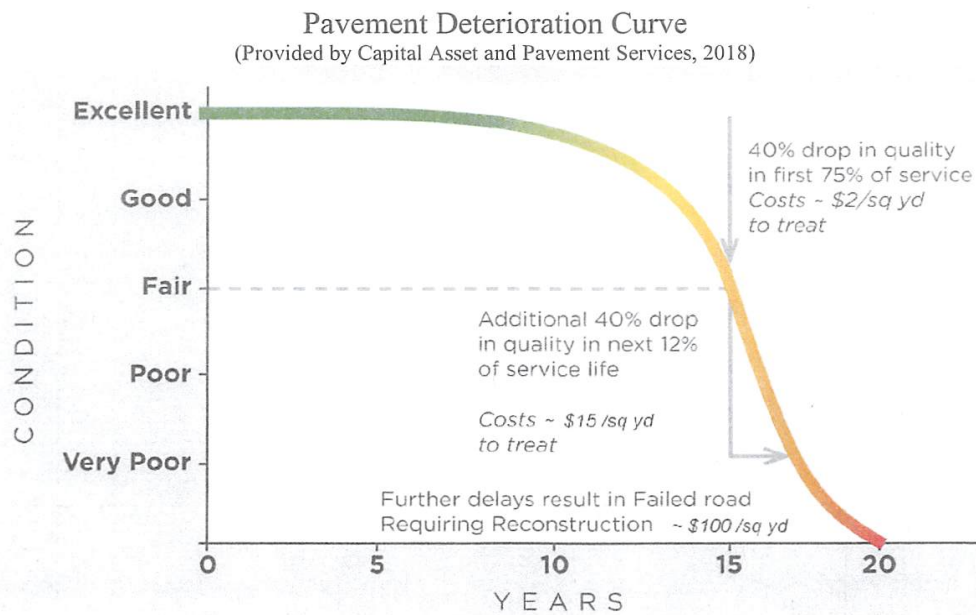
Lastly, the City is facilitating ways to fight homelessness. I'm pleased with the partnership that paved the way for Mary's Place, a shelter for families, to locate in the former Sheriff precinct building on 73rd Avenue. Our recommended human services grant allocation includes some funding for Mary's Place. In addition, the City Council will likely pass an ordinance providing for temporary homeless shelters. While we can always do more locally, homelessness is a regional and even national problem, and we should stay involved and add our voice to the conversation.

Pavement Preservation

Maintenance and preservation of our roads is one of our core city functions—it's right up there with police services and other basic, fundamental functions of local government. Earlier this year (2018) we completed a pavement rating study that looked closely at the condition of all of our city roads.

While our overall pavement rating of 78 was good compared to other cities, the study also provided recommendations. In particular, the report concluded that if we want to maintain our pavement rating and avoid the slippery slope of deferred maintenance, we need to be investing much more funding into asphalt preservation than we are now and a lot more than our current plan for future years allocates. How much more? The consultant recommends that we increase our pavement preservation funding from the current level of about \$500,000 per year to \$2.6 million per year! (Note that when the pavement rating report was produced in 2014, the recommended funding level was about \$1 million per year.)

Does it really matter how much we invest in our roads, and what does it hurt to delay or postpone asphalt preservation measures? The following graph shows what happens to a road's condition over time. After about 10 years of life, a road's condition drops off sharply with each passing year.



The more time goes by without applying a preservation treatment to the road, the cost to restore the road rises exponentially—it boils down to “pay me now or pay me a lot more later.” Taking good care of our roads is analogous to maintaining wood siding on a house. It’s a lot easier and

less expensive to keep the siding painted as opposed to not painting it and letting the siding rot and require replacement.

How do we find \$2 million in additional funding per year? Should we cut other services to make room for more pavement preservation? I believe the solution to this problem goes beyond budget cuts. It gets at a fundamental structural financial problem caused by State rules on funding local government services, how sales tax and other revenues are inequitably distributed across cities and how property tax revenue, our largest revenue source, is limited to 1% annual growth instead of keeping pace with the rising cost of doing business. The problem also stems from an antiquated system of taxation and cities being required to bear the skyrocketing costs of unfunded mandates from the state and federal governments. I will go into further discussion on this topic later in my budget message. For the 2019-2020 biennium, we are maintaining the current level of funding for pavement preservation while knowing that we need to find a longer-term solution to this funding shortfall problem.

Recreation Coordination

Kenmore is extremely fortunate to have amazing “co-creator” citizens who bring the community together through recreational and other community activities. Rather than waiting for the City or others to produce recreational opportunities, these wonderful people generously sacrifice their time and resources to bring fun and healthy programs to the community. Examples of these co-creators include our youth sports league volunteers and those who produce our paddling and rowing programs through the Kenmore Waterfront Activities Center.

When it comes to recreation services, Kenmore has generally followed the model of allowing the private and non-profit sectors to provide the programming while the City provides the facilities. Examples include:

- Skyhawks summer camps at Rhododendron Park
- Skate Like a Girl at Jack Crawford Skate Court
- Kenmore Senior Center at Rhododendron Park
- Youth sports leagues at Bastyr University and Moorlands Park athletic fields
- Paddling and rowing programs at Squire’s Landing, Rhododendron, and Log Boom Park

This model of the City providing public facilities to leverage the resources and partnership opportunities with local nonprofits and other groups has generally worked well. An exception to this recreation partnership rule is special community events. The City has taken an “in-house” role in directly producing special events such as concerts in the park, movies at Town Square, holiday tree lighting, and the #WhyILoveKenmore community celebration. Even with these “in-house” events, we rely heavily on many citizen co-creators to volunteer their time to help us pull off these events.

In recent years, more co-creators have come forward with new recreational opportunities for the community, which is absolutely fantastic! Examples include new KWAC programs and a new partnership with the school district to provide crew as a sport for high school students. City programming of special events has also increased with the recent new offering of summer movies at Town Square. While the programming offered by the community is wonderful and

encouraged, it does require coordination with the City. This coordination between the City and the various recreational groups is somewhat decentralized among the City's departments, allowing us to share the workload without placing the entire burden on one person or department.

While this decentralized approach works OK, it's not without drawbacks, including citizen confusion about which department to talk to and keeping the left hand informed about what the right hand is doing. One approach to address these issues and increase the level of service to the public is to allocate resources to create a new recreation coordinator position. A new recreation coordinator, with the training and experience that goes with the position, could provide a less piecemeal and more holistic approach to recreation coordination and also bring city-sponsored recreation to a more professional level, including improved public information on the website and printed materials. Below is a list of recreation functions a recreation coordinator could perform:

1. Create a list of existing recreation providers in the City and post on a Recreation page on the City's website.
2. Produce a recreation guide using information from the list just mentioned.
3. Take the lead on visioning and prioritization of recreation needs across age groups and the community.
4. Serve as the designated liaison between the City the various groups that provide recreation programs.
5. Act as the point person for recreation questions from the public and program participants.
6. Actively support existing programs (help develop City messaging, provide nonprofit board coaching, provide assistance with program development, bring stakeholders together, broker shared facility use, etc.).
7. Using the City's model of leveraging community resources to provide recreational programming, work with nonprofits and other groups to develop more recreation programs and activities for the public.

Note that in this scenario, the City would continue to partner with community groups rather than get in the business of directly providing the programs (with the current exception of special events). The annual cost of a fulltime recreation coordinator, including salary and benefits, would be approximately \$85,000 - \$95,000 per year. Given how existing General Fund operating costs are rising faster than our operating revenues and recognizing that pavement preservation is underfunded, I am recommending that we not add a recreation coordinator to the budget at this time.

However, I suggest that we use existing resources to fulfill two of the functions listed above—create and post a list of recreation providers on the website and produce a recreation guide. We can adjust some of the priorities for our Communications Specialist and ask her to accomplish these two tasks. Much of the work will be one-time in nature as the list and recreation guide are initially created and produced, although there will be some ongoing work in keeping the list and guide updated with current information.

Geographic Information System (GIS)

Given our limited resources, this proposed budget adds very little in the way of new programs or increased service levels. An exception to this rule is proposed new resources for our Geographic Information System (GIS). I am proposing \$100,000 per year to increase the capability and service level of our GIS, likely through a contractual arrangement with a neighboring city or other agency.

A Geographic Information System captures, analyzes and maps a variety of spatial and geographical data. The system is very important for the collection of information about where geographic features and assets are located. This data is recorded in “layers” and consists of roads, sidewalks, tax parcels, buildings, pipes, stormwater ponds, streams, parks etc. GIS can also support other City activities such as code enforcement.

Building the GIS database involves gathering information from maps, aerial photos, field data or existing databases. In addition to making maps and maintaining the database, a GIS can also provide information to address important policy questions for planning, capital asset preservation, facility location, and service provision.

In today’s world, a good Geographic Information System has become important, if not essential, for many municipal functions and services. However, the City currently has a very basic GIS system and only one staff person with GIS training who is capable of creating the database and displays/maps.

Our City staff person, with occasional help from interns and support from outside consultants, has developed the following:

- Roadway database (roads, sidewalks, driveways, crosswalks, curb ramps etc);
- Surface water facility database that guides inspection and maintenance activities;
- Park asset database that will assist with the Park Recreation and Open Space (PROS) plan update and ongoing park operations and maintenance; and
- Critical area data from land use permits dating back to 2006.

However, the City does not have sufficient resources dedicated to 1) effectively create new databases, 2) manage existing databases which requires constant updating, 3) ensure efficient integration with the City’s other tracking systems (TrackIt and City Works) that rely on such data, or 4) keep pace with changing technology and the increasing demand for GIS.

Given GIS’s importance, the increasing demand for it, and its key role in how we manage information and do business, I am recommending that we allocate additional financial resources to this effort. The proposed \$100,000 is an estimate and a placeholder but should be sufficient. Once approved, we will connect with neighboring cities and other agencies to determine how best to augment this important system. I support this investment to fund the development, training and ongoing maintenance of a strong GIS system that will help us become an even more digitally connected community.

The Budget Picture

While Kenmore is blessed to be part of a strong regional economy here in the Seattle area, we need to be cautious and conservative when forecasting our financial future. Nationally and regionally, we are seeing almost unprecedented low unemployment and other strong economic indicators. Yet we're also seeing signs that we may be on the latter end of the current economic expansion cycle:

“ . . . we're currently in the second-longest economic expansion of the past 161 years (109 months and counting). The only longer expansion was the 120 months leading up to the dot-com bubble. This would suggest that we're more than likely closer to the latter stages of our current expansion, based on historical expansion length, than to the middle. Sean Williams, *Motley Fool*, August 28, 2018.

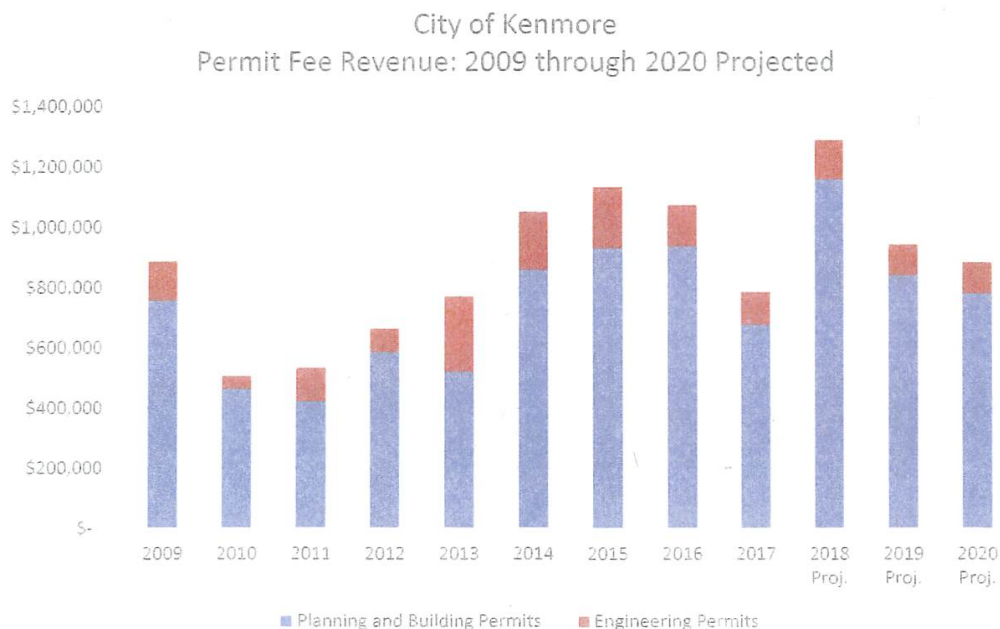
Other signs, such as the recent decline of home sales, the flattening of the Treasury bond yield curve, and what some are calling “the everything bubble” (ex: 300% increase in the S&P 500 since 2009) are pointing to a possible recession in the next one to two years. (Source: [When is the Next U.S. Recession and Bear Market?](#), by Jesse Columbo. September 14, 2018)

Revenue Projections

As a result, our revenue estimates are conservative for the 2019-2020 biennium, especially in forecasting our economically elastic revenues. Sales tax, for example, is considered elastic because it tends to rise and fall with the economy. We are predicting a 5% decline in sales tax in 2019, compared to what we are projected to collect in 2018, and then no growth in sales tax in 2020:

2018 Projected Sales Tax	\$2,350,000
2019 Estimate	\$2,225,000
2020 Estimate	\$2,225,000

Another relatively elastic source of funds in Kenmore's General Fund is development permit fee revenue. The following graph shows the last ten years of permit fee revenue plus the projections for the next biennium:



2018 shows a ten-year high in development fee revenue; however, given development projects in the permit pipeline and what we know about remaining developable land in Kenmore, we are predicting a decline in this particular revenue category.

The Challenge

All General Fund revenues for the next biennium are substantial and provide much needed resources for the City to provide important services such as police, criminal justice, parks and road maintenance, land use planning, development permitting, traffic safety, and more. However, as I mentioned earlier in this budget message, we need to be funding pavement preservation at a much higher level, we need to be looking ahead to the maintenance costs of the Walkways & Waterways projects, and we have a structural financial challenge that Kenmore and other bedroom communities in Washington State are facing.

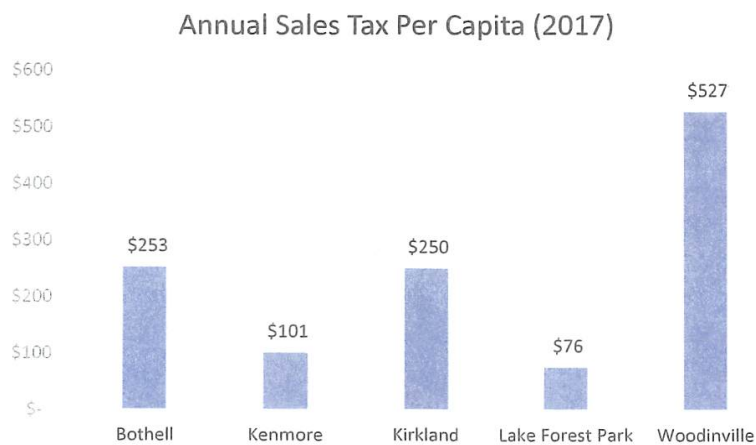
The structural financial challenge is simple: Even with no increase in staffing or new programs, operating revenues are not keeping pace with operating expenditures. There are several reasons for this phenomenon:

Revenue:

- The State imposes limits on local government revenue growth. The most significant example of revenue growth limits is Kenmore's largest revenue source: property tax. The state does not allow cities to increase property tax collections by more than one percent per year (with the exception of property tax from new construction). When the cost of

doing business is rising with inflation, placing a one percent growth limit on the City's largest revenue source is not sustainable.

- We are experiencing flat or declining revenues in some categories. Utility taxes, for example, are not keeping up with inflation and are even declining in some cases. Telephone and cell utility taxes have been on the decline as consumers discontinue their land lines and move towards using more data instead of voice on their phones.
- The State's rules on revenue distribution penalize bedroom communities like Kenmore. To illustrate this point, the following graph shows how the local share of sales tax is distributed to Kenmore and our neighboring cities:



For cities like Kenmore and Lake Forest Park, the above phenomenon is known as “sales tax leakage.” For example, Kenmore residents travel to Woodinville to shop and pay sales tax, but the reverse doesn’t happen at nearly the same rate. In fact, Woodinville collects more than five times the local sales tax that Kenmore does (per capita). Up until approximately twenty years ago, the State recognized this disparity between sales tax rich and poor cities and provided the sales-tax poor cities (like Kenmore) with “sales tax equalization” funds to make up for the leakage of sales tax from bedroom communities to cities with more retail. This practice ended with the passage of Initiative 695 in the late 1990s, leaving a big hole in the budgets of bedroom communities across the state.

Expenditures:

- Costs beyond our control continue to rise, including the cost of unfunded mandates. For example, cities are required to take on a share of voter registration costs incurred by the King County Elections Division. Kenmore’s share of this cost has seen a 76% increase since 2011. Kenmore has no control over this cost and does not see a corresponding revenue increase to go with it.
- Costs of labor, materials, and contracts continue to be on the rise. Earlier this year, the Washington State Department of Labor & Industries notified us that the prevailing wage rate for landscape workers went from \$17 per hour to \$37 per hour. Landscaping

contractors who maintain Kenmore's vegetation in parks and streets are required by state law to pay prevailing wage—L&I's increase in the wage rate will likely double what Kenmore pays for these services.

Another example of rising costs is our public safety services. We contract for police services with King County, and while King County labor negotiators do their best to negotiate on behalf contract cities and the County, an independent arbitrator ultimately decides how much police officers should be paid. These arbitrator decisions almost always (if not always) result in increases, regardless of economic conditions or the cities' ability to afford those increases. With no increase in service and no new programs, Kenmore's police costs are projected to rise by about \$150,000 per year.

One more example of rising costs is construction costs, including asphalt overlays to maintain the integrity of our roads. The price per ton of hot mix asphalt has nearly doubled since the mid 2000s, rising at clip of about 5-6% per year (WSDOT unit bid prices). In 2007, our installed cost for new asphalt on our SR522 projects ranged between \$65 and \$85 per ton. For 2017, the per ton price for installed asphalt ranged between \$185 and \$195 per ton (62nd Avenue and 202nd Street improvements).

Asphalt is just one contributor. Overall construction costs are up 38% since 2010, according to the Mortenson Construction Cost Index for the Seattle area (2nd quarter 2018).

To summarize our key budget challenges, we need to address the following three issues:

- Operating costs (status quo, no new programs) rising faster than operating revenue.
- Fully funding pavement preservation.
- Planning for additional maintenance resources when the Walkways & Waterways projects are complete in the early- to mid-2020s.

Finding A Solution

While the problem appears simple (revenues rising faster than expenditures), the solution is not. Growing our way out of the problem through new development won't work because 1) growth is slow and incremental, and 2) the City must still provide services and infrastructure to the new developments, all of which costs additional money.

While I would prefer that the State save the day by more fairly distributing sales tax and easing up on unfunded mandates, the solution will most likely be a combination of cutting services and raising taxes and fees. Over the next year, I recommend that we have a conversation with the community about both sides of the equation. On the revenue side, we can discuss revenue options such as:

- Banked capacity in property tax. For nine consecutive years, Kenmore opted not to increase property taxes by the one percent allowed by the state and instead "banked" those increases in case they were needed in the future. For the 2019-2020 biennium, I am proposing to tap into some of that banked capacity by increasing property taxes by 3%

per year for both years of the biennium. This increase will assist in keeping up with rising operational costs. We will still have remaining banked capacity if we wish to use it, and we should include this option in our conversations.

- **Utility Taxes.** Our utility taxes appear to be low compared to other cities in the area. For example, Kenmore's utility tax rate for natural gas and electric, 4%, is less than the 6% limit allowed by state law. Many cities are at the 6% limit. Another example, is solid waste. Kenmore's utility tax rate on solid waste is 0%, while other cities in the area generally have a tax on this utility.
- **Transportation Benefit District.** The City currently assesses a \$20 per car tax on vehicles each year. This revenue goes toward the maintenance of city roads and was originally established through a Transportation Benefit District. State law allows this tax to go up to \$40 and then ultimately to \$50. With voter approval the vehicle tax can go higher, and the voters can also approve up to a 0.2% sales tax, which would also be used for road maintenance.
- **Voter-Approved Levy Lid Lift.** The City can ask the voters to determine whether an increase in property tax is needed via a ballot measure.

There are additional revenue options in addition to the above list, and we can develop a more comprehensive list when we start the conversation. When we do discuss revenue options, I would like us to consider, at least as a reference point, a concept known as "Price of Government" (PoG). Governor Gary Locke used PoG as policy making tool when he was governor of Washington State, and David Osborne and Peter Hutchinson crystalized the concept in their 2004 book, *The Price of Government*.

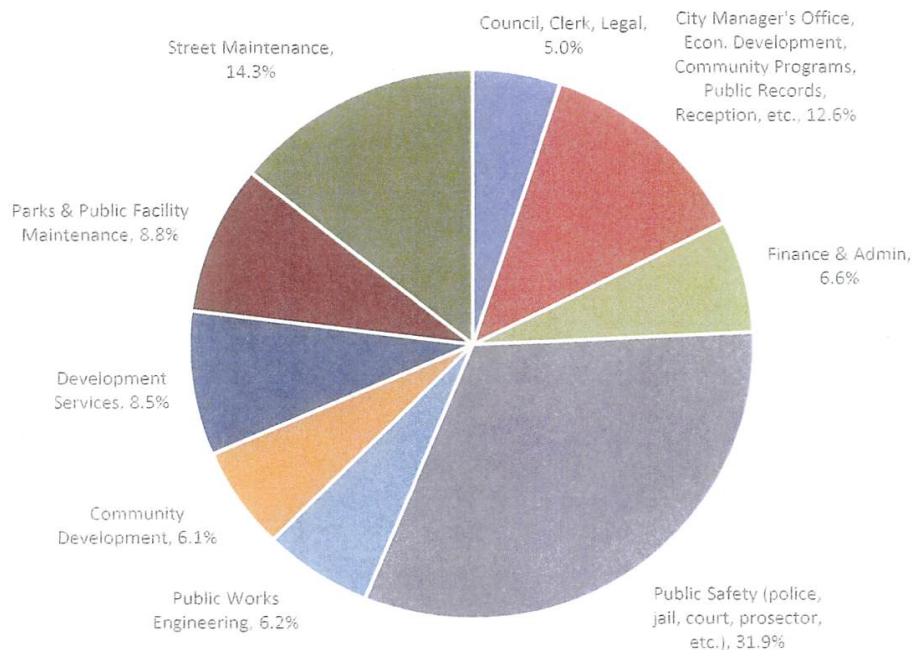
The PoG theory is that taxpayers have a limit, or maximum appetite, for taxes, and this limit tends to be a percentage of, and therefore rises with, household income. If taxes rise too quickly and outpace the rise in income, voters revolt and elect representatives or pass initiatives that bring down taxes. On the other hand, if the tax burden as a percentage of household income declines, taxpayers may be more willing to pay more for maintaining or improving government services. While the household tax burden should be viewed in the overall context of federal, state, and local taxes, I would like to examine how City of Kenmore taxes have kept pace with Kenmore household income.

The nearby cities Kirkland and Redmond have used PoG to aid their budget discussions. Kirkland has a reported a decline in local government taxes as a percentage of personal income (*City of Kirkland 2017-2018 Budget Message*, page x). While we do not have Kenmore-specific PoG data at this time, I believe performing a PoG analysis for Kenmore will assist our discussions.

As with revenues, the expenditure side of the equation will not be easy, especially given that I believe that we are a lean organization that delivers good value for the resources we are given. However, I am hopeful that our Priority Based Budgeting system will prove to be a useful tool in guiding this discussion. Knowing what our priorities are, how our programs stack up against

those priorities, and seeing how our dollars spent in light of those programs, priorities, and limited resources will help us make informed decisions when the time comes.

Despite the revenue-expenditure discussion above, we have a lot to look forward to and still have substantial resources to accomplish great things for the people of Kenmore. For the two-year biennium of 2019-2020, we have over \$30 million in the operating budgets to maintain and improve quality of life in our City. The following pie chart shows how resources are distributed in our two main operating funds—the General Fund and the Street Fund³:



The above pie chart does not include our Surface Water Utility Fund, Capital Funds, or special revenue funds.

Conclusion

In conclusion, this biennial budget for 2019-2020 is a pleasure to present. It is a “status quo” budget, with a few minor exceptions. That said, we have many meaningful services and projects planned that will sustain and even boost our momentum on Kenmore’s upward trajectory of becoming.

³ This pie chart excludes the transfer from the General Fund to the Street Fund. The chart includes asphalt overlay resources which reside in the transportation capital fund.

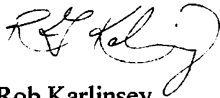
Our budget is balanced with resources in place to retain professional, high caliber City staff to get the job done—and do hard things! Our focus continues to be on advancing the City Council's goals as well as the results identified in our Priority Based Budgeting process.

We look forward to assisting you with your budget deliberations, and we are happy to provide any additional information or answer any questions you may have.

Acknowledgements

I am grateful for Administration and Finance Director Joanne Gregory and for her leadership and long hours she has put into this budget. I would also like to acknowledge the efforts of our management team and all of my co-workers for the part they have played, not only in preparing this budget, but also for the good work they do on a daily basis to deliver great service and propel Kenmore upward. I also appreciate the City Council, their passion for our City, their direction on goals and priorities, and their vision for the community—all of which are essential to producing a strong budget document and translating it into action. Lastly, none of this would be possible without our wonderful community members who give us the resources and support we need to serve them—thank you!

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Karlinsey", written in a cursive style.

Rob Karlinsey
City Manager
City of Kenmore

2019-2020 Biennial Budget

PUBLIC HEARING

NOVEMBER 13, 2018

This Evening's Session:

- ✓ 2019-2020 Public Hearing on Proposed Biennial Budget
- ✓ Receive public testimony
- ✓ Review of Proposed 3% tax levy increase
- ✓ Proposed 2019 Salary Plan and Benefits

Subsequent Meetings:

November 19

Adopt 2019 Tax Levy

Adopt 2019-2020 Biennial Budget

November 26

Adopt 2017-2018 Budget Amendments

Budget Policy Direction

4

- ✓ Present a budget that maintains the current level of service
- ✓ Present a budget that supports and implements City Council Goals
- ✓ Present a budget that considers the Results of Priority Based Budgeting
- ✓ Prepare a balanced operating budget that utilizes a conservative approach to both revenues and expenditures

Changes since the last biennium

5

- ✓ **Public Works operation to be “in-house”**
 - ✓ 6 additional staff
 - ✓ To be funded with savings from previous maintenance contract with LFP
 - ✓ Site to be determined
- ✓ **Kenmore Village Fund consolidated into General Fund**
 - ✓ Operations of Town Square, Hangar and USPS lease
- ✓ **Kenmore Business Incubator**
 - ✓ operations incorporated into the General Fund

2019-2020 Biennial Budget

6

Two Components to City Operations

✓ Operating Expenditures

- ▶ General, Street
- ▶ Other Special Revenue Funds
- ▶ Debt Service Funds
- ▶ Enterprise & Internal Service Funds

✓ Major Capital Expenditures

- ▶ Capital Improvement Program (CIP) adopted in September
- ▶ Transportation, Parks, Surface Water, Public Work Shop, and Capital Resource Funds (Impact Fees, REET)

Significant Revenues-Operating Funds 7

Property Tax

- ✓ **Property Taxes- Biennium** **\$10,224,205**
 - 39% of total budgeted revenues
 - 3% Levy increase each year
 - \$66,300 in new taxes from construction
 - Ongoing revenue source

- ✓ **With 3% Levy increase**
 - 2019 = \$1.04/\$1000 Levy rate = \$145,121
 - 2020 = \$1.02/\$1000 Levy rate = \$150,732

Property
taxes
and
assessed
valuation

Levy with 1% Increase

- **Proposed** 2019 tax levy = **\$4,927,669**
- 1.86% (\$90,038) increase over 2018 levy of \$4,837,631
 - 1% increase adds **\$48,376**
 - New construction:
 - \$41,662 added to levy
 - From \$36,552,183 new AV (prelim)
- Total 2019 prelim **Assessed Valuation** (AV):
 - \$4,835,437,983 including new construction
 - 13.3% **increase in AV** from 2018
 - Greatest increase in AV since 2015
 - tax rate projected at **1.02/\$1,000 AV**
 - $4,927,669 / 4,835,437,983 * 1000 = 1.02$
 - (doesn't include voted bond levy)
 - decrease from 1.14 in 2018

Property taxes and assessed valuation

Levy with 2% Increase

9

- **Proposed** 2019 tax levy = **\$4,976,045**
- 3.86% (\$186,790) increase over 2018 levy of \$4,837,631
 - 2% increase adds **\$96,752**
 - New construction:
 - \$41,662 added to levy
 - From \$36,552,183 new AV (prelim)
- Total 2019 prelim **Assessed Valuation** (AV):
 - \$4,835,437,983 including new construction
 - 13.3% **increase in AV** from 2018
 - Greatest increase in AV since 2015
 - tax rate projected at **1.03/\$1,000 AV**
 - $4,976,045 / 4,835,437,983 * 1000 = 1.03$
 - (doesn't include voted bond levy)
 - decrease from 1.14 in 2018

Property taxes and assessed valuation

Levy with 3% Increase

10

- **Proposed** 2019 tax levy = **\$5,024,421**
- 3.86% (\$186,790) increase over 2018 levy of \$4,837,631
 - 3% increase adds **\$145,128**
 - New construction:
 - \$41,662 added to levy
 - From \$36,552,183 new AV (prelim)
- Total 2019 prelim **Assessed Valuation** (AV):
 - \$4,835,437,983 including new construction
 - 13.3% **increase in AV** from 2018
 - Greatest increase in AV since 2015
 - tax rate projected at **1.04/\$1,000 AV**
 - $5,024,421 / 4,835,437,983 * 1000 = 1.04$
 - (doesn't include voted bond levy)
 - decrease from 1.14 in 2018

Tax Effect on Homeowner

(City of Kenmore Taxes Only)

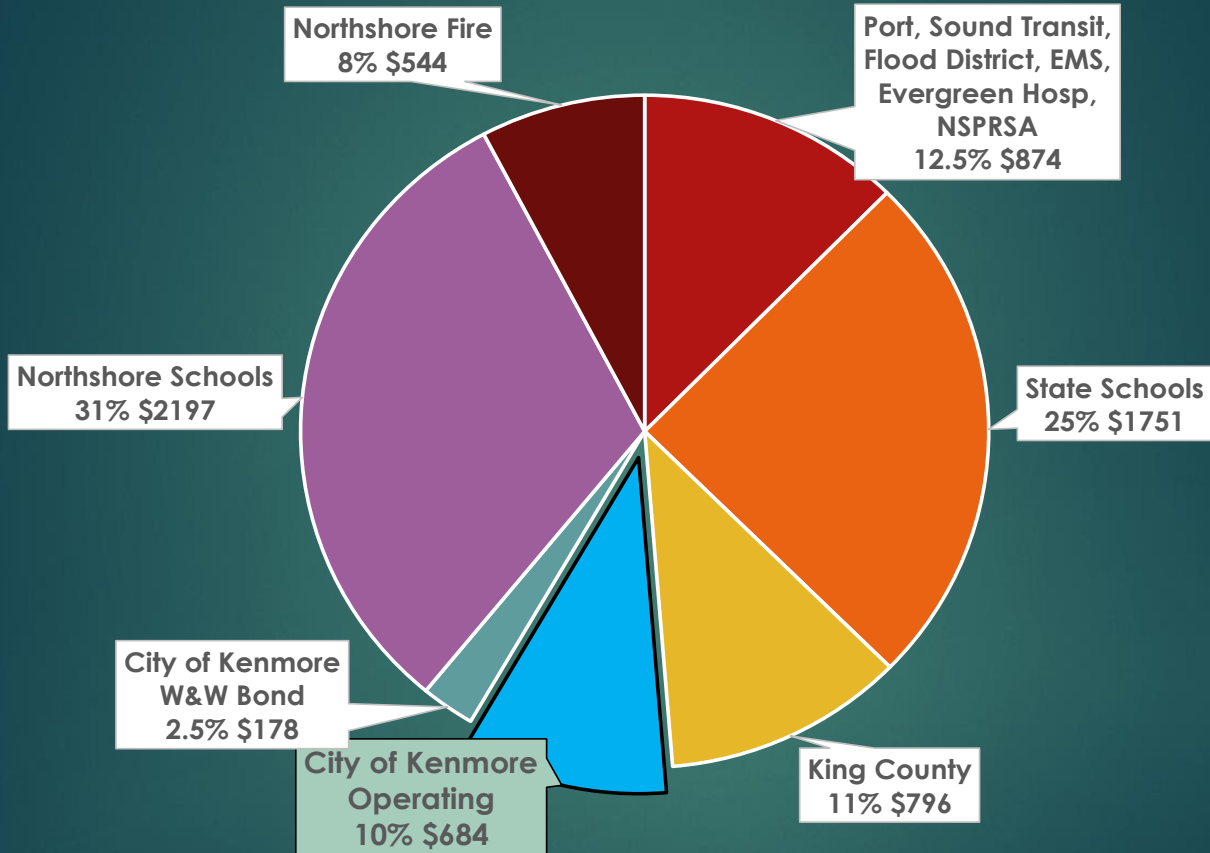
11

- Assume 2018 home at \$600,000 (2018 Median is 500,000)
 - Taxed at 2018 rate of 1.14 = **\$684**
- Assume 2019 **NO CHANGE** in value of home at \$600,000
 - Taxed at 2019 rate of 1.02 (1% levy) = **\$612** (\$72 Less than 2018)
 - Taxed at 2019 rate of 1.03 (2% levy) = **\$618** (\$66 Less)
 - Taxed at 2019 rate of 1.04 (3% levy) = **\$624** (\$60 Less)
- Assume 2019 **5%** in value of home at \$630,000
 - Taxed at 2019 rate of 1.02 (1% levy) = **\$642** (\$42 Less than 2018)
 - Taxed at 2019 rate of 1.03 (2% levy) = **\$648** (\$36 Less)
 - Taxed at 2019 rate of 1.04 (3% levy) = **\$655** (\$29 Less)
- Assume **12% increase** in value of home to \$672,000
 - Taxed at 2019 rate of 1.02 (1% levy) = **\$685** (\$1 > 2018 = .146% inc)
 - Taxed at 2019 rate of 1.03 (2% levy) = **\$695** (\$11 > 2018)
 - Taxed at 2019 rate of 1.04 (3% levy) = **\$699** (\$15 > 2018 = 2.19% inc)

2018 Property Tax Distribution for a \$600,000 Home

12

City of Kenmore, Washington
11/12/2018

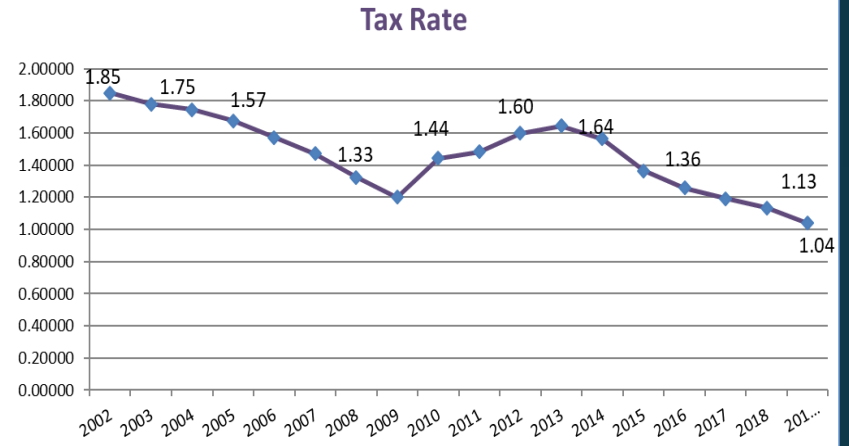
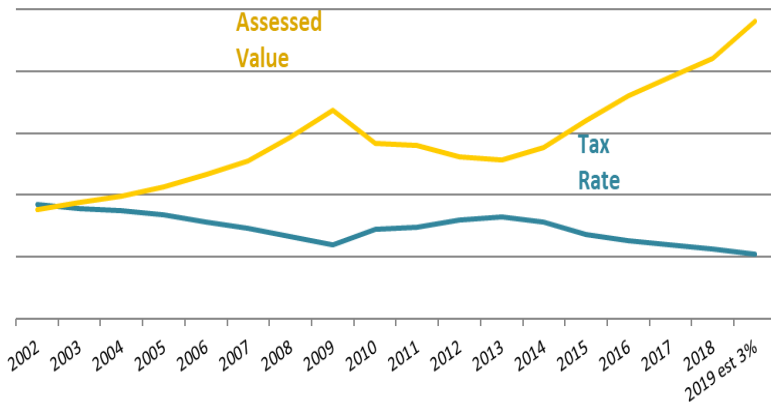


Estimated total tax bill of \$7,024; **49.9% Voter Approved!**

Percentages of total tax bill are based on tax rates for the various jurisdictions (total \$11.70/1000)

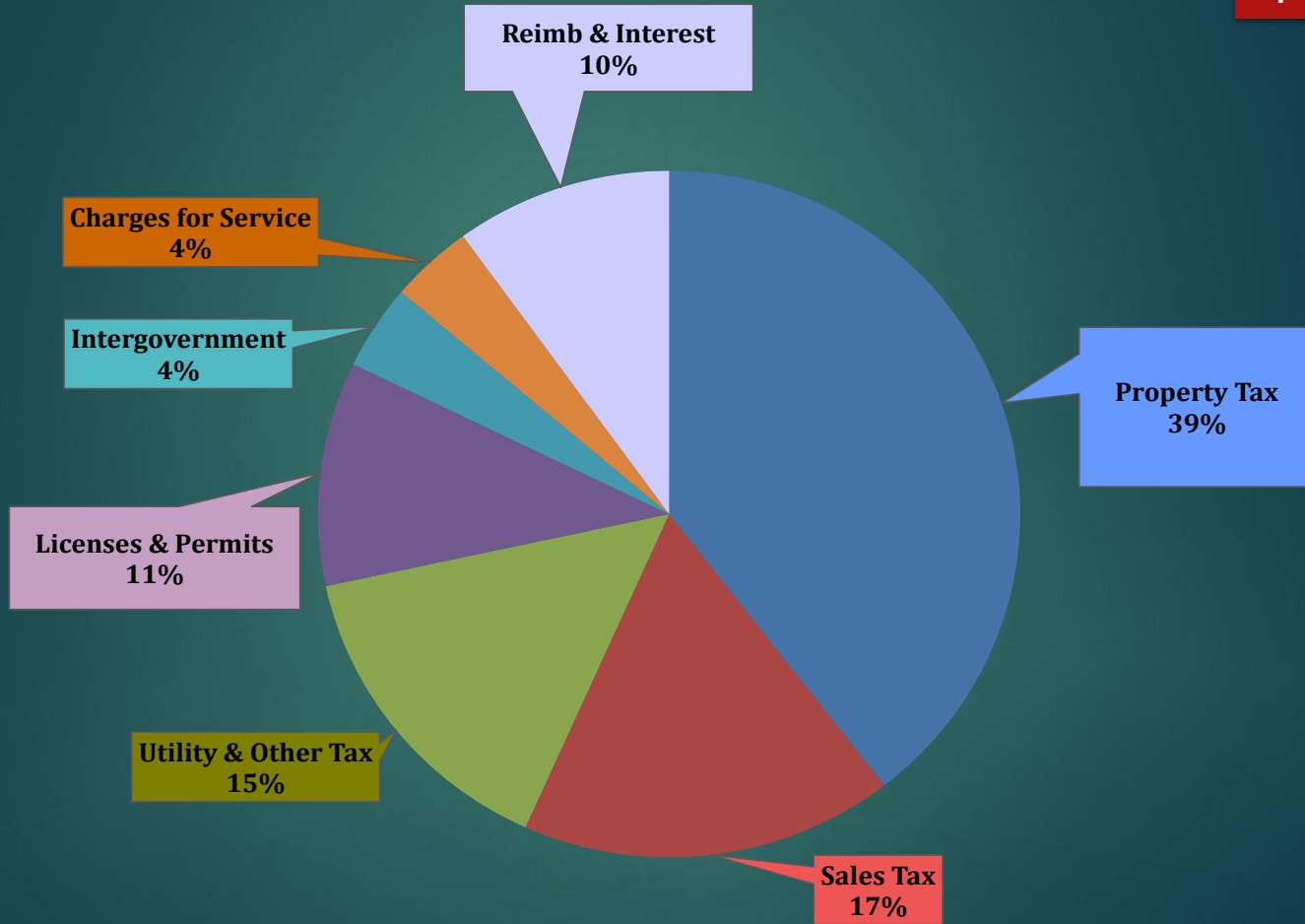
Property Tax Rates, AV, & New Construction 2002-2019 (w/ 3%)

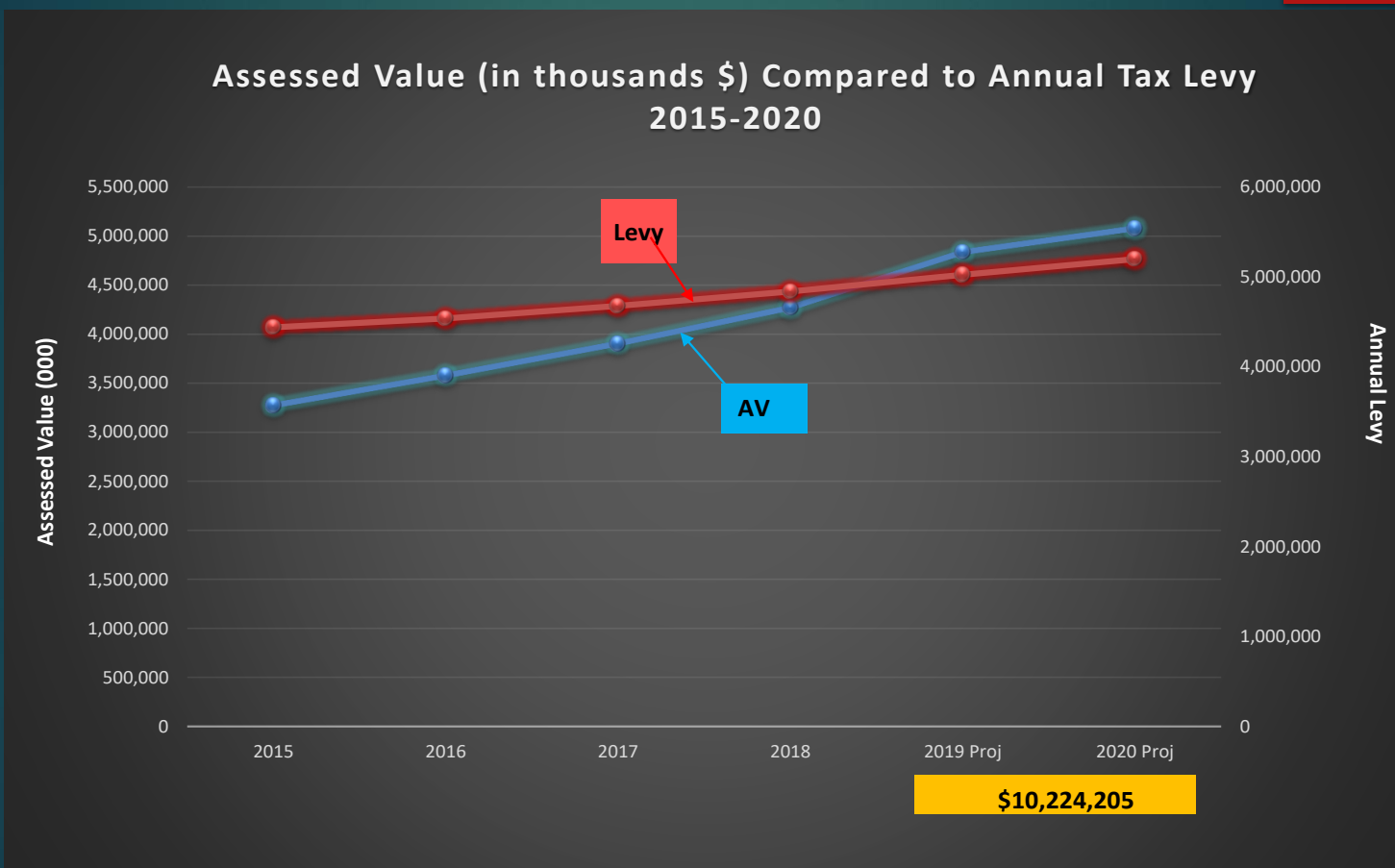
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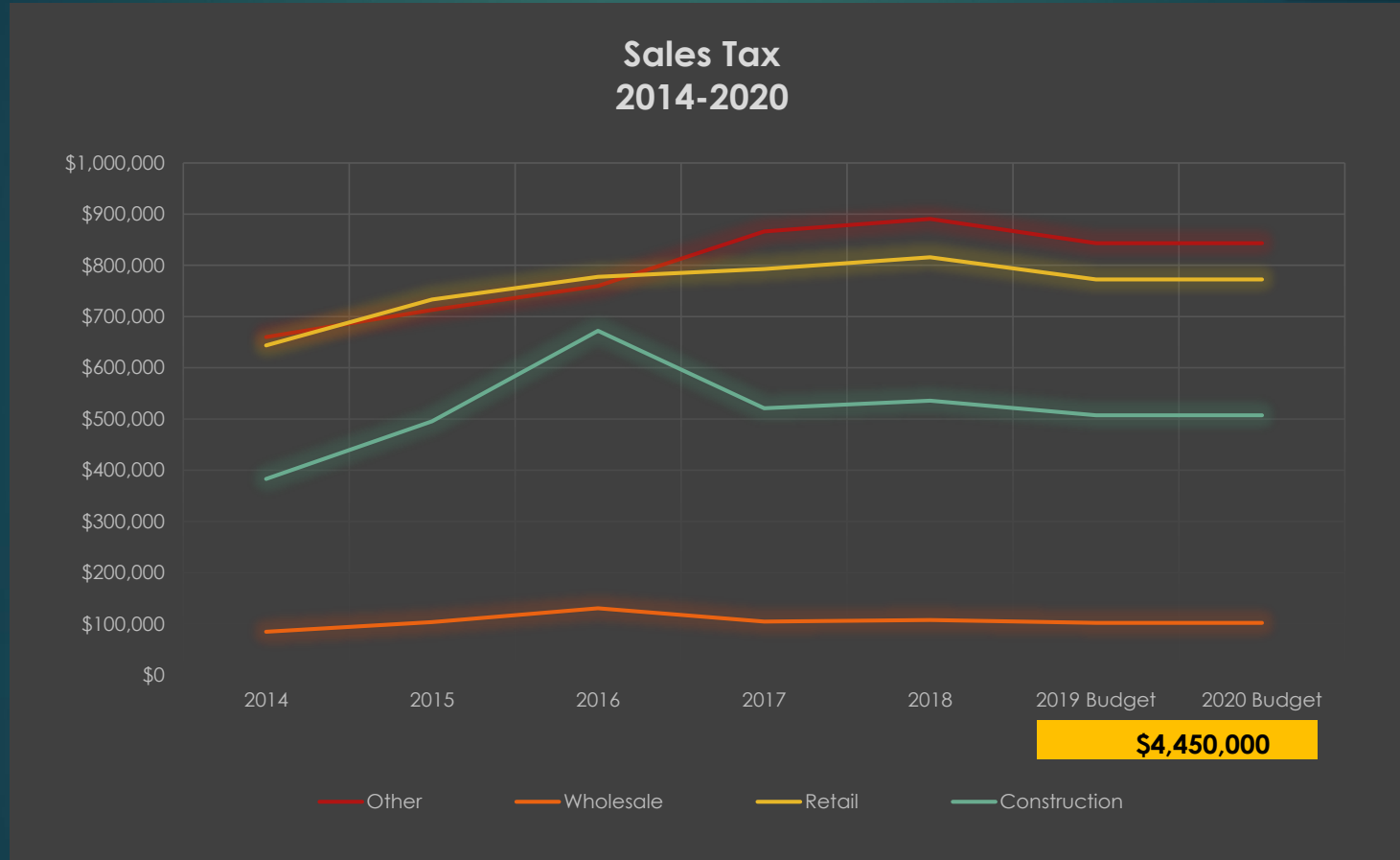


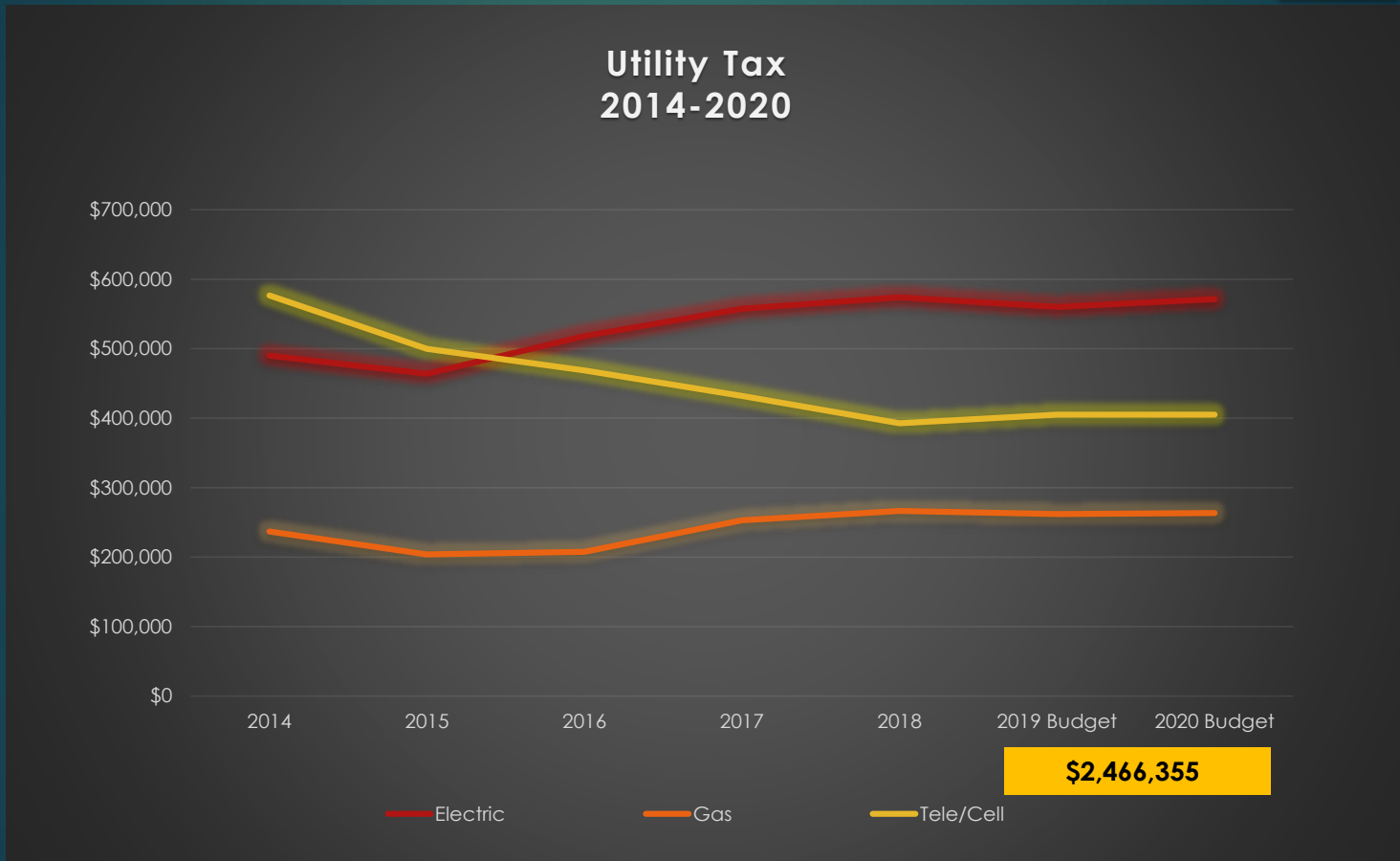
General Fund Revenues 2019-2020

14

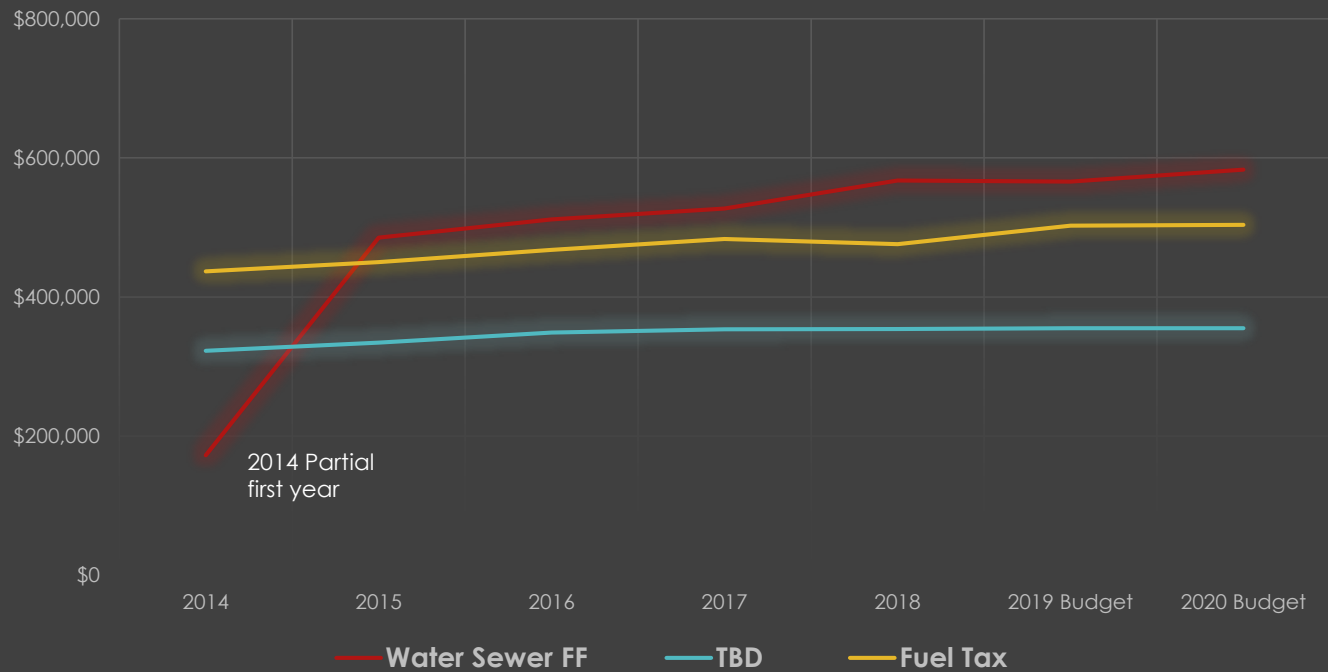








Street Maintenance Resources: Fuel Tax, Water Sewer Franchise Fees, TBD Fees 2014-2020



Other Operating Revenues

19

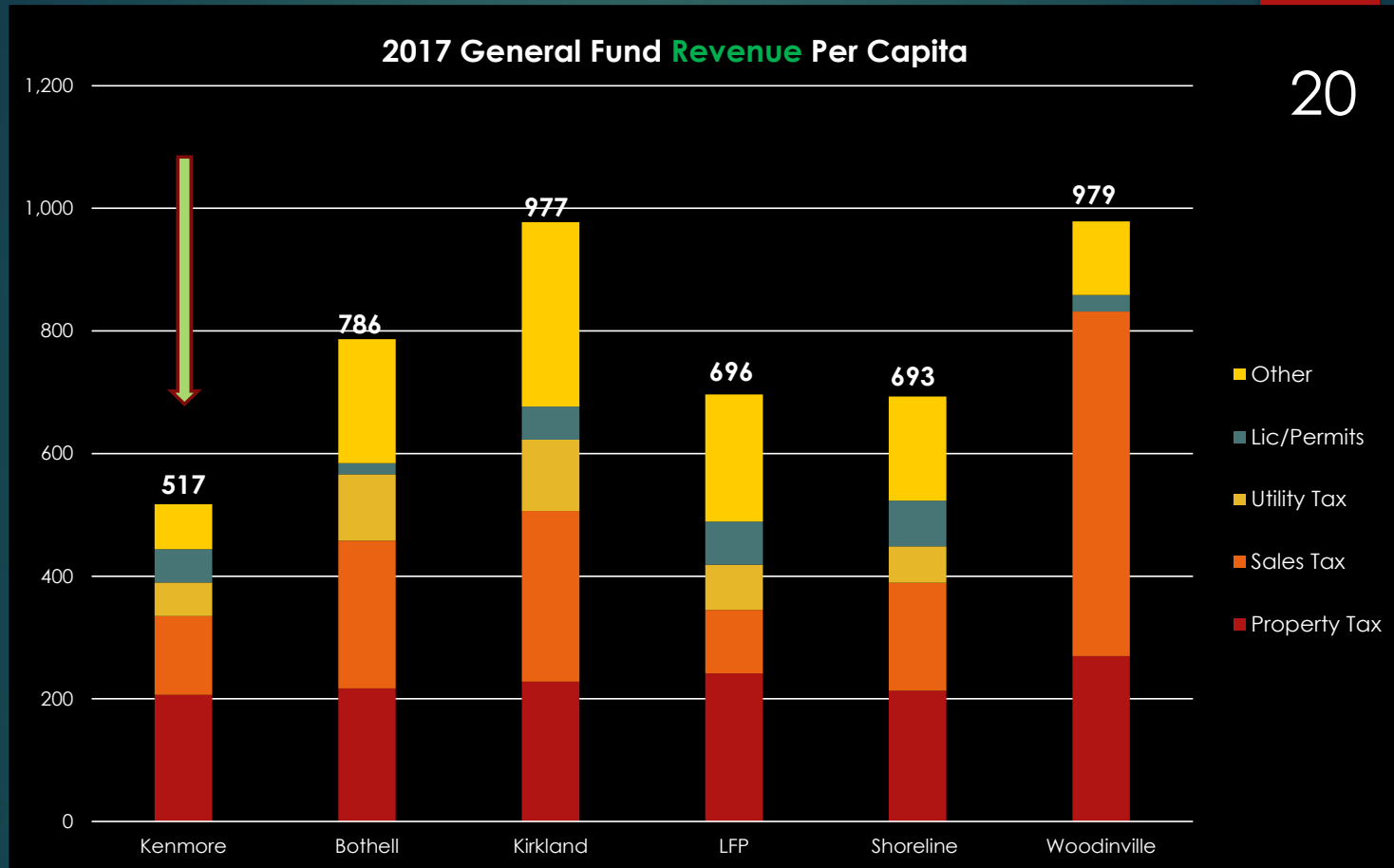
General Fund:

✓ Capital/Overhead Reimb	1,594,285
✓ Franchise Fees	1,831,800
✓ Criminal Justice Sales Tax	1,212,000
✓ Plan Review , Land Use	910,500
✓ Permit Revenue	866,400
✓ Liquor Board Taxes	610,400

Other Funds:

✓ Fuel Tax Revenue (Street Fund)	1,006,300
✓ TBD Fees (Transportation Benefit District)	710,000
✓ Surface Water Charges	3,670,000

Kenmore: Lowest General Fund Per Capita Revenue



Source: LGFRS-State Auditor's Office 2017 Data; Excludes transfers and reserves

Does not include Fire/EMS/Protective Inspection Services (revenues and expenditures include this adjustment)

Significant Cost Drivers: On-Going and Non Discretionary

21

- ✓ 9,631,000 Salaries & Benefits (General, Street Funds)
 - ✓ 7,412,200 Police Contract
 - ✓ 1,160,000 Jail and Court Services
 - ✓ 530,000 Legal Services
 - ✓ 552,200 Insurance
 - ✓ 537,200 Utilities
 - ✓ 406,700 Human Services Contributions and ARCH
- ✓ These costs comprise 70% of the total operating (general fund and street fund) budget (\$29,071,522)

New Full Time Equivalent Positions

22

Funded by General, Street, Surface Water Funds:

- ▶ 4 FTE Street Maintenance Workers:
- ▶ 1 FTE Street and Surface Water Maintenance Supervisor
- ▶ 1 FTE Public Works Permit/Administrative Assistant

Funded by General Fund:

- ▶ .5 FTE Recreation Coordinator

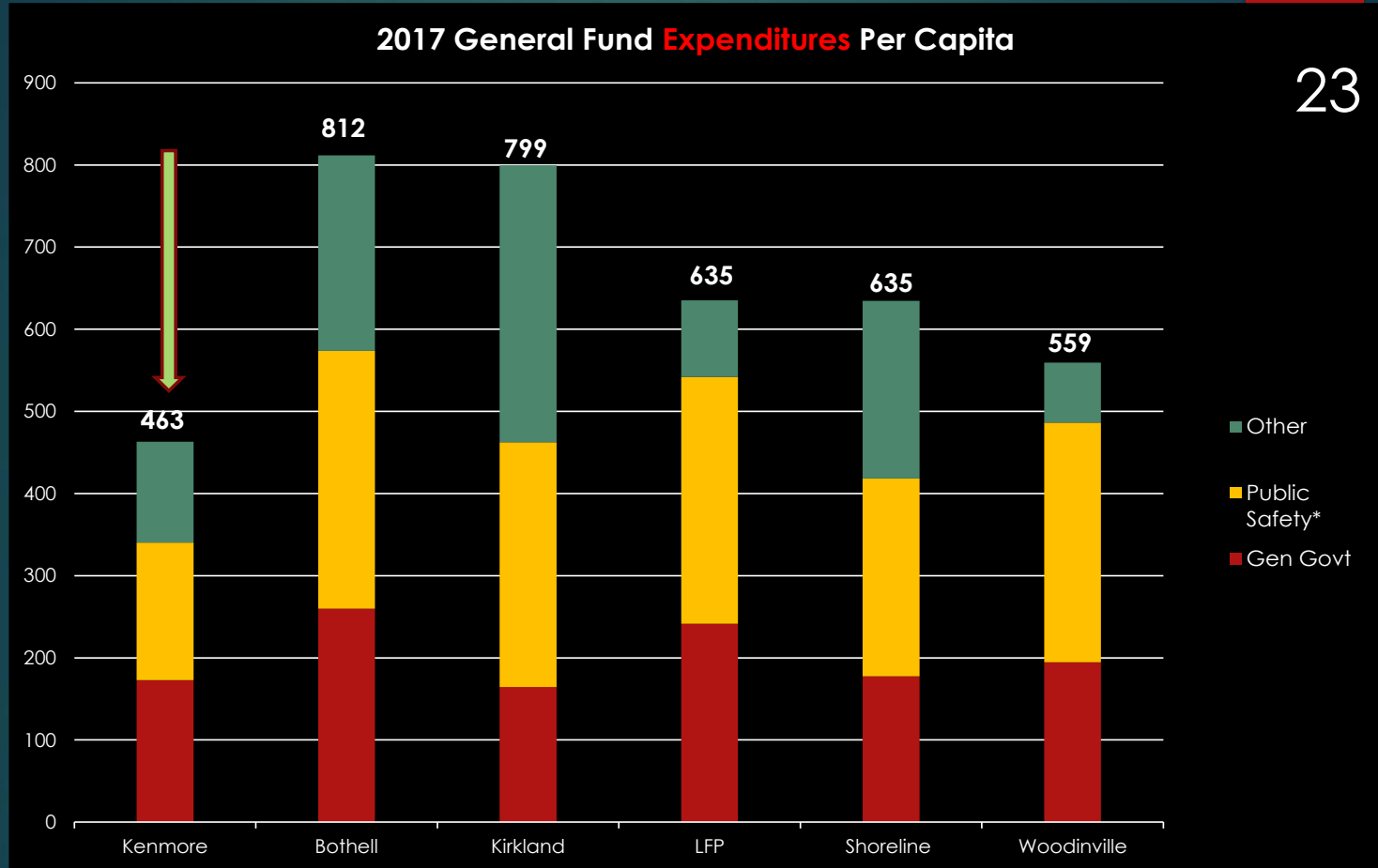
Funded by General Fund and Transportation Capital:

- ▶ 1 FTE Capital Projects Manager, Limited Term

Funded by Surface Water:

- ▶ 1 FTE Surface Water Technician

Kenmore: Lowest General Fund Per Capita **Expenditures**



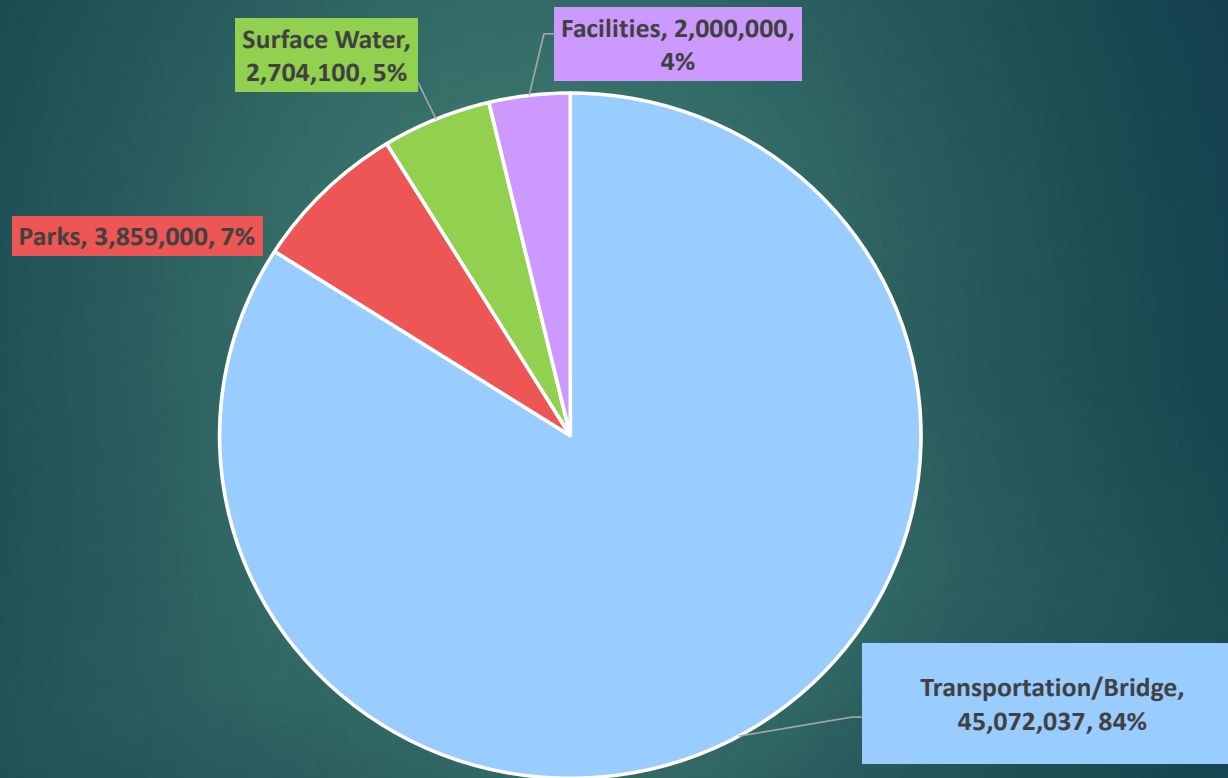
Source: LGFRS-State Auditor's Office 2017 Data; Excludes transfers and reserves

*Does not include Fire/EMS/Protective Inspection Services (revenues also adjusted)

23

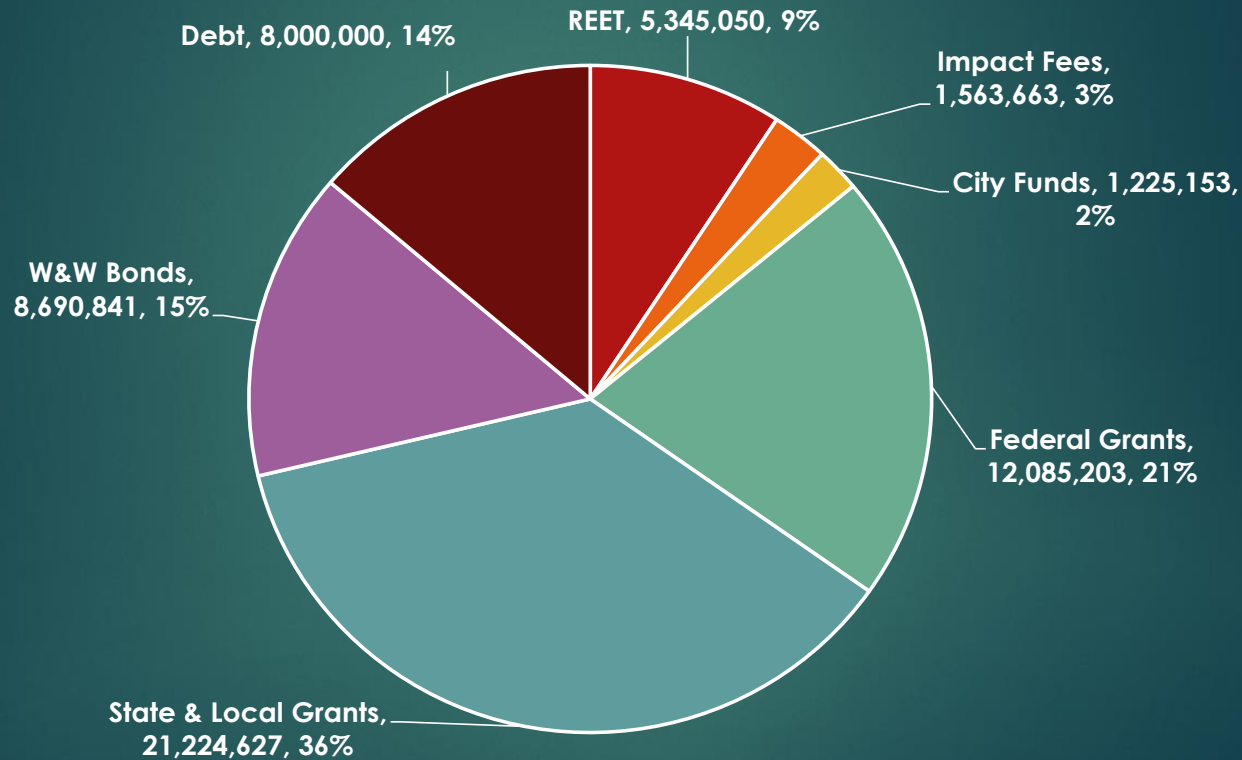
2019-2020 Capital Project Costs

24



2019-2020 Capital Project Resources

25



Park Capital Projects

26

✓ P1 Twin Springs Interim Use	100,000
✓ P6 Moorlands Park Improvements	50,000
✓ P18 Rhododendron Park Waterfront Mitigation	80,000
✓ P18a Rhododendron Float Mitigation	4,000
✓ P26 Squires Landing Float Mitigation	8,000
✓ P27 Squires Landing Park Waterfront	720,000
✓ P28 Log Boom Park Waterfront	420,000
✓ P29 St Edward Ballfield Improvements	300,000
✓ P30 Rhododendron Park Boathouse	477,000
✓ P31 Squires Landing Park Land Acquisition	1,700,000

2019-2020 Biennial Total **\$3,859,000**

Transportation Capital Projects

27

✓ T27 Sidewalk Gaps	200,000
✓ T35 Pavement Preservation	1,255,351
✓ T37 W Samm Bridge	21,623,056
✓ T41 Juanita Drive Ped & Bicycle Safety	11,173,923
✓ T42 68 th Ave Ped & Bicycle Safety	8,881,894
✓ T43 SR 522 Pedestrian Crossing Study	500,000
✓ T45 NE 153 rd PI Sidewalk	612,500
✓ T46 NE 181 st (65 th -67 th)	681,413
✓ T47 Arrowhead Dr Sidewalk	143,900

2019-2020 Biennial Total **\$45,072,037**

Surface Water Capital Projects

28

✓ SW8 190 th Culvert at 61 st	1,632,450
✓ SW8 Trust Fund Loan Repayments	81,650
✓ SW20 Small Works Projects	100,000
✓ SW29 Infiltration Tank Retrofit 61 st Ave NE/NE 196 th	500,000
✓ SW30 Drainage Improvements 153 rd /NE Arrowhead Dr	175,000
✓ SW31 Drainage Impr & Street Repair 66 th Ave NE/96 th	115,000
✓ SW33 Drainage Improvements & Facility Retrofits	100,000

2019-2020 Biennial Total **\$2,704,100**

City Facility Capital Projects

29

✓ F1 Public Works Shop Land and Development 2,000,000

2019-2020 Biennial Total \$2,000,000

Total Proposed City Budget-All Funds

30

	2019	2020	2019-2020
	Proposed	Proposed	Proposed
<u>FUND</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
General Fund	\$ 12,843,796	\$ 13,020,511	\$ 25,864,307
Kenmore Village Fund	0	0	0
Strategic Reserve Fund	0	0	0
Strategic Opportunities Fund	30,000	30,000	60,000
Street Fund	1,608,041	1,599,173	3,207,214
Public Art Fund	500	500	1,000
Transportation Benefit District	358,000	358,000	716,000
UTGO 2016 Bonds	1,223,150	529,650	1,752,800
Transportation Capital Fund	10,709,652	13,171,107	23,880,759
Real Estate Excise Tax Fund	2,314,650	2,890,400	5,205,050
Walkways & Waterways Bonds	6,797,775	1,888,019	8,685,794
Park Capital Fund	3,502,000	357,000	3,859,000
Park Impact Fee Fund	341,000	6,000	347,000
Transportation Impact Fee Fund	1,152,913	63,750	1,216,663
Sammamish River Bridge Fund	11,539,791	10,083,265	21,623,056
Public Works Shop Fund	0	2,000,000	2,000,000
Surface Water Management Fund	2,512,744	1,816,724	4,329,469
Surface Water Capital Fund	0	0	0
Swamp Creek Basin Fund	0	0	0
Equipment Replacement Fund	37,500	37,500	75,000
TOTAL	\$54,971,512	\$47,851,600	\$102,823,112

City Council Directed Changes

31

✓ ½ Time Recreation Coordinator	100,000
✓ ARCH Capital Increase	20,000
✓ Incubator Support and Transition to Non Profit	(50,000)
✓ Bring property mgt. and landscape maint. in house	(94,000)
✓ Reduce furniture and street banner costs	(22,000)
✓ Bring outside services in house/reduce	(195,000)
✓ Arts Funds for movies/concerts	(20,000)
✓ Jail cost reduction	(50,000)
✓ Cost share GIS with Surface Water Fund	(25,000)
✓ Park levy proceeds for operations	(50,000)
✓ New city telephone system from equip replacement	(35,000)
✓ Error correction	<u>(8,000)</u>
✓ Net Changes, Surplus	(\$429,000)

Final Net Surplus to be budgeted in the Street Fund for additional road preservation

This concludes the Final Public Hearing on the 2019-2020 Proposed Biennial Budget

32

QUESTIONS? COMMENTS?

**COPIES OF THE COMPLETE BUDGET ARE
AVAILABLE FOR REVIEW AT CITY HALL**

**AND REMEMBER THAT THE BUDGET MESSAGE
AND OTHER INTERESTING INFORMATION IS ON
THE WEB AT:**

WWW.CITYOFKENMORE.COM

Subject/Topic:
September 2018 Financial Report
Presentation

Initial & Date

Approved by Department Head: Jung 11/2/18

Approved by City Attorney: Jung 11/2/18

Approved by Finance Director: RO

Approved by City Manager: RO

Exhibits/Attachments:
September 2018 Financial Report for the City of
Kenmore, Washington.

The September 2018 monthly financial report is presented for Council review. This provides the opportunity for the City Council and the community to receive information on the City of Kenmore's biennium to date revenues and expenditures in comparison to the City's 2017-2018 adopted biennial budget. The budget was adopted on December 12, 2016 and amended July 24, 2017 and November 27, 2017. This review also provides an opportunity to identify any additional potential variances or fluctuations from the budget which may require a future budget amendment.

The second half of real property taxes are due to the County by October 31; therefore the October financial report should reflect these revenues coming in to the City.

Priority Based Budgeting Result: Governance: Supports decision-making with timely and accurate short-term and long-range analysis that enhances vision and planning.



PO Box 82607
KENMORE, WASHINGTON 98028

MEMORANDUM

TO: Rob Karlinsey, City Manager
FROM: Joanne Gregory, Finance Director
DATE: October 25, 2018
RE: September 2018 Financial Reports for the City of Kenmore, Washington

September 2018 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
- Cash and Investment Report
- Investment Schedule
- Sales Tax Receipts by Business Type
- Retail Sales and Use Tax Distribution
- Real Estate Excise Tax Report
- Monthly Report for Kenmore Village
- Report for Transportation Benefit District

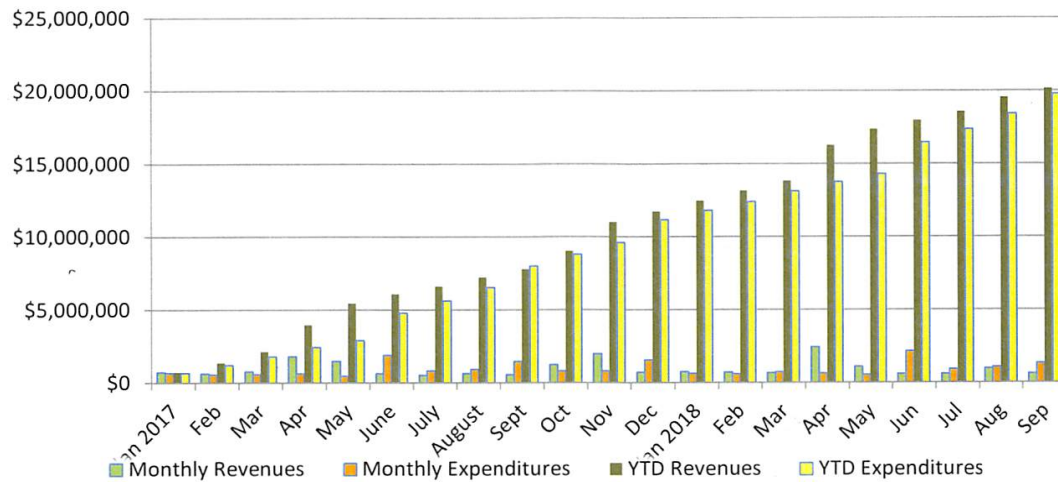
If you would like additional information or have any questions regarding the financial reports, please feel free to contact me.

GENERAL FUND

The first section of the monthly financial report is a review of the General Fund. This fund accounts for operational activities and includes all financial resources except those required or elected to be accounted for in another fund. Revenues include various taxes, per capita distributions from the State, fines and forfeitures, permits and licenses, and fees for service. In the context of the biennial budget, September is the twenty-first month (88%) of the 2017-2018 biennial budget period. For the month of September, expenditures exceeded revenues in the General Fund by \$725,059. The expenditures include an interfund transfer of \$425,505 to the Street Fund.

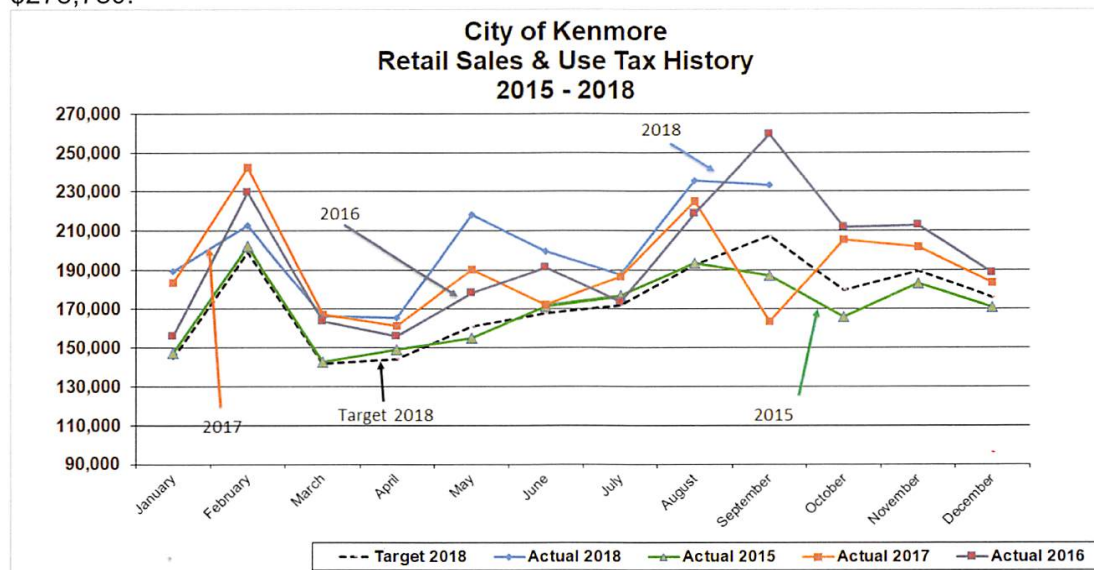
The following chart illustrates the monthly revenue and expenditure activity in the General Fund through September 2018.

City of Kenmore, Washington
Monthly Financial Report
September 2018



Total **revenues** for the month were **\$612,433**. Biennium to date revenues are \$20,152,036, which is 86% of the budgeted revenues of \$23,533,174. Primary sources of revenue for the month included property taxes in the amount of \$50,478, development fees & permits in the amount of \$104,538, retail sales and use taxes in the amount of \$233,272, and utility taxes in the amount of \$77,972.

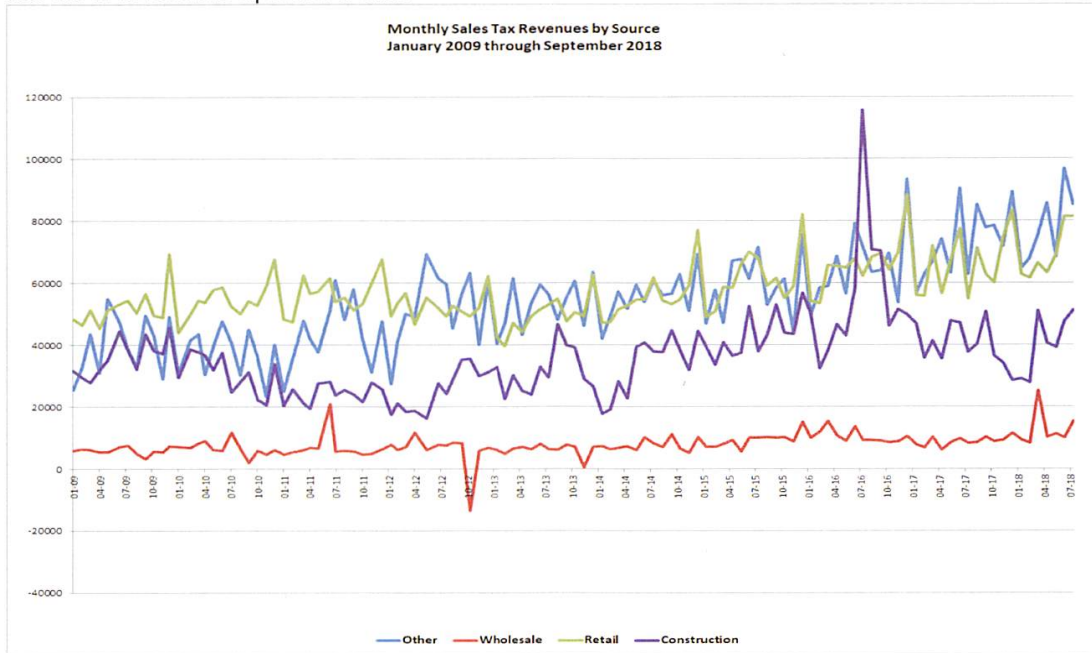
A summary of sales tax revenues received in September is attached. These receipts are based on July sales activity. The chart below gives a historical perspective of monthly sales tax receipts over the last several years. The black dotted Target 2018 line is a monthly average of actual receipts during 2015, 2016, and 2017. The blue line represents 2018 actual receipts, which are \$115,869 above 2017 and ahead of the 2018 target by \$278,730.



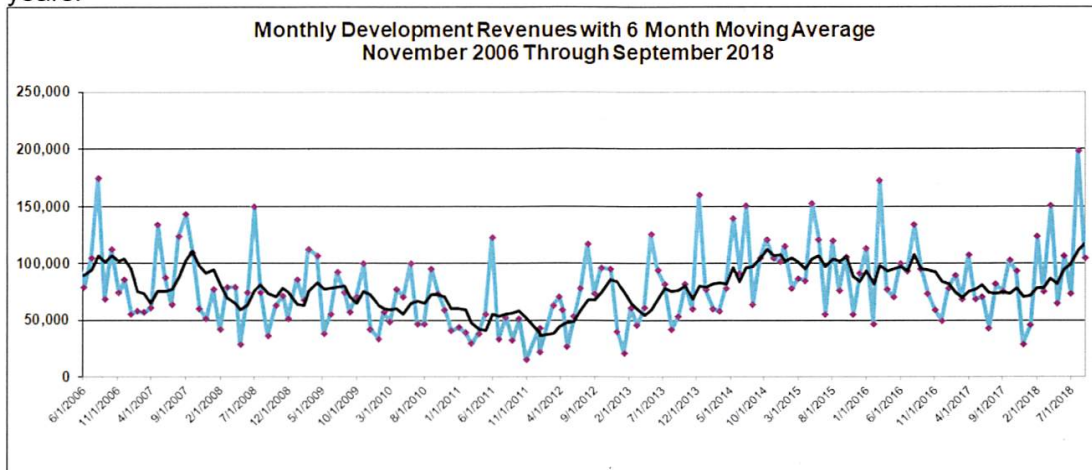
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City of Kenmore, Washington
Monthly Financial Report
September 2018

The following chart illustrates the historical trends of sales tax receipts from the major segments: construction, retail, wholesale, other (agriculture, services, manufacturing, transportation and utilities) from January 2009 through September 2018. Retail and Other are on a favorable upward trend.



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



September 2018 expenditures were **\$1,337,492**. Biennium to date expenditures are \$19,769,483, which is 84% of the amended biennial budget expenditures of \$23,535,546.

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City of Kenmore, Washington
Monthly Financial Report
September 2018

Total City cash (\$15,611,418) and long-term investments (\$10,985,981), at the end of September, totaled \$26,597,399. Proposition 1 levy funds of \$8M are included in this cash balance. The Other Funds Monthly Activity graphs compare biennium to date revenues and expenditures to the 2017-2018 biennial budget.

Total non-General Fund revenues were \$1,580,966 and total non-General Fund expenditures were \$1,193,209.

In the **Street Fund** revenue from gas tax distributions was \$48,886. \$71,713 was expended for maintenance and operations during the month. The fund also received an interfund transfer of \$425,505 from the General Fund during the month.

In the **Transportation Capital Fund**, there were expenditures in the amount of \$7,054 for SR522 Projects and \$85,259 on pedestrian & bike safety projects. The fund received \$51,580 in project grant reimbursements.

The **Park Impact Fee** fund received \$13,056 in revenues during the month.

There was \$47,441 in revenues for the **Transportation Impact Fee** fund during the month.

The **Real Estate Excise Tax Fund** received \$128,704 of real estate excise taxes (REET) in September from sales activity that occurred in August. 50 transactions were reported during the month. The 2018 year to date revenue is lower than the 2017 revenue by \$245,718 and the 2018 target by \$73,990.

The **Park Capital** fund had expenditures in the amount of \$122,547 on park improvement projects.

The **Kenmore Village** Fund had \$3,359 in maintenance and operations expenditures and \$11,165 on events during the month.

The **Walkways & Waterways Debt Service** Fund collected \$12,530 in property taxes related to the Prop 1 Bond for a biennium to date total revenue of \$1,977,870.

The **Transportation Benefit District** Fund received \$35,597 in vehicle license fees during the month.

SUMMARY

This concludes the financial report for the City of Kenmore as of **September 30, 2018**. I appreciate your feedback and encourage you to contact me if you have any questions prior to the City Council meeting.

City of Kenmore, Washington
General Fund Summary Report
September 30, 2018



	CURRENT PERIOD 2017-2018				PRIOR PERIOD 2015-2016			
	MONTH	BIENNIUM TO DATE	% of	BIENNIUM BUDGET	MONTH	BIENNIUM TO DATE	% of	BIENNIUM BUDGET
	September 2018	2017-2018	BUDGET	2017-2018	September 2016	2015-2016	BUDGET	2015-2016
REVENUES								
Beginning Fund Balance		2,981,035		3,131,687				
Property Taxes	50,478	7,285,027	77.4%	9,408,704	91,754	7,021,616	77.4%	9,075,766
Sales and Use Taxes	291,965	5,211,563	96.9%	5,376,291	309,150	4,754,222	95.1%	5,000,532
Utility Taxes	77,972	2,137,876	78.7%	2,717,485	90,442	2,117,527	76.6%	2,763,390
Other Taxes	6,188	155,800	71.4%	218,113	6,368	156,088	138.5%	112,720
Development Fees & Permits	104,538	1,850,731	104.9%	1,764,518	95,293	2,093,353	97.3%	2,151,432
Franchise Fees	0	1,527,389	91.5%	1,668,476	0	1,444,401	89.0%	1,622,160
Intergovernmental and Grants	55,950	834,232	99.1%	841,615	52,697	720,845	101.9%	707,370
Investment Interest	4,067	185,610	356.9%	52,000	4,870	121,810	240.3%	50,700
Fines and Forfeitures	-295	12,771	0.0%	0	-197	-6,487	n/a	0
Transfers and Other Revenues	21,570	951,037	64.0%	1,485,972	4,148	110,546	20.4%	541,200
Total Revenues	612,433	20,152,036	85.6%	23,533,174	654,526	18,533,922	84.1%	22,025,270

Total Revenues & Beginning Fund Balance		23,133,071		26,664,861				22,025,270
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	CURRENT PERIOD 2017-2018				PRIOR PERIOD 2015-2014			
	MONTH	BIENNIUM TO DATE	% of	BIENNIUM BUDGET	MONTH	BIENNIUM TO DATE	% of	BIENNIUM BUDGET
	September	2017-2018	BUDGET	2017-2018	September 2016	2015-2016	BUDGET	2015-2016
EXPENDITURES								
Cost Center								
City Council	17,395	300,693	91.3%	329,426	9,955	276,918	84.3%	328,435
City Manager	121,235	2,850,641	85.6%	3,328,297	128,714	2,541,639	78.6%	3,233,222
City Clerk	13,023	423,960	99.7%	425,368	16,493	299,415	107.8%	277,683
Finance	61,573	1,602,132	95.8%	1,672,775	76,890	1,361,559	91.4%	1,490,155
Legal	13,961	430,280	86.1%	500,000	39,494	523,860	74.8%	700,000
Interfund Transfers	425,505	1,075,725	81.0%	1,328,228	0	1,666,216	46.9%	3,552,671
Public Safety	304,513	6,779,725	77.0%	8,806,304	345,436	6,753,170	82.8%	8,160,115
Engineering & Environmental Services	78,180	1,237,628	87.5%	1,415,011	83,699	1,604,361	92.0%	1,743,950
Community Development	71,309	1,183,411	69.0%	1,715,510	55,018	777,253	93.6%	830,030
Developmental Services	138,235	2,120,947	102.4%	2,071,288	98,309	1,583,048	90.2%	1,755,050
Parks & Facility Maintenance	92,564	1,764,340	90.8%	1,943,339	60,681	1,425,904	70.3%	2,029,409
Total Expenditures	1,337,492	19,769,483	84.0%	23,535,546	914,688	18,813,343	78.1%	24,100,720

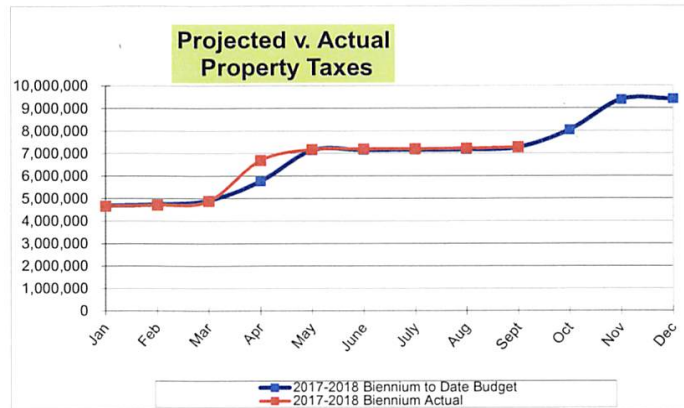
Ending Fund Balance		3,363,588		3,129,315			0.0%	-2,075,450
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Total Expenditures and Ending Fund Balance		23,133,071		26,664,861				22,025,270
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*Non-Departmental expenditures have been moved to other General Fund Cost Centers

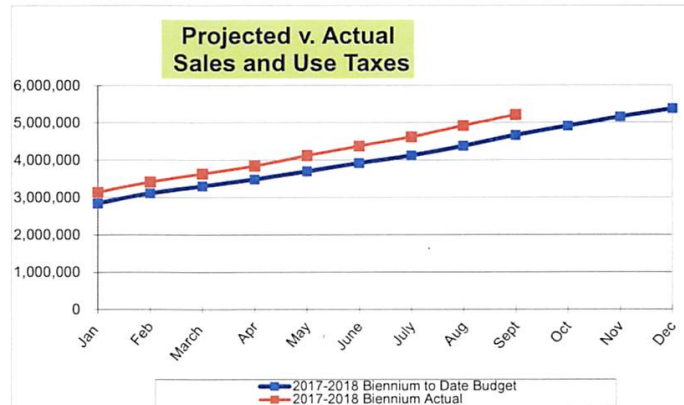
City of Kenmore, Washington
General Fund Revenue Graphs
September 30, 2018
PROPERTY TAXES

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	4,668,509	4,656,328
Jan	4,683,738	4,673,846
Feb	4,742,392	4,720,413
Mar	4,916,568	4,888,629
Apr	5,765,778	6,698,458
May	7,142,021	7,182,523
June	7,155,271	7,210,439
July	7,168,409	7,219,136
Aug	7,182,371	7,234,550
Sept	7,277,730	7,285,027
Oct	8,047,191	
Nov	9,381,763	
Dec	9,408,704	
2017-18	9,408,704	
Year To Date		
Actual v. Projected		100%



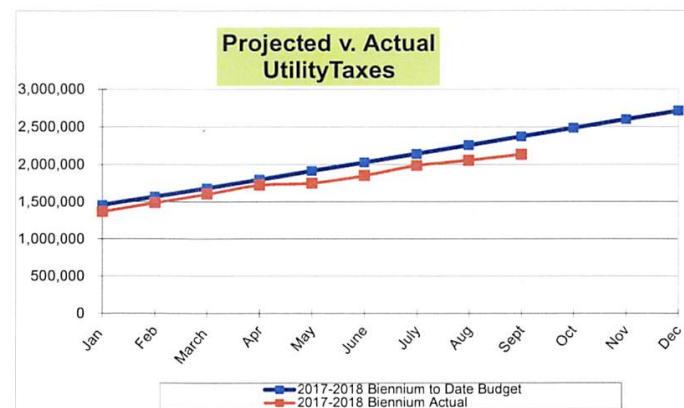
SALES, USE, CRIM JUSTICE TAXES

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	2,661,530	2,903,337
Jan	2,847,158	3,143,844
Feb	3,114,522	3,422,078
March	3,304,812	3,637,316
Apr	3,488,513	3,849,131
May	3,699,746	4,125,405
June	3,919,794	4,376,790
July	4,124,717	4,620,811
Aug	4,378,444	4,919,598
Sept	4,664,890	5,211,563
Oct	4,909,348	
Nov	5,156,649	
Dec	5,376,291	
2017-18	5,376,291	
Year To Date		
Actual v. Projected		112%



UTILITY TAXES

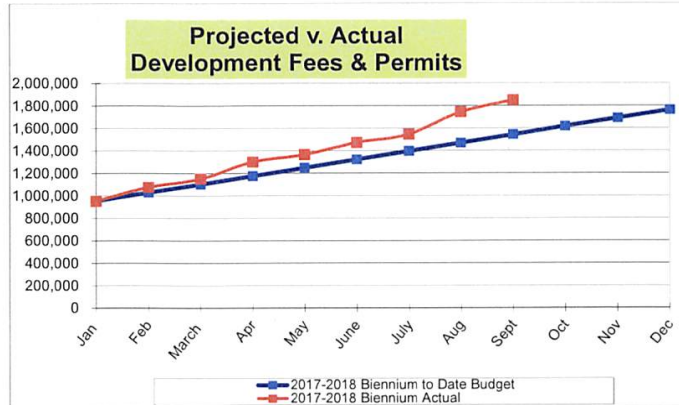
	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	1,345,290	1,242,051
Jan	1,459,640	1,370,760
Feb	1,573,989	1,490,618
March	1,688,339	1,610,638
Apr	1,802,688	1,731,071
May	1,917,038	1,757,374
June	2,031,388	1,858,304
July	2,145,737	1,990,889
Aug	2,260,087	2,059,904
Sept	2,374,436	2,137,876
Oct	2,488,786	
Nov	2,603,135	
Dec	2,717,485	
2017-18	2,717,485	
Year To Date		
Actual v. Projected		90%



**City of Kenmore, Washington
General Fund Revenue Graphs
September 30, 2018**

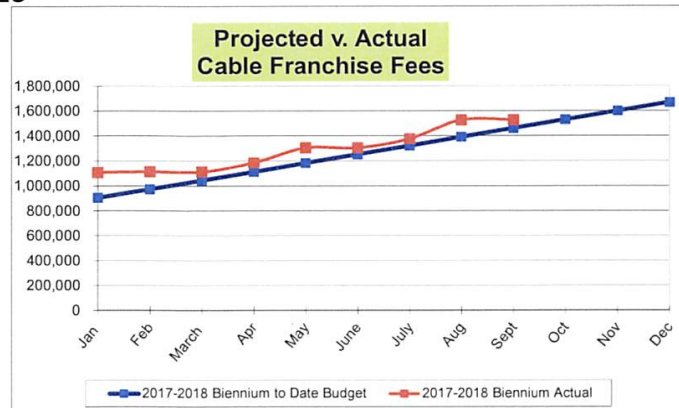
DEVELOPMENT FEES & PERMITS

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	882,259	907,838
Jan	955,781	953,639
Feb	1,029,302	1,077,107
March	1,102,824	1,151,836
Apr	1,176,345	1,303,338
May	1,249,867	1,367,787
June	1,323,389	1,474,421
July	1,396,910	1,547,606
Aug	1,470,432	1,746,193
Sept	1,543,953	1,850,731
Oct	1,617,475	
Nov	1,690,996	
Dec	1,764,518	
'2017-18 Year To Date	1,764,518	
Actual v. Projected		120%



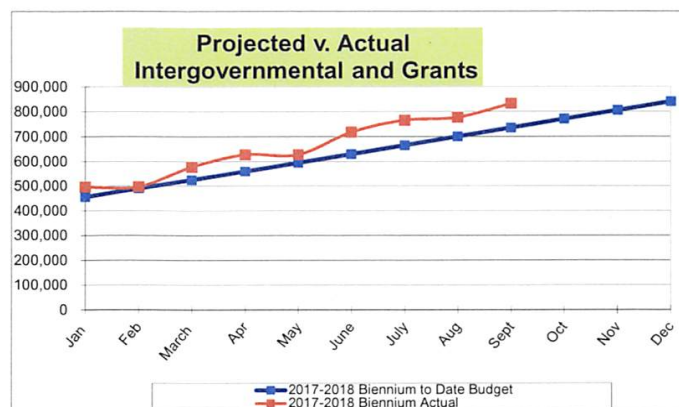
CABLE/WATER/SEWER FRANCHISE FEES

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	837,494	861,559
Jan	906,743	1,109,316
Feb	975,991	1,115,749
March	1,045,240	1,115,749
Apr	1,114,488	1,187,700
May	1,183,737	1,306,033
June	1,252,985	1,306,033
July	1,322,234	1,377,664
Aug	1,391,482	1,527,389
Sept	1,460,731	1,527,389
Oct	1,529,979	
Nov	1,599,228	
Dec	1,668,476	
'2017-18 Year To Date	1,668,476	
Actual v. Projected		105%



INTERGOVERNMENTAL & GRANTS

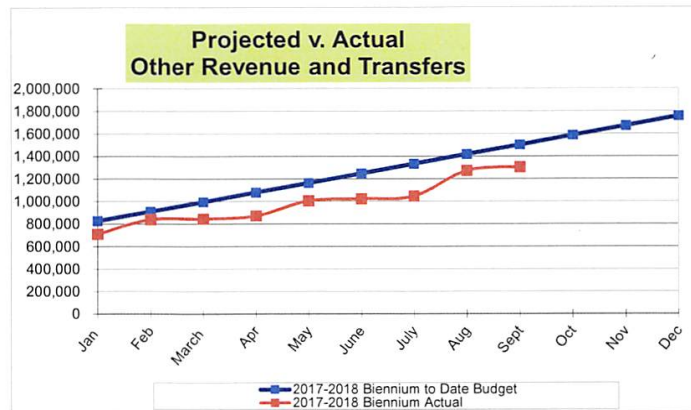
	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	420,808	448,132
Jan	455,875	497,763
Feb	490,943	498,463
March	526,010	579,878
Apr	561,077	629,627
May	596,145	629,627
June	631,212	719,491
July	666,279	766,915
Aug	701,347	778,282
Sept	736,414	834,232
Oct	771,481	
Nov	806,549	
Dec	841,615	
'2017-18 Year To Date	841,615	
Actual v. Projected		113%



**City of Kenmore, Washington
General Fund Revenue Graphs
September 30, 2018**

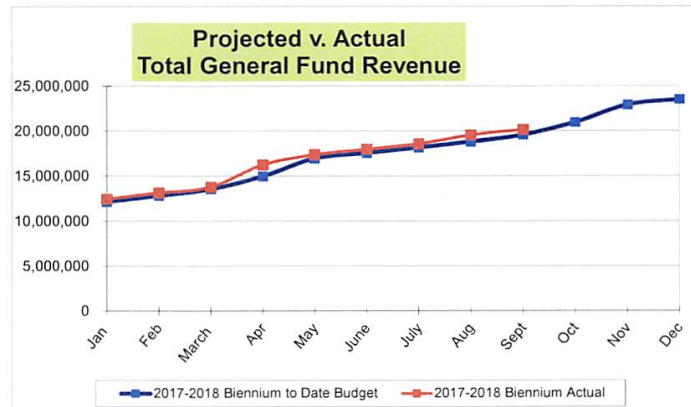
OTHER REVENUES AND TRANSFERS

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	742,986	701,874
Jan	827,411	712,400
Feb	911,836	840,519
March	996,261	847,291
Apr	1,080,686	873,291
May	1,165,111	1,006,588
June	1,249,536	1,024,068
July	1,333,960	1,046,985
Aug	1,418,385	1,273,687
Sept	1,502,810	1,305,217
Oct	1,587,235	
Nov	1,671,660	
Dec	1,756,085	
2017-18 Year To Date	1,756,085	
Actual v. Projected		87%



TOTAL GENERAL FUND REVENUE

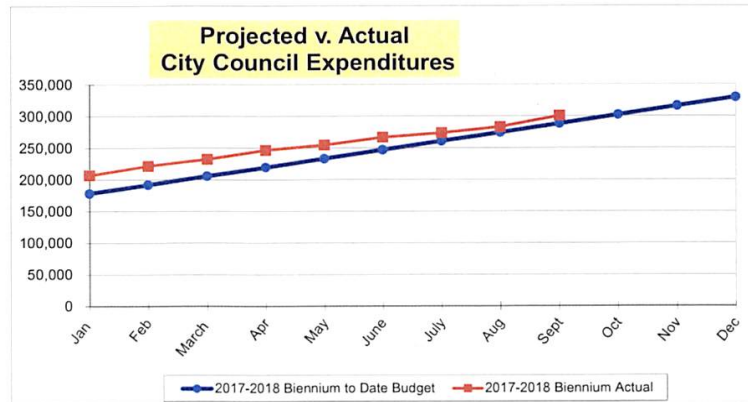
	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	12,136,345	12,461,569
Feb	12,838,975	13,164,947
March	13,580,053	13,831,338
Apr	14,989,576	16,272,617
May	16,953,663	17,375,336
June	17,563,574	17,969,546
July	18,158,246	18,570,006
Aug	18,802,547	19,539,603
Sept	19,560,964	20,152,036
Oct	20,951,495	
Nov	22,909,980	
Dec	23,533,174	
Year To Date		
Actual v. Projected		103%



**City of Kenmore, Washington
General Fund Expenditure Graphs
September 30, 2018**

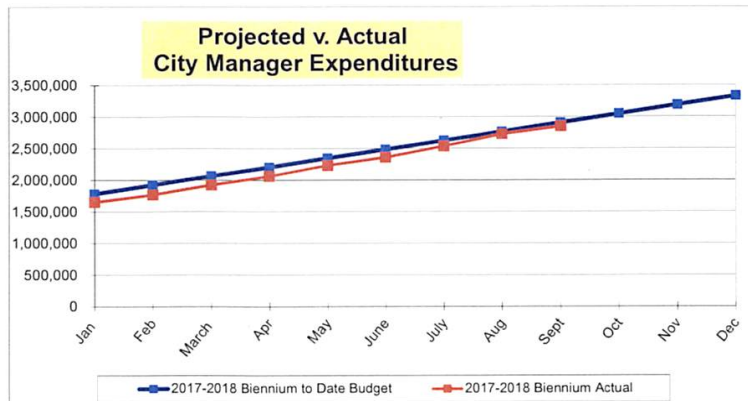
CITY COUNCIL

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	164,713	167,354
Jan	178,439	207,017
Feb	192,165	221,839
March	205,891	232,673
Apr	219,617	247,095
May	233,343	255,093
June	247,070	266,851
July	260,796	274,040
Aug	274,522	283,298
Sept	288,248	300,693
Oct	301,974	
Nov	315,700	
Dec	329,426	
2017-18	329,426	
Year To Date		
Actual v. Projected		104%



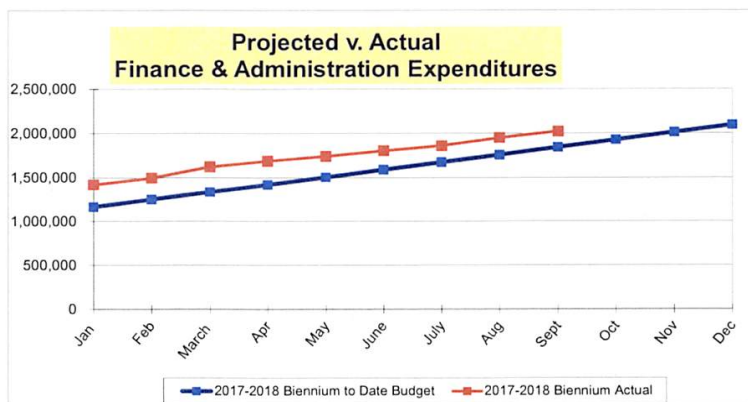
CITY MANAGER

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	1,643,289	1,563,222
Jan	1,783,706	1,654,331
Feb	1,924,124	1,770,648
March	2,064,541	1,924,823
Apr	2,204,958	2,064,887
May	2,345,376	2,232,051
June	2,485,793	2,361,311
July	2,626,210	2,539,657
Aug	2,766,628	2,729,406
Sept	2,907,045	2,850,641
Oct	3,047,462	
Nov	3,187,880	
Dec	3,328,297	
2017-18	3,328,297	
Year To Date		
Actual v. Projected		98%



FINANCE & ADMINISTRATION

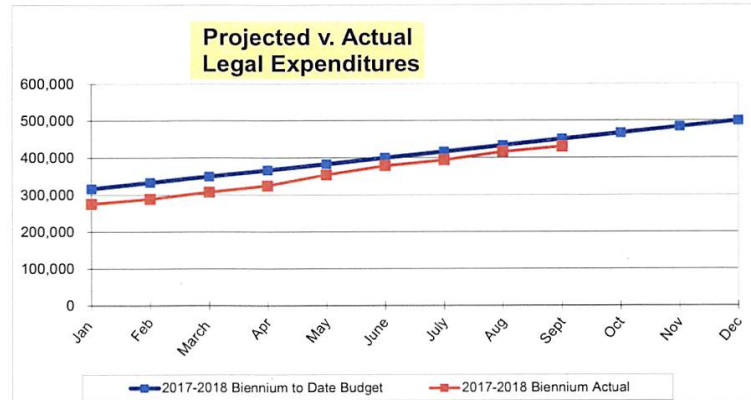
	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	1,083,885	1,129,357
Jan	1,168,407	1,424,099
Feb	1,252,928	1,501,280
March	1,337,450	1,627,809
Apr	1,421,971	1,691,362
May	1,506,493	1,744,026
June	1,591,014	1,805,177
July	1,675,536	1,861,814
Aug	1,760,057	1,951,496
Sept	1,844,579	2,026,093
Oct	1,929,100	
Nov	2,013,622	
Dec	2,098,143	
2017-18	2,098,143	
Year To Date		
Actual v. Projected		110%



**City of Kenmore, Washington
General Fund Expenditure Graphs
September 30, 2018**

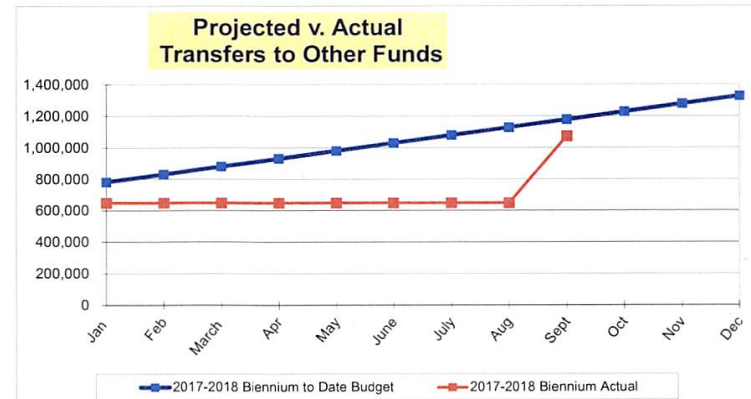
LEGAL

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	300,000	274,954
Jan	316,667	275,802
Feb	333,333	289,096
March	350,000	307,549
Apr	366,667	324,964
May	383,333	354,313
June	400,000	378,906
July	416,667	394,224
Aug	433,333	416,320
Sept	450,000	430,280
Oct	466,667	
Nov	483,333	
Dec	500,000	
2017-18	500,000	
Year To Date		
Actual v. Projected		96%



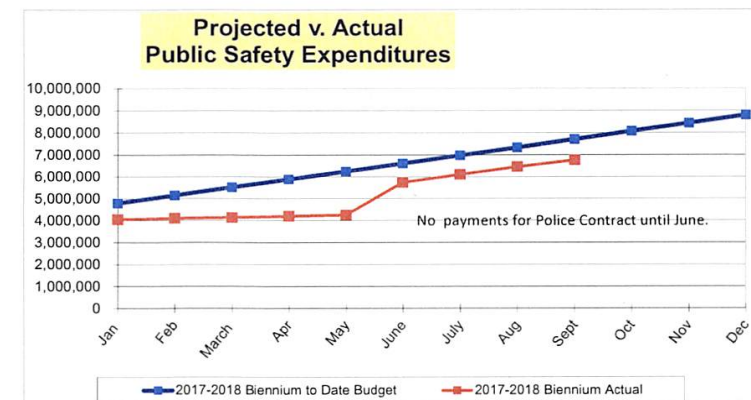
TRANSFERS TO OTHER FUNDS

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	733,151	650,220
Jan	782,741	650,220
Feb	832,331	650,220
March	881,920	650,220
Apr	931,510	650,220
May	981,100	650,220
June	1,030,690	650,220
July	1,080,279	650,220
Aug	1,129,869	650,220
Sept	1,179,459	1,075,725
Oct	1,229,049	
Nov	1,278,638	
Dec	1,328,228	
2017-18	1,328,228	
Year To Date		
Actual v. Projected		91%



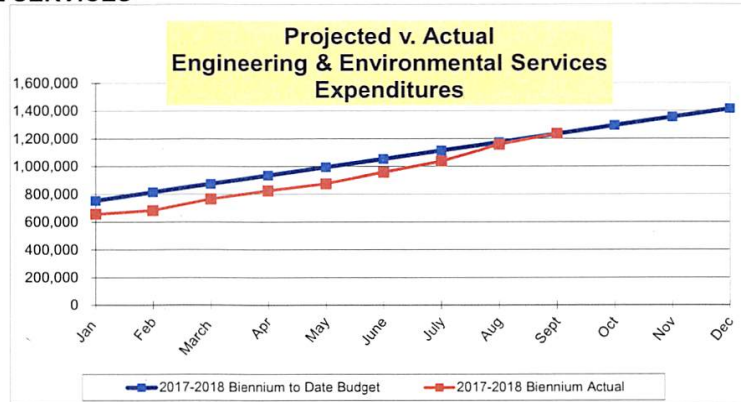
PUBLIC SAFETY

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	4,428,152	4,055,650
Jan	4,792,998	4,062,008
Feb	5,157,844	4,126,878
March	5,522,690	4,151,656
Apr	5,887,536	4,217,160
May	6,252,382	4,269,134
June	6,617,228	5,749,318
July	6,982,074	6,115,238
Aug	7,346,920	6,475,212
Sept	7,711,766	6,779,725
Oct	8,076,612	
Nov	8,441,458	
Dec	8,806,304	
2017-18	8,806,304	
Year To Date		
Actual v. Projected		88%



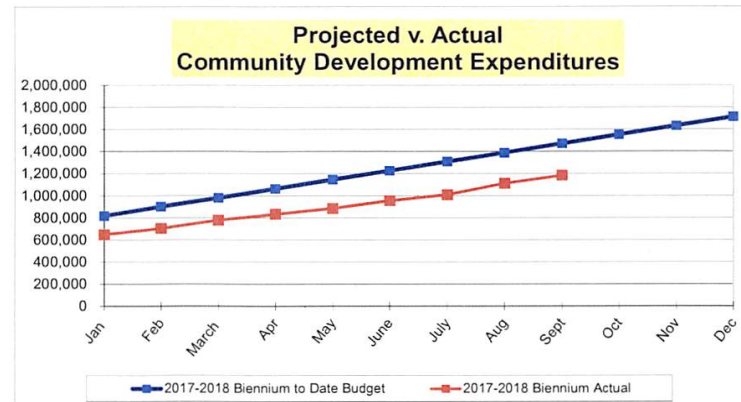
City of Kenmore, Washington
General Fund Expenditure Graphs
September 30, 2018
ENGINEERING & ENVIRONMENTAL SERVICES

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	694,010	629,990
Jan	754,093	657,935
Feb	814,177	684,399
March	874,260	765,832
Apr	934,344	825,992
May	994,427	875,015
June	1,054,511	958,652
July	1,114,594	1,037,893
Aug	1,174,677	1,159,449
Sept	1,234,761	1,237,628
Oct	1,294,844	
Nov	1,354,928	
Dec	1,415,011	
2017-18	1,415,011	
Year To Date		
Actual v. Projected		100%



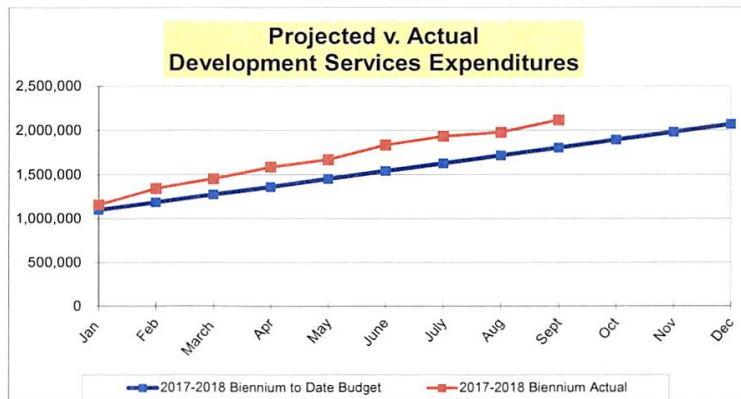
COMMUNITY DEVELOPMENT

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	737,951	599,620
Jan	819,414	650,702
Feb	900,878	705,878
March	982,341	780,880
Apr	1,063,804	837,168
May	1,145,267	887,496
June	1,226,731	957,178
July	1,308,194	1,010,494
Aug	1,389,657	1,112,102
Sept	1,471,120	1,183,411
Oct	1,552,584	
Nov	1,634,047	
Dec	1,715,510	
2017-18	1,715,510	
Year To Date		
Actual v. Projected		80%



DEVELOPMENT SERVICES

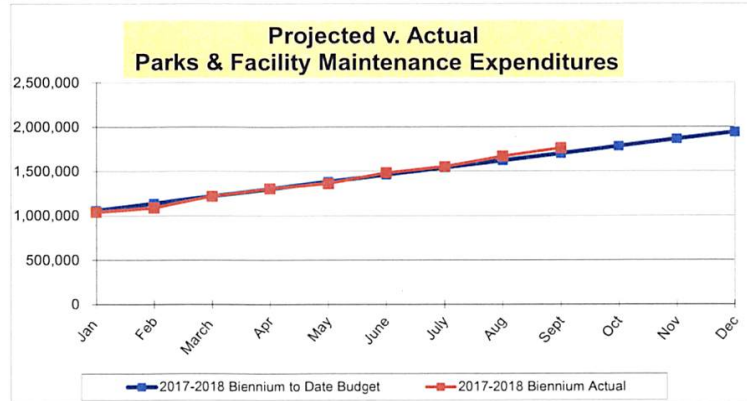
	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	1,017,664	1,087,784
Jan	1,105,466	1,165,099
Feb	1,193,268	1,351,077
March	1,281,070	1,458,554
Apr	1,368,872	1,592,825
May	1,456,674	1,672,844
June	1,544,476	1,839,707
July	1,632,278	1,937,642
Aug	1,720,080	1,982,712
Sept	1,807,882	2,120,947
Oct	1,895,684	
Nov	1,983,486	
Dec	2,071,288	
2017-18	2,071,288	
Year To Date		
Actual v. Projected		117%



**City of Kenmore, Washington
General Fund Expenditure Graphs
September 30, 2018**

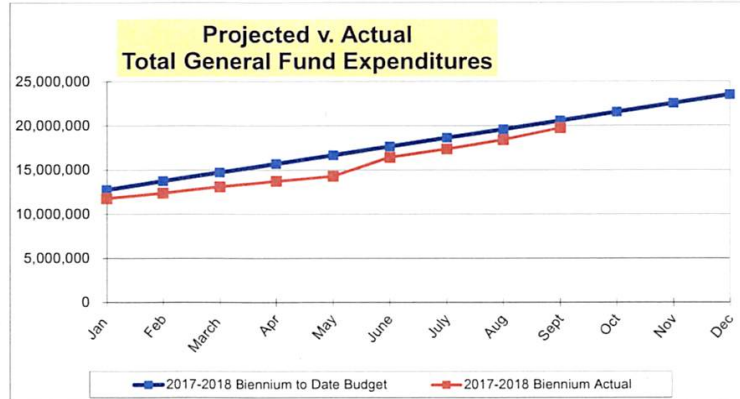
PARKS & FACILITY MAINTENANCE

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
2017	978,706	1,002,290
Jan	1,059,092	1,040,692
Feb	1,139,478	1,090,051
March	1,219,864	1,219,391
Apr	1,300,250	1,303,719
May	1,380,636	1,362,490
June	1,461,023	1,482,943
July	1,541,409	1,552,661
Aug	1,621,795	1,671,776
Sept	1,702,181	1,764,340
Oct	1,782,567	
Nov	1,862,953	
Dec	1,943,339	
2017-18	1,943,339	
Year To Date		
Actual v. Projected		104%



TOTAL GENERAL FUND EXPENDITURES

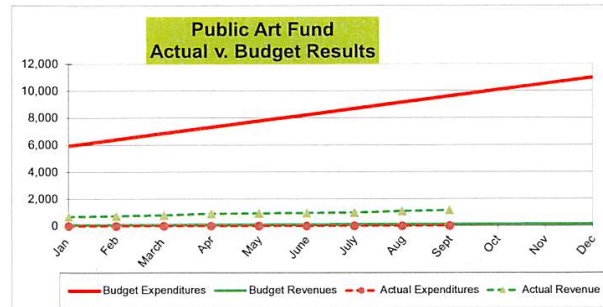
	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	12,761,023	11,787,903
Feb	13,740,525	12,391,367
March	14,720,027	13,119,388
Apr	15,699,529	13,755,393
May	16,679,031	14,302,681
June	17,658,534	16,450,263
July	18,638,036	17,373,883
Aug	19,617,538	18,431,991
Sept	20,597,040	19,769,483
Oct	21,576,542	
Nov	22,556,044	
Dec	23,535,546	
Year To Date		
Actual v. Projected		96%



City of Kenmore, Washington
Other Funds Monthly Activity
September 30, 2018

PUBLIC ART FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	5,500	0	75	680
Jan	5,958	0	81	697
Feb	6,417	0	88	748
March	6,875	0	94	805
Apr	7,333	0	100	911
May	7,792	0	106	937
June	8,250	0	113	964
July	8,708	0	119	991
Aug	9,167	0	125	1,097
Sept	9,625	0	131	1,159
Oct	10,083		138	
Nov	10,542		144	
Dec	11,000		150	
2017-18	11,000		150	
Total Actual to Date vs Total Budget		0%		773%

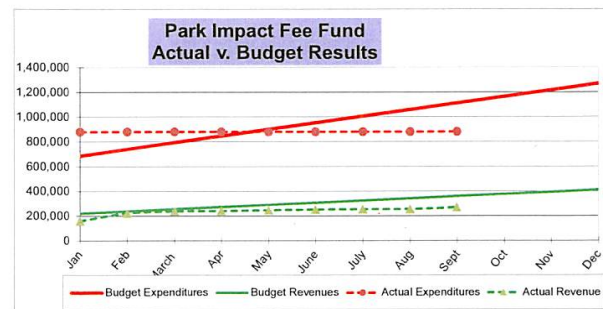


This fund accounts for public art authorized by Ordinance 01-0115. One percent (1%) of public project construction contracts is contributed to this fund to provide for public art displays or performing arts events as authorized by the City Council.

0

PARK IMPACT FEE FUND

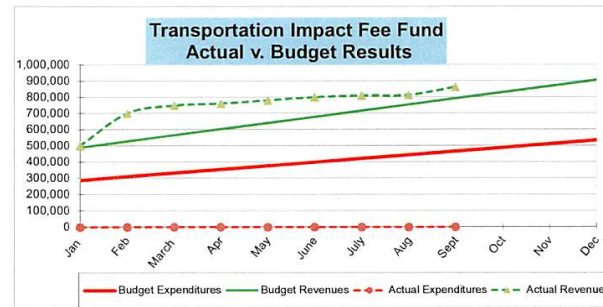
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	635,938	881,377	206,000	157,195
Jan	688,933	881,377	223,167	162,442
Feb	741,928	881,377	240,333	223,793
March	794,923	881,377	257,500	239,635
Apr	847,917	881,377	274,667	243,108
May	900,912	881,377	291,833	248,453
June	953,907	881,377	309,000	253,953
July	1,006,902	881,377	326,167	256,732
Aug	1,059,897	881,377	343,333	257,588
Sept	1,112,892	881,377	360,500	271,165
Oct	1,165,886		377,667	
Nov	1,218,881		394,833	
Dec	1,271,876		412,000	
2017-18	1,271,876		412,000	
Total Actual to Date vs Total Budget		69%		66%



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

TRANSPORTATION IMPACT FEE FUND

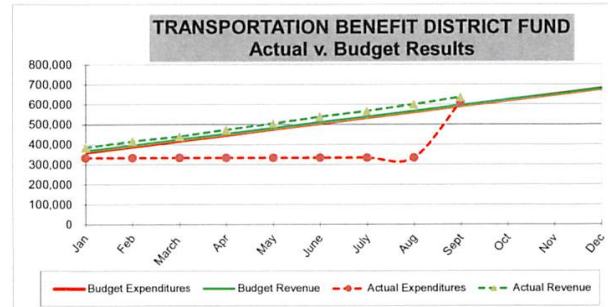
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	266,892	350,000	452,750	482,822
Jan	289,133	0	490,479	501,882
Feb	311,374	0	528,208	700,717
March	333,615	0	565,938	748,915
Apr	355,856	0	603,667	761,446
May	378,097	0	641,396	780,847
June	400,338	0	679,125	800,808
July	422,579	0	716,854	810,883
Aug	444,820	0	754,583	813,907
Sept	467,061	0	792,313	863,187
Oct	489,302		830,042	
Nov	511,543		867,771	
Dec	533,784		905,500	
2017-18	533,783		905,500	
Total Actual to Date vs Total Budget		0%		95%



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

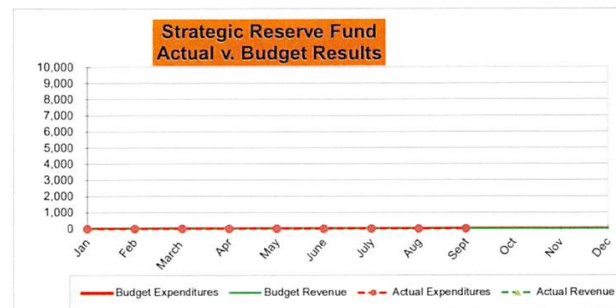
City of Kenmore, Washington
Other Funds Monthly Activity
September 30, 2018

TRANSPORTATION BENEFIT DISTRICT FUND				
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	334,500	334,500	340,400	357,603
Jan	363,250	334,500	368,767	385,946
Feb	392,000	334,500	397,133	416,835
March	420,750	334,500	425,500	441,451
Apr	449,500	334,500	453,867	474,142
May	478,250	334,500	482,233	505,633
June	507,000	334,500	510,600	538,843
July	535,750	334,500	538,967	567,845
Aug	564,500	334,500	567,333	601,059
Sept	593,250	613,887	595,700	636,990
Oct	622,000		624,067	
Nov	650,750		652,433	
Dec	679,500		680,800	
2017-18	669,000		680,800	
Total Actual to Date vs Total Budget		92%		94%



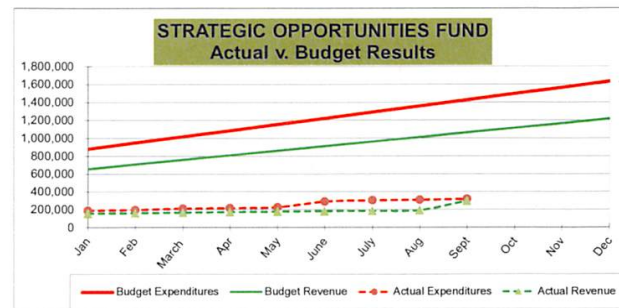
The Transportation Benefit District fund accounts for the \$20 vehicle license tab fees levied on vehicles located in the Kenmore city limits. The revenue generated will be used in maintaining the City's transportation system.

STRATEGIC RESERVE FUND				
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	0	0	0	12,814
Jan	0	0	0	13,141
Feb	0	0	0	14,091
March	0	0	0	15,175
Apr	0	0	0	17,157
May	0	0	0	17,665
June	0	0	0	18,170
July	0	0	0	18,668
Aug	0	0	0	20,663
Sept	0	0	0	21,847
Oct	0	0	0	
Nov	0	0	0	
Dec	0	0	0	
2017-18	0	0	0	0
Total Actual to Date vs Total Budget		0%		0%



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

STRATEGIC OPPORTUNITIES FUND				
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	817,450	191,649	608,973	157,176
Jan	885,571	196,367	659,721	160,994
Feb	953,692	202,543	710,469	165,166
March	1,021,813	216,010	761,216	169,459
Apr	1,089,933	222,006	811,964	176,299
May	1,158,054	231,520	862,712	180,209
June	1,226,175	294,517	913,460	184,190
July	1,294,296	308,319	964,207	188,840
Aug	1,362,417	313,221	1,014,955	194,881
Sept	1,430,538	322,703	1,065,703	299,305
Oct	1,498,658		1,116,451	
Nov	1,566,779		1,167,198	
Dec	1,634,900		1,217,946	
2017-18	1,634,900		1,217,946	
Total Actual to Date vs Total Budget		20%		25%

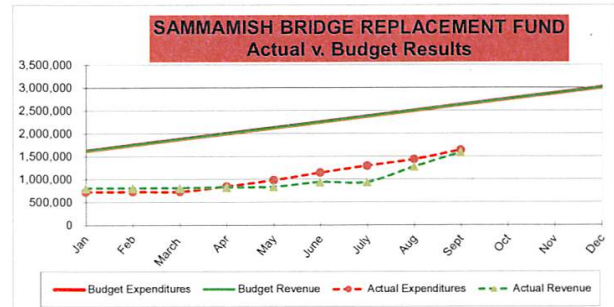


The purpose of the Strategic Opportunities Fund is to have funds available for the City to make key investments or take advantage of strategic opportunities as they present themselves. For 2015-16, the Business Incubator expenditures are budgeted in this fund.

City of Kenmore, Washington
Other Funds Monthly Activity
September 30, 2018

SAMMAMISH BRIDGE REPLACEMENT FUND

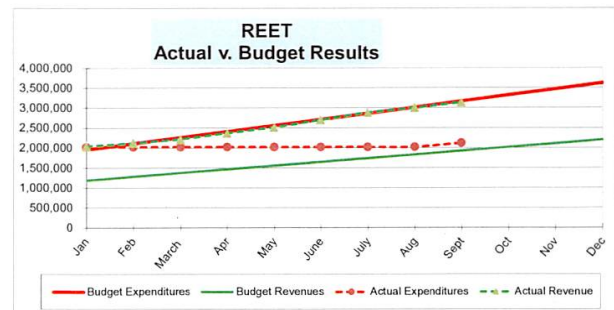
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	1,504,981	730,007	1,504,981	748,320
Jan	1,630,396	730,007	1,630,396	809,241
Feb	1,755,811	731,822	1,755,811	809,241
March	1,881,226	731,822	1,881,226	809,241
Apr	2,006,641	846,253	2,006,641	826,740
May	2,132,056	983,671	2,132,056	835,010
June	2,257,471	1,148,708	2,257,471	941,081
July	2,382,886	1,298,664	2,382,886	941,081
Aug	2,508,301	1,440,068	2,508,301	1,276,349
Sept	2,633,716	1,643,217	2,633,716	1,586,859
Oct	2,759,131		2,759,131	
Nov	2,884,546		2,884,546	
Dec	3,009,961		3,009,961	
2017-18	3,009,961		3,009,961	
Total Actual to Date vs Total Budget		55%		53%



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

REAL ESTATE EXCISE TAX FUND

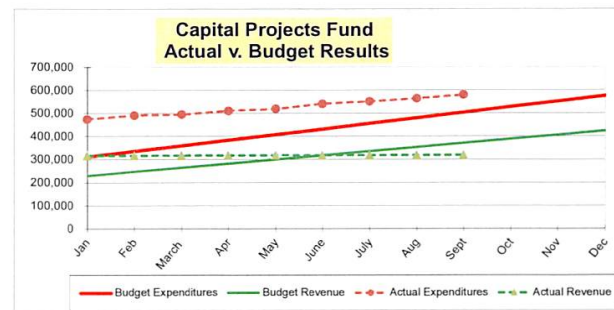
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	1,811,413	2,027,786	1,101,500	1,943,691
Jan	1,962,364	2,027,786	1,193,292	2,043,535
Feb	2,113,315	2,027,786	1,285,083	2,127,696
March	2,264,266	2,027,786	1,376,875	2,219,631
Apr	2,415,217	2,027,786	1,468,667	2,372,457
May	2,566,168	2,027,786	1,560,458	2,518,431
June	2,717,119	2,027,786	1,652,250	2,700,852
July	2,868,070	2,027,786	1,744,042	2,884,117
Aug	3,019,021	2,027,786	1,835,833	3,004,893
Sept	3,169,972	2,127,786	1,927,625	3,136,895
Oct	3,320,923		2,019,417	
Nov	3,471,874		2,111,208	
Dec	3,622,826		2,203,000	
2017-18	3,622,825		2,203,000	
Total Actual to Date vs Total Budget		59%		142%



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

KENMORE VILLAGE FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	288,397	462,039	212,314	317,063
Jan	312,430	475,427	230,007	317,143
Feb	336,463	491,040	247,700	317,366
March	360,496	495,848	265,393	317,616
Apr	384,529	511,742	283,085	318,492
May	408,562	520,341	300,778	318,600
June	432,596	541,774	318,471	318,698
July	456,629	551,804	336,164	318,791
Aug	480,662	565,231	353,857	319,145
Sept	504,695	580,265	371,550	319,341
Oct	528,728		389,242	
Nov	552,761		406,935	
Dec	576,794		424,628	
2017-18	576,794		424,628	
Total Actual to Date vs Total Budget		101%		75%

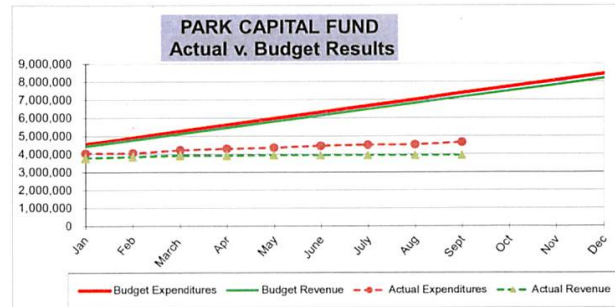


The Kenmore Village Fund accounts for leasing activity and property transactions within Kenmore Village

City of Kenmore, Washington
Other Funds Monthly Activity
September 30, 2018

PARK CAPITAL FUND

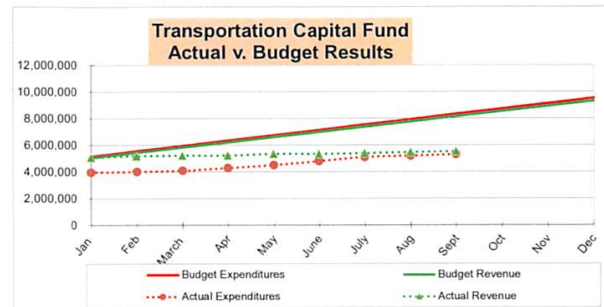
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	4,223,416	4,014,258	4,095,448	3,788,172
Jan	4,575,367	4,055,630	4,436,735	3,788,172
Feb	4,927,319	4,071,533	4,778,023	3,854,834
March	5,279,270	4,227,796	5,119,310	3,918,586
Apr	5,631,221	4,308,374	5,460,597	3,918,586
May	5,983,173	4,366,597	5,801,885	3,946,565
June	6,335,124	4,469,904	6,143,172	3,946,565
July	6,687,075	4,521,362	6,484,459	3,946,565
Aug	7,039,027	4,543,839	6,825,747	3,946,565
Sept	7,390,978	4,666,386	7,167,034	3,947,507
Oct	7,742,929		7,508,321	
Nov	8,094,881		7,849,609	
Dec	8,446,832		8,190,896	
2017-18	8,446,832		8,190,896	
Total Actual to Date vs Total Budget		55%		48%



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

TRANSPORTATION CAPITAL FUND

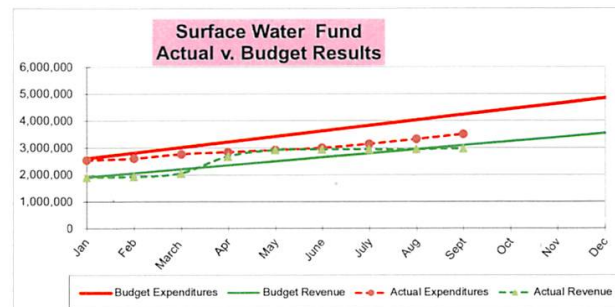
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	4,764,503	3,962,031	4,658,163	4,812,485
Jan	5,161,544	3,981,389	5,046,343	5,074,873
Feb	5,558,586	4,025,853	5,434,524	5,186,452
March	5,955,628	4,099,114	5,822,704	5,218,404
Apr	6,352,670	4,304,767	6,210,884	5,222,191
May	6,749,712	4,512,272	6,599,064	5,339,422
June	7,146,754	4,807,188	6,987,245	5,341,814
July	7,543,796	5,110,848	7,375,425	5,393,424
Aug	7,940,838	5,205,975	7,763,605	5,463,953
Sept	8,337,880	5,306,317	8,151,785	5,515,533
Oct	8,734,922		8,539,966	
Nov	9,131,964		8,928,146	
Dec	9,529,005		9,316,326	
2017-18	9,529,005		9,316,326	
Total Actual to Date vs Total Budget		56%		59%



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

SURFACE WATER MANAGEMENT FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	2,427,244	2,456,063	1,771,700	1,904,373
Jan	2,629,514	2,556,873	1,919,342	1,918,065
Feb	2,831,784	2,620,689	2,066,983	1,935,188
March	3,034,055	2,780,437	2,214,625	2,064,654
Apr	3,236,325	2,858,715	2,362,267	2,692,904
May	3,438,595	2,933,581	2,509,908	2,925,625
June	3,640,866	3,017,163	2,657,550	2,949,114
July	3,843,136	3,157,725	2,805,192	2,955,699
Aug	4,045,406	3,337,909	2,952,833	2,962,514
Sept	4,247,677	3,514,298	3,100,475	2,980,125
Oct	4,449,947		3,248,117	
Nov	4,652,217		3,395,758	
Dec	4,854,487		3,543,400	
2017-18	4,854,487		3,543,400	
Total Actual to Date vs Total Budget		72%		84%

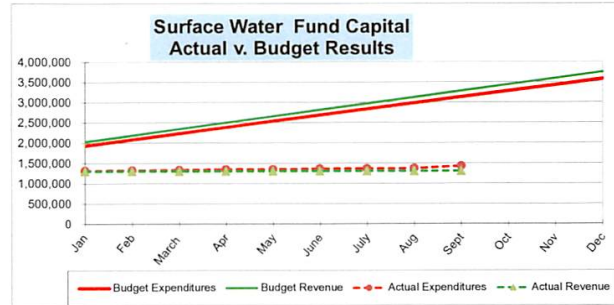


This fund accounts for receipts from surface water assessments. The assessments are collected through the property tax billings; the majority of the receipts are collected in May and November. Expenditures are for surface water maintenance activities such as sweeping and drainage as well as capital improvements.

City of Kenmore, Washington
Other Funds Monthly Activity
September 30, 2018

SURFACE WATER CAPITAL FUND

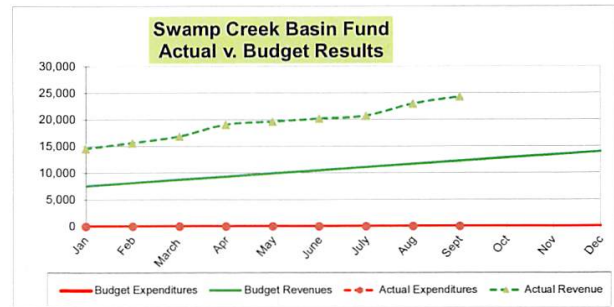
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	1,791,817	1,310,242	1,875,317	1,306,617
Jan	1,941,135	1,322,751	2,031,593	1,306,617
Feb	2,090,453	1,329,855	2,187,870	1,306,617
March	2,239,771	1,337,042	2,344,146	1,306,617
Apr	2,389,089	1,352,499	2,500,423	1,306,617
May	2,538,407	1,352,499	2,656,699	1,306,617
June	2,687,726	1,364,953	2,812,976	1,306,617
July	2,837,044	1,368,823	2,969,252	1,306,617
Aug	2,986,362	1,377,079	3,125,528	1,306,617
Sept	3,135,680	1,431,285	3,281,805	1,306,617
Oct	3,284,998		3,438,081	
Nov	3,434,316		3,594,358	
Dec	3,583,634		3,750,634	
2017-18	3,583,634		3,750,634	
Total Actual to Date vs Total Budget		40%		35%



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

SWAMP CREEK BASIN FUND

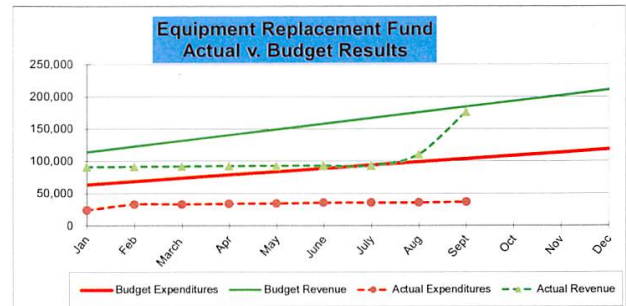
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	0	0	7,000	14,238
Jan	0	0	7,583	14,601
Feb	0	0	8,167	15,657
March	0	0	8,750	16,862
Apr	0	0	9,333	19,064
May	0	0	9,917	19,628
June	0	0	10,500	20,189
July	0	0	11,083	20,742
Aug	0	0	11,667	22,958
Sept	0	0	12,250	24,275
Oct	0	0	12,833	
Nov	0	0	13,417	
Dec	0	0	14,000	
2017-18	0	0	14,000	
Total Actual to Date vs Total Budget		0%		173%



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

EQUIPMENT REPLACEMENT FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	59,500	24,882	105,493	91,288
Jan	64,458	24,882	114,284	91,403
Feb	69,417	33,807	123,075	91,730
March	74,375	33,807	131,866	92,103
Apr	79,333	34,729	140,657	92,784
May	84,292	34,949	149,448	92,958
June	89,250	36,277	158,240	93,131
July	94,208	36,277	167,031	93,302
Aug	99,167	36,277	175,822	110,645
Sept	104,125	37,187	184,613	176,380
Oct	109,083		193,404	
Nov	114,042		202,195	
Dec	119,000		210,986	
2017-18	119,000		210,986	
Total Actual to Date vs Total Budget		31%		84%

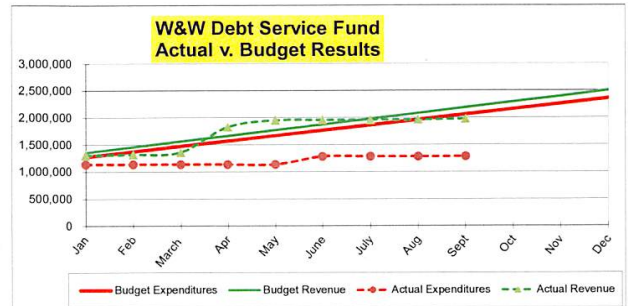


This fund is used to maintain a reserve for future replacement of equipment, including, but not limited to furniture, computers and vehicles. Payments are received from various operating departments and funds that benefit from or use the assets.

City of Kenmore, Washington
Other Funds Monthly Activity
September 30, 2018

W & W DEBT SERVICE FUND

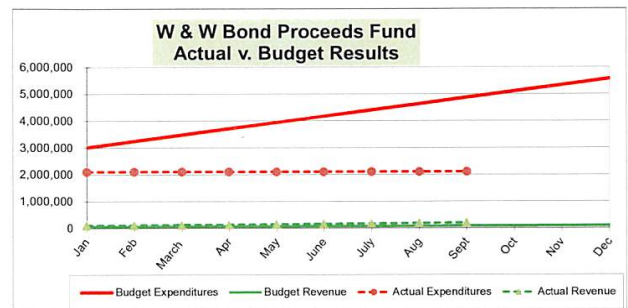
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	1,179,127	1,136,503	1,250,000	1,301,272
Jan	1,277,387	1,136,503	1,354,167	1,305,442
Feb	1,375,648	1,136,503	1,458,333	1,317,370
March	1,473,908	1,136,503	1,562,500	1,360,265
Apr	1,572,169	1,136,503	1,666,667	1,828,406
May	1,670,429	1,136,503	1,770,833	1,952,148
June	1,768,690	1,282,378	1,875,000	1,958,766
July	1,866,951	1,282,378	1,979,167	1,961,246
Aug	1,965,211	1,282,378	2,083,333	1,965,340
Sept	2,063,472	1,282,378	2,187,500	1,977,871
Oct	2,161,732		2,291,667	
Nov	2,259,993		2,395,833	
Dec	2,358,253		2,500,000	
2017-18	2,358,253		2,500,000	
Total Actual to Date vs Total Budget		54%		79%



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

W & W BOND PROCEEDS FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
2017	2,787,500	2,111,671	50,000	94,180
Jan	3,019,792	2,111,671	54,167	105,598
Feb	3,252,083	2,111,671	58,333	114,572
March	3,484,375	2,111,671	62,500	125,211
Apr	3,716,667	2,111,671	66,667	136,432
May	3,948,958	2,111,671	70,833	148,586
June	4,181,250	2,111,671	75,000	160,967
July	4,413,542	2,111,671	79,167	174,454
Aug	4,645,833	2,111,671	83,333	188,160
Sept	4,878,125	2,111,671	87,500	201,758
Oct	5,110,417		91,667	
Nov	5,342,708		95,833	
Dec	5,575,000		100,000	
2017-18	5,575,000		100,000	
Total Actual to Date vs Total Budget		38%		202%



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

City of Kenmore, Washington
Cash and Investment Report
September 30, 2018



<u>Fund</u>	Beg. Cash & Inv. from Prev. Mo.	Monthly Revenues	Monthly Expenditures	End. Cash & Inv. Current Month
General	\$4,256,897	\$612,433	\$1,337,492	3,531,838
Street	243,691	762,437	105,105	901,023
Transportation Capital	325,702	51,580	100,341	276,940
Public Art	68,705	63	0	68,767
Park Impact Fee	555,743	13,577	0	569,320
Transportation Impact Fee	1,962,249	49,280	0	2,011,529
Swamp Creek Basin	1,438,318	1,316	0	1,439,635
Transportation Benefit District	329,143	35,931	279,387	85,687
Sammamish Bridge Replacement	-163,199	310,510	203,149	(55,838)
Walkways & Waterways Debt Service	682,963	12,530	0	695,493
Real Estate Excise Tax	3,475,185	132,003	100,000	3,507,188
Kenmore Village	229,153	196	15,034	214,315
Park Capital	-343,496	941	122,547	(465,102)
Walkways & Waterways Bond	7,937,769	13,599	0	7,951,368
Surface Water Management	1,543,817	17,610	176,389	1,385,038
Surface Water Capital	-105,838	0	54,206	(160,043)
Strategic Reserve	1,294,512	1,185	0	1,295,696
Strategic Opportunities	2,054,341	104,424	9,482	2,149,283
Equipment Replacement	459,721	65,735	910	524,546
Trust & Agency	689,313	8,049	26,658	670,704
Totals	\$26,934,689	\$2,193,399	\$2,530,701	\$26,597,387

<u>Fund</u>	Cash, Savings, Local Govt Investment Pool	(> One Year) Fixed Investments	Total
General	-\$1,869,009	\$5,400,981	3,531,972
Street	51,023	850,000	901,023
Transportation Capital	276,822	0	276,822
Public Art	53,767	15,000	68,767
Park Impact Fee	-360,678	930,000	569,322
Transportation Impact Fee	1,981,532	30,000	2,011,532
Swamp Creek Basin	39,635	1,400,000	1,439,635
Transportation Benefit District	85,687	0	85,687
Sammamish Bridge Replacement	-55,838	0	(55,838)
Walkways & Waterways Debt Service	695,493	0	695,493
Real Estate Excise Tax	3,507,186	0	3,507,186
Kenmore Village	-235,689	450,000	214,311
Park Capital	-465,102	0	(465,102)
Walkways & Waterways Bond	7,951,367	0	7,951,367
Surface Water Management	875,039	510,000	1,385,039
Surface Water Capital	-160,044	0	(160,044)
Strategic Reserve	445,697	850,000	1,295,697
Strategic Opportunities	2,149,284	0	2,149,284
Equipment Replacement	74,545	450,000	524,545
Trust & Agency	570,699	100,000	670,699
Totals	\$15,611,418	\$10,985,981	\$26,597,399

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City of Kenmore, Washington
Investment Schedule
September 30, 2018



Average Yield to Maturity-Securities							Overall Average Yield	1.72%
Report by Security	Investment #	Type	Maturity Date	Purchase Date	Rate	Yield	Principal or Balance	Yield Equivalents
Morgan Stanley								
	3134G9GR2	FHLMC	8/18/2020	8/7/2017	1.60%	1.62%	999,500.00	16,191.90
	3130ACTL8	FHLB	11/25/2020	12/22/2017	1.95%	1.95%	997,650.00	19,454.18
	3134GSEU5	FHLB	2/24/2021	5/23/2018	2.62%	2.62%	996,714.35	26,153.78
	3133EHLX2	FHLB	3/5/2020	9/19/2017	1.54%	1.54%	999,000.00	15,384.60
	3130AB3N4	FHLB	10/29/2019	4/26/2017	1.55%	1.55%	1,000,750.00	15,511.63
Total Morgan Stanley Purchases							4,993,614.35	92,696.08
Time Value Investments								
	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
	3133EJSU4	FFCB	12/26/2019	7/11/2018	2.53%	2.53%	1,001,561.00	25,339.49
	76116FAG2	RFCSP	1/15/2021	5/31/2018	2.50%	2.50%	999,718.18	24,992.95
	3135G0G23	FNMA	4/29/2019	11/24/2015	1.35%	1.35%	998,326.00	13,477.40
Total TVI Purchases							4,992,366.54	92,480.50
Sound Community Bank CD's								
Total Sound Community Bank CD's							0.00	0.00
Opus Bank CD's								
	11495975	CD	8/10/2019	8/10/2018	2.37%	2.40%	1,000,000.00	24,000.00
Total Cascade Bank CD's							1,000,000.00	24,000.00
TOTAL ALL SECURITIES							\$ 10,985,980.89	\$ 209,176.59
Banner Checking and Savings						0.07% Banner	3,734,862.48	2,614.40
Opus Savings						2.09% Opus	3,040,412.29	63,544.62
Cash								-
LGIP - Primary Account						2.06% LGIP	798,647.87	16,452.15
LGIP - Bond Proceeds Account						2.06% LGIP	8,037,495.14	165,572.40
Total Accounts							\$ 26,597,398.67	457,360.15

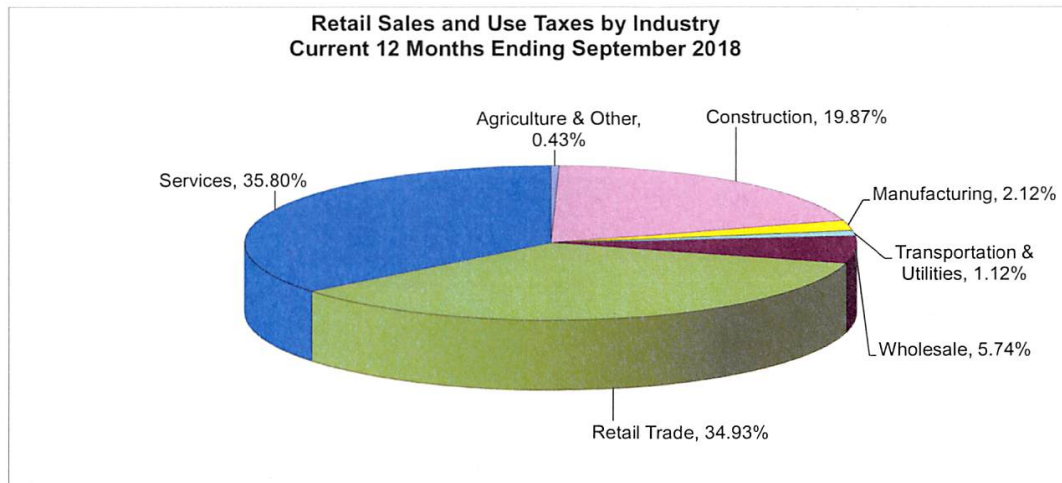
City of Kenmore, Washington
SALES TAX RECEIPTS BY BUSINESS TYPE
 September 2018

	SALES TAX	USE TAX	TOTAL	PERCENT
AGRICULTURE & OTHER	40.64	0.00	40.64	0.0%
CONSTRUCTION	50,699.53	601.48	51,301.02	22.0%
MANUFACTURING	4,104.51	-68.39	4,036.13	1.7%
TRANSPORTATION & UTILITIES	676.95	1,833.39	2,510.33	1.1%
WHOLESALE	15,248.64	23.03	15,271.66	6.5%
RETAIL TRADE	81,185.01	121.26	81,306.27	34.9%
SERVICES	63,216.05	301.11	63,517.16	27.2%
INFORMATION	8,224.02	45.91	8,269.93	3.5%
PUBLIC SERVICES	12.34	7,006.59	7,018.93	3.0%
	<u>223,407.68</u>	<u>9,864.39</u>	<u>233,272.07</u>	<u>100.0%</u>

City of Kenmore, Washington
Retail Sales and Use Tax Distribution
September 30, 2018

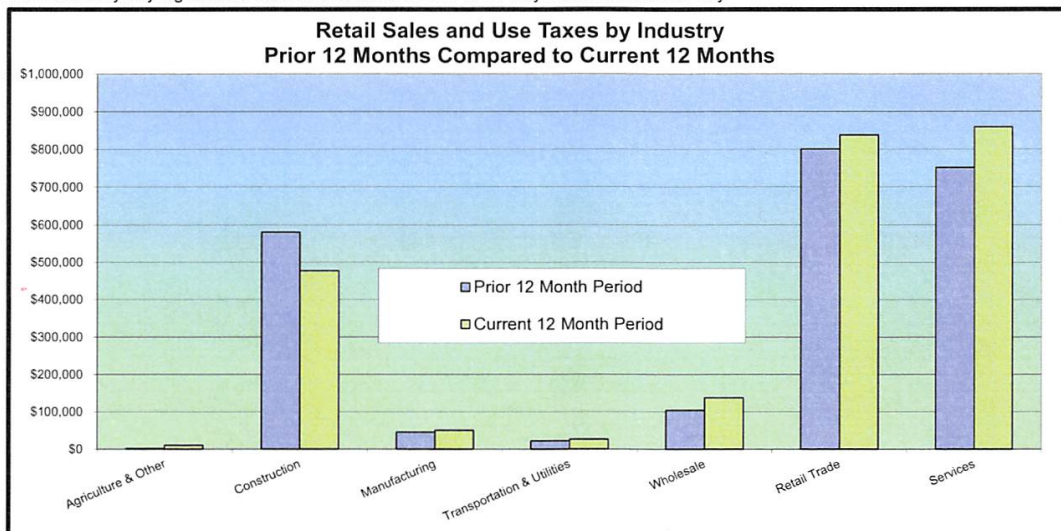


Industry	Prior 12 Months ending September 2017	Current 12 Months ending September 2018	% Increase/ (Decrease)	% of Total
Agriculture & Other (Landscaping, Animal Hospitals)	\$1,871	\$10,278	449.26%	0.43%
Construction	580,661	477,011 *	-17.85%	19.87%
Manufacturing (Printing, Publishing, Other Manuf.)	45,494	50,902	11.89%	2.12%
Transp/Comm/Utilities (Telecomm., Air Transport.)	22,563	26,779	18.68%	1.12%
Wholesale (Lumber, Other Wholesale)	103,952	137,787	32.55%	5.74%
Retail Trade (Eating, Merchandise, Food Stores)	800,949	838,338	4.67%	34.93%
Services (Auction, Recreation, Auto Repair, Financial)	751,401	859,254	14.35%	35.80%
Totals	\$2,306,891	\$2,400,349	4.05%	100%
Increase/(Decrease)		\$93,458	4.05%	



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
September 30, 2018**



**Real Estate Excise Taxes (REET)
2015 - 2018 Monthly Receipts**

	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Target 2018
January	74,259	122,819	176,657	99,205	124,578
February	61,070	70,146	94,134	82,263	75,117
March	111,337	110,066	170,086	89,698	130,496
April	104,280	133,161	126,245	148,514	121,228
May	112,927	129,599	139,422	144,906	127,316
June	156,338	167,575	211,430	181,182	178,448
July	173,095	177,426	163,138	181,974	171,219
August	166,651	165,397	114,754	115,421	148,934
September	147,668	136,176	221,719	128,704	168,521
October	129,678	150,786	186,805		155,756
November	120,907	124,437	150,187		131,844
December	96,566	131,651	146,159		124,792
	\$1,454,776	\$1,619,239	\$1,900,736	\$1,171,867	\$1,658,250

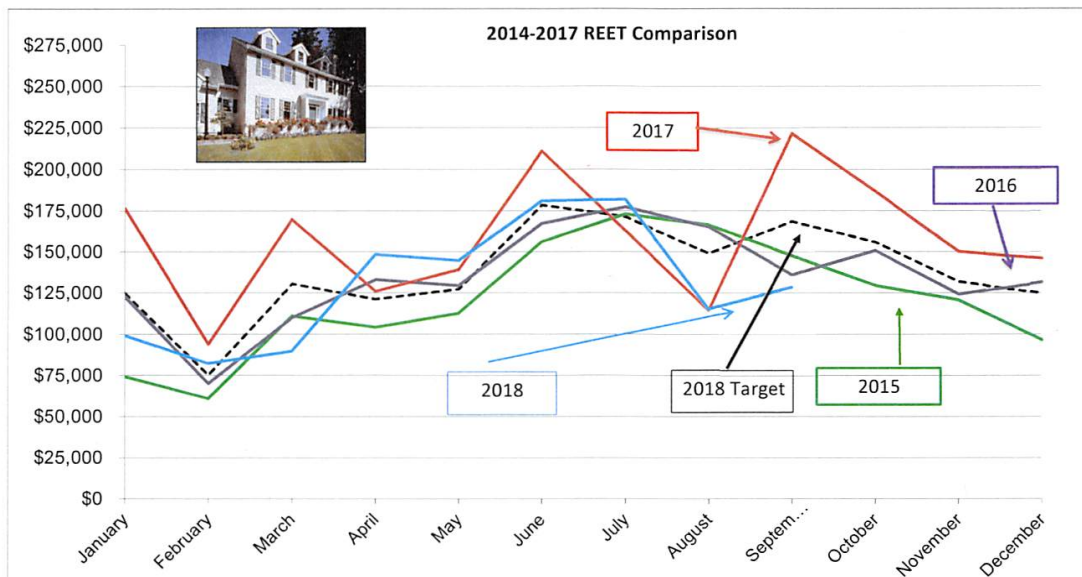
For 2018, REET is \$153,370 less than the same period last year and less than the 2018 target by \$660

* NOTE THE 2018 target is computed on a 3 year average (2015-2017) of actual receipts

**Real Estate Excise Taxes (REET)
2015 - 2018 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)

	2015	2016	2017	2018	2014	2015	2016	2017
January	7,418,000	18,590,517	27,548,430	17,379,581	23,264	36,719	92,023	136,365
February	6,607,900	9,701,034	19,017,050	15,277,640	19,458	32,709	48,020	94,134
March	7,874,934	15,147,174	29,692,641	13,818,387	10,768	38,981	74,979	146,979
April	14,291,370	21,160,913	19,953,544	23,896,450	21,120	70,742	104,747	98,770
May	14,068,904	19,813,122	24,277,456	25,710,632	61,121	69,641	98,075	120,173
June	20,361,466	26,065,161	36,414,050	31,816,871	36,402	100,789	129,023	180,250
July	25,571,387	24,020,546	28,779,145	32,800,185	74,604	126,578	118,902	142,457
August	22,614,538	21,648,781	18,859,991	19,693,600	29,117	111,942	107,161	93,357
September	18,821,380	16,950,242	38,431,272	22,172,221	41,767	93,166	83,904	190,235
October	16,519,240	21,157,409	31,278,148		220,060	81,770	104,729	154,827
November	14,736,156	16,916,011			44,164	72,944	83,734	0
December	13,187,535	20,607,695	25,603,889		35,357	65,278	102,008	126,739
	\$182,072,810	\$231,778,605	\$299,855,616	\$202,565,567	617,202	901,259	1,147,305	\$1,484,286



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City of Kenmore, Washington
Monthly Report for Kenmore Village Fund
September 30, 2018



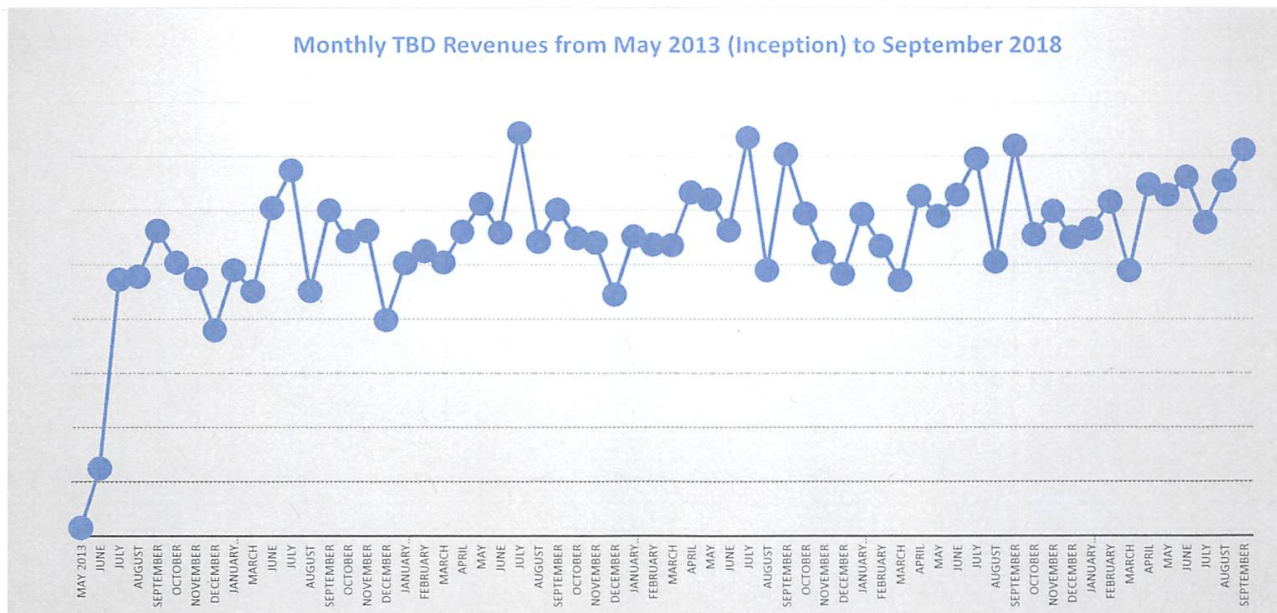
<u>Revenues</u>	<u>September 2018</u>	<u>Biennium-to- Date</u>	<u>Biennium Budget</u>
Lease Income (USPS & Kenmore Village)	0	20,120	89,000
Investment Interest	196	4,749	5,000
Transfer From General Fund	0	123,085	328,228
Misc. Revenues	0	170,282	0
Leasehold Excise Returned	0	1,087	2,400
Total Revenues	196	319,324	424,628
<u>Expenditures</u>			
Salaries/Wages/Benefits	0	761	60,000
Downtown Plan Services	0	8,382	0
Events & Misc.	11,165	54,583	44,000
Utilities and Insurance - Kenmore Village	1,709	57,329	64,200
Repairs, Maintenance, Other Services	3,359	87,764	84,600
Surface Water and Fire Benefit Fees	0	8,942	0
Computer Software	140	629	20,000
Improvements	0	0	8,000
Kenmore Village Public Square	-1,339	357,321	0
Total Expenditures	15,034	575,712	292,228
Net Income (Loss)	-14,838	-256,388	132,400

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

**Kenmore Transportation Benefit District
Monthly Report
September 30, 2018**



Revenues	September 2018	Biennium-to- Date	Percent of Budget	Biennium Budget
Vehicle Fees	35,597	631,342	92.84%	680,000
Investment Interest	334	5,530	691.22%	800
Total Revenues	\$35,931	\$636,872	93.55%	\$680,800
Expenditures				
Reimbursement to Street Fund	279,387	613,887	91.76%	669,000
Total Expenditures	279,387	613,887	91.76%	669,000
Net Income (Loss)	-\$243,456	\$22,984		\$11,800





City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Amendments to the 2017-2018 Biennial Budget	For Council Meeting Agenda of: November 13, 2018 Department: Finance and Administration Prepared by: Joanne M. Gregory, Finance and Administration Director <u>Initial & Date</u> Approved by Department Head: <u>mg 11-2-18</u> Approved by City Attorney: _____ Approved by Finance Director: <u>mg 11-2-18</u> Approved by City Manager: <u>gjk</u>
Proposed Council Action/Motion: Review Amendments to the 2017-2018 Biennial Budget	Exhibits/Attachments: Presentation to be Provided by November 9, 2018

INFORMATION/BACKGROUND:

On December 12, 2016, the City of Kenmore adopted the 2017-2018 biennial budget. The city-wide budget was amended on July 24, 2017 and again on November 27 during the Mid Biennium Review. The amended budget includes revenue (\$71,875,400) and expenditure (\$71,166,405) projections for both years which support the City Council priorities, departmental work programs, various municipal obligations, as well as Federal and State mandates.

Prior to the close of 2018, which will be the end of the 2017-2018 biennial budget period, it is important to review all funds' budgets, consider actions taken by the City Council since the last budget amendment, consider any significant unappropriated expenditures, and adjust fund budgets accordingly so as not to exceed approved legal fund budgets.

The Ordinance to formally amend the budget will be presented for approval on November 26, 2018.

FISCAL CONSIDERATION:

Details of proposed revenue and expenditure adjustments will be provided by November 9, 2018.

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.

i:\admin & finance\budget\2017-2018\ab 2017-2018 amendment #3 nov 2018.docx



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Public Hearing, Deliberation and Action to Allow “Construction and Trade” as a Temporary Use for One Year at 6532 NE Bothell Way for an Interim Public Works Shop. Proposed Council Action/Motion: Motion to Allow “Construction and Trade” as a Temporary Use for One Year at 6532 NE Bothell Way for an Interim Public Works Shop.	For Council Meeting Agenda of: <u>November 13, 2018</u> Department: <u>Development Services</u> Prepared by: <u>Samantha Loyuk, Associate Planner</u> <u>Initial & Date</u> Approved by Department Head: <u>SA 10/30/18</u> Approved by City Attorney: _____ Approved by Finance Director: <u>✓</u> _____ Approved by City Manager: <u>psk</u> _____ Exhibits/Attachments: Attachment #1: Development Review Team Pre-Application Meeting Comments. Attachment #2: Project Narrative and Justification. Attachment #3: Site location map
<u>INFORMATION/BACKGROUND:</u> The City of Kenmore (Kenmore) has contracted with the City of Lake Forest for public works services since incorporation. Starting on January 1, 2019, Kenmore will be providing in-house public works services. Kenmore has not been able to find a permanent location for a Public Works Shop, which is considered a “Construction and Trade” use, per the zoning code (KMC 18.20.590). A city-owned property located at 6532 NE Bothell Way (“subject property”) has been identified as a temporary location for the Public Works shop. The subject property is zoned Downtown Commercial (DC) and does not contain any environmentally critical areas or buffers. Per KMC 18.25.020, Construction and Trade uses are prohibited use in the DC zone. However, the use is allowed on a temporary basis through Temporary Use Permit (KMC 18.100.100). Temporary Use Permits are a mechanism by which the City may permit a use otherwise not permitted in the zone. Temporary Use Permits that exceed 90-days require a public hearing and City Council approval. In accordance with KMC 18.100.125, a Temporary Use Permit shall demonstrate that: A. The proposed temporary use will not be materially detrimental to the public welfare; B. The proposed temporary use is compatible with existing land uses in the immediate vicinity in terms of noise and hours of operation; and C. Adequate public off-street and traffic control for the exclusive use of the proposed temporary use can be provided in a safe manner.	

Staff reviewed the application for compliance with the approval criteria described in KMC 18.100.125 and determined the temporary use complies.

Development Services staff recommends the temporary use be allowed for one year, starting January 1, 2019.

FISCAL CONSIDERATION:

Having the Public Works shop at this location allows staff adequate time to locate and negotiate a permanent location.



ATTACHMENT #1

City of Kenmore, Washington

Development Services

October 5, 2018

City of Kenmore Public Works Department
Attn: Jennifer Gordon
18120 68th Ave NE
Kenmore, WA 98028
jgordon@kenmorewa.gov – via email only

**RE: Development Review Team Pre-Application Meeting Final Comments
Interim Public Works Shop, PRE18-0147 (PRJ18-0005)**

Ms. Gordon,

Thank you for your participation in the City's development review program. Enclosed are the final review comments resulting from the pre-application meeting held on 10/4/18 and include:

1. Planning comments provided by Samantha Loyuk dated 10/4/18;
2. Engineering comments provided by Terri Bielenberg dated 10/4/18;
3. Building comments provided by Ryan Mumma dated 9/28/18;
4. Northshore Utility District comments provided by Thema Crenshaw dated 10/1/18;
5. Northshore Fire Department comments provided by Jeff LaFlam dated 9/20/18;
6. Pre-application sign-in sheet.

Sincerely,

Tela Whiteman, Permit Specialist
Development Services

cc: File
Ben Yazici, MuniManage – ben@munimanage.com
Richard Sawyer – rsawyer@kenmorewa.gov

Attachments



City of Kenmore, Washington

Development Review Comments

Date of Report: October 4, 2018
Permit Number: PRE18-0147 (PRJ18-0005)
Project Name: Interim Public Works Shop
Project Location: Parcel # 794630-0195 & -0196
Reviewer: Samantha Loyuk, Planner
E-mail Address: sloyuk@kenmorewa.gov
Department: Development Services – Planning

Regulatory Responsibilities of Department: Development Services is responsible for reviewing the project for compliance with the Kenmore Land Division Code (KMC Title 17), Zoning Code (KMC Title 18), Land Use Policies and Procedures Code (KMC Title 19), and other applicable land use and environmental regulations such as the State Environmental Policy Act (SEPA).

Project Description: Feasibility inquiry regarding an interim Public Works Shop.

- Phase I: Provide a temporary staging area and shop for City of Kenmore Public Works Department. The temporary use will be designed to accommodate an existing drive-thru coffee stand. Proposed temporary use is 90 days.
- Phase II: Provide a temporary staging area and shop for City of Kenmore Public Works Department; existing coffee shop to be removed and entire lot to be use for Public Works. Proposed temporary use is approximately one (1) year.

Executive Summary: These comments are general and subject to change as additional information is provided and/or if the scope of the project changes.

Review Comments:

1. The subject property is located in the Downtown Commercial (DC zone). The downtown commercial zone features a mix of private and public uses designed to create a small-town feel and pedestrian-friendly environment. Public places, sidewalks, extensive landscaping, transit orientation, shared or structured parking, protection of critical areas, and high-quality design and signage are key features. KMC 18.25.010
2. Per KMC 18.20.2180, "Public agency or utility yard" means a facility for open or enclosed storage, repair, and maintenance of vehicles, equipment, or related materials, excluding document storage. The DC zone use table (KMC 18.25.020 Table A) does not use the term "Public Agency or Utility Yard," as it is outdated and has since been replaced with "Construction and Trade."

Per KMC 18.20.590, "Construction and Trade" means an establishment that provides services related to construction and maintenance of buildings and infrastructure and improvements to property. Such establishments include landscape and horticultural services. This definition excludes construction and trade establishments that qualify as an office by virtue of having only a business office without outside storage or fabrication. **Construction and trade is a prohibited use in the DC zone. However, the applicant**

18120 68th Avenue NE · Kenmore, WA 98028

(425) 398-8900 · cityhall@kenmorewa.gov · www.kenmorewa.gov

informal Public Development Application (PDA) Form 4-14-14 (04/14)
12/4/2016 10:51

may choose to pursue a Temporary Use Permit (TUP) to allow the use on an interim basis (KMC 18.100.100).

Temporary Use Permit (TUP):

3. Pursuant to KMC 18.100.120, TUPs are limited to duration and frequency as follows:
 - a. The TUP shall be effective for up to 365 days after issuance;
 - b. The TUP shall not exceed a total of 90 days or as otherwise provided in this title; provided, that this requirement applies only to the days that the event(s) authorized by the permit actually takes place. This time limit may be extended by the *city council* following a public hearing on the proposal;
 - c. The temporary use permit shall specify a date upon which the *use* shall be terminated and removed; and
 - d. A temporary use permit shall not be granted for the same temporary use on a property more than once per calendar year; provided, that a temporary use permit may be granted for multiple events during the approval period.

The permit will be conditioned, as necessary. This comment is provided for information purposes; a response is not required.

4. Pursuant to KMC 18.100.125, the TUP application shall demonstrate the following:
 - a. The proposed temporary use will not be materially detrimental to the public welfare;
 - b. The proposed temporary use is compatible with existing land *uses* in the immediate vicinity in terms of noise and hours of operation; and
 - c. Adequate public off-street parking and traffic control for the exclusive use of the proposed temporary use can be provided in a safe manner.

As part of the project narrative, the applicant shall address each of the approval criteria described above.

Action Items:

- a. A response to the criteria listed above was not provided as part of the application. A narrative demonstrating compliance with items KMC 18.100.125 (4.a-c above) for Phase I is required. If the applicant has questions on how to prepare this letter, development services staff is available and happy to provide guidance.
- b. A narrative demonstrating compliance with items KMC 18.100.125 (4.a-c above) for Phase II is required. If the applicant has questions on how to prepare this letter, development services staff is available and happy to provide guidance. If the response is the same for each phase, the applicant can choose to write one response only.

Downtown Commercial (DC) Development Standards:

5. The project is subject to the development standards described in KMC 18.25.040 Table B:
 - a. Street Setback: Minimum 10 ft. from SR-522, unless otherwise allowed through Chapter 18.52 KMC, Downtown Design Standards; other *streets* 0 ft.
 - b. Interior Setback: 0 ft.
 - c. Maximum impervious surface: 90%

Interim Public Works Shop pre-application: PRE18-0147 (PRJ18-0005)
10/4/2018 SL

If the applicant proposes deviation from any of the development standards described above, the project narrative shall identify those and provide justification and/or compensatory measures. The request for deviation will be reviewed by City Council.

Action Items:

Provide a revised site plan for Phase II which identifies the property lines.

Trees:

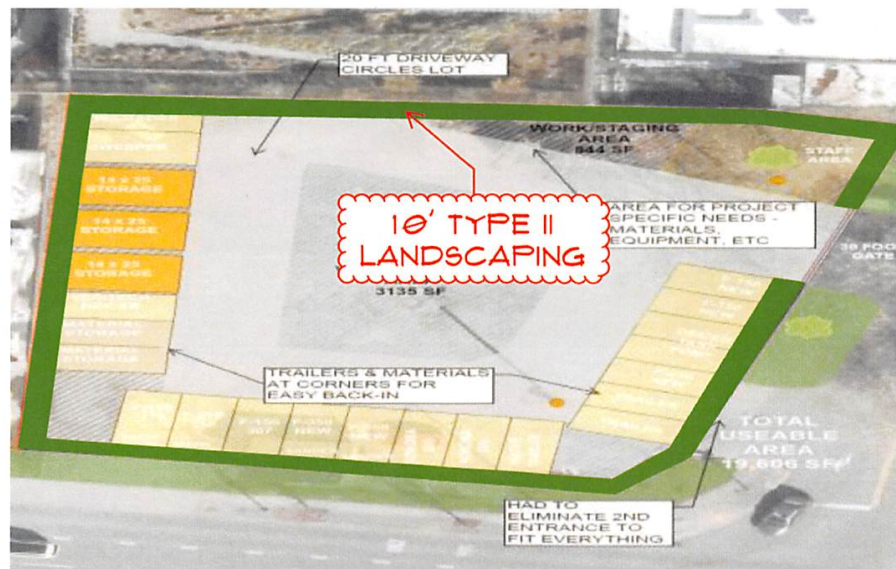
6. The project is exempt from Tree Management and Protection standards pursuant to KMC 18.57.035.A.4.

Landscaping:

7. All new development is subject to the landscaping provisions described in KMC 18.35. Per KMC 18.35.045, the project shall provide the following landscaping:

Street Frontage Perimeter Landscaping (average width)	Interior Lot Line Perimeter Landscaping (average width)	Surface parking lots of 10 or more stalls
10' Type II	10' Type II	N/A

The proposed plans do not appear to provide the required landscaping. The applicant may choose to provide an alternative landscape plan, per KMC 18.35.100. If the applicant proposes deviation from landscape standards (beyond alternative landscaping), the project narrative shall identify the deviation and provide justification and/or compensatory measures. The request for deviation will be reviewed by City Council.



8. Type II landscaping is a "filtered screen" that functions as a visual separator. Per KMC 18.35.040.B.2, Type II landscaping shall minimally consist of: a. A mix

Interim Public Works Staff Review of Application for Temporary Use for One Year at 6532 ...
10/4/2019 5:15

of evergreen and deciduous trees and shrubs generally interspersed throughout the landscape strip spaced to create a filtered screen; b. At least 50 percent deciduous trees and at least 30 percent evergreen trees; c. Trees provided at the rate of one per 20 linear feet of landscape strip and spaced no more than 30 feet apart on center; d. Shrubs provided at the rate of one per four linear feet of landscape strip and spaced no more than eight feet apart on center; and e. Ground cover pursuant to KMC 18.35.090.

Downtown Design Standards:

9. The subject property is located in Downtown Design Standard Area #1, per KMC 18.52.070.A.1.
10. The proposed fence does not comply with design standards. Unadorned wood fences and chain link fencing are not allowed (KMC 18.52.180.C). To address this design standard the applicant could add temporary art panels to the fence.
11. The following categories of improvements are exempt from applicable design standards:
 - a. Re-roofing that does not modify the roof structure;
 - b. Repainting;
 - c. Interior remodels;
 - d. Mechanical equipment replacement;
 - e. Parking lot pavement patching, or stall repainting that does not involve reconfiguration;
 - f. Normal maintenance or minor repair;
 - g. Any activity in which the total cost or fair market value (whichever is higher) of labor and materials combined does not exceed \$15,000; provided, that the improvement does not involve priority standards listed in subsection G of this section. This cost/fair market value figure shall be adjusted upward by five percent annually to address a cost of living increase; provided, that within a three-year period, if the total \$15,000 amount is exceeded, future improvements shall be subject to applicable design standards.

The proposal does not appear to be exempt from design standards. However, the degree to which each standard applies to a redevelopment project shall be evaluated on a case-by-case basis in an effort to achieve an overall design which meets the purpose and intent of the downtown design standards. The TUP shall address the following design standards:

- KMC 18.52.140 Site Lighting
- KMC 18.52.180 Parking lot screening
- KMC 18.52.200 Screening (100% sight-obscuring, year-round)
- KMC 18.52.300, -340 Building materials

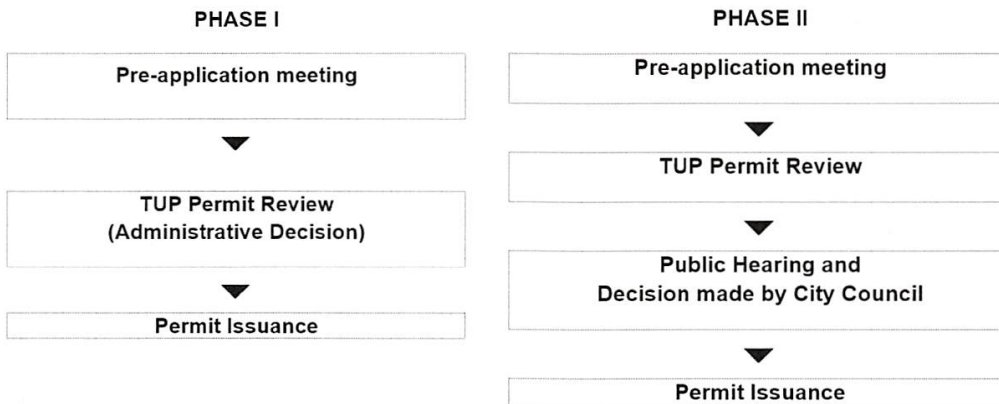
Procedural Comments:

12. Phase I is a Type 1 administrative decision. The improvements described in this letter will be deferred to Phase II.
13. Phase II requires a public hearing and decision made by City Council.
14. The is exempt from review of the State Environmental Policy Act (SEPA) pursuant to WAC 197-11-800(1)(d). SEPA exemption status will be confirmed when the application is filed.

Interim Public Works Shop pre-application, PRE18-0147 (PRJ18-0005)
10/4/2018 SL

Exempt status is subject to change if the scope of the project is revised or if new information is received.

15. The charts below summary the process for each phase:



Reviewer Signature and Date: *AA Gil*



City of Kenmore, Washington

Development Review Comments

Date of Report: October 4, 2018
Permit Number: PRE18-0147(PRJ18-0005)
Project Name: Interim Public Works Shop
Project Location: 6532 NE Bothell Way
Reviewer: Terri Bielenberg – Civil Engineer
E-mail Address: tbielenberg@kenmorewa.gov
Department: Engineering

Regulatory Responsibilities of Department: Review plans in accordance with Kenmore Municipal Code (KMC) 12.50, 13.35, & 18.40 which adopt, with amendments, the 2016 King County Surface Water Design Manual (KCSWDM) & 2016 City of Kenmore Road Standards (COKRS).

Project Description: Feasibility inquiry regarding an interim Public Works Shop.

- Phase I: Provide a temporary staging area and shop for City of Kenmore Public Works Department. The temporary use will be designed to accommodate an existing drive-thru coffee stand. Proposed temporary use is 90 days.
- Phase II: Provide a temporary staging area and shop for City of Kenmore Public Works Department; existing coffee shop to be removed and entire lot to be use for Public Works. Proposed temporary use is approximately one (1) year.

Executive Summary: These comments are general and subject to change as additional information is provided and/or if the scope of the project changes.

Drainage Comments: The project is not adding or replacing any impervious area. The City will require protecting all inlets during Phase I and II.

1. An erosion and sediment control (ESC) plan, consistent with KCSWDM 2.3.1.3, and Stormwater Pollution Prevention Plan & Spill (SWPPS) Plan, consistent with KCSWDM 2.3.1.4, will be required for phase II.

Street/Traffic Comments:

2. Per COKRS 1.06, all projects that generate new traffic impacts are required to provide frontage improvements. The site is currently utilized as a drive through coffee stand. The proposed project will eliminate the coffee business and will be replaced with storage of materials and will generate up to approximately 15-20 vehicle trips per day. The proposed plan will also close one driveway on 67th. The reductions in vehicle trips and vehicle/pedestrian conflicts will result in net reduction in overall traffic impacts. Given this facility serves a broad public purpose and reduces traffic impacts from the current use, frontage improvements will be waived. Per KMC 20.47.040.A6 impact fees may be waived by Council if the project provides a greater public benefit and will be recommended to Council for approval.

Reviewer Signature and Date: Terri Bielenberg 10/4/18

Engineering Review Comment
 Project: PRE18-0147
 Date: 10/4/2018

Page | 1



City of Kenmore, Washington

Development Review Comments

Date of Report: September 28, 2018 – **Draft comments**
Permit Number: PRE18-0147
Project Name: **Interim Public Works Shop**
Project Location: 6532 NE Bothell Way
Reviewer: Ryan Mumma – Plans Examiner/Inspector
E-mail Address: rmumma@kenmorewa.gov
Department: Development Services – Building Department

Regulatory Responsibilities of Department: Development Services is responsible for reviewing building and structures for fire and life safety and to ensure buildings and structures are built safe for the public in accordance with the International Building Code and Kenmore Municipal Code.

Project Description: Reconfigure existing lot for use as a storage and staging area for public works activities

Executive Summary: The comments below are provided in response to the conceptual plans submitted. These comments are general and subject to change as additional information is provided and/or if the scope of the project changes.

Review Comments:

1. Please indicate proposed use or action for existing coffee shack building. A permit may be required for the removal, alteration, or relocation of the structure

No further building division comments at this time.

Reviewer Signature and Date: _____ **DRAFT**



Northshore Utility District Memo

To: Tela Whiteman, City of Kenmore
From: Thema Crenshaw
Log No: 2065
Date: October 1, 2018
Re: Interim Public Works Shop PRE18-0147 (PRJ18-0005)

The District has reviewed the information provided for the Interim Public Works Shop project. The existing parcel is vacant and is not connected to the water or sewer system. The City plans to use the parcel as a storage area for public works operations equipment and supplies and is requesting a water connection and 1-inch water meter to install a yard hydrant at the site. Sewer service is not needed.

A completed application for a new water service and meter was received on September 25, 2018, however, no payment has been made at this time. Connection fees and water service installation fees are due in the amount of \$6,335.57. If the City plans to waive the ROW permit fee for the District to install the new water service in 67th Ave NE, the total amount due will decrease to \$5,785.57. Payment must be made before the new water service and meter can be installed.

The District has no further comments at this time.

Thema Crenshaw
Permit Specialist
425.398.4401
tcrenshaw@nud.net



KING COUNTY FIRE PROTECTION DISTRICT NO.16

7220 NE 181st Street
KENMORE, WA 98028

BUSINESS: 425-354-1780 FAX: 425-354-1781

To: Tela Whiteman, Permit Specialist
From: Jeff LaFlam, Fire Marshal
Date: September 20, 2018
Re: PRE18-0147, Kenmore Public Works shop

The preliminary plans and documents submitted for the use of an existing vacant lot located at 6532 NE Bothell Way as a temporary Public Works storage area was reviewed in accordance with the 2015 International Fire Code (IFC). The following comments apply to this proposal:

Review Comments:

There are no fire department conditions for this proposal.

ATTACHMENT #2

PROJECT NARRATIVE AND JUSTIFICATION

Kenmore contracts most public works and parks maintenance services to various private and public contractors. The largest contract, existing since our incorporation, is with the City of Lake Forest Park. This contract has worked well for our city for almost 20 years. As the needs of each city has evolved and the infrastructure maintenance demands have increased, both cities decided that each would be better served by having its own Public Works and Parks Maintenance Operation division. We have received notice from Lake Forest Park terminating the Public Works and Park Maintenance services to Kenmore effective December 31, 2018.

The City hired Munimanage consultants to develop an in-house Public Works and Park Maintenance Division operation and implementation plan. We have shared the plan's implementation schedule, and the associated costs with the Council during the August 13, 2018 Council meeting. The Council subsequently approved the plan and authorized us to proceed with the required financial expenditures at the September 10, 2018 Council meeting. Since then, we have developed job descriptions, advertised positions to hire maintenance workers, and hired an architect to remodel the back side of the post office building for an office space for the new division.

Providing excellent service and meeting our community public works needs is a top priority for City leadership and City staff. Moving services in-house gives us more local control over work order prioritization. In-house staff can be more flexible and responsive to community needs. After careful study, we believe we can provide these services over the long term for the same or less cost compared to our costs while we were in contract with Lake Forest Park.

This transition will require hiring six new public works employees who will start in late November or early December. We will also need to purchase equipment and find a permanent 1.5 to 2-acre site for a permanent Public Works/Parks shop.

The City has been working to find an appropriate location for a permanent Public Works / Parks shop. We worked with a real estate agent, checked real estate web sites (Zillow, Redfin, etc), and checked the King County Parcel map to identify a 1.5 to 2 Acre property to be used for this purpose within the City of Kenmore.

Most of the parcels identified on the King County Parcel map within our parameters were either not for sale or were located in the middle of a residential neighborhood. We pursued one property which was for sale and greater than 4 acres. We thought this property would give us the needed buffer and screening from the surrounding residents. We entered into a purchase and sale agreement to do a feasibility study for this property. Unfortunately, the property was constrained with many environmental issues. We also received very strong opposition from the neighborhood. Consequently, we terminated our purchase and sale agreement.

We also toured a property owned by the Local fire district on the west side of the City. This was an old fire station. It is not being used for that purpose now. The District wants to keep this property for potential future use. The Fire Chief was very kind and supportive of the idea that we could perhaps lease it from them, contingent upon his board's approval. We reviewed the property and the structure on it. The yard outside the building is very small and would not allow us to store even half of the equipment we need. It is also very close to a number of residential homes without the means to provide proper screening. Further evaluation revealed many structural problems with the standing structure which would require significant funds to repair. It was thus decided not to proceed with this interim option.

TEMPORARY USE PERMIT

The City owns the Shell property at the northwest corner of SR-522 and 67th Ave NE which is approximately ½ acre in size. It is the only viable option at present identified for use as an interim public works and parks maintenance and operation site. The entire property would be needed to accommodate the interim use for the City. This property was purchased by the City in 2013. Espresso Works drive-through is currently occupying part of this property under a 1-year temporary lease. City Council approved a 1-year temporary lease starting in November 2014. Espresso Works moved to the location and applied for a building permit in June 2015. The Espresso Works 1-year temporary use lease was extended for an additional year in November 2016 and again in November 2017. Their current lease expires in November 2018 and we have mutually agreed to extend it again until December 31, 2018, at which time Espresso Works will no longer reside on the property.

Both drive-through and Public Works / Parks operation and Maintenance uses are prohibited on this property by the Zoning code. To accommodate Espresso Works, the Council has approved several one-year temporary use exceptions since 2014. We need a temporary location while we search for and purchase a permanent Public Works / Parks shop. We anticipate needing to use this site on an interim basis for two to three years until we find a permanent location.

FENCING

The City proposes to install a 6-foot high black chain link fence with privacy screening. The proposed fencing is appropriate for the proposed temporary use and will meet the interim needs of the city by providing a secure site for city vehicles, equipment and staff.

LANDSCAPING

The City proposes to install a 5-foot wide strip of Type II landscaping along the SR 522 frontage, which will act as a visual separator between the property and traveling public. The Type II landscaping shall consist of a mix of evergreen and deciduous trees and shrubs generally interspersed throughout the landscape strip. Trees will be provided approximately every 20 linear feet and spaced no more than 30 feet apart on center and shrubs will be provided

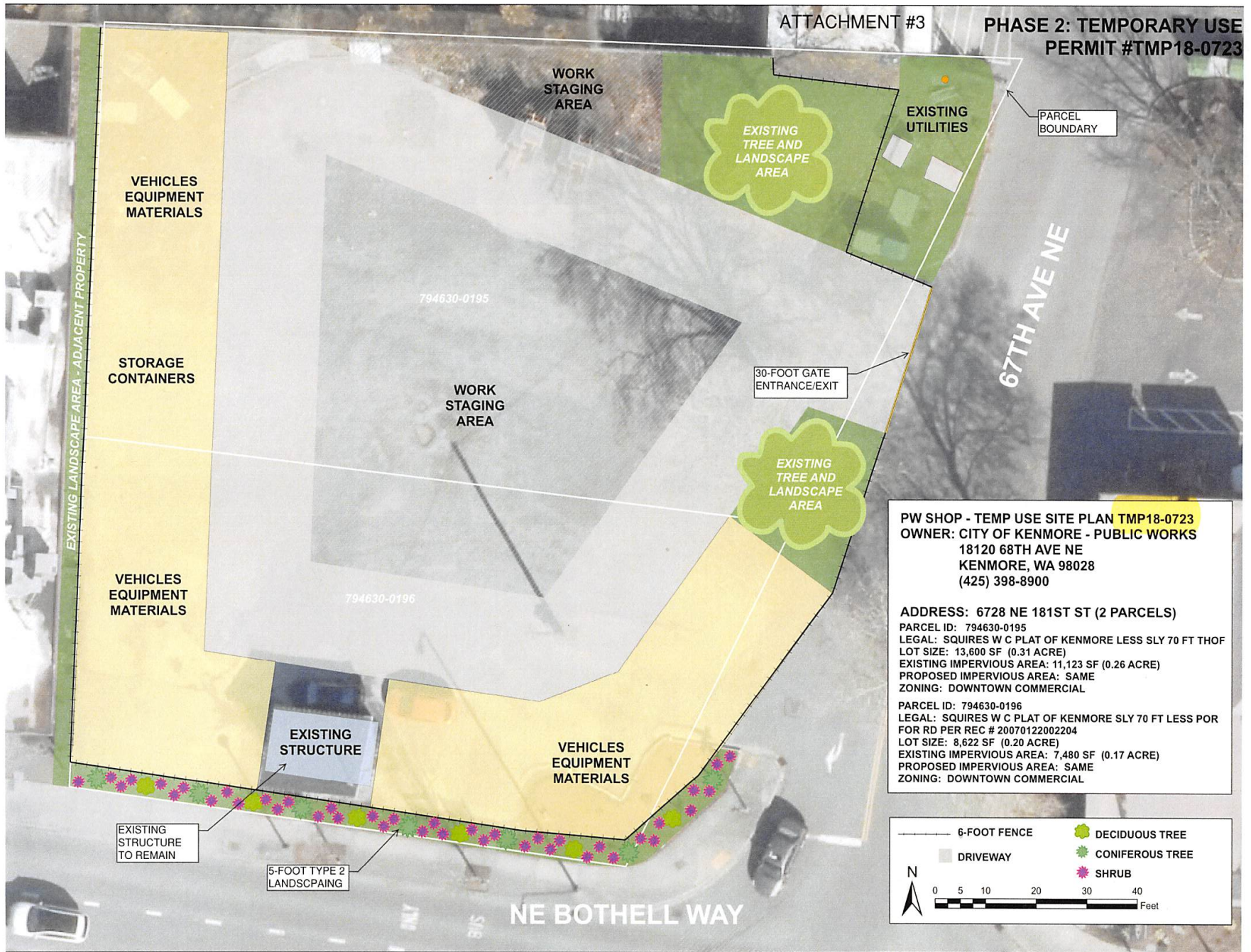
approximately every 4 linear feet and spaced no more than eight feet apart on center. The proposed plant list and quantities are as follows:

Quantity	Botanical Name	Common Name
7 (20' O.C.)	<i>Thuja occidentalis</i> 'Smaragd'	Emerald Green Cedar
6 (20' O.C.)	<i>Quercus garryana</i>	Garry Oak
40 (mixture of shrubs)	<i>Ribes sanguinum</i>	Red Current
	<i>Viburnum tinus</i> 'Spring Bouquet'	Laurustinus
	<i>Physocarpus opulifolius</i> 'Nana'	Ninebark
	<i>Nandina domestica</i>	Heavenly Bamboo
	<i>Magnolia stellata</i>	Star Magnolia
	<i>Euonymus alatus</i> 'Compacta'	Compact Burning Bush

NOISE/PARKING AND LAND USE

The proposed temporary use will not be materially detrimental to the public welfare. As mentioned, it may be beneficial to the public to move these services in-house. The noise associated with the shop will be minimal and compatible with how the property has been used over the past 5 years. The property has been frequently used to stage road and infrastructure projects in Kenmore. During these staging periods the City did not receive any complaints. The employees will either be parking at the Post Office or City Hall where there is adequate parking.

In addition to the property on SR 522, we will also be using the back side of the Post Office building at 6700 NE 181st St (another city-owned building) for indoor storage and office space for maintenance workers.





City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Public Hearing, Deliberation and Action to Extend Multifamily Tax Exemption in the Transit Oriented Development District Overlay

Proposed Council Action/Motion:
Motion to adopt Ordinance No. 18-0471 amending sections 3.65.020, 3.65.030, and 3.65.110 of the KMC to designate the transit oriented development district overlay as a residential targeted area and to establish low or moderate income equal to or less than ____ percent of King County median family income.

For Council Meeting Agenda of: November 13, 2018

Department: Development Services

Prepared by: Bryan Hampson

	<u>Initial & Date</u>
Approved by Department Head:	<u>BA 10/29/18</u>
Approved by City Attorney:	<u>✓ P.L.</u>
Approved by Finance Director:	<u>_____</u>
Approved by City Manager:	<u>POK</u>

Exhibits/Attachments:

Attachment 1: October 29, 2018 Memo Analyzing Multi-Family Property Tax Exemption in the Transit Oriented Development District and Exhibits

Attachment 2: Ordinance No. 18-0471

INFORMATION/BACKGROUND:

To help further encourage multi-family development and redevelopment in our transit-oriented development (TOD) district overlay, City staff recommends City Council increases the incentives available in the TOD area by designating the TOD as a *residential targeted area*, to be eligible to take advantage of the Multifamily Tax Exemption (MFTE) as allowed by the codified Ordinance, Chapter 3.65 KMC.

Reference the October 29, 2018 Memo Analyzing Multi-Family Property Tax Exemption in the Transit Oriented Development District and Exhibits (Attachment 1). It provides history and demonstrates different possible property tax and housing unit scenarios, including affordable units, and one-time revenues to the City if there is no redevelopment, a townhome development, or a TOD product with or without an MFTE.

Ordinance No. 18-0471 (Attachment 2), amends Section 3.65.030 in the Kenmore Municipal Code to expand the MFTE area to the TOD and modifies the level of affordability. This Ordinance provides Council the opportunity to change the level of affordability if so chooses to. Currently, with regards to MFTE, low or moderate income is equal to or less than 85%. Council needs to provide direction on the level of affordability during the deliberation and insert into adopting motion.

FISCAL CONSIDERATION:

There is no fiscal impact by establishing a residential target area. The fiscal impact will occur if a project is approved for tax exemption following the adoption of this Ordinance.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Promote economic development and implement the Economic Development Plan and to increase the affordable housing stock.



City of Kenmore, Washington

Memorandum

Date: October 29, 2018

To: Rob Karlinsey, City Manager

From: Bryan Hampson, Development Services Director

A handwritten signature in blue ink, appearing to be "BH", is written over the name "Bryan Hampson".

Re: Analyzing Multi-Family Property Tax Exemption in the Transit Oriented Development District

Executive Summary

To help further encourage multi-family development and redevelopment in our transit-oriented development (TOD) district overlay, City staff recommends City Council increases the incentives available in the TOD area by designating the TOD as a *residential targeted area*, to be eligible to take advantage of the Multifamily Tax Exemption (MFTE) as allowed by the codified Ordinance, Chapter 3.65 KMC. Ordinance No. 18-0471 (Attachment 2), adds a new Subsection to Section 3.65.030 in the Kenmore Municipal Code to expand the MFTE area to the TOD.

This memorandum provides history and demonstrates different possible property tax and housing unit scenarios, including affordable units, and one-time revenues to the City if there is no redevelopment, a townhome development, or a TOD product with or without an MFTE.

Kenmore's vision is to attract multi-family residential development close to transit, including affordable housing, in the downtown area. To help facilitate this, in 2015 the City established a TOD district overlay.

In 2007, the City established an MFTE Ordinance. An MFTE is an economic development incentive that many cities have successfully used to encourage multi-family development, including affordable housing, particularly in situations where the market has not produced sufficient housing. The MFTE is specifically authorized by state law, Chapter 84.14 RCW, for the purpose of encouraging residential opportunities, including affordable housing, where the requirements of the statute are met.

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Background

Since the adoption of the TOD, the City has yet to receive a TOD application. We are hearing from developers, currently building multifamily townhomes in the TOD, that parcels in the TOD are small and the economic risks associated with assembling multiple parcels to build a TOD project, outweigh the incentives.¹ Developers are choosing to build the low-risk townhome options instead of assembling multiple parcels for a TOD project. As such, the TOD area continues to lack sufficient residential opportunities, including affordable units.

The TOD is within an urban center as defined by Chapter 84.14 RCW and it lacks sufficient desirable and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center if affordable, desirable, attractive and livable residences were available. Providing additional housing opportunity, including affordable housing in this area, will assist in achieving one or more of the following purposes:

- a. Encourage increased residential opportunities, including affordable housing opportunities, within the City; or
- b. Stimulate the construction of new multifamily housing; or
- c. Encourage the rehabilitation of existing vacant and underutilized buildings for multifamily housing.

TOD Ordinance

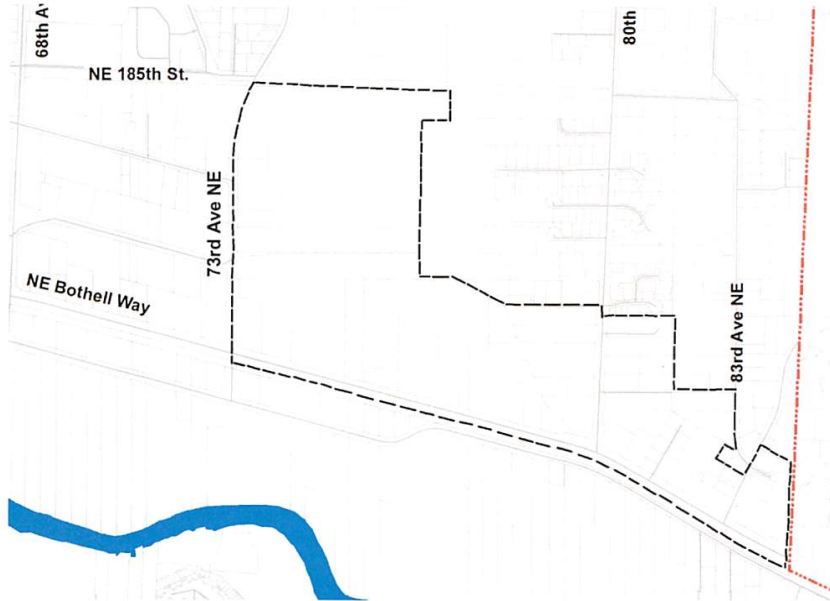
In 2015 the Kenmore City Council established a transit-oriented development (TOD) district overlay, Ordinance No. 15-0406, (**EXHIBIT B**), with the purpose of reinforcing the City's planned concentration of pedestrian-oriented mixed-use development at intensities that support and are supported by multi-modal transportation options, including high capacity transit. The TOD district overlay enhances the City's core by creating incentives and opportunities for a mix of jobs and residences, cultivates a respectful relationship among development within the district, the natural environment, and nearby traditional neighborhoods, and provides a framework for future infrastructure and service decisions. The TOD district overlay provides public benefits in the form of encouraging housing that is affordable to all economic groups, increased pedestrian connectivity, quality design, and incentive to preserve significant tree groves where they exist.

To be eligible to develop under the TOD district overlay regulations, a development application shall meet the following criteria:

- 1. The property must be located within the TOD district overlay;
- 2. The proposed development must either:
 - a. Be considered a mixed-use development; or
 - b. Be a residential-only development or mixed-use development with commercial permitted only on the ground floor if located in the R-12, R-18, or R-24 underlying zones, which are areas designated as primarily residential.

¹ Reference JKChan Development Memo dated May 14, 2018 (**EXHIBIT A**)

Dashed lines delineate TOD area



Zoning map of TOD Area



Regional Business	Downtown Residential	Parks*	R-6 (Residential 6 Dwellings Per Acre)
Urban Corridor	Community Business	Golf Course	R-12 (Residential 12 Dwellings Per Acre)
Waterfront Commercial	Neighborhood Business	R-1 (Residential 1 Dwelling Per Acre)	R-18 (Residential 18 Dwellings Per Acre)
Downtown Commercial	Public/Semi-Public	R-4 (Residential 4 Dwellings Per Acre)	R-24 (Residential 24 Dwellings Per Acre)

Comparison between Underlying Zoning and TOD Densities

Table 1		Underlying Zoning			
<i>Zones in TOD</i>	Min Density du/ac	Max Density du/ac Must Use RDI*	Base Height	Max Height w/ RDI	Commercial Required
<i>R-24</i>	17	36	60	60	No
<i>R-18</i>	14	27	60	80	No
<i>R-12</i>	10	18	60	80	No
<i>Public/Semi-Public</i>	0	0	NA	NA	No
<i>Downtown Commercial</i>	36	72	35	65	Yes
<i>Urban Corridor- East</i>	0	72	55	55	No

* Residential Density Incentives (RDI) are a way to receive higher densities (bonus units) by providing additional affordable housing or dedicated open space

Table 2		TOD Standards		
<i>Zones using TOD Alternatives</i>	Min Density du/ac	Max Density du/ac	Max Height	Max Height w/in 50' of SFR
<i>R-24</i>	60	150	65	35
<i>R-18</i>	60	150	65	35
<i>R-12</i>	60	150	65	35
<i>Public/Semi-Public</i>	60	150	65	35
<i>Downtown Commercial</i>	60	150	65	35
<i>Urban Corridor- East</i>	60	150	65	35

For property owners choosing to develop under the TOD district overlay, developments shall provide affordable housing. For TOD purposes, 10% of the units exceeding the base density of the underlying zone is required to be affordable. Affordable housing in the TOD has three tiers of affordable moderate, low and very low-income levels. The type of affordable required, is based on how many total units exceeds the base density of the underlying zone.

For purposes of the TOD district overlay, the following affordable housing definitions apply:

“Affordable housing unit” means affordable to households whose annual income does not exceed the percentage of median income types described in the subsections below, adjusted for household size, and no more than 30 percent of the monthly household income is paid for monthly housing expenses. (Housing expenses for ownership housing include mortgage and mortgage insurance, property taxes, property insurance, and homeowner’s dues. Housing expenses for rental housing include rent and appropriate utility allowance.)

Moderate Income Affordable Housing

- For rental housing, “moderate income affordable housing” is defined as affordable at 70 percent of median income, adjusted for household size.
- For ownership housing, “moderate income affordable housing” is defined as affordable at 80 percent of median income, adjusted for household size.

Low Income Affordable Housing

- For rental housing, “low income affordable housing” is defined as affordable at 50 percent of median income, adjusted for household size.
- For ownership housing, “low income affordable housing” is defined as affordable at 65 percent of median income, adjusted for household size.

Very Low Income Affordable Housing

- For rental housing, “very low income affordable housing” is defined as affordable at 35 percent of median income, adjusted for household size.
- For ownership housing, “very low income affordable housing” is defined as affordable at 50 percent of median income, adjusted for household size.

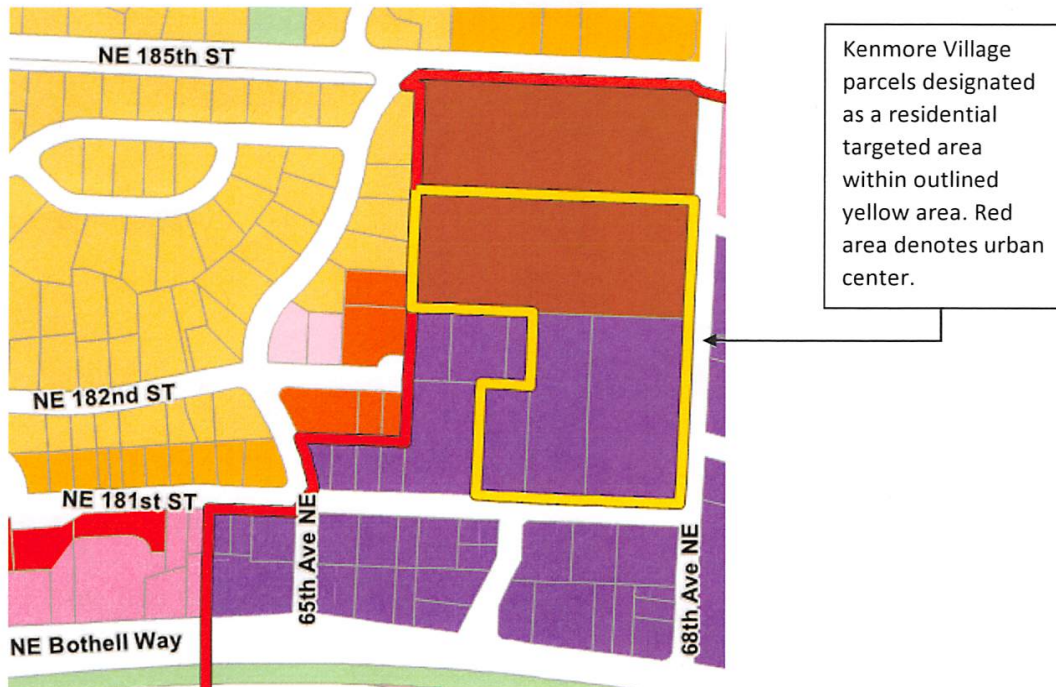
MFTE Ordinance

In 2007 the Kenmore City Council established a Multifamily Tax Exemption (MFTE) Ordinance, Ord. No. 07-0271, (**EXHIBIT C**) with the purposes:

1. To encourage more multifamily housing opportunities, including affordable housing, within the City;
2. To stimulate the construction of new multifamily housing, including affordable housing, and the rehabilitation of existing vacant and underutilized buildings for multifamily housing;
3. To increase the supply of multifamily housing opportunities within the City for low and moderate-income households; and
4. To accomplish the planning goals required under the Growth Management Act, Chapter 36.70A RCW, as Implemented by the City’s comprehensive plan.

Tax abatement is one economic development incentive that cities have successfully used to encourage multi-family development, including affordable housing, in urban centers. The City’s MFTE Ordinance was adopted in accordance with the requirements of Chapter 84.14 RCW, which authorizes this tax exemption.

The MFTE Ordinance allows the City Council to designate one or more residential targeted areas. Ord. No. 07-0271 designated the parcels lying northwest of the intersection of NE 181st St and 68th Ave NE, aka Kenmore Village as a *residential targeted area*. These parcels have been mostly redeveloped by the MainStreet Property Group LLC.



The MFTE Ordinance also provides two exemption scenarios; an 8-year or a 12-year ad valorem property tax exemption. The 8-year exemption does not require an affordable housing component. The 12-year exemption requires at least 25% of the total units to be affordable. The affordable housing requirements for MFTE are very different than those required for TOD projects. For Example:

TOD = 10% of the units exceeding the base density of the underlying zone; and
MFTE w/12-year Tax Exemption = 25% of total units.

A project in the TOD receiving a 12-year tax exemption would need to satisfy the TOD level of affordability (without exceeding the established affordability level in the MFTE), the remainder, up to 25% would need to meet the MFTE requirement.

City Ordinance No. 07-0271, for the Kenmore Village project, relating to MFTE, originally defined a moderate-income household as a household whose adjusted income is 80% of the King County median family income.

In 2013, following the economic crisis of 2008, via City Ordinance No. 13-0363, (**EXHIBIT D**), relating to MFTE, the Council revised the low or moderate-income level from 80% income to equal or less than 85% of the King County median family income. Ordinance No. 13-0363, relating to 12-year tax exemption, also changed the amounts of affordable units from 20% to 25% of the total units.

Ordinance No. 13-0363, relating to the specific zoning requirements for the Kenmore Village project, also revised the affordable housing from 50% of the King County median household income to 85% of the King County median household income.

Analysis

Analyzing property taxes over a 20-year period and residential units, including affordable units, for the following five scenarios:

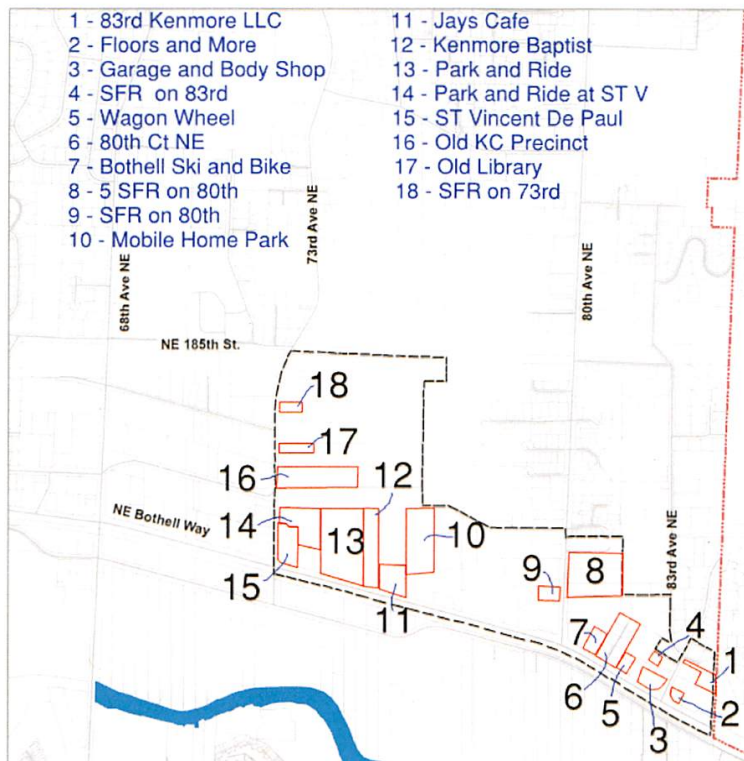
- No development, continued use;
- Townhouse development without MFTE;
- TOD development with 8-year MFTE;
- TOD development with 12-year MFTE; and
- TOD development without MFTE.

Reviewed each parcel in the TOD (approximately 75), for the probability of being redeveloped.

Excluded:

- New construction;
- Existing large multi-family buildings;
- Parcels in critical areas; and
- Large commercial businesses.

Identified 18 properties or groups of properties within the TOD, that have a high possibility of being redeveloped. The 18 parcels identified are as follows:



For this development scenario:

- Unit and square footage assumptions are based on average net present value costs and sizes;
- Townhouses are based on 2,000 sf;
- Multi-family apartments are based on 1,000 sf;
- The land and total improvement assessed value (AV) assumptions are based on King County Department of Assessments data;
- The AVs and improvements are assumed to increase at a rate of 3% per year;
- For this analysis, the 18 projects would theoretically receive their certification of occupancy at the end of 2018 and the multi-family tax exemption would begin in 2019;
- Only the taxes from new multi-family construction is foregone during the exemption period;
- Property tax benefits from the land and other new construction (e.g. retail) are still received;
- During construction, taxing jurisdictions receive property taxes on the value of the partial improvements;
- The taxing exemption begins January 1st of the year following the calendar year of issuance of a certificate of occupancy;
- At the end of the tax exemption period all the improvements become taxable, at the present assessed value, and are counted as new construction which increases local taxing authority;
- Residential Density Incentives were not considered. RDIs are a way to receive higher densities (bonus units) by providing additional affordable housing or dedicated open space;
- The middle of the TOD density of 105 dwelling units per acres was used (reference Table 2 above, TOD densities are 60-150 du/ac).

Figure 1
Total Levy Rate Distribution

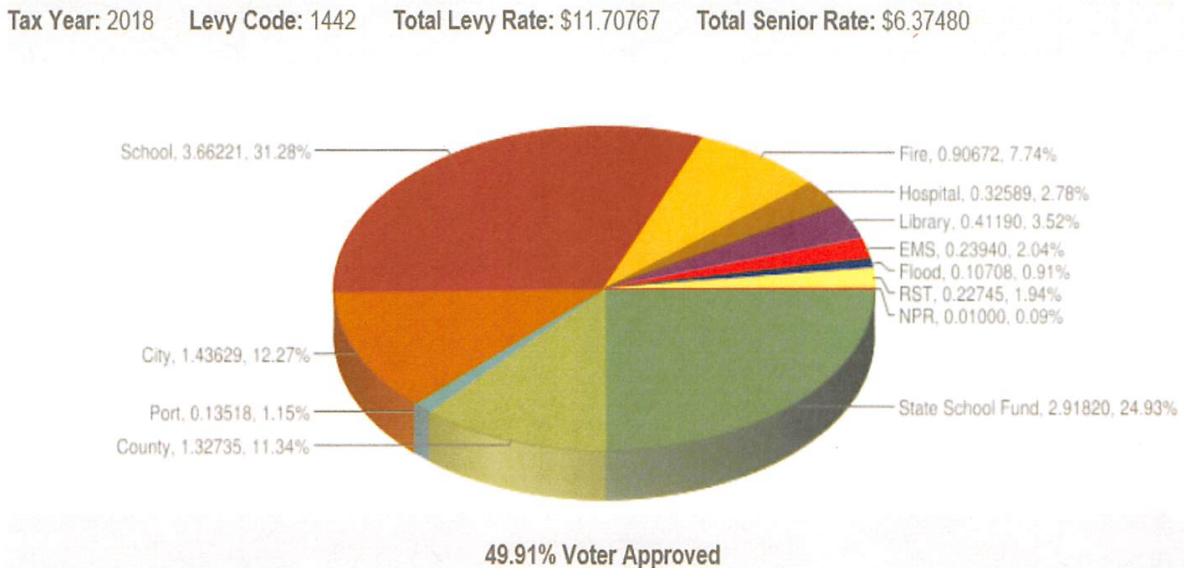


Figure 2

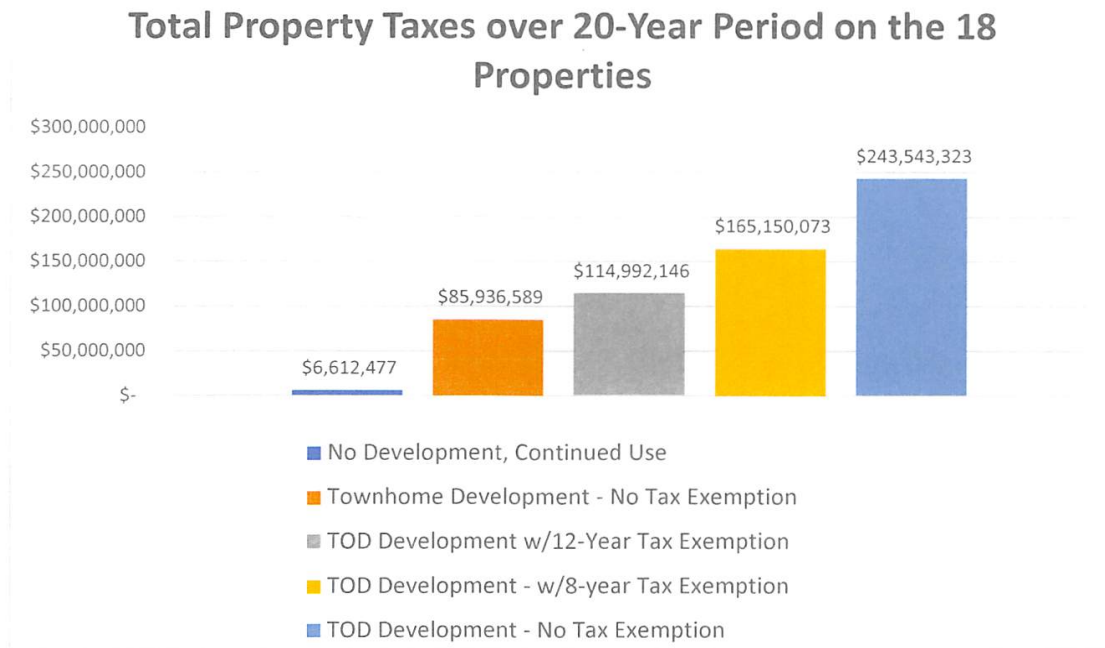


Figure 3

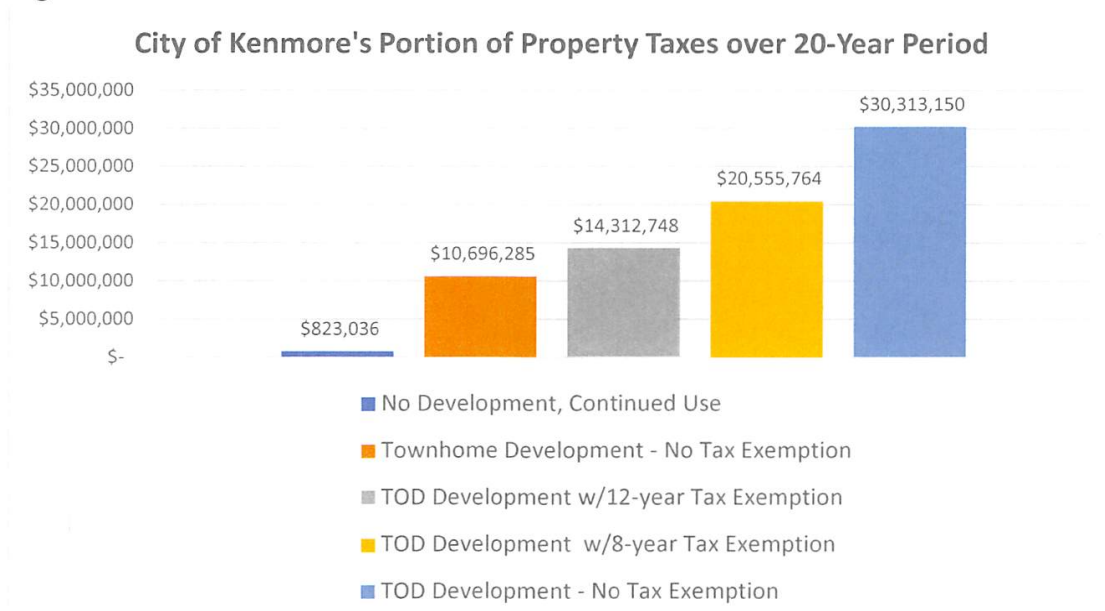
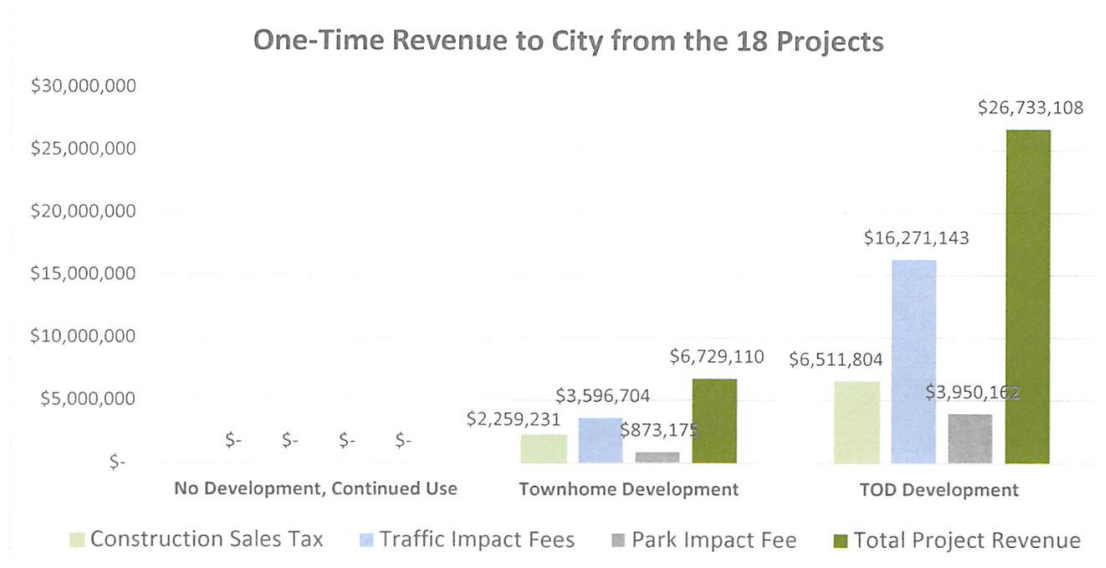
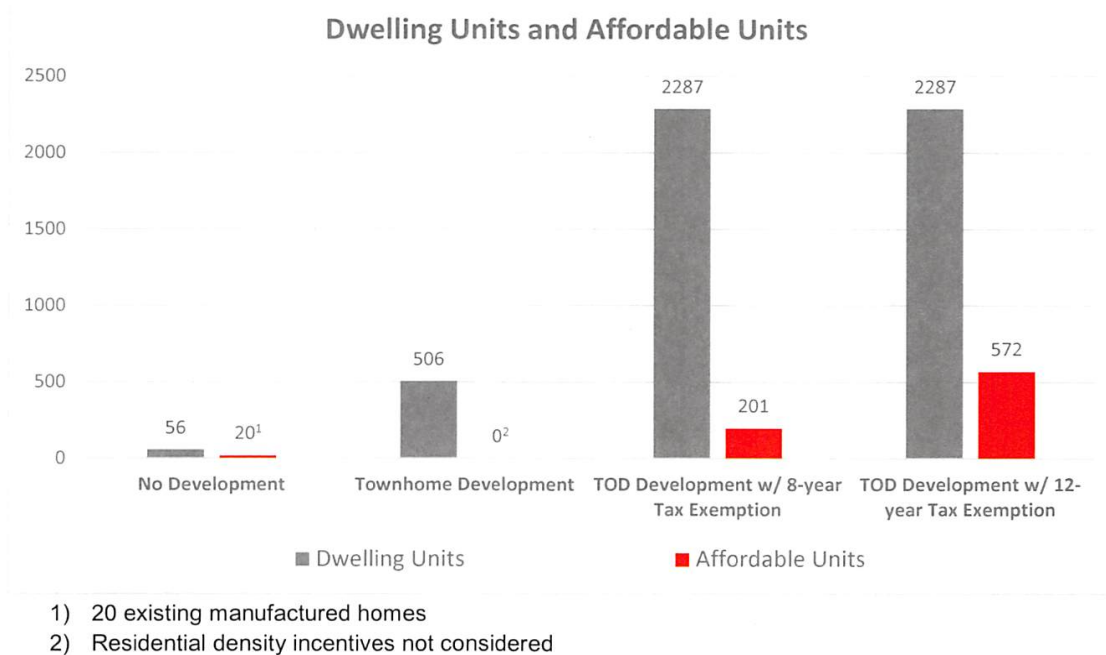
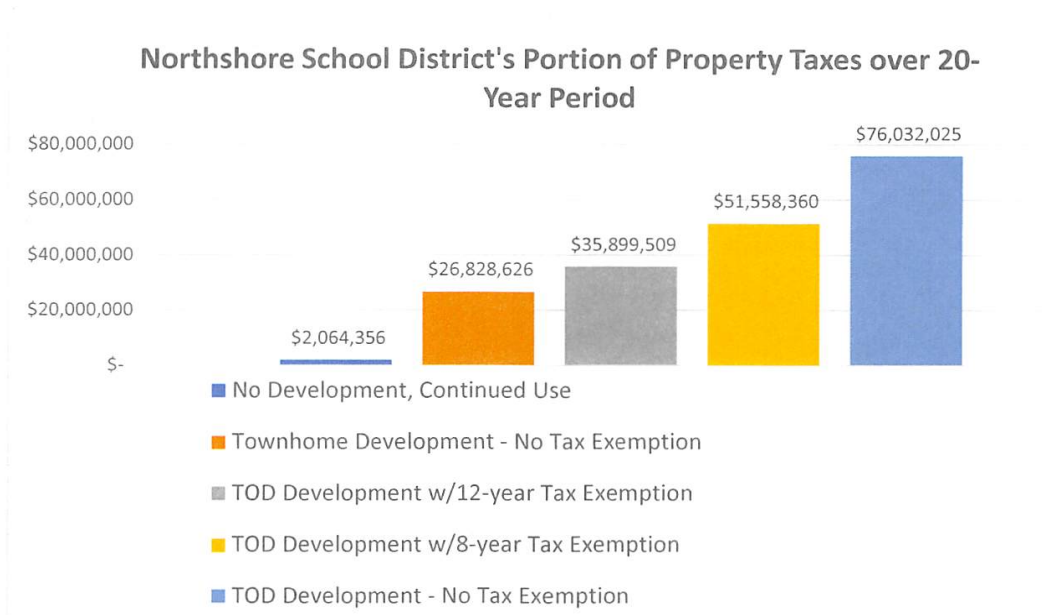
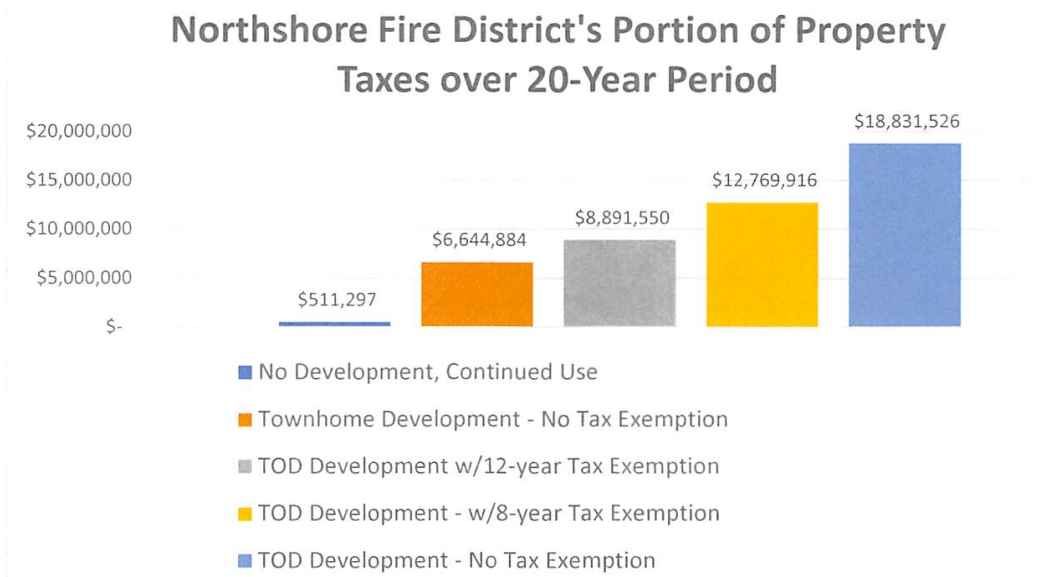


Figure 4

**Figure 5****Figure 6**

**Figure 7**

Summary of Findings and Recommendation

After analyzing the five different scenarios:

- No development, continued use;
- A townhouse development without MFTE;
- A TOD development with 8-year MFTE;
- A TOD development with 12-year MFTE; and
- A TOD development without MFTE,

it is obvious that a TOD project will provide substantially more dwelling units, including affordable units, than no development or a townhouse development. However, it is unlikely, without additional incentives, that a TOD product will be produced. Therefore, it is staff's recommendation that Council expand the MFTE to the TOD for additional incentives to facilitate a TOD product.

The TOD is in the City's urban core and has been zoned high density residential. The tax exemption could provide that added incentive to get the high density the City is looking for and meet the City's vision to attract multi-family residential development close to transit, including affordable housing, in the downtown area.

While the TOD product without a tax exemption appears to generate more taxes than an exempt product, the probability is that without a tax exemption incentive, a townhouse development would occur. Compared to the overall revenues and taxes that a TOD product, with a tax exemption, would produce, a townhouse product will produce far fewer dwelling units, probably with no affordable units.

EXHIBIT D

CITY OF KENMORE WASHINGTON ORDINANCE NO. 13-0363

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, RELATING TO AFFORDABLE HOUSING AND MULTIFAMILY HOUSING PROPERTY TAX EXEMPTIONS; AMENDING SECTIONS 3.65.020(A), 3.65.020(G), 3.65.100, 3.65.130 AND 18.77.030 OF THE KENMORE MUNICIPAL CODE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on May 23, 2013 the City provided notice to the Washington State Department of Commerce regarding the proposed amendments pursuant to RCW 36.70A.106 and received no comments; and

WHEREAS, on May 31, 2013 the City's Responsible Official under the State Environmental Policy Act issued a determination of non-significance for the proposed amendments and received no public comments; and

WHEREAS, on June 24, 2013, the City Council held a public hearing on the proposed amendments; and

WHEREAS, the City Council has considered public testimony and comments, City staff input, and certain documents and information, including: 1) Definitions of low- and moderate-income households in RCW 84.14.010 and RCW 43.63A.510; 2) Kenmore Comprehensive Plan policies related to affordable housing; 3) Vision 2040 and the King County Countywide Planning Policies; and 3) the SEPA Determination of Nonsignificance; and

WHEREAS, the City Council finds that proposed amendments continue to provide for and support provision of low and moderate income housing units within the City; now therefore,

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

Section 1. Amendment. KMC 3.65.020(A) is amended to read as follows:

A. "Affordable housing" means: (1) for an owner-occupied dwelling unit, housing reserved for occupancy by a low or moderate income households, and (2) for a renter-occupied dwelling unit, housing reserved for occupancy by a low or moderate income household and whose monthly housing costs, including utilities other than telephone, do not exceed 30 percent of the household's monthly income.

Section 2. Amendment. KMC 3.65.020(G) is amended to read as follows:

G. "~~Low or Moderate~~ income household" means a household whose adjusted income is equal to or less than 80 85 percent of the King County median family income adjusted for family size,

as reported by the United States Department of Housing and Urban Development. If HUD no longer publishes median family income figures for King County, the city may use or determine such other method as it may choose to determine the King County family median income adjusted for household size.

Section 3. Amendment. KMC 3.65.100(A)2 is amended to read as follows:

2. For 12 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if (a) the owner commits to renting or selling at least 20 25 percent of the multifamily housing units as affordable housing units and (b) the owners and renters of the affordable housing units meet the income and eligibility requirements of this chapter. If the original owner of the property transfers title to the portion of the property on which the affordable housing units are located to the nonprofit corporation that owns such units, such transfer shall not affect the 12-year tax exemption for the new housing construction and rehabilitation improvements qualifying under this chapter.

Section 4. Amendment. KMC 3.65.130(B) is amended to read as follows:

B. Annually, beginning in 2010, the director shall review the program established by this chapter and provide a report to the city council outlining development activity, types and numbers of units produced and their locations, rent and sales prices, information regarding the number of low and moderate income households benefiting from the program, and other appropriate factors. The report may include recommendations on whether any neighborhoods should be added or removed and whether affordability limits should be changed in certain areas, and shall analyze any issues related to the use of the program for home-ownership units. The annual report shall be submitted to the city council no later than March 30th of each year the program is in effect, starting in 2010. Each report shall include information for the previous year.

Section 5. Amendment. KMC 18.77.030 is amended to read as follows:

18.77.030 Requirements.

A. Affordable housing units amounting to 25 percent of the total number of units in the *development* shall be provided. ~~Rents~~Housing shall be affordable to those who make equal to or less than ~~50~~ 85 percent of the King County median household income adjusted for household size; ~~or~~.

~~B. In lieu of meeting the requirements of subsection A of this section, a comparable level of benefit may be provided as determined by the city; for example, providing ownership housing affordable to those earning equal to or less than 80 percent of the median income at rates recognizing the difficulty in providing the units at the particular affordability level.~~

~~C~~B. Unit size mix shall be comparable to the market mix, units shall be integrated into the whole *development*, and affordable units shall match the tenure of the whole *development*, unless otherwise authorized by the *city*.

DC. Subject to *city* authorization, the affordable units need not be provided within the *development*, but must be provided within the downtown commercial, downtown residential, or regional business zone. Units may be either rented or sold. Off-site affordable housing may be provided if the *city* finds that:

1. The location chosen does not lead to undue concentration of affordable housing in any particular area of the *city*; and
2. The *site* is within close proximity to employment opportunities and/or transit services; and
3. Adequate infrastructure and municipal services can be provided.

ED. Monthly rents, including utilities where applicable, shall be no greater than 30 percent of the monthly income for households earning ~~50 up to 85~~ percent of the King County median household income adjusted for household size. ~~Sold units shall be sold to buyers earning equal to or less than 80 percent of the King County median income.~~ Home prices considered affordable for buyers earning up to 85 percent of the King County median household income adjusted for household size shall be determined by the *city*. Covenants shall be established which guarantee the fulfillment of this obligation.

Section 6 Effective Date. This ordinance shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 24TH DAY OF JUNE, 2013.

CITY OF KENMORE


David Baker, Mayor

ATTEST/AUTHENTICATED:


Patty Safrin, City Clerk

APPROVED AS TO FORM:


Rod P. Kaseguma, City Attorney

FILED WITH THE CITY CLERK: June 14, 2013
PASSED BY THE CITY COUNCIL: JUNE 24, 2013
DATE OF PUBLICATION: June 28, 2013
EFFECTIVE DATE: July 3, 2013
ORDINANCE NO. 13-0363

EXHIBIT A



83RD KENMORE LLC

MEMORANDUM

Date: May 14, 2018

To: Kenmore City Council
Rob Karlinsey: Kenmore City Manager
Bryan Hampson: Kenmore Development Services Director
Debbie Bent: Kenmore Community Development Director
Lauri Anderson: Kenmore Senior Planner
Samantha Loyuk: Kenmore Associate Planner

From: Jenkins K. Chan – 83rd Kenmore LLC: Member / JKChan Development LLC: Owner
Eric Clarke – 83rd Kenmore LLC: Member / REO Consultants LLC: Owner

RE: City of Kenmore Transit Oriented Development Opportunities

Dear City Council Members,

My partners and I are local real estate developers with a collective 50+ years of experience, specializing in residential development. We started work on a project located at 17520 83rd Place NE, Parcel #011410154 ("Property") last summer and have been impressed with your city staff and development services.

We entered into negotiations with the previous owner of the Property in the spring of 2017. In the early stages of our feasibility study, we learned about the potential use of the Transit Oriented Development Overlay (KMC 18.29) ("TOD"). Although interested in a multi-family project, our initial financial analysis heavily favored the development of the Property as a for-sale, townhome project. We held our first pre-application meeting with city staff on September 14, 2017, where we discussed the TOD, but spent the majority of our time on a 10-unit townhome concept.

We purchased and closed on the Property on November 28, 2017, still with no true intent to pursue the TOD option because of the relatively high cost, risk, and inefficiency of a small multi-family building. We applied for our townhome engineering permit and resubmitted the corrections on May 3, 2018 and believe we could start construction as early as July 2018.

We are fortunate to have stakeholders who are not only interested in maximizing profits, but who are also very in tune with current social issues. Despite having a profitable townhome

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project that could start this year, our stakeholders have been willing to spend time and resources to research deeper into the TOD. Thus, even while our townhome project was moving forward, we worked on a few rounds of conceptual massing studies and held a second pre-application meeting with City Staff on March 1, 2018 to specifically talk about a TOD project.

What we are currently evaluating is a conceptual 62-unit apartment building, which could start construction in 2019. The alternative is a 10-unit for-sale townhome project that could start this summer. Unfortunately, as-is, we would most likely not be able to utilize the TOD and would move forward with the townhome project to not lose this construction season.

We appreciate the TOD concept and would like to use it; however, the current incentives behind the TOD are not enough to offset the risks. We believe this to be true across the entire TOD overlay, and not just for our specific property. The TOD ordinance was adopted on October 12, 2015 and there has yet to be a single project to utilize it. In addition, a review of each TOD parcel of current and recent projects indicates that other property owners and developers are reaching the same conclusion that we are.

Outside of a commercial property being developed as a child care facility, five residentially zoned properties have recently developed or are developing for-sale townhomes. Using just the minimum density calculation under the TOD for these parcels, what would be a minimum of approximately 829 multi-family residential units will instead be just 60 townhome units. Please see the list below:

	Project Name	Address	Brief Description	Status	TOD Min Density
1.	Lake Harrison	18254 73 rd Ave NE	16-unit townhome development.	Starting site development work (ENG permit).	~325 Units
2.	Basalt	18234 – 18244 73 rd Ave NE	18-unit townhouse development	Completed; occupied.	~300 Units
3.	Kiddie Academy	7760 NE Bothell Way	New child care facility.	Site development work underway (ENG permit).	58 Units
4.	Dwell80 Townhomes	17720 80th Ave NE	8-unit townhome development	Land use application under review.	40 Units
5.	Beechwood Townhomes	17722 80th Ave NE	10-unit townhome development	Engineering permit under review.	80 Units
6.	Northlake Townhomes	17516 83 rd PL NE	8-unit townhome development	Buildings under construction (BLD permit)	26 Units

The opportunity to develop under Kenmore's TOD ordinance is rapidly evaporating. Once these parcels are developed as subdivided townhomes, there will be no future opportunity to

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later convert them into more housing units.

In order to offset the higher construction costs and economic risks in developing multifamily projects, we believe the TOD needs stronger incentives. We believe a natural solution would be to offer a 12-year Multi-Family Tax Exemption ("MFTE") in exchange for affordable housing above and beyond the current TOD affordable housing requirements. Other potential incentives might include expedited reviews or minor zoning variances.

We also believe that the stronger incentives (particularly the MFTE/affordable housing incentive) will make it more likely that the smaller parcels in the TOD overlay will be developed. Of the roughly 100 parcels in the TOD area, about 26 parcels (totaling approximately 7 acres) are smaller than 0.5 acres each and about 64 parcels (totaling 18 acres) are less than one acre each. It is more challenging to develop TOD projects on these smaller parcels because of economies of scale for construction and the operation of income-producing property.

It is our understanding that the TOD was implemented with thoughts that developers would create assemblages from these smaller parcels to utilize the TOD. Unfortunately, what history has shown since the TOD implementation is that developers are simply choosing the low-risk townhome option, as assemblages can take additional months and years to coordinate. So, it is especially the smaller parcels that need more developer incentives to make TOD projects viable. If the City of Kenmore wants to fully take advantage of its TOD ordinance it must take measures to make these smaller parcels developable as TOD projects.

We have an imminent deadline for a decision between a townhome and a TOD project, as we would not want to lose this construction season for a townhome project. If no additional incentives would be considered for the TOD, it would be challenging for our stakeholders to undertake the risk of a multifamily project in lieu of a relatively straightforward for-sale townhome project. We hope the City Council can quickly consider adopting additional incentives to the TOD, particularly an MFTE/affordable housing incentive. As it is currently constructed in our region's economy, we do not believe the TOD is viable and will quickly become irrelevant as more development occurs.

Regardless of the outcome for our current project, we are very interested in continuing the TOD conversation and how we can help be a part of the solution to our region's housing supply challenge.

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EXHIBIT B

CITY OF KENMORE WASHINGTON ORDINANCE NO. 15-0406

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, AMENDING TITLE 18 OF THE MUNICIPAL CODE TO ADD A TRANSIT-ORIENTED DEVELOPMENT DISTRICT OVERLAY OPPORTUNITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, between 2008 and 2010, the Downtown Task Force reviewed and recommended amendments to Title 18 of the Municipal Code to add a Transit-Oriented Development District Overlay opportunity; and

WHEREAS, after reviewing the Downtown Task Force recommendations and holding a public hearing, the City Council on February 28, 2011 deferred action on the recommendation until such time as the Planning Commission could make a recommendation on boundaries for the overlay district in conjunction with their work on the Regional Business Zoning District review; and

WHEREAS, on June 16, 2014 the Planning Commission recommended a revised boundary for the Transit-Oriented Development District Overlay to the City Council; and

WHEREAS, the City's Responsible Official under the State Environmental Policy Act has issued a determination of non-significance for the amendments; and

WHEREAS, the Washington State Department of Commerce was notified of the proposed amendments pursuant to RCW 36.70A.106; and

WHEREAS, on July 20, 2015 and September 21, 2015, the City Council reviewed and discussed the Transit-Oriented Development District Overlay recommendations; and

WHEREAS, on October 12, 2015, the City Council held a public hearing on the revised Transit-Oriented Development District Overlay recommendations to obtain public input before taking their final action; and

WHEREAS, the City Council desires to adopt regulations to reinforce a concentration of pedestrian-oriented, mixed-use, transit-oriented development, at intensities that support and are supported by multimodal transportation options, including high capacity transit along SR-522;

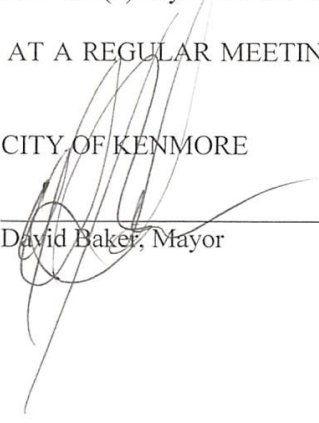
NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Adoption of Amendments to Title 18 of the Kenmore Municipal Code. The City Council adopts Transit-Oriented Development District Overlay amendments to Title 18 of the Kenmore Municipal Code to read as set forth in Attachment A, attached hereto and incorporated herein by reference.

Section 2. 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.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 12th DAY OF October, 2015.

CITY OF KENMORE



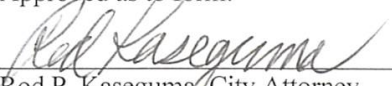
David Baker, Mayor

ATTEST/AUTHENTICATED:



Patty Safrin, City Clerk

Approved as to form:



Rod P. Kaseguma, City Attorney

Filed with the City Clerk: October 2, 2015
Passed by the City Council: October 12, 2015
Ordinance No.: 15-0406
Date of Publication: October 16, 2015
Effective Date: October 21, 2015

**City of Kenmore
Ordinance No. 15-0406**

Attachment A

ADD A NEW CODE CHAPTER AS FOLLOWS:

Chapter 18.29 Transit Oriented Development (TOD) District Overlay

18.29.010 Intent

The purpose of the Transit Oriented Development (TOD) District Overlay is to reinforce the City's planned concentration of pedestrian-oriented mixed-use development at intensities that support and are supported by multi-modal transportation options, including high capacity transit. The TOD District Overlay revitalizes the City's core by creating incentives and opportunities for a mix of jobs and residences, cultivates a respectful relationship among development within the District, the natural environment, and nearby traditional neighborhoods, and provides a framework for future infrastructure and service decisions. The TOD District Overlay provides public benefits in the form of encouraging housing affordable to all economic groups, increased pedestrian connectivity, quality design, and incentive to preserve significant tree groves where they exist.

18.29.020 Area

The area of the TOD District Overlay is shown on Figure 18.29.020.1. In order to develop under the TOD District Overlay, at least 50% of a parcel shown on Figure 18.29.020.1 shall be located within the TOD District Overlay.

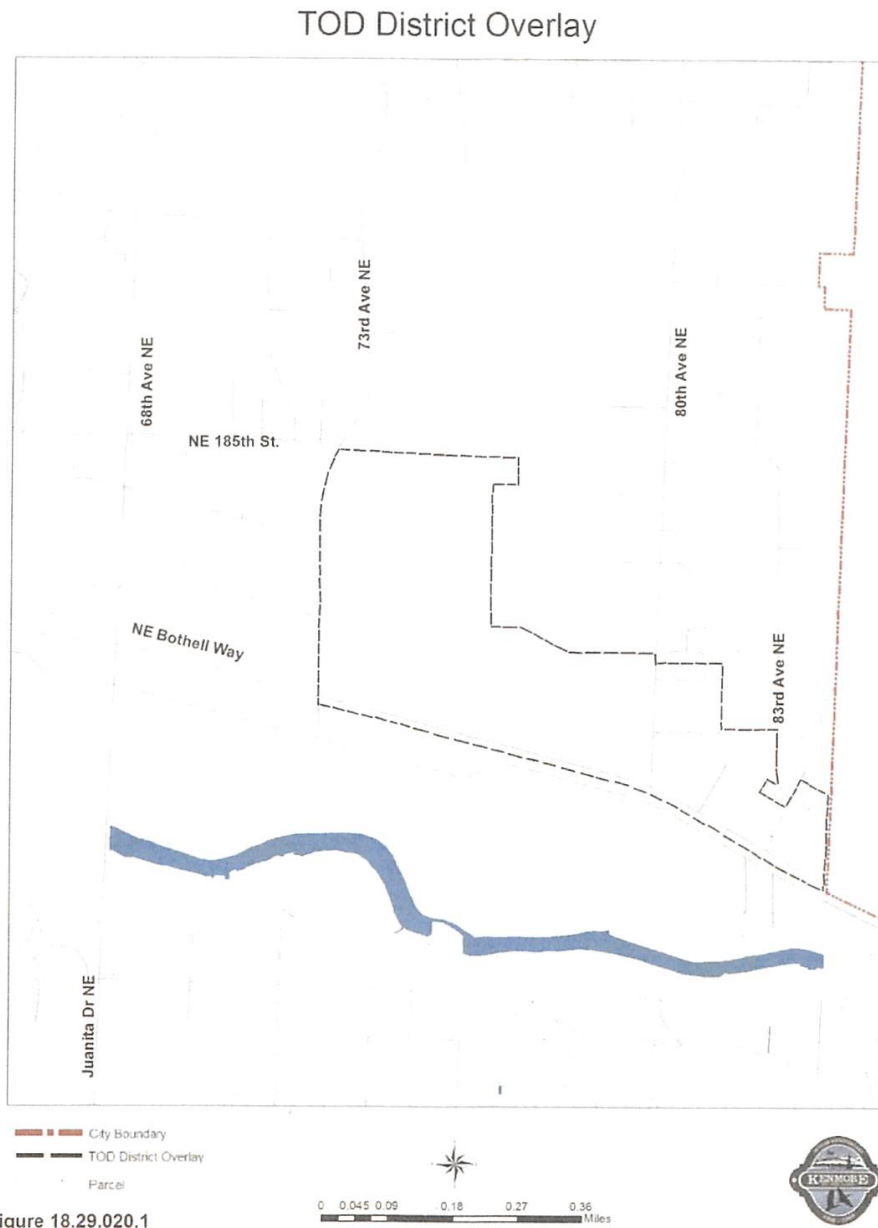


Figure 18.29.020.1

18.29.030 Applicability

- A. The TOD District Overlay is an incentive-based zoning overlay. Applicants who elect to develop under the provisions of the TOD District Overlay shall adhere to all development standards set forth in this Chapter; except that development standards not addressed in this Chapter shall be governed by provisions of the underlying zone.
- B. In order to be eligible to develop under the TOD District Overlay regulations, a development application shall meet the following criteria:
1. The property must be located within the TOD District Overlay area as described in KMC 18.29.020;
 2. The proposed development must either:
 - i. Be considered a mixed-use development as defined in KMC 18.20.1740; or
 - ii. Be a residential-only development or mixed-use development with commercial permitted only on the ground floor if located in the R-12, R-18, or R-24 underlying zones, which are areas designated as primarily residential.
- C. Eligible properties within the TOD District Overlay that do not choose to develop under the provisions of this Chapter shall comply with the provisions of the underlying zone in their entirety.

18.29.040 Use allowances

The following uses listed in Table A are identified as permitted, conditionally permitted or prohibited uses for properties electing to develop under provisions of the TOD District Overlay.

All uses not specifically listed in this section shall be prohibited.

Table A. TOD District Overlay Use Allowances

Permitted	Conditionally Permitted	Prohibited
Arts, entertainment, indoor ^{1,3}	Ambulatory surgery center ²	Adult entertainment business
Business service, standard ^{1,3}	Animal kennel/shelter ^{2,5}	Air transportation service
Day-care	College/university ²	Arts, entertainment, outdoor
Eating and drinking place ¹	Communication facility	Auction house
Educational service ¹	Fire or police facility ²	Automotive sales and service, marine
Health care and social assistance ^{1,3}	Laboratory ²	Automotive sales and service, non-marine
Manufacturing, light ^{1,3,5}	Park	Business service, intensive
Mobile food service ⁴	Regional land use	Cemetery, columbarium or mausoleum
Multiple family dwelling	Religious institution ²	Community residential facility
Office ¹	Supportive living facility ²	Construction and trade

Permitted	Conditionally Permitted	Prohibited
Personal service ^{1,3}		Family child-care home
Recreational facility, indoor ^{1,3}		Funeral home/crematory
Retail sales ^{1,3,5}		Hospital
Temporary lodging ^{1,3}		Manufacturing, heavy
		Marijuana business
		Mobile home park
		Recreational facility, outdoor
		Resource land use
		Retail sales, bulk
		Secure facility
		Single detached dwelling unit
		Standalone parking
		Transportation
		Utility facility
		Vehicle or equipment rental
		Vehicle refueling station
		Warehousing
		Wholesale trade

- ¹ Commercial use limitations in residentially-oriented underlying zones: If these uses are proposed for property with underlying zoning of R-12, R-18, or R-24, then each use is limited to maximum 5,000 square feet per use and 15,000 square feet total contiguous non-residential area within the development.
- ² Conditional use permit required in underlying Urban Corridor, Downtown Commercial, and Public/Semi-Public zones. Prohibited in all other underlying zones within the TOD District Overlay area.
- ³ Conditional use permit required in underlying R-12, R-18, R-24 zones. Permitted in underlying Urban Corridor, Downtown Commercial, and Public/Semi-Public zones within the TOD District Overlay area.
- ⁴ Mobile food vendors are permitted subject to the following requirements:
 - a. For a stand, location shall be on a sidewalk or near a storefront consistent with barrier-free regulations;
 - b. For a stand, location on the sidewalk or near a storefront shall provide for at least four feet of unobstructed sidewalk between the stand and the sidewalk edge for pedestrian movement;
 - c. No permanent fencing, walls, or other structures are installed which hinder removal of the structure from the site;
 - d. No required parking stall shall be blocked or rendered unusable as a result of the mobile vendor;

- e. Safe ingress and egress to the site shall be maintained. Visibility for transportation and pedestrian access shall be maintained;
 - f. The limited duration of the mobile vendor shall be established as a condition of approval of any applicable permits; if accessory to a use, such operation is removed daily at the time of or prior to the close of business hours;
 - g. A sign permit is required for exterior signage in accordance signage in accordance with the sign code, KMC Chapter 18.42.
- ⁵ No outdoor storage of materials shall be permitted.

18.29.050 Zoning standards

The following development standards in Table B apply to properties electing to develop under provisions of the TOD District Overlay:

Table B. TOD Overlay District Development Standards

STANDARD	REQUIREMENT
Minimum Density: Dwelling Units/Gross Acre	60 ¹
Maximum Density: Dwelling Units/Gross Acre	150 ¹
Maximum Height	65' ²

- ¹ Portions of any property developing under the TOD District Overlay regulations with an underlying zoning of R-1 shall cluster development away from critical areas or corridors such as urban separators or the wildlife habitat network to the extent possible and the open space shall be placed in a separate tract that includes at least 50 percent of the site. The open space tract shall be permanent and meet the provisions of KMC 17.20.130.B.
- ² Portions of any property developing under the TOD District Overlay regulations that are within 50 feet of a single family zone (R-1, R-4, R-6) shall have a maximum height of 35 feet within that area to provide a transition in height to the lower intensity uses.

18.29.060 Affordable housing requirements.

For properties choosing to develop under the TOD District Overlay, development shall provide affordable housing. Development choosing to develop under the TOD District Overlay shall not utilize the provisions of Residential Density Incentives found in KMC Chapter 18.80 to achieve maximum densities.

- A. Definitions: For purposes of the TOD District Overlay, the following affordable housing definitions shall apply:
 - 1. Affordable Housing Unit: Housing reserved for occupancy by eligible households and affordable to households whose annual income does not exceed the percentage of Median Income types

described in the Subsections below, adjusted for household size, and no more than thirty percent of the monthly household income is paid for monthly housing expenses (Housing expenses for ownership housing include mortgage and mortgage insurance, property taxes, property insurance, and homeowners dues. Housing expenses for rental housing include rent and appropriate utility allowance.)

2. **Bonus units:** Dwelling units achieved through the TOD District Overlay that exceed the number of units allowed by the base density of the underlying zoning district.
3. **Moderate Income Affordable Housing.** For rental housing, moderate income affordable housing is defined as affordable at 70% of Median Income, adjusted for household size. For ownership housing, moderate income affordable housing is defined as affordable at 80% of Median Income adjusted for household size.
4. **Low Income Affordable Housing.** For rental housing, low income affordable housing is defined as affordable at 50% of Median Income, adjusted for household size. For ownership housing, low income affordable housing is defined as affordable at 65% of Median Income adjusted for household size.
5. **Very Low Income Affordable Housing.** For rental housing, very low income affordable housing is defined as affordable at 35% of Median Income, adjusted for household size. For ownership housing, very low income affordable housing is defined as affordable at 50% of Median Income adjusted for household size.
6. **Median Income** means the median income for the Seattle MSA as most recently determined by the Secretary of Housing and Urban Development under Section 8(f)(3) of the United States Housing Act of 1937, as amended, or if programs under said Section 8(f)(3) are terminated, median income is determined under the method used by the Secretary prior to such termination. In the event that HUD no longer publishes median income figures for the Seattle MSA or King County, the City may use any other method for determining the King County median income, adjusted for household size.

Pursuant to the authority of RCW 36.70A.540, the City finds that the higher income levels specified in the definition of Affordable Housing under Subsection 18.29.060.A, rather than those stated in the definition of "low-income households" in RCW 36.70A.540, are needed to address local housing market conditions in the City.

- B. **Cap on Total Number of Affordable Housing Units Required:** Affordable housing requirements shall be capped at 10% of the total number of dwelling units being provided.
- C. **Number of Affordable Housing Units Required:** Affordable housing units shall be provided for any development exceeding the base density of the underlying zone as follows:
 1. **Tier 1:** If the number of bonus units is less than or equal to thirty percent of the total number of dwelling units, then for every three bonus units, one dwelling unit shall be a moderate income affordable housing unit and two bonus dwelling units may be bonus market rate dwelling units.
 2. **Tier 2:** If the number of bonus units is greater than thirty percent of the total number of dwelling units and if the overall project density is less than or equal to 120 dwelling units per acre, then a combination of low income affordable housing units and moderate income

affordable housing units shall be provided as follows: For every four bonus units allowed beyond that needed to achieve the 10% moderate income affordable housing units, one of the moderate income affordable housing units shall be made into a low income affordable housing unit up to a maximum of 33% of the affordable housing units (or 3.3% of the total dwelling units in the development).

3. Tier 3: If the overall development density is greater than 120 dwelling units per acre, a combination of very low income affordable housing units, low income affordable housing units and moderate income affordable housing units shall be provided as follows: The required numbers of low income affordable housing units and moderate income affordable housing units shall be equivalent to those that would be required under Tier 2 assuming that the project were to be developed at a density of 120 dwelling units per acre. An amount of very low income affordable housing shall be required so that the total combined amount of very low income, low income and moderate income affordable housing units is equal to 10% of the total number of dwelling units in the development.
4. Determination of Number of Affordable Housing Units Required: See KMC 18.30.020.D for method of rounding to determine the number of affordable housing units required.
5. Affordable housing example:

Example is a 1.5-acre property with a base density of 48 dwelling units (du)/acre. Without the TOD District Overlay, the property could achieve up to 72 dwelling units.

Tier 1 example: Proposed TOD development would achieve 93 dwelling units on site for 62 du/acre. This provides 21 "bonus" dwelling units above the 48 du/acre base density of the zone. Since the number of bonus units (21) is less than 30% of the total units (93), seven of the 21 bonus units must be affordable to moderate income households, meeting Tier 1 affordability requirements.

Tier 2 example: Proposed TOD development would achieve 113 dwelling units on site for 75 du/acre. This provides 41 "bonus" dwelling units above the 48 du/acre base density of the zone. Since the number of bonus units (41) is greater than 30% of the total units (113), 11 of the 41 bonus units must be affordable, meeting the 10% affordability cap. Nine of these are affordable to moderate income households and 2 are affordable to low income households (33 of the bonus units used toward achieving 10% affordable units (11×3) plus 8 of the bonus units applied toward making two of the affordable units low income affordable units $(8 \times .25 = 2)$).

Tier 3 example: Proposed TOD development would achieve 210 dwelling units on site for 140 du/acre. The first step is to determine how many affordable units would have been required assuming 120 du/acre using the Tier 2 formula. This calculation results in 13 moderate income affordable housing units and 5 low income affordable housing units. To achieve the requirement that 10% of the total units in the development be affordable, 3 additional affordable housing units would be needed $(21 - 18 = 3)$. These 3 units would be required to be very low income affordable housing units. In summary, the development would provide 13 moderate income affordable housing units, 5 low income affordable housing units, and 3 very low income affordable housing units.

D. Alternative Compliance. The city manager may approve a request for satisfying all or part of the affordable housing requirements with alternative compliance methods if they meet the following requirements:

1. The project proponent may propose an off-site alternative, and must demonstrate that any alternative compliance method achieves a result equal to or better than providing affordable housing onsite.
2. Affordable Housing Units provided through the alternative compliance method must be the same type of units as the units in the project which gave rise to the requirement.
3. Affordable Housing Units may be provided offsite if the location chosen does not lead to undue concentration of affordable housing in any particular area of the Transit Oriented Development District or Downtown.
4. Priority is for the project to be located within the Transit Oriented Development District. However, the city manager may approve a project located outside the Transit Oriented Development District if the location has access to commercial uses, transit, and does not result in an undue concentration of affordable housing,
5. The proposal must demonstrate that the affordable units provided off-site will be completed before or within the same time period as the development generating the affordable housing requirement, or provide such other assurances as approved by the city manager.

Applications for alternative compliance shall be submitted at the time of application, and must be approved prior to issuance of any building permit. The proposal must describe a specific location, type, and amount of affordable housing and how and when it will be developed. Any proposal for providing off-site affordable housing must also address the timing for providing the off-site housing, which, unless otherwise approved by the City, shall be built simultaneously with or prior to the construction of housing for the subject property. For projects approved for off-site affordable housing, there will be a recorded agreement on both the "sending" property and the "receiving" property. The covenant on the sending site will be released once the affordable housing is completed on the receiving property.

E. Affordability Agreement. Prior to issuing any building permit, an agreement in a form approved by the city manager that addresses price restrictions, homebuyer or tenant qualifications, phasing of construction, monitoring of affordability, duration of affordability, and any other applicable topics of the Affordable Housing Units shall be recorded with King County Department of Records and Elections. This agreement shall be a covenant running with the land and shall be binding on the assigns, heirs and successors of the applicant. The City may agree, at its sole discretion, to subordinate any affordable housing regulatory agreement for the purpose of enabling the owner to obtain financing for development of the property.

F. Implementation Provisions. The following requirements shall be met for all affordable units:

1. **Duration.** Housing shall serve only income-eligible households for a minimum period of 50 years from the latter of the date when the Affordability Agreement between the housing owner and the City, as referenced in Subsection E is recorded, or the date when the affordable housing becomes available for occupancy as determined by the City.

2. **Designation of Affordable Housing Units.** Prior to the issuance of any permit(s), the City shall review and approve the location and unit mix of the Affordable Housing Units consistent with the following standards:
 - a. **Location.** The location of the Affordable Housing Units shall be approved by the City, with the intent that they generally be intermingled with all other dwelling units in the development.
 - b. **Tenure.** The tenure of the Affordable Housing Units (ownership or rental) shall be the same as the tenure for the rest of the housing units in the development.
 - c. **Size (bedroom).** The Affordable Housing Units shall consist of a range of number of bedrooms that are comparable to units in the overall development.
 - d. **Size (square footage).** The size of the Affordable Housing Units, if smaller than the other units with the same number of bedrooms in the development, shall be approved by the city manager. If there is a proposal that the affordable units be smaller than the market rate units, in no case shall the Affordable Housing Units be less than 500 square feet for a studio unit, 600 square feet for a one bedroom unit, 800 square feet for a two bedroom unit, or 1,000 square feet for a three bedroom unit.
 - e. **Design.** The exterior design of the Affordable Housing Units shall be compatible and comparable with the rest of the dwelling units in the development and shall comply with design standards specified in KMC 18.29.080. The interior finish and quality of construction of the Affordable Housing Units shall at a minimum be comparable to entry level rental or ownership housing in the City.
3. **Timing/Phasing.** The Affordable Housing Units shall be available for occupancy in a time frame comparable to the availability of the rest of the dwelling units in the development.

G. **Monitoring and fees.** The City reserves the right to establish in the Affordability Agreement referred to in Subsection E, monitoring fees for the Affordable Housing Unit, which can be adjusted over time to account for inflation. The purpose of any monitoring fee is for the review and processing of documents to maintain compliance with income and affordability restrictions of the Affordability Agreement.

18.29.070 Parking.

Parking in the TOD District Overlay should be sufficient to support local businesses and residential development, while at the same time promoting transit ridership, walkable streets, and efficient use of land. Proposed development choosing to develop under the TOD District Overlay shall provide parking as follows:

- A. Minimum parking requirements for non-residential uses may be reduced to 75% of the minimum requirement computed according to the provisions of KMC 18.40.030.
- B. Minimum residential parking shall be supplied at the following ratios:

1. 1.0 parking spaces per market-rate dwelling unit, except as follows:
 - a. Pioneer Project Incentive. For purposes of this code section, a pioneer project consists of the first 100 bonus housing units provided in the city under the TOD District Overlay regulations. The first 100 bonus housing units in a pioneer project(s) may elect to provide parking spaces for market rate bonus units at 0.6 parking spaces per dwelling unit.
 2. 1.0 additional parking space per every five (5) market rate dwelling units shall be provided and designated as guest parking for use by all guests.
 3. 0.6 parking spaces per dwelling unit for affordable or senior dwelling units.
 4. Affordable housing shall be as defined under KMC 18.29.060. Senior housing shall be defined as housing restricted to those meeting the definition of senior citizen as found in KMC 18.20.2500.
- C. The following factors shall count towards minimum parking standards for residential and nonresidential development:
- a. On-street parking immediately adjoining a property proposed for development or provided as part of the proposed development may be counted toward the minimum parking requirement.
 - b. Minimum on-site parking may be reduced further by provisions of KMC 18.40.090B for properties within the TOD District Overlay that meet the requirements of KMC 18.40.090B for accessibility to high frequency transit service.
 - c. Shared parking among uses is encouraged within the TOD District Overlay. Developments that propose shared parking arrangements shall submit a parking management plan as defined in KMC 18.20.1995 that describes the terms and conditions of shared parking arrangements on site.
- D. Parking Provided in Excess of Minimum: Provision of parking in excess of the minimum parking requirements outlined in subsections A. and B. above, shall require the excess parking be included in a structured parking garage, or under building and screened from the street frontage, unless the additional parking is associated with a phased, mixed use development, is interim in nature, and is temporarily located on land reserved for future phases not yet built.
- E. Maximum parking within the TOD District Overlay shall not exceed 100% of the minimum requirement calculated under the provisions of KMC 18.40.030.
- a. Applicants may be allowed to exceed the maximum parking if the applicant can produce a parking study that demonstrates probable on-site parking needs that are significantly higher than similar uses. This traffic study shall be subject to review by the city manager before approval for additional parking is granted. All parking granted in excess of the maximum shall be provided in a structured parking garage or under building and screened from the street frontage.
- F. All other parking requirements shall be as provided in KMC Chapter 18.40.

18.29.080 Design Requirements.

Development within the TOD District Overlay shall comply with Standard 1 provisions of the Downtown Design Standards, as set forth in KMC Chapter 18.52.

In addition, the following design requirements shall apply:

- A. Relational Setback Requirements: Any proposed development within the TOD District Overlay adjacent to an existing single-family zone (R-1, R-4, or R-6) shall be required to provide an interior

ground-level setback of 15 feet on the side of the property facing the single-family zone, unless a larger setback is required in the underlying zone. In that event, the larger of the two setback requirements shall govern. The setback required by this Subsection shall be landscaped with Type II landscaping as defined in KMC 18.35.040B to provide a visual buffer.

18.29.090 Connectivity Requirements.

The TOD District Overlay should remove impediments to pedestrian use of the district and the downtown area by fostering the creation of an extensive network of sidewalks and pedestrian walkways.

Development proposals within the boundaries of the TOD District Overlay that elect to develop under the provisions of KMC Chapter 18.29 shall:

- A. Provide any direct pedestrian connections between proposed development and transit facilities, or arterials providing transit access in order to minimize walking distances to transit.
- B. Comply with the Downtown Design Standards pertaining to pedestrian walkways, as set forth in KMC 18.52.100.
- C. Properties abutting water bodies (i.e., wetlands, rivers, lakes, or streams) shall provide a public access trail paralleling the water body from one property line to the next with setbacks that are consistent with the requirements of KMC Title 16, Division I, and KMC Chapter 18.55. The public access trail shall connect to a public right-of-way.
 - 1. Where a development proposal abuts a property with a public access trail segment, the public access segment on the subject property shall connect to abutting property public access segment(s).
 - 2. The public access easement for public access trails shall be documented on the face of the plat or plan and recorded with the King County Department of Records and Elections. Public access easements shall run with the land in perpetuity.

18.29.100 Significant Tree Grove Retention

A. Definitions:

- 1. **Significant Tree Grove Definition:** A significant tree grove shall consist of 2 or more trees with a minimum of 5.5 tree units total. A qualifying tree has 2 tree units minimum. The maximum distance measured in feet between qualifying trees shall be equal to 2 times the critical root zone in order to be defined as a significant tree grove. For example a 24-inch d.b.h. tree must be within 24 feet of another tree in the grove to be included in the significant tree grove. A tree of any size that is topped or considered a "hazard tree" as defined in KMC 18.20.3084 may not qualify as part of a significant tree grove as herein defined. For purposes of this chapter, a significant tree grove may not contain trees that are located within a critical area or critical area buffer protected under KMC Chapter 18.55. A significant tree grove is not the same as a "grove," as defined in KMC 18.20.1273.
- 2. **Tree Units:** See KMC 18.57.060.A for translation of diameter at breast height (d.b.h.) to tree units.

B. Applicability:

1. If the underlying zone within the TOD District Overlay requires tree retention as provided in KMC Chapter 18.57, then the provisions of KMC Chapter 18.57 shall be retained. If KMC Chapter 18.57 exempts a property from tree retention then it shall remain exempt.
 2. Development proposals within the boundaries of the TOD District Overlay that elect to develop under the provisions of KMC Chapter 18.29 shall be eligible to benefit from providing less parking or more dwelling units or any combination of the two if the development retains one or more significant tree grove(s) as defined in this Section in perpetuity. A development may be able to benefit from both reduced parking and additional dwelling units by preserving a significant tree grove so long as the same tree credits are not counted towards both reductions in parking and additional bonus dwellings. Trees or groves retained through the provision of KMC Chapter 18.57 may count towards the significant tree grove retention if they meet the definitions found in KMC 18.29.100.A.
 3. Tree on Property Line: In instances where one or more trees that would qualify as part of a significant tree grove is located on a property line such that the tree is on more than one property, and the properties are in separate ownerships, the tree shall qualify to be counted as part of a separate tree grove by each property owner.
- C. Reduced Parking: In order to retain qualifying significant tree groves, required parking may be reduced at the maximum rate of one stall per each 5.5 Tree Units. Parking quantities may be reduced up to a maximum of 20% from the parking requirement after other reductions are applied, if any.
- D. Residential Bonus Units:
1. In order to retain qualifying significant tree groves, residential units are offered at the rate of one bonus unit per each 11 Tree Units preserved. Grove bonus units are not included in maximum unit density calculations. Grove bonus units are not subject to the affordability requirements of KMC 18.29.060.
- E. Significant Tree Grove Preservation Requirements:
1. Tree Protection Plan Required. A tree protection plan as identified in KMC 18.57.050 shall be required for any development application proposing to protect one or more significant tree groves through this Section.
 2. Recorded on Title. The map of significant tree groves preserved through this Section, along with a covenant preventing removal, shall be recorded and shown on the property title.
 3. Subject to Tree Protection Measures of KMC Chapter 18.57. Significant tree groves protected under this Section shall be subject to the tree protection measures during construction found in KMC 18.57.090, the post-construction replacement, financial guarantee, and maintenance requirements of KMC 18.57.100, and the penalties and enforcement of KMC 18.57.110.

ADD A NEW DEFINITION TO CHAPTER 18.20 AS FOLLOWS:

18.20.1995 Parking management plan.

"Parking Management Plan" means a plan developed by a property owner or applicant that clearly identifies the short- and long-term parking management methods used to ensure that on-site parking provided on a property is adequate to meet anticipated parking demands. Parking management methods can include but are not limited to transportation demand methods that include on-site parking enforcement, signage, and parking fees.

AMEND THE FOLLOWING SECTIONS OF CHAPTER 18.52, DOWNTOWN DESIGN STANDARDS, AS FOLLOWS:

18.52.070 Applicability.

- A. Design standards shall apply as depicted in Figure 18.52.070.A.1.
 - B. A property owner or developer electing to develop under KMC Chapter 18.29, Transit-Oriented Development District Overlay, shall comply with Standard 1 as described in Subsection C. below.
 - ~~B-C.~~ The components of the design standards shall apply as follows: (X = design component required under the specific standard)
- (Relabel remaining subsections in consecutive order...)*

18.52.100 Pedestrian walkways.

- A. Intent.
 - 1. Pedestrian Network. To create on-site pedestrian networks from streets and drives to building entrances, through parking lots to connect buildings to the street (see surface parking location standards), and between sites.
 - 2. Through Block Connections. To create through block connections between blocks of development, between streets, and connecting streets to public spaces.
- B. Standards – Required.
 - 1. Locations. Clear and visible pedestrian walkways shall be provided in the following locations:
 - a. Through Block Connections.
 - (1) Northwest Quadrant. If the property abuts a proposed pedestrian route designated in the Northwest Quadrant circulation plan, see KMC 18.52.110. In areas not identified on the circulation plan, one pedestrian walkway shall be provided for an average of every 300 feet

or less of street frontages in the north-south and east-west directions to create a linked pedestrian walkway system around and through the Northwest Quadrant. Distances may vary from exactly 300 feet to accommodate linking adjacent development on a case-by-case basis.

(a) Public spaces shall be linked to adjacent streets and developments.

(b) Exact locations of pedestrian walkways shall be determined at the time of development to accommodate linkages between adjacent developments.

(2) Northeast Quadrant and TOD District Overlay. In the Northeast Quadrant and for properties electing to develop under KMC Chapter 18.29 in the TOD District Overlay, one pedestrian walkway shall be provided between the north and south end of the property, spaced an average of every 300 feet or less of street frontages. The walkway must connect with walkways located on other properties established in accordance with this condition. Distances may vary from exactly 300 feet to accommodate linking adjacent developments on a case-by-case basis. The comprehensive plan downtown circulation concept shall be a general guide to priority pedestrian links.

(a) Public spaces shall be linked to adjacent streets and developments.

(b) Exact locations of pedestrian walkways shall be determined at the time of development to accommodate linkages between adjacent developments.

b. Street to Building Entrances. Between a public right-of-way and building entrances where the building is set back from the street, sidewalk, or parking area.

c. Parking Lots to Building Entrances. Between parking lots and building entrances.

d. Building to Building. Between buildings where multiple structures are a part of a single development project.

e. As identified on the Northwest Quadrant circulation plan, which is located in KMC 18.52.110.

(Remaining subsections remain unchanged)

EXHIBIT C

CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 07-0271

**AN ORDINANCE OF THE CITY OF KENMORE,
WASHINGTON, AUTHORIZING A MULTI-FAMILY HOUSING
PROPERTY TAX EXEMPTION PROGRAM, AND ADDING A
NEW CHAPTER 3.60 TO THE KENMORE MUNICIPAL CODE.**

WHEREAS, Chapter 84.14 RW provides for exemption from ad valorem property taxation for the value of eligible improvements associated with qualifying multifamily housing located in residential targeted areas within urban centers; and

WHEREAS, by Ordinance No. 07-0262, passed on July 9, 2007, the City Council approved a Development Agreement with Kenmore Partners, LLC, for the development of Kenmore Village; and

WHEREAS, pursuant to the Development Agreement, the City agreed to consider designation of the Kenmore Village parcels as a residential target area for purposes of exemption from ad valorem taxation under Chapter 84.14 RCW; and

WHEREAS, the City Council considered a memorandum by Berk & Associates regarding the financial impact of tax exemption for the multifamily housing in Kenmore Village; and

WHEREAS, the City Council recognizes that additional financial incentives are required in certain areas of the city to facilitate the development of multifamily housing;

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

Section 1. A new chapter 3.60, to be titled "Multifamily Housing Property Tax Exemption," is added to the Kenmore Municipal Code as follows:

3.60.010 Purpose.

A. The purposes of this chapter are:

1. To encourage more multifamily housing opportunities, including affordable housing, within the city;
2. To stimulate the construction of new multifamily housing, including affordable housing, and the rehabilitation of existing vacant and underutilized buildings for multifamily housing;
3. To increase the supply of multifamily housing opportunities within the city for low and moderate income households; and
4. To accomplish the planning goals required under the Growth Management Act, Chapter 36.70A RCW, as implemented by the city's comprehensive plan.

B. Any one or a combination of these purposes may be furthered by the designation of a residential targeted area under this chapter.

3.60.020 Definitions.

- A. "Affordable housing" means: (1) for an owner-occupied dwelling unit, housing reserved for occupancy by moderate-income households, and (2) for a renter-occupied dwelling unit, housing reserved for occupancy by a moderate income household and whose monthly housing costs, including utilities other than telephone, do not exceed 30 percent of the household's monthly income.
- B. "Assessor" means the King County assessor.
- C. "Director" means the director of the city's community development department, or any other city office, department or agency that shall succeed to its functions with respect to this chapter, or the director's designee.
- D. "Eligible household" means a household that certifies that its household monthly income or household annual income at time of initial occupancy, as applicable, does not exceed the income maximums, and that certifies that it meets all qualifications for eligibility, including, if applicable, any requirements for recertification on income eligibility.
- E. "Household" means a single person, family, or unrelated persons living together.
- F. "Household annual income" means the aggregate annual income of all persons in the household over 18 years of age for a period of at least four months.
- G. "Moderate-income household" means a household whose adjusted income is 80 percent of the King County median family income adjusted for family size, as reported by the United States Department of Housing and Urban Development. If HUD no longer publishes median family income figures for King County, the city may use or determine such other method as it may choose to determine the King County family median income adjusted for household size.
- H. "Multifamily housing" means a building or townhouse project having four or more dwelling units designed for permanent residential occupancy resulting from new construction or rehabilitation or conversion of vacant, underutilized, or substandard buildings.
- I. "Owner" means the owner of the real property on which the project proposed for tax exemption is located, and its successors and assigns. If tax exemption is requested or authorized for 12 years pursuant to this chapter, "owner" also means a non-profit corporation that will own or owns the affordable housing units.
- J. "Permanent residential occupancy" means multifamily housing that provides either rental or owner occupancy for a period of at least one month, and excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.
- K. "Rehabilitation improvements" means:
 - 1. Modifications to an existing structure, the residential portion of which has been vacant for at least 12 months prior to application for exemption under this chapter, that are made to achieve a condition of substantial compliance with the applicable building and construction codes contained in Title 15 of this code; or
 - 2. Modifications to an existing occupied residential structure or mixed use structure that contains occupied residential units and that adds at least four multifamily dwelling units.
- L. "Residential targeted area" means an area within an urban center as defined by Chapter 84.14 RCW that has been so designated by the city council pursuant to this chapter.
- M. "Substantial compliance" means compliance with the applicable building and construction codes contained in Title 15 of this code that is typically required for rehabilitation as opposed to new construction.

3.60.030 Residential targeted areas—Criteria—Designation—Rescission.

A. Following notice and public hearing as prescribed in RCW 84.14.040, the city council may designate one or more residential targeted areas, in addition to the area stated in subsection D of this section, upon a finding by the city council that the residential targeted area meets the following criteria:

1. The residential targeted area is within an urban center as defined by Chapter 84.14 RCW;

2. The residential targeted area lacks sufficient available, desirable and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center if affordable, desirable, attractive and livable residences were available; and

3. Providing additional housing opportunity, including affordable housing, in the residential targeted area will assist in achieving one or more of the following purposes:

a. Encourage increased residential opportunities, including affordable housing opportunities, within the city; or

b. Stimulate the construction of new multifamily housing; or

c. Encourage the rehabilitation of existing vacant and underutilized buildings for multifamily housing.

B. In designating a residential targeted area, the city council may also consider other factors, including:

1. Whether additional housing in the residential targeted area will attract and maintain an increase in the number of permanent residents;

2. Whether providing additional housing opportunities for low and moderate income households would meet the needs of citizens likely to live in the area if affordable housing was available;

3. Whether an increased permanent residential population in the residential targeted area will help to achieve the planning goals mandated by the Growth Management Act under Chapter 36.70A RCW, as implemented through the city's comprehensive plan; or

4. Whether encouraging additional housing in the residential targeted area supports better jobs and housing balance.

C. At any time the city council may, by ordinance, amend or rescind the designation of a residential targeted area pursuant to the same procedural requirements as set forth in this chapter for original designation.

D. The parcels lying Northwest of the intersection of Northeast 181st Street and 68th Avenue Northeast, which are shown on Map 1 in this Section, meet the criteria of this chapter on residential targeted areas and are designated as such.

3.60.040 Project eligibility.

To be eligible for exemption from property taxation under this chapter, the property shall satisfy all of the following requirements:

A. The property must be located in a residential targeted area.

B. A building or buildings in the project on the property shall have at least four dwelling units. Any project may be proposed in phases. If applicable, the affordable housing units may be located in all or some of the buildings in the project.

C. For new construction, a minimum of four new dwelling units must be created; for rehabilitation or conversion of existing occupied structures, a minimum of four additional dwelling units must be added.

D. Existing dwelling units proposed for rehabilitation shall have been unoccupied for a minimum of 12 months prior to submission of an application and shall fail to comply with one or more requirements the building code as set forth in Title 15 of this code.

E. No application may 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).

F. Prior to issuing a certificate of occupancy, an agreement in a form acceptable to the city attorney that addresses eligible household qualifications and any other applicable topics of the affordable housing units shall be recorded with King County Department of Records and Elections. This agreement shall be a covenant running with the land and shall be binding on the assigns and successors of the owners.

G. The project shall comply with all applicable zoning, land use, building and housing requirements contained in this code.

H. New construction of multifamily housing and rehabilitation improvements shall be scheduled to be completed within 3 years from the date of approval of the application, or within an authorized extension of this time limit.

3.60.050 Application procedure—Fee.

A. The owner of property applying for exemption under this chapter shall submit an application to the director, on a form established by the director. The owner shall verify the application by oath or affirmation. The application shall contain such information as the director may deem necessary or useful, and shall include:

1. A brief written description of the project, including phasing if applicable, and preliminary schematic site and floor plans of the multifamily units and the structure(s) in which they are proposed to be located;

2. A statement from the owner acknowledging the potential tax liability when the property ceases to be eligible for exemption under this chapter;

3. In the case of rehabilitation of an existing vacant structure, verification of non-compliance with applicable building and housing codes, and an affidavit from the owner verifying that the existing dwelling units have been vacant for a period of 12 months prior to filing the application; and

4. If tax exemption for 12 years is proposed, and the owner of the affordable housing units will be different from the owner applying for the exemption, a description of the person or entity that will own the affordable housing units and an explanation of the financing plan for such units.

B. At the time of application under this section, the owner shall pay an initial application fee as established by resolution and pursuant to the provisions of RCW 84.14.080. In addition, at the time of application under this section, the owner shall pay a fee of 150 dollars to cover the county assessor's administrative costs. If the director approves the application, the city shall forward the fee for the county assessor's administrative costs to the county assessor. If the director denies the application, the city shall refund the fee for the assessor's administrative costs to the applicant.

C. The director shall notify the owner within 28 days of the application being filed if the director determines that an application is not complete and shall identify what additional information is required before the application will be complete. Within 14 days of receiving additional information, the director shall notify the owner in writing if the director determines that the application is still not complete, and what additional information is necessary. An application shall be deemed to be complete if the director does not notify the applicant in writing by the deadlines in this section that the application is incomplete; however, a determination of completeness does not preclude the director from requiring additional information during the review process if more information is needed to evaluate the application according to the criteria in this chapter.

D. The application shall be submitted any time before, but no later than, the date the building or other construction permit is issued under Title 15 of this code.

3.60.060 Application review—Issuance of conditional certificate—Denial—Appeal.

A. The director shall approve or deny an application under this chapter. If the application is approved, the owner shall enter into a contract with the city, subject to approval by resolution of the city council regarding the terms and conditions of the project and eligibility for exemption under this chapter. If tax exemption for 12 years is requested, the owner of the affordable housing units, if different from the owner of the other multifamily housing units, also shall enter into such contract. The city council's resolution to approve the owner's contract with the city shall be adopted within 90 days of the director's receipt of the completed application. Upon city council approval of the contract, the director shall execute the contract which shall be substantially in the form of the contract as approved by the city council, and shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire 3 years from the date of approval unless an extension is granted as provided in this chapter.

B. If the application is denied, the director shall state in writing the reasons for the denial and send notice of denial to the owner's last known address within 10 days of the denial.

C. An owner may appeal the director's denial of the application to the city council by filing a notice of appeal with the city clerk along with the appeal fee as established by resolution within 30 days of the date of the denial. The appeal before the city council shall be based upon the record before the director, and the director's decision shall be upheld unless the owner can show that there is no substantial evidence on the record to support the director's decision. The city council's decision on appeal is final.

3.60.070 Amendment of contract.

A. Any owner seeking an amendment to the contract may do so by submitting a request in writing to the director at any time within 3 years of the date of the city council's approval of the contract.

B. The director shall have authority to approve amendments to the contract that are reasonably within the scope and intent of the contract approved by the city council. Amendments that are not reasonably within the scope and intent of the approved contract, as determined by the director, shall be submitted to the city council for approval by resolution.

C. Any owner seeking amendments to the contract, which in the sole discretion of the director require approval by the city council, shall pay to the city an amendment application fee as established by resolution.

D. The date for expiration of the conditional certificate shall not be extended by contract amendment unless: (1) all the conditions for extension set forth in Section 3.60.080 are met, or (2) the conditions set forth in Section 3.60.080(A) and (B) are met and the city council specifically approves the extension.

3.60.080 Extension of conditional certificate.

The conditional certificate may be extended by the director for a period not to exceed 24 consecutive months. The owner shall submit a written request stating the grounds for the extension together with a fee as established by resolution. The director may grant an extension if the director determines that:

A. The anticipated failure to complete construction or rehabilitation within the required time period is due to circumstances beyond the control of the owner;

- B. The owner has been acting and could reasonably be expected to continue to act in good faith and with due diligence; and
- C. All the conditions of the original contract between the applicant and the city will be satisfied upon completion of the project.

3.60.090 Final certificate—Application—Issuance—Denial and appeal.

A. Upon completion of the rehabilitation improvements or new construction as provided in the contract between the applicant and the city, and upon issuance of a certificate of occupancy, the owner may request a final certificate of tax exemption. The owner shall file with the director such information as the director may deem necessary or useful to evaluate eligibility for the final certificate, and shall include:

- 1. A statement of expenditures made with respect to each multifamily housing unit and to each affordable housing unit, and the total expenditures made with respect to the entire property;
- 2. A description of the completed work and a statement of qualification for the exemption;
- 3. A statement that the work was completed within the required 3-year period or any approved extension; and
- 4. If applicable, a statement that the project meets the affordable housing unit requirements.

B. Within 30 days of receipt of all materials required for a final certificate, the director shall determine whether the completed work is consistent with the application and contract approved by the city council and is qualified for exemption under Chapter 84.14 RCW, and which specific improvements completed meet the requirements of this chapter and the required findings of RCW 84.14.060.

C. If the director determines that the project has been completed in accordance with subsection A of this section, the city shall file a final certificate of tax exemption with the Assessor within 10 days of the expiration of the 30-day period provided under subsection B of this section.

D. The director is authorized to cause to be recorded, or to require the owner to record, in the real property records of the King County Department of Records and Elections, the contract with the city required under Section 3.60.060(A), and such other documents as will identify such terms and conditions of eligibility for exemption under this chapter as the director deems appropriate for recording, including requirements under this chapter relating to affordability of units.

E. The director shall notify the owner in writing that the city will not file a final certificate if the director determines (1) that the project was not completed within the required three-year period or any approved extension or was not completed in accordance with subsection B of this section or (2) that the owner's property is not otherwise qualified under this chapter.

F. Within 30 days of the date of notice of denial of final certificate, the owner may file a notice of appeal with the city clerk along with the appeal fee as established by resolution specifying the factual and legal basis for the appeal. The appeal shall be heard by the city's hearing examiner pursuant to Section 3.60.120.

3.60.100 Exemption—Duration—Limits.

A. The value of new housing construction and rehabilitation improvements qualifying under this chapter shall be exempt from ad valorem property taxation:

- 1. For 8 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate; or

2. For 12 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if (1) the owner commits to renting or selling at least 20 percent of the multifamily housing units as affordable housing units and (2) the owners and renters of the affordable housing units meet the income and eligibility requirements of this chapter. If the original owner of the property transfers title to the portion of the property on which the affordable housing units are located to the nonprofit corporation that owns such units, such transfer shall not affect the 12-year tax exemption for the new housing construction and rehabilitation improvements qualifying under this chapter.

B. The exemptions in subsections A and B do not apply to the value of land or to the value of improvements not qualifying under this chapter, to increases in assessed valuation of land and nonqualifying improvements, or to increases made by lawful order of the King County Board of Equalization, Washington State Department of Revenue, State Board of Tax Appeals, or King County, to a class of property throughout the county or a specific area of the county to achieve uniformity of assessment or appraisal as required by law. In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to submission of the completed application required under this chapter.

3.60.110 Annual certification—Cancellation of exemption.

A. A property that receives a tax exemption under this chapter shall continue to comply with the contract and the requirements of this chapter in order to retain its property tax exemption.

B. Thirty days after the anniversary of the date the city filed the final certificate of tax exemption and each year for the tax exemption period, the owner shall file a certification with the director, verified upon oath or affirmation, which shall contain such information as the director may deem necessary or useful, and shall include the following information:

1. A statement of occupancy and vacancy of the rehabilitated or newly constructed property during the previous year;
2. Information demonstrating compliance of the owners and renters of the affordable housing units with the requirements of Section 3.60.100(A)(2), this chapter and the contract with the city, if applicable;
3. A certification that the property has not changed use since the date of filing of the final certificate of tax exemption; and
4. A description of any improvements or improvements constructed after the filing of the final certificate or last declaration.
5. The income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied units at the time of purchase for each of the units receiving a tax exemption.
6. Any additional information requested by the city in regards to the units receiving a tax exemption.

C. Failure to submit the annual declaration may result in cancellation of the tax exemption.

D. For the duration of the exemption granted under this chapter, the property shall have no violation of applicable zoning, land use and building and housing code requirements of this code for which the designated city department or contract agency shall have issued a notice of violation or notice of civil infraction that is not resolved by a certificate of compliance, certificate of release, or withdrawal within the time period for

compliance provided in such notice of violation or notice of civil infraction and any extension of the time period for compliance granted by the director.

E. For owner-occupied affordable housing units, in addition to any other requirements in this chapter, the affordable owner-occupied units must continue to meet the income eligibility conditions of this chapter. In the event of a sale of an affordable owner-occupied unit to a household other than an eligible household, the property tax exemption for that affordable owner-occupied unit shall be cancelled pursuant to this section

F. For renter-occupied affordable housing units, in addition to any other requirements in this chapter, the affordable renter-occupied units must continue to meet the income eligibility conditions of this chapter. In the event of a rental of an affordable renter-occupied unit to a household other than an eligible household, the property tax exemption for the property shall be cancelled pursuant to this section

G. If the owner converts the multifamily housing to another use, the owner shall notify the director and the Assessor within 60 days of the change in use. Upon such change in use, the tax exemption shall be canceled and additional taxes, interest and penalty imposed pursuant to state law.

H. The director shall cancel the tax exemption for any property or individual unit that no longer complies with the terms of the contract or with the requirements of this chapter. Upon cancellation, additional taxes, interest and penalties may be imposed pursuant to state law. Upon determining that a tax exemption shall be canceled, the director shall notify the owner by certified mail, return receipt requested. The owner may appeal the determination by filing a notice of appeal with the city clerk along with the appeal fee established by resolution within 30 days of the date of notice of cancellation, specifying the factual and legal basis for the appeal. The appeal shall be heard by the hearing examiner pursuant to Section 3.60.120.

3.60.120 Appeals to hearing examiner.

A. The city's hearing examiner is provided jurisdiction to hear appeals of the decisions of the director on the final certificate of tax exemption and cancellation thereof.

B. The hearing examiner's procedures shall apply to hearings under this chapter to the extent they are consistent with the requirement of this chapter and Chapter 84.14 RCW. The hearing examiner shall give substantial weight to the director's decision and the burden of overcoming the weight shall be on the appellant. The decision of the hearing examiner constitutes the final decision of the city. An aggrieved party may appeal the decision to superior court under RCW 34.05.510 through 34.05.598 if the appeal is properly filed within 30 days of the date of the notification by the city to the appellant of that decision.

3.60.130 Annual reporting.

A. If the city issues tax exemption certificates pursuant to this chapter, the director shall submit annually by December 31st of each year to the Department of Community, Trade and Economic Development the report required by RCW 84.14.100.

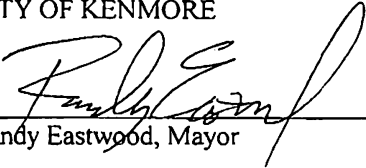
B. Annually, beginning in 2010, the director shall review the program established by this chapter and provide a report to the city council outlining development activity, types and numbers of units produced and their locations, rent and sales prices, information regarding the number of moderate income households benefiting from the program, and other appropriate factors. The report may include recommendations on whether any neighborhoods should be added or removed and whether affordability limits should be changed in certain areas, and shall analyze any issues related to the use of the program for homeownership units. The annual report shall be submitted to the city

council no later than March 30th of each year the program is in effect, starting in 2010.
Each report shall include information for the previous year.

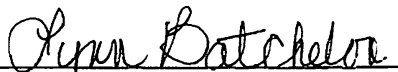
Section 2. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 10TH DAY OF DECEMBER, 2007.

CITY OF KENMORE


Randy Eastwood, Mayor

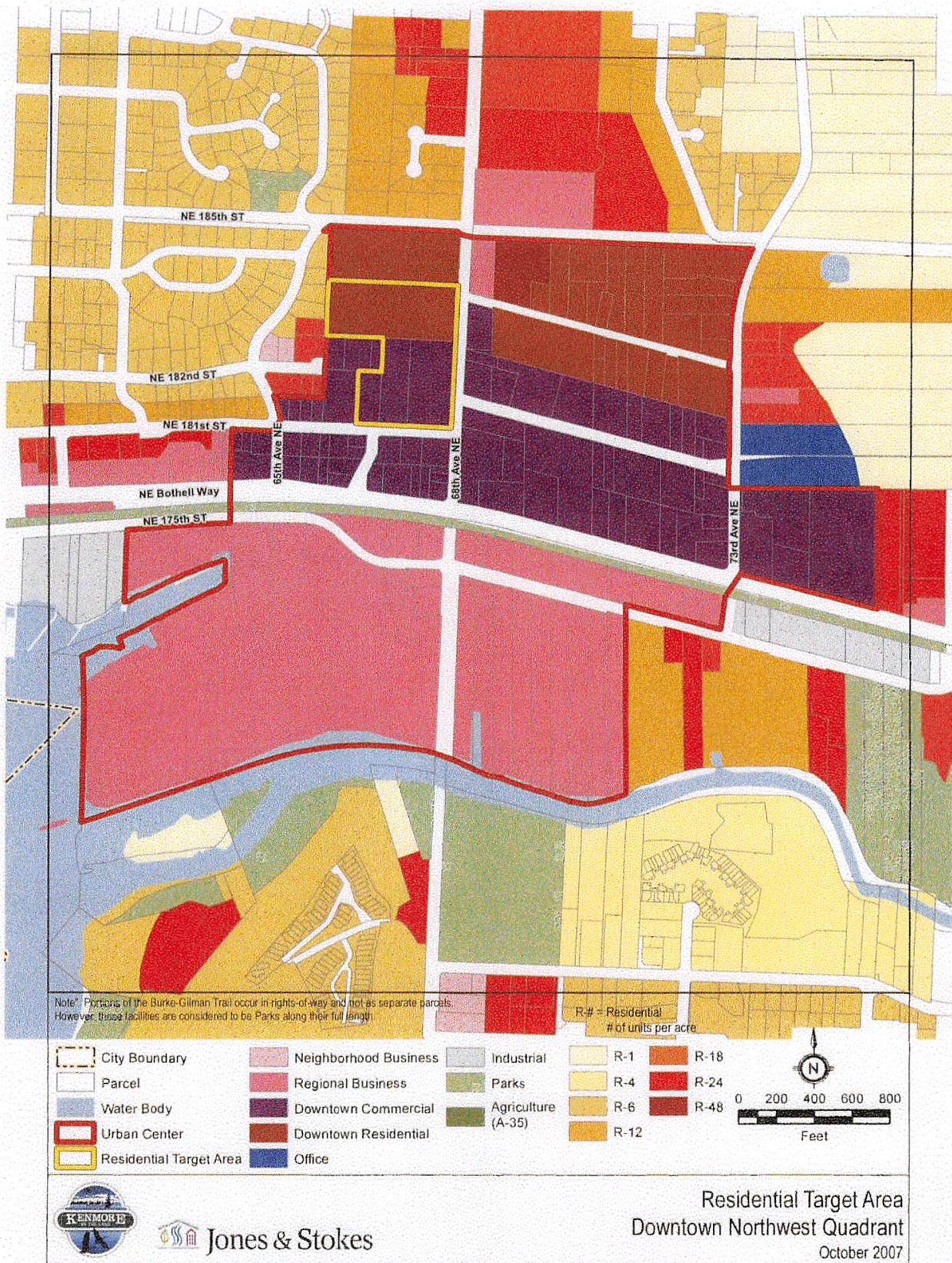
ATTEST/AUTHENTICATED:


Lynn Batchelor, City Clerk

Approved as to form:


Rod P. Kaseguma, City Attorney

Filed with the City Clerk:	December 7, 2007
Passed by the City Council:	December 10, 2007
Ordinance No.	07-0271
Date of Publication:	December 14, 2007
Effective Date:	December 20, 2007



**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 18-0471**

**AN ORDINANCE OF THE CITY OF KENMMORE,
WASHINGTON, DESIGNATING THE TRANSIT
ORIENTED DEVELOPMENT DISTRICT OVERLAY AS A
RESIDENTIAL TARGETED AREA; AMENDING
SECTIONS 3.65.030, 3.65.020, AND 3.65.110 OF THE
KENMORE MUNICIPAL CODE; AND ESTABLISHING AN
EFFECTIVE DATE.**

WHEREAS, Chapter 84.14 RCW provides for exemption from ad valorem property taxation for the value of eligible improvements associated with qualifying multifamily housing located in residential targeted areas within urban centers; and

WHEREAS, the Kenmore City Council approved Ordinance No. 07-0271 authorizing a multifamily housing property tax exemption program, Chapter 3.65 KMC; and

WHEREAS, Chapter 3.65 KMC allows the City Council to designate one or more residential targeted areas; and

WHEREAS, the City Council determined that the City's Transit Oriented Development District Overlay area, as established in Ordinance No. 15-0406, is within an urban center as defined by Chapter 84.14 RCW; and

WHEREAS, the City Council recognizes the Transit Oriented Development District Overlay lacks sufficient available, desirable and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center if affordable, desirable, attractive and livable residences were available; and

WHEREAS, the City Council recognizes providing additional housing opportunity, including affordable housing, in the residential targeted area will assist in achieving one or more of the following purposes:

- a. Encourage increased residential opportunities, including affordable housing opportunities, within the City; or
- b. Stimulate the construction of new multifamily housing; or
- c. Encourage the rehabilitation of existing vacant and underutilized buildings for multifamily housing; and

WHEREAS, the City Council recognizes that additional financial incentives are required in certain areas of the city to facilitate the development of multifamily housing; and

WHEREAS, the City has complied with the notice and public hearing requirements of RCW 84.14.040 and KMC 3.65.030A in order to designate a residential target area under Chapter 84.14 RCW and Chapter 3.65 KMC;

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

Section 1. New Subsection. Section 3.65.030 of the Kenmore Municipal Code is amended to add new subsection E to read as follows:

E. The parcels lying within the Transit Oriented Development District Overlay, which are shown on the map attached to the ordinance codified in Chapter 18.29.020 KMC, meet the criteria of this chapter on residential targeted areas and are designated as such.

Section 2. Amended Subsection. Paragraph A of Section 3.65.030 of the Kenmore Municipal Code is amended to read as follows:

A. Following notice and public hearing as prescribed in RCW 84.14.040, the city council may designate one or more residential targeted areas, in addition to the areas stated in subsections (D) and (E) of this section, upon a finding by the city council that the residential targeted area meets the following criteria:

1. The residential targeted area is within an urban center as defined by Chapter 84.14 RCW;
2. The residential targeted area lacks sufficient available, desirable and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center if affordable, desirable, attractive and livable residences were available; and
3. Providing additional housing opportunity, including affordable housing, in the residential targeted area will assist in achieving one or more of the following purposes:
 - a. Encourage increased residential opportunities, including affordable housing opportunities, within the City; or
 - b. Stimulate the construction of new multifamily housing; or
 - c. Encourage the rehabilitation of existing vacant and underutilized buildings for multifamily housing.

Section 3. Amended Subsection. Paragraph G of Section 3.65.020 of the Kenmore Municipal Code is amended to read as follows:

G. "Low or moderate income household" means a household whose adjusted income is equal to or less than 85[] percent of the King County median family income adjusted for family size, as reported by the United States Department of Housing and Urban Development. If HUD no longer publishes median family income figures for King County, the City may use or determine such other method as it may choose to determine the King County family median income adjusted for household size.

Section 4. Amended Section. Section 3.65.110 of the Kenmore Municipal Code is amended to read as follows:

Annual certification – Cancellation of exemption.

A. A property that receives a tax exemption under this chapter shall continue to comply with the contract and the requirements of this chapter, as this chapter existed on the date the final certificate of tax exemption was issued, in order to retain its property tax exemption.

B. Thirty days after the anniversary of the date the City filed the final certificate of tax exemption and each year for the tax exemption period, the owner shall file a certification with the director, verified upon oath or affirmation, which shall contain such information as the director may deem necessary or useful, and shall include the following information:

1. A statement of occupancy and vacancy of the rehabilitated or newly constructed property during the previous year;
2. Information demonstrating compliance of the owners and renters of the affordable housing units with the requirements of KMC 3.65.100(A)(2), this chapter as it existed on the date the final certificate of tax exemption was issued, and the contract with the City, if applicable;
3. A certification that the property has not changed use since the date of filing of the final certificate of tax exemption;
4. A description of any improvements or improvements constructed after the filing of the final certificate or last declaration;
5. The income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied units at the time of purchase for each of the units receiving a tax exemption; and
6. Any additional information requested by the City in regards to the units receiving a tax exemption.

C. Failure to submit the annual declaration may result in cancellation of the tax exemption.

D. For the duration of the exemption granted under this chapter, the property shall have no violation of applicable zoning, land use and building and housing code requirements of this code for which the designated City department or contract agency shall have issued a notice of violation or notice of civil infraction that is not resolved by a certificate of compliance, certificate of release, or withdrawal within the time period for compliance provided in such notice of violation or notice of civil infraction and any extension of the time period for compliance granted by the director.

E. For owner-occupied affordable housing units, in addition to any other requirements in this chapter, the affordable owner-occupied units must continue to meet the income eligibility conditions of this chapter, as it existed on the date the final certificate of tax exemption was issued. In the event of a sale of an affordable owner-occupied unit to a household other than an eligible household, the property tax exemption for that affordable owner-occupied unit shall be cancelled pursuant to this section.

F. For renter-occupied affordable housing units, in addition to any other requirements in this chapter, the affordable renter-occupied units must continue to meet the income eligibility conditions of this chapter, as it existed on the date the final certificate of tax exemption was issued. In the event of a rental of an affordable renter-occupied unit to a household other than an eligible household, the property tax exemption for the property shall be cancelled pursuant to this section.

G. If the owner converts the multifamily housing to another use, the owner shall notify the director and the assessor within 60 days of the change in use. Upon such change in use, the tax exemption shall be cancelled and additional taxes, interest and penalty imposed pursuant to State law.

H. The director shall cancel the tax exemption for any property or individual unit that no longer complies with the terms of the contract or with the requirements of this chapter. Upon cancellation, additional taxes, interest and penalties may be imposed pursuant to State law. Upon determining that a tax exemption shall be cancelled, the director shall notify the owner by certified mail, return receipt requested. The owner may appeal the determination by filing a notice of appeal with the city clerk along with the appeal fee established by resolution within 30 days of the date of notice of cancellation, specifying the factual and legal basis for the appeal. The appeal shall be heard by the hearing examiner pursuant to KMC 3.65.120.

Section 5. Summary Publication and Effective Date. This Ordinance, or a summary thereof consisting of the title, shall be published in the official newspaper of the City. It shall take effect and be in full force five (5) days after the date of the publication.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 13th DAY OF NOVEMBER, 2018.

CITY OF KENMORE

David Baker, Mayor

ATTEST/AUTHENTICATED:

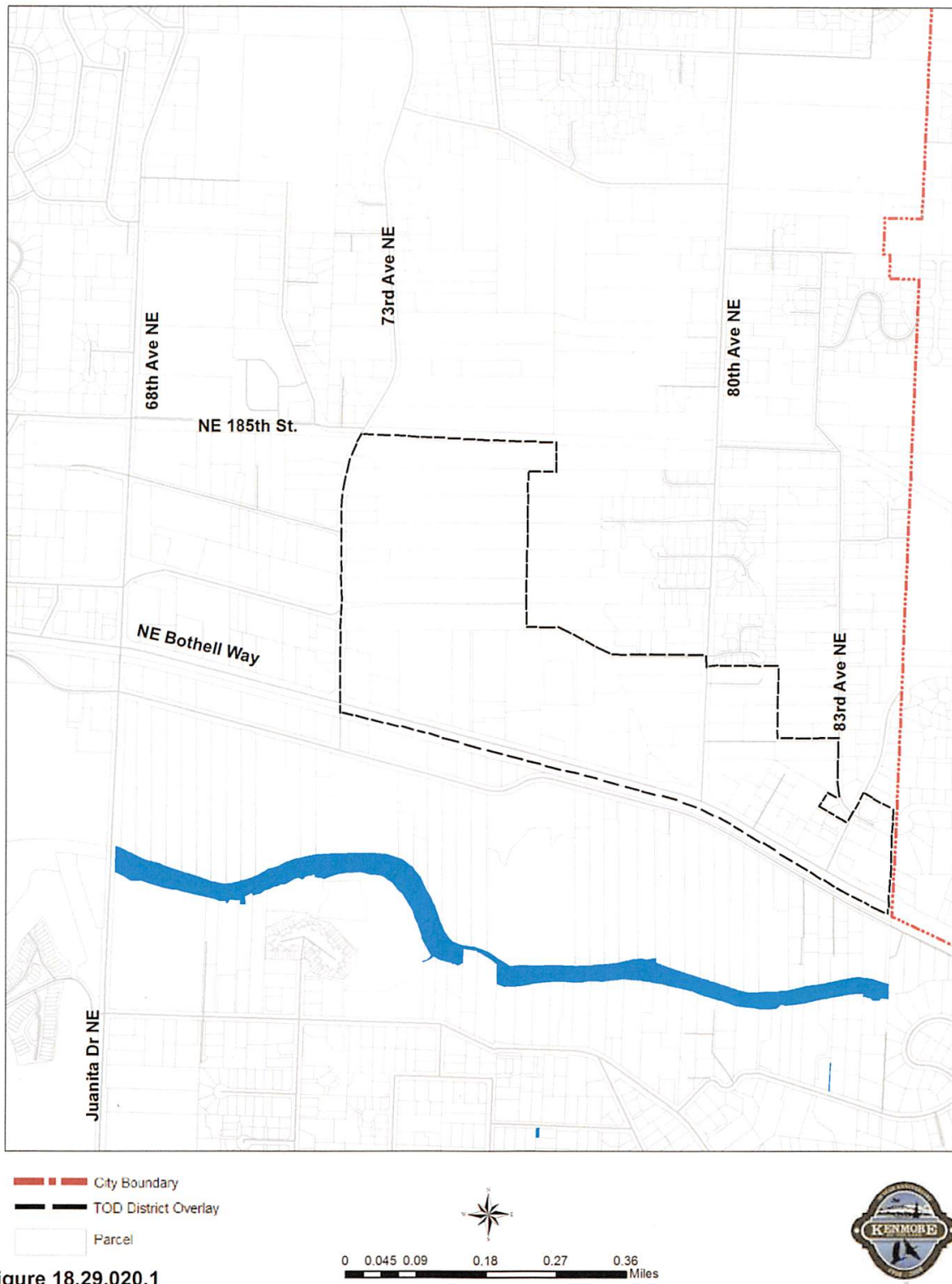
Kelly Chelin, City Clerk

Approved as to form:

Rod Kaseguma, City Attorney

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
ORDINANCE NO.: 18-0471
DATE OF PUBLICATION:
EFFECTIVE DATE:

TOD District Overlay



TOD District Overlay

