



City of Kenmore - 18120 68th Avenue NE - Kenmore, WA 98028

Phone: 425-398-8900 - E-mail: cityhall@kenmorewa.gov

City Council Special Meeting

ON-SITE

MONDAY, DECEMBER 2, 2024 - 7:00 PM

In addition, we try to provide access to the meeting virtually:

ZOOM LINK: <https://kenmorewa-gov.zoom.us/j/85018528224>

ZOOM PASSWORD: 120224

Or One tap Mobile: US: +12532050468,,85018528224#

Or Telephone Dial US: +1 253 205 0468

Webinar ID: 850 1852 8224

ZOOM PASSWORD: 120224

SIGN UP FOR VIRTUAL PUBLIC COMMENT HERE: www.kenmorewa.gov/virtualpubliccomment

If you have technical difficulties accessing the meeting virtually, please contact the Deputy City Clerk at

mkang@kenmorewa.gov.

Technical Difficulties - If the virtual component of the meeting disconnects, and we cannot resolve technical difficulties to reconnect the virtual component, the in-person meeting will continue at City Hall if there is a quorum of the body to conduct business.

Land Acknowledgement to Honor First Peoples

We acknowledge that the City of Kenmore is situated upon the ancestral lands of the Snohomish, Snoqualmie, Sauk-Suiattle, Duwamish, Stillaguamish, Tulalip, Suquamish, Muckleshoot, and other tribes who are part of the Coast Salish Peoples. We recognize and express our deepest respect for their enduring stewardship and profound relationship with this land, which they have cherished and protected since time immemorial. We honor the First Peoples, acknowledge their vibrant cultures, and commit ourselves to learning from their wisdom in our journey to promote justice, equity, and mutual understanding. We pledge to stand alongside these communities in acknowledging past injustices and working towards a future that respects and celebrates the diverse heritage of this land.

I. CALL SPECIAL MEETING TO ORDER - 7:00 PM

II. ROLL CALL

III. LAND ACKNOWLEDGEMENT

IV. FLAG SALUTE

V. WHERE'S THE FUN?

VI. PUBLIC COMMENTS

Welcome to the Council's meeting. Please address your comments to the Mayor and Council. You'll have three minutes to speak. If there are more than 20 speakers, time will be reduced to two minutes per speaker. The Clerk will call your name when it's your turn. The Presiding Officer may choose to alternate between in-person and online comments. Please state your name and city of residence and keep within the allotted time. To make every person feel welcome and safe here, please refrain from booing, clapping, heckling, yelling, or other interruptions. The meeting is recorded for transparency. Thank you for being here, and for sharing your input respectfully.

VIRTUAL PUBLIC COMMENT PRE-REGISTRATION PROCESS: To provide public comments virtually, please fill out the [Virtual Public Comment Request Form](#) in advance of the meeting. The form opens Tuesdays at 12:00 Noon and closes Mondays at 12:00 Noon. You will be confirmed by the City Clerk. If you are having difficulty, please reach out to the City Clerk at awarhol@kenmorewa.gov.

VII. CONSENT AGENDA

- A. Approve the City Council Special and Regular Meeting Minutes from Tuesday, November 12, 2024.
[City Council Special and Regular Meeting Minutes from Tuesday, November 12, 2024](#)
- B. Approve the City Council Special Meeting Minutes from Thursday, November 14, 2024.
[City Council Special Meeting from Thursday, November 14, 2024](#)

VIII. PRESENTATION

- A. Sammamish River Capital Investment Strategy (CIS) Update, presented by Krista Camenzind, Deputy Division Director WLRD and Michelle Clark, Executive Director King County Flood Control District (*added 11/25*)
[Presentation - Sammamish River Capital Investment Strategy \(CIS\) \(added 12/2\)](#)

IX. PUBLIC HEARINGS

VIRTUAL PUBLIC COMMENT PRE-REGISTRATION: To provide public comments virtually, please fill out the [Virtual Public Comment Request Form](#) in advance of the meeting. The form opens Tuesdays at 12:00 Noon and closes Mondays at 12:00 Noon. You will be confirmed by the City Clerk. If you are having difficulty, please reach out to the City Clerk at awarhol@kenmorewa.gov.

- A. Proposed Ordinance No. 24-0620, Amendments to the Local Project Review Act, Chapter 36.70B RCW, according to Second Substitute Senate Bill SB 5290, presented by Development Director Samantha Loyuk and Senior Permit Coordinator Andy Torres, *for public hearing*
[Agenda Bill - Proposed Ordinance No. 24-0620, SB 5290](#)
[Attachment 1 - SB 5290](#)
[Attachment 2 - SB 5290, annotated](#)
[Attachment 3 - Proposed Ordinance No. 24-0620](#)
[Attachment 4 - Proposed Ordinance No. 24-0620 Exhibit A](#)
[Presentation - SB 5290 \(added 12/2\)](#)
- B. Temporary Use Permit No. TMP24-0795, to "Construction and Trade"

as a temporary use for the Interim Public Works Shop for a one-year period at real property located at 6532 NE Bothell Way, presented by Development Services Director Samantha Loyuk and Public Works Operations Director Jennifer Gordon, *for public hearing (revised 12/2)*

[Agenda Bill - Temporary Use Permit TMP25-0495](#)

[Attachment 1 - Project Narrative](#)

[Attachment 2 - Renewal Application](#)

[Attachment 3 - Site Plan](#)

[Attachment 4 - Site Photo](#)

X. BUSINESS AGENDA

- A. Resolution in support of Shoreline Fire Department Northshore Fire Department Proposition 1, Proposed Formation of Shoreline Fire Department Regional Fire Authority
- **Public Comment** - Pursuant to RCW 42.17A.555(1), members of the public are afforded an approximately equal opportunity for expression of an opposing view

[Resolution No. 24-423 In support of Shoreline and Northshore Fire Department Proposition No. 1 Regional Fire Authority](#)

- B. Proposed Ordinance No. 24-0620, Amendments to the Local Project Review Act, Chapter 36.70B RCW, according to Second Substitute Senate Bill SB 5290, presented by Development Director Samantha Loyuk and Senior Permit Coordinator Andy Torres, *for adoption*

[Agenda Bill - Proposed Ordinance No. 24-0620, SB 5290](#)

[Attachment 1 - SB 5290](#)

[Attachment 2 - SB 5290, annotated](#)

[Attachment 3 - Proposed Ordinance No. 24-0620](#)

[Attachment 4 - Proposed Ordinance No. 24-0620 Exhibit A](#)

[Presentation - SB 5290 \(added 12/2\)](#)

- C. Temporary Use Permit No. TMP24-0795, to "Construction and Trade" as a temporary use for the Interim Public Works Shop for a one-year period at real property located at 6532 NE Bothell Way, presented by Development Services Director Samantha Loyuk and Public Works Operations Director Jennifer Gordon, *for approval (revised 12/2)*

[Agenda Bill - Temporary Use Permit TMP25-0495](#)

[Attachment 1 - Project Narrative](#)

[Attachment 2 - Renewal Application](#)

[Attachment 3 - Site Plan](#)

[Attachment 4 - Site Photo](#)

- D. City of Kenmore Picnic Shelter Rental Policies, presented by Public Works Operations Director Jennifer Gordon and Recreation Program Supervisor Maurita Colburn, *for discussion and direction*

[Agenda Bill - Picnic Shelter Rental Policies](#)

[Attachment 1 - Draft City of Kenmore Picnic Shelter Rental Policies](#)

XI. STAFF REPORTS

- A. Public Works Operations Center Bond Issue Update, presented by City Manager Rob Karlinsey, Finance & Administration Director Melinda Merrell, Dave Trageser, Managing Director at D.A. Davidson & Co, and Deanna Gregory, Partner at Pacifica Law Group
[Memo - Public Works Operations Center Bond Issue Update](#)
[Attachment 1 - Preliminary Official Statement](#)
[Attachment 2 - S&P Credit Rating Letter](#)
[Attachment 3 - S&P Credit Rating Report](#)
[Attachment 4 - Materials from December 4, 2023 Council Meeting Presentation - City of Kenmore Bond Sale Summary \(uploaded 11/27\)](#)
- B. Other - City Manager Rob Karlinsey

XII. COUNCILMEMBER REPORTS & COMMENTS

XIII. ADJOURN SPECIAL MEETING

UPCOMING MEETINGS

Monday, December 9, 2024 at 6:00 PM - City Council Special and Regular Meeting
Monday, December 16, 2024 at 7:00 PM - City Council Regular Meeting
- **TENTATIVELY CANCELED**
Monday, December 23, 2024 at 7:00 PM - City Council Regular Meeting
- **TENTATIVELY CANCELED**

NOTICE OF POTENTIAL QUORUMS

[Click here for information about Potential Quorums of the City Council.](#) Now found on the City website under City Council Meetings.

**City of Kenmore
City Council Meeting
Special & Regular Meeting Minutes
Tuesday, November 12, 2024**

These minutes are created to capture Council action. This is not a verbatim transcript.
Meeting video and audio is available on the City YouTube channel.

PRESENT:

Councilmembers: Mayor Nigel Herbig
Deputy Mayor Melanie O’Cain
Councilmember Joe Marshall (excused)
Councilmember Debra Srebnik
Councilmember Valerie Sasson
Councilmember Jon Culver
Councilmember Nathan Loutsis

Staff: City Manager Rob Karlinsey
Deputy City Manager Stephanie Lucash
City Attorney Dawn Reitan
City Clerk Anastasiya Warhol
Deputy City Clerk Michelle Kang
Finance & Administration Director Melinda Merrell
Assistant to the City Manager/DEIA Coordinator Garrett Oppenheim
Community Development Director Debbie Bent
Principal Planner Todd Hall
Development Services Director Samantha Loyuk

Public Comments Speakers:
Edouard Lassalle, Kenmore Resident
Patrick O’Brien, Kenmore Resident
David Dorrian, Kenmore Resident (virtual)
Stacey Valenzuela, Kenmore Resident (virtual)

Public Hearing #1 Speaking Guests:
Patrick O’Brien, Kenmore Resident
Elizabeth Mooney, Kenmore Resident
Stacey Valenzuela, Kenmore Resident (virtual)

Public Hearing #2 Speaking Guests:
Patrick O’Brien, Kenmore Resident

Elizabeth Mooney, Kenmore Resident
Stacey Valenzuela, Kenmore Resident (virtual)
Edouard Lassalle, Kenmore Resident

CALL SPECIAL MEETING TO ORDER

Mayor Herbig called the special meeting to order at 6:15 PM.

EXECUTIVE SESSION

Pursuant to RCW 42.30.110(1)(i), the City Council entered an executive session to discuss pending and potential litigation. This executive session was slated to last approximately 45 minutes. The Council exited executive session at 7:00 PM. No final action took place.

ADJOURN SPECIAL MEETING

Mayor Herbig adjourned the special meeting at approximately 7:02 PM.

CALL REGULAR MEETING TO ORDER

Mayor Herbig called the regular meeting to order at 7:02 PM.

LAND ACKNOWLEDGEMENT

Mayor Herbig read the Land Acknowledgement Honoring First Peoples.

FLAG SALUTE

Mayor Herbig led the Council in the Pledge of Allegiance.

AGENDA APPROVAL

The agenda was approved as presented.

WHERE'S THE FUN?

Deputy City Clerk Michelle Kang highlighted the Inglemoor High School Women's Crew Team's win at the Head of Lake Regatta on November 3, 2024. The Varsity Lady Vikes completed their fall season by sweeping all events they raced in this year.

PUBLIC COMMENTS

The City Council received comments.

Timestamped link here:

<https://www.youtube.com/live/t5ZEo13dzuo?si=639zcDJ4m39die28&t=3123>

CONSENT AGENDA

- A. Approve the City Council Special and Regular Meeting Minutes from Monday, October 21, 2024.

[City Council Special and Regular Meeting Minutes from October 21, 2024](#)

- B. Approve the City Council Regular Meeting Minutes from Monday, October 28, 2024.
[City Council Regular Meeting Minutes from October 28, 2024 \(added 11/8\)](#)
- C. Adopt Resolution No. 24-422, approving the City of Kenmore's 2025-2026 allocation for the Regional Crisis Response (RCR) Agency budget.
[Agenda Bill - RCR Budget Allocation](#)
[Attachment 1 - Proposed Resolution No. 24-422](#)
[Attachment 2 - RCR Budget Memo](#)
- D. Authorize the City Manager to execute Agreement No. 23-C2994 with Osborn Consulting, Inc. for \$3,090,680, to provide on-call consulting services to the Environmental Services Department.
[Agenda Bill - Contract No. 23-C2994](#)

MOTION: Approve the consent agenda outlined above.

Moved by Culver, seconded by Loutsis.

VOTE: Consent Agenda was approved by Unanimous Consent.

PUBLIC HEARINGS

- A. Proposed Ordinance No. 24-0617, Amendments to the 2023-2024 Biennial Budget, presented by Finance & Administration Director Melinda Merrell, *for public hearing*
[Agenda Bill - Amendments to the 2023-2024 Biennial Budget \(updated 11/4\)](#)
[Attachment 1 - Proposed Ordinance No. 24-0617](#)
[Attachment 2 - 2024 Recommended Budget Adjustments](#)
[Presentation - Amendments to the 2023-2024 Biennial Budget \(added 11/8\)](#)

The Finance and Administration Director explained that expenditures cannot exceed legally adopted budgets; therefore, adjustments must be made to reflect budget changes, and any previously approved Council direction or action. The impacted funds are the General Fund, the SWM Fund, Lakepointe Fund, KAPE Fund, ARPA, and Public Art Fund. The detail is as follows:

- Lakepointe Fund:
A new fund will be created, supported by a \$1.3 million bond anticipation note, \$650,000 transfer from the General Fund, and \$290,000 transfer from the Surface Water Management Fund. Expenditures include \$1.5 million for a property deposit, \$533,174 for consulting, and \$115,615 for legal and other expenses.
- Kenmore Automated Photo Enforcement (KAPE) Fund:
Expenses increase by \$200,000 to cover unbudgeted program costs, with an equivalent \$200,000 revenue adjustment for alignment with actual projections.

- Public Art Fund:
An additional \$50,000 is allocated for Storypole costs and use taxes, leaving a \$71,125 fund balance, with no revenue adjustments.
- ARPA Fund:
An increase of \$203,103 to fully utilize remaining funds for police contract services, leaving a zero-fund balance, with no revenue adjustments.
- The total proposed adjustments amount to \$3,541,892 in expenditures and \$2,440,000 in revenues.

Mayor Herbig opened the Public Hearing at approximately 7:26 PM.

The City Council received testimony.

Timestamped link here:

<https://www.youtube.com/live/t5ZEo13dzuo?si=bQXVK8y2s4jCq2Kc&t=4352>

Mayor Herbig closed the Public Hearing at 7:35 PM.

Councilmembers asked whether the Lakepointe Fund will be formally voted on. City Manager Karlinsey explained that the City Council will need to vote on any final purchase of the Lakepointe property. In response to a question about grant funding, Mr. Karlinsey also noted that the City has received some grant funding not only toward necessary due diligence, but also property acquisition.

- B. Preliminary 2025-2026 Biennial Budget, presented by Finance & Administration Director Melinda Merrell, *for public hearing*
[Agenda Bill - Preliminary 2025-2026 Biennial Budget](#)
[Attachment 1 - Summary of Revenues and Expenditures by Fund](#)
[Presentation - Preliminary 2025-2026 Biennial Budget \(added 11/9\)](#)

Finance and Administration Director Melinda Merrell provided a Budget Overview:

- Total proposed revenues: \$89.66 million
- Total proposed expenditures: \$110.57 million, with a notable allocation toward operating costs and capital projects

General Fund:

- Largest funding sources: Property taxes (36%) and sales taxes (26%)
- Significant operating costs include salaries/benefits (\$15.08 million), police contracts (\$9.54 million), and insurance costs (\$1.62 million)

New Positions from General Fund:

- Business & Community Engagement Coordinator (1 FTE)
- Budget Manager (1 FTE)

- Public Works (PW) Manager (1 FTE)
- Engineering Inspector (0.25 FTE funded by multiple sources)
- Civil Engineer (0.25 FTE funded by multiple sources)
- Modified Positions:
 - Increase Building Official from 0.75 to 1.0 FTE
 - Increase Permit Coordinator from 0.625 to 1.0 FTE

Capital Projects:

- Focused on parks, transportation, and surface water management with major funding through impact fees, real estate excise taxes, and grants

Parks:

- Total (2025-2026): \$286,400
- Key Projects:
 - Accessible Playground Feasibility Study (\$60,000)
 - Rhododendron Park Boathouse Pavilion (\$6,400)
 - Various waterfront and athletic field improvements.

Transportation:

- Total (2025-2026): \$16,248,229
- Key Projects:
 - 61st Ave Sidewalk Replacement (Phase 1: \$3.76M; Phase 2: \$792K)
 - Burke-Gilman Trail Accessibility Project (\$1.66M)
 - Pavement Preservation (\$1.73M)

Surface Water Management (SWM):

- Total (2025-2026): \$7,202,180
- Key Projects:
 - Little Swamp Creek Relocation (\$1.47M)
 - Fish Passage Culvert Replacements (multiple, ~\$2.08M combined)

City Facilities:

- Total (2025-2026): \$19,675,000
- Key Projects:
 - Public Works Operations Center Design & Construction (\$16.08M)

Mayor Herbig opened the Public Hearing at approximately 7:52 PM.
 The City Council received testimony.
 Timestamped link here: <https://www.youtube.com/live/t5ZEo13dzuo?si=-kn2LJvZpdOGDWsa&t=5879>
 Mayor Herbig closed the Public Hearing at 8:04 PM.

BUSINESS AGENDA

- A. Proposed Ordinance No. 24-0617, Amendments to the 2023-2024 Biennial Budget, presented by Finance & Administration Director Melinda Merrell, *for adoption*
[Agenda Bill - Amendments to the 2023-2024 Biennial Budget \(updated 11/4\)](#)
[Attachment 1 - Proposed Ordinance No. 24-0617](#)
[Attachment 2 - 2024 Recommended Budget Adjustments](#)
[Presentation - Amendments to the 2023-2024 Biennial Budget \(added 11/8\)](#)

Staff provided a brief history of the American Rescue Plan Act (ARPA) Funds in response. No additional presentation provided.

MOTION: Adopt Ordinance No. 24-0617, amending the 2023-2024 Biennial Budget. Moved by Srebnik; seconded by O'Cain
VOTE: 5 Yes – Srebnik, Loutsis, Sasson, O'Cain, Herbig; 1 No - Culver; 0 Abstain.
MOTION PASSES.

- B. Preliminary 2025-2026 Biennial Budget, presented by Finance & Administration Director Melinda Merrell, *for discussion and direction*
[Agenda Bill - Preliminary 2025-2026 Biennial Budget](#)
[Attachment 1 - Summary of Revenues and Expenditures by Fund](#)
[Presentation - Preliminary 2025-2026 Biennial Budget \(added 11/9\)](#)

The Council had no substantive changes.

- C. City Manager's Financial Sustainability Plan Recommendations, presented by City Manager Rob Karlinsey, Finance & Administration Director Melinda Merrell, and Assistant to the City Manager/DEIA Coordinator Garrett Oppenheim, *for discussion and direction*
[Agenda Bill - City Manager's FSP Recommendations \(added 11/7\)](#)
[Attachment 1 - City Manager's FSP Report and Recommendations \(added 11/7\)](#)
[Presentation - City Manager's FSP Recommendations \(updated 11/12\)](#)

The presentation outlined the City Manager's Financial Sustainability Plan (FSP) recommendations for Kenmore, focusing on long-term strategies to address budget challenges. Mr. Karlinsey reviewed the efforts of the 2024 FSP Task Force, which developed recommendations to adapt to inflation, rising costs (e.g., police and insurance), and flat or declining revenues. Community engagement, including surveys, online tools, and public meetings, informed these recommendations. Key strategies include expenditure reductions, operational efficiencies, and new programs such as the Utility Tax Assistance Program and a Human Services Case Worker, piloted with one-time funds in 2025-2026. Continued funding for these programs beyond 2026 will require additional revenue.

The plan proposes various revenue-generating initiatives: a Metropolitan Park District levy, a property tax levy lid lift for public safety and human services, and expansions to the Kenmore Automated Photo Enforcement (KAPE) program. Additional measures include increasing rental fees for picnic shelters, implementing public safety and transportation sales taxes, and leveraging grants for parks and infrastructure projects. The presentation emphasized the urgency of these strategies to balance the budget, as projections show expenditures outpacing revenues without intervention, threatening the city's financial health. The City Manager's recommendations aligned with the Task Force's proposals, prioritizing sustainable funding for essential services and infrastructure.

The Council discussed the timing of any possible ballot measures, considering the county and local agencies going to voters as well. Councilmembers requested a table outlining the City Manager's recommendations in comparison to those of the Financial Sustainability Task Force. Councilmembers also brought up looking into business and occupation (B&O) tax and holding a card room in the City of Kenmore as revenue sources. Councilmembers also asked questions about regionalized police models, or alternative models in bringing public safety in-house.

At 8:55 PM, the Council took a break and resumed the meeting at 9:05 PM.

- D. Comprehensive Plan: Housing Element and Land Use Element, presented by Community Development Director Debbie Bent and Principal Planner Todd Hall, *for discussion and review*

[Agenda Bill - Housing Element and Land Use Element](#)

[Attachment 1 - Draft Housing Element \(updated 11/5\)](#)

[Attachment 2 - Draft Land Use Element](#)

[Attachment 3 - City Council Questions and Staff Responses \(from 10/28 Meeting\) \(updated 11/12\)](#)

[Attachment 4 - Equity Analysis Report](#)

[Attachment 5 - Eastside for All Report](#)

[Attachment 6 - Land Capacity Analysis Memorandum \(updated 11/5\)](#)

Community Development Director Debbie Bent explained that the Planning Commission submitted their formal recommendation to the Council earlier this year. Now that the Land Capacity Analysis Report has been received, a public hearing will be held. The staff is now looking for additional substantive changes which can be presented at the public hearing.

MOTION: Explicitly call out small houses on small lots as a potential strategy.
Moved by Srebnik; seconded by Herbig.
VOTE: 6 Yes – Culver, Srebnik, Loutsis, Sasson, O’Cain, Herbig; 0 No; 0 Abstain.
MOTION PASSES.

The Council agreed that maps or data of racially restrictive covenants should be included in the “Equity” section of the element. The Council also requested an opportunity to discuss the land capacity analysis report in detail; staff agreed to host a 2025 joint study session with the Planning Commission.

- E. 2025 Fee Schedule, Resolution No. 24-420, presented by Development Services Director Samantha Loyuk, *for adoption*
[Agenda Bill - 2025 Fee Schedule](#)
[Attachment 1 - Proposed Resolution No. 24-420](#)
[Attachment 2 - Proposed Resolution No. 24-420, Exhibit A - 2025 Fee Schedule](#)
[Attachment 3 - Summary of Changes](#)
[Attachment 4 - Northshore School District 2024 Capital Facilities Plan](#)
[Attachment 5 - 2024 Fee Schedule](#)

Development Services Director Samantha Loyuk briefly introduced the fee schedule included in the packet. Mr. Karlinsey highlighted the varied picnic rental shelter rates for residents vs. non-residents. Ms. Loyuk also noted that the City is due to conduct a fee study in 2025.

MOTION: Adopt Resolution No. 24-420, the 2025 Fee Schedule.
Moved by Srebnik; seconded by Herbig.
VOTE: 6 Yes – Culver, Srebnik, Loutsis, Sasson, O’Cain, Herbig; 0 No; 0 Abstain.
MOTION PASSES.

STAFF REPORTS

City Manager Rob Karlinsey reminded the Council that there is a Special Meeting in a few days, Thursday, November 14, 2024.

ADJOURNMENT

Mayor Herbig adjourned the meeting at approximately 9: 41 PM.

Nigel Herbig, Mayor

Anastasiya Warhol, City Clerk

**City of Kenmore
City Council Meeting
Special Meeting Minutes
Thursday, November 14, 2024**

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Meeting video and audio is available on the City YouTube channel.

PRESENT:

Councilmembers: Mayor Nigel Herbig
Deputy Mayor Melanie O’Cain
Councilmember Joe Marshall
Councilmember Debra Srebnik
Councilmember Valerie Sasson
Councilmember Jon Culver
Councilmember Nathan Loutsis

Staff: City Manager Rob Karlinsey
City Clerk Anastasiya Warhol

Guests: Michael Pendleton, Facilitator

CALL SPECIAL MEETING TO ORDER

Mayor Herbig called the special meeting to order at 7:00 PM.

EXECUTIVE SESSION

Pursuant to RCW 42.30.110(1)(g) the City Council entered an executive session to review the performance of a public employee. This executive session was slated to last approximately 90 minutes until 8:30 PM.

Extensions:

- At 8:30 PM, Mayor Herbig extended the session for an additional 30 minutes, set to conclude at 9:00 PM.
- At 9 PM, Mayor Herbig extended the session for an additional 30 minutes, set to conclude at 9:30 PM.
- At 9:30 PM, Mayor Herbig extended the session for an additional 15 minutes, set to conclude at 9:45 PM.

The Council exited the executive session at 9:45 PM. No final action took place.

ADJOURN SPECIAL MEETING

Mayor Herbig adjourned the special meeting at 9:45 PM.

Nigel Herbig, Mayor

Anastasiya Warhol, City Clerk

DRAFT



KING COUNTY
FLOOD CONTROL
DISTRICT

Sammamish River Capital Investment Strategy (CIS)

December 2, 2024

Project Overview

Sammamish River Capital Investment Strategy (CIS)

- King County Flood Control District (District) project to develop a capital investment and maintenance strategy to meet requirements for flood risk reduction, fish habitat, and navigability.
- The District, together with King County as service provider, is working with river management partners, including cities, tribes, state agencies, U.S. Army Corps of Engineers, and the public to develop the CIS.
- District will approve CIS as policy guidance.

Background

- The Sammamish River Improvement Project is a 13-mile federal flood project between Lake Sammamish and Lake Washington.
- The facility was originally designed in 1964 to protect farmland in the spring. The constructed channel is straighter and deeper than it was historically.
- The USACE 1964 Operations and Maintenance (O&M) Manual outlines performance standards and maintenance requirements.
 - Many requirements are no longer practical.

Project Goals

- Update the O&M Manual to bring maintenance practices up to date with current laws.
- Provide an updated multi-benefit capital investment and maintenance strategy that plans for and addresses current and future conditions.
- Work with partners to determine an implementation strategy for projects and help get some of the projects started.

Outreach Summary

Phase 1 Outreach

- Objective to raise awareness about the Sammamish CIS with local communities.
- Performed March through August 2023.
- Understand the needs of riverside jurisdictions and potential future projects or plans.
 - In-person events such as Kenmore Farmers Market, Woodinville Farmers Market, and Movies at Marymoor Park
 - Outreach to specific populations including small business farmers and residents of manufactured home communities
 - Technical workshops with riverside jurisdictions
 - Online open house and survey

Outreach Summary

Themes that were heard:

- 66% of respondents chose “Preserving and restoring river’s ecology and wildlife habitats” as most important.
- Water quality was a noted concern for human health and habitat.
- Recreation is vital to the community, notably walking, biking, and wildlife viewing.
- When asked about where respondents frequent most, over 50% of respondents noted the end of the Sammamish River at Lake Washington.

Next Steps

- Input is being used to develop draft alternatives.
- We will share draft alternatives with the public in a second phase of outreach, including community events and an online open house.
- We will use feedback to inform alternative recommendations.

Project Work Schedule

- Alternatives analysis – January 2025
- Phase 2 outreach on alternatives – February/March 2025
- Plan development – March/April 2025
- Phase 3 outreach on draft plan – May/June 2025
- District review and approval – June/July 2025
- Project implementation – 2026-2046

Questions?

Michelle Clark, Executive Director
King County Flood Control District

Krista Camenzind, Deputy Division Director
King County Water and Land Resources Division



KING COUNTY
FLOOD CONTROL
DISTRICT



City Council Agenda Bill City of Kenmore, WA

Subject/Topic: Amendments to the Local Project Review Act according to Second Substitute Senate Bill ("SB") 5290. Proposed Council Action/Motion: Public hearing and proposed adoption of Ordinance 24-0620 pursuant to SB 5290 which amends the Local Project Review Act, Chapter 36.70B RCW to increase the timeliness and predictability of local project review.	For Council Meeting Agenda of: 12/02/2024 Department: Development Services Prepared by: Samantha Loyuk, Development Services Director <table><tr><td></td><td><u>Initial & Date</u></td></tr><tr><td>Approved by Department Head:</td><td><u>SL 11/15/24</u></td></tr><tr><td>Approved by City Attorney:</td><td><u>DR 11/22/24</u></td></tr><tr><td>Approved by Finance Director:</td><td><u>N/A</u></td></tr><tr><td>Approved by City Manager:</td><td><u>RK 11/21/24</u></td></tr></table> Attachments/Exhibits: 1. SB 5290 2. SB 5290 (annotated version) 3. Ordinance 24-0620 4. Ordinance 24-0620 Exhibit A – Code Amendments		<u>Initial & Date</u>	Approved by Department Head:	<u>SL 11/15/24</u>	Approved by City Attorney:	<u>DR 11/22/24</u>	Approved by Finance Director:	<u>N/A</u>	Approved by City Manager:	<u>RK 11/21/24</u>
	<u>Initial & Date</u>										
Approved by Department Head:	<u>SL 11/15/24</u>										
Approved by City Attorney:	<u>DR 11/22/24</u>										
Approved by Finance Director:	<u>N/A</u>										
Approved by City Manager:	<u>RK 11/21/24</u>										
Summary: Public hearing and proposed adoption of Ordinance 24-0620 (Attachment 2) pursuant to SB 5290 which amends the Local Project Review Act, Chapter 36.70B RCW, to increase the timeliness and predictability of local project review.											
Information/Background: The City of Kenmore ("City") is required by state legislation to amend its development regulations to comply with SB 5290. SB 5290 amends the Local Project Review Act, Chapter 36.70B RCW, with the purpose of increasing the timeliness and predictability of local project review. These amendments are intended to modernize and streamline local project review. SB 5290 is one of several bills that addressed land use and planning during the 2023-2024 legislative sessions. SB 5290 became effective on July 23, 2023, except for section 7, which takes effect on Jan. 1, 2025. SB 5290 includes: • Updated local permit review timelines; • Clarifications regarding the determination of completeness process; • New exemption from site plan review for certain interior projects that contain no exterior alterations; • Updated annual reporting requirements related to permit issuance; and											

- Provisions requiring partial permit fee refunds for failure to timely process permit applications.

Prescriptive SB 5290 Review Timelines:

For project permit applications submitted on or after January 1, 2025, the Legislature amended RCW 36.70B.080(1), which identified a universal 120-day time period for review of a project permit application to sliding scale deadlines based on the process required for review of various types of project permit applications. The new time limits established in Section 7 of SB 5290 apply to those project types listed below (generally, Type 2, 3, and 4 land use decisions and Type 1 decisions subject to SEPA).

- For project permits which do not require public notice under RCW 36.70B.110, the final decision must be issued within 65 days of the determination of completeness under RCW 36.70B.070.
- For project permits which require public notice under RCW 36.70B.110, the final decision must be issued within 100 days of the determination of completeness under RCW 36.70B.070.
- For project permits which require both notice under RCW 36.70B.110 and a public hearing, the final decision must be issued within 170 days of the determination of completeness under RCW 36.70B.070.
- The table below helps illustrate the new prescriptive review timelines.

Type	Current Deadline to Issue a Decision	New Deadline to Issue a Decision
Projects that do not require public notice	120 calendar days ¹	65 calendar days
Projects that require public notice		100 calendar days
Projects that require public notice and a public hearing		170 calendar days

Annual Reports and Potential Refunds

SB 5290 modifies annual reporting requirements and requires local governments to refund a portion (10-20%) of the permit fee if permit review time periods are not met. Local governments have a choice to either be subject to fee refund requirements², or be protected from the fee refund requirements by (1) achieving the review time periods, or (2) by making continuous effort toward that goal. To demonstrate “continuous efforts,” local jurisdictions must adopt at least three (3) measures from the list of ten (10) measures identified in RCW 36.70B.160(1).

Options for Meeting SB 5290 Requirements

Local governments are allowed and required to “establish and implement time periods for local government actions for each type of project permit application,” but those time periods “should” not exceed the recommended time periods (65-170 days). Per RCW 36.70B.080(1)(k), implementation of SB 5290 by ordinance is not subject to appeal unless adopted review periods are more than 170 days for any project type.

¹ Per KMC 19.25.100(C), if the department is unable to issue its final decision within the time limits, it shall provide written notice of this fact to the project applicant. The notice shall include a statement of reasons why the time limits have not been met and an estimated date for issuance of the notice of final decision

² Per RCW 36.70B.080(1)(l)(i), refunds range from 10-20% of the permit fee.

Current Review Times

The table below summarizes current land use review times.

Type	Land Use Decision	Current Average Review Times ³
Type 1 Land Use Decisions (projects that do not require public notice)	Home occupation	14 calendar days
	Boundary line adjustment	109 calendar days
	Shoreline exemption	70 calendar days
	Tree removal permit (significant trees only)	43 calendar days
Type 2 Land Use Decisions (projects that require public notice)	Preliminary short subdivision (2-9 lots)	225 calendar days
	Zoning variance	198 calendar days
	Reasonable use exception	308 calendar days
	Conditional use permit	139 calendar days
	Site plan application	116 calendar days
Type 3 Land Use Decisions (projects that require public notice and a public hearing)	Preliminary long subdivision (10+ lots)	213 calendar days

Staffing

Based on current staff resources, meeting the prescriptive new review timelines will be a significant challenge. The new requirements would necessitate a plethora of new staff. However, the current economic climate and department budget cannot sustain numerous new positions. Based on the proposed biennium budget, minor staffing changes are proposed and include: (1) Changing the current part-time (PTE) permit coordinator to a full-time employee (FTE), and (2) Changing the current PTE building official to an FTE. While this will help the department get closer to achieving the new requirements, it will not solve the issue entirely.

Approach & Strategy

In an effort to meet current and new timelines and streamline plan review, the department is (or will) implement the following:

- Work with the ECity Alliance and Mybuildingpermit.com (MBP) on a new backend system to replace the current permit tracking software (TRAKiT/Central Square).
 - On 9/9/2024, Tyler Running Deer, eCityGov Executive Director, presented information to City Council on the proposed back-end permitting system. The new back-end system will improve functionality, reduce permit process timing for staff, and track review times with a “project clock” that can be stopped and started to help to meet new annual reporting requirements.
 - This is an important long-term solution with a trusted partner. The department will continue to support this coordinated effort.
- Until a new back-end system is developed, improve the efficiency of the current permit tracking system by restoring certain functionalities (fix broken elements of the software to reduce time-consuming workarounds), reducing redundancies, and increasing automation.

³ Review times are averaged based on permit applications processed since 1/1/2023.

- The department's permit tracking software, TRAKiT by Central Square, remains a challenge. Functionality issues create delays and increase permit processing times. Getting issues fixed has been a lengthy (and largely unsuccessful) process. The software company has sold multiple times and customer service continues to be poor.
- The department is currently working with Lighthouse Consulting (our IT consultant) to fix TRAKiT errors and malfunctions.
- Fixing TRAKiT bugs will be prioritized and is part of the department's 2025 Workplan.
- Continue to implement internal process improvement strategies to streamline permit processing and plan review.
- Increase communication and coordination with outside agencies to promote timely completion of reviews (e.g., reviews completed by Northshore Utility District and Shoreline Fire Department).
- Maintaining an accurate website, updating permit applications and checklists, and creating new customer resources (e.g., videos on how to apply for a permit).

Proposed Action (Ordinance 24-0620)

Type	Land Use Decision Type (KMC 19.25.020)	Proposed New Deadline to Issue a Decision
Project permits that do not require public notice	1	100 calendar days
Project permits that require public notice	2	170 calendar days
Project permits that require public notice and a public hearing	3	170 calendar days

1. Amend the KMC and adopt a 100-day review timeline for projects that do not require public notice and a 170-day review timeline for projects that require public notice. Allowed per RCW 36.70B.080.
2. Exempt project permits with special circumstances. Allowed per RCW 36.70B.140.
3. Avoid refunds by implementing at least 3 of the 10 options described in RCW 36.70B.160(1) by January 1, 2025. Those include:
 - a. Maintaining and budgeting for on-call permitting assistance for when permit volumes or staffing levels change rapidly;
 - b. Having new positions budgeted that are contingent on increased permit revenue; and
 - c. Meeting with the applicant to attempt to resolve outstanding issues during the review process. The meeting must be scheduled within 14 days of a second request for corrections during permit review. If the meeting cannot resolve the issues and a local government proceeds with a third request for additional information or corrections, the local government must approve or deny the application upon receiving the additional information or corrections.
4. Adopt timeline exemptions allowed under 36.70B RCW, including but not limited to landmark designations, building and construction permits, and street vacations.
5. Outsource or contract overflow reviews in times of peak permit volumes. During periods of high demand, the departments can utilize consultants or third-party reviewers to help meet review timelines.

6. Continue to work on department-wide efficiency improvements.
7. At the end of the 2025, review the timelines and determine if resources allow for a reduced review timeline.

Fiscal Consideration:

The financial implications for implementing Ordinance 24-0620 include:

- Staffing (proposed in 2025-26 budget)
- Permit system updates (proposed in 2025-26 budget)
- Consultant costs – to be determined based on workload

City Council Priority or Budget Objective Being Addressed (2025-26):

The City's top priority will always be fulfilling its core mission, which includes City governance, ensuring public safety, maintaining the City's infrastructure, complying with state and federal mandates, and safeguarding the City's finances. (Emphasis added).

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE SENATE BILL 5290

Chapter 338, Laws of 2023

68th Legislature
2023 Regular Session

PROJECT PERMITS—LOCAL PROJECT REVIEW—VARIOUS PROVISIONS

EFFECTIVE DATE: July 23, 2023—Except for section 7, which takes effect January 1, 2025.

Passed by the Senate April 17, 2023
Yeas 47 Nays 0

DENNY HECK

President of the Senate

Passed by the House April 10, 2023
Yeas 98 Nays 0

LAURIE JINKINS

**Speaker of the House of
Representatives**

Approved May 8, 2023 1:17 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE SENATE BILL 5290** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

Secretary

FILED

May 10, 2023

**Secretary of State
State of Washington**

SECOND SUBSTITUTE SENATE BILL 5290

AS AMENDED BY THE HOUSE

Passed Legislature - 2023 Regular Session

State of Washington**68th Legislature****2023 Regular Session**

By Senate Ways & Means (originally sponsored by Senators Mullet, Kuderer, Fortunato, Llias, Nobles, Saldaña, and C. Wilson; by request of Office of the Governor)

READ FIRST TIME 02/24/23.

1 AN ACT Relating to consolidating local permit review processes;
2 amending RCW 36.70B.140, 36.70B.020, 36.70B.070, 36.70B.080, and
3 36.70B.160; reenacting and amending RCW 36.70B.110; adding new
4 sections to chapter 36.70B RCW; creating new sections; and providing
5 an effective date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 36.70B.140 and 1995 c 347 s 418 are each amended to
8 read as follows:

9 (1) A local government by ordinance or resolution may exclude the
10 following project permits from the provisions of RCW 36.70B.060
11 through 36.70B.090 and 36.70B.110 through 36.70B.130: Landmark
12 designations, street vacations, or other approvals relating to the
13 use of public areas or facilities, or other project permits, whether
14 administrative or quasi-judicial, that the local government by
15 ordinance or resolution has determined present special circumstances
16 that warrant a review process or time periods for approval which are
17 different from that provided in RCW 36.70B.060 through 36.70B.090 and
18 36.70B.110 through 36.70B.130.

19 (2) A local government by ordinance or resolution also may
20 exclude the following project permits from the provisions of RCW
21 36.70B.060 and 36.70B.110 through 36.70B.130: Lot line or boundary

adjustments and building and other construction permits for similar administrative approvals, categorically exempt from environmental review under chapter 43.21C RCW, or for which environmental review has been completed in connection with other project permits.

(3) A local government must exclude project permits for interior alterations from site plan review, provided that the interior alterations do not result in the following:

(a) Additional sleeping quarters or bedrooms;

(b) Nonconformity with federal emergency management agency substantial improvement thresholds; or

(c) Increase the total square footage or valuation of the structure thereby requiring upgraded fire access or fire suppression systems.

(4) Nothing in this section exempts interior alterations from otherwise applicable building, plumbing, mechanical, or electrical codes.

(5) For purposes of this section, "interior alterations" include construction activities that do not modify the existing site layout or its current use and involve no exterior work adding to the building footprint.

NEW SECTION. Sec. 2. A new section is added to chapter 36.70B RCW to read as follows:

(1) Subject to the availability of funds appropriated for this specific purpose, the department of commerce must establish a consolidated permit review grant program. The department may award grants to any local government that provides, by ordinance, resolution, or other action, a commitment to the following building permit review consolidation requirements:

(a) Issuing final decisions on residential permit applications within 45 business days or 90 calendar days.

(i) To achieve permit review within the stated time periods, a local government must provide consolidated review for building permit applications. This may include an initial technical peer review of the application for conformity with the requirements of RCW 36.70B.070 by all departments, divisions, and sections of the local government with jurisdiction over the project.

(ii) A local government may contract with a third-party business to conduct the consolidated permit review or as additional inspection

1 staff. Any funds expended for such a contract may be eligible for
2 reimbursement under this act.

3 (iii) Local governments are authorized to use grant funds to
4 contract outside assistance to audit their development regulations to
5 identify and correct barriers to housing development.

6 (b) Establishing an application fee structure that would allow
7 the jurisdiction to continue providing consolidated permit review
8 within 45 business days or 90 calendar days.

9 (i) A local government may consult with local building
10 associations to develop a reasonable fee system.

11 (ii) A local government must determine, no later than July 1,
12 2024, the specific fee structure needed to provide permit review
13 within the time periods specified in this subsection (1)(b).

14 (2) A jurisdiction that is awarded a grant under this section
15 must provide a quarterly report to the department of commerce. The
16 report must include the average and maximum time for permit review
17 during the jurisdiction's participation in the grant program.

18 (3) If a jurisdiction is unable to successfully meet the terms
19 and conditions of the grant, the jurisdiction must enter a 90-day
20 probationary period. If the jurisdiction is not able to meet the
21 requirements of this section by the end of the probationary period,
22 the jurisdiction is no longer eligible to receive grants under this
23 section.

24 (4) For the purposes of this section, "residential permit" means
25 a permit issued by a city or county that satisfies the conditions of
26 RCW 19.27.015(5) and is within the scope of the international
27 residential code, as adopted in accordance with chapter 19.27 RCW.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 36.70B
29 RCW to read as follows:

30 (1) Subject to the availability of funds appropriated for this
31 specific purpose, the department of commerce must establish a grant
32 program for local governments to update their permit review process
33 from paper filing systems to software systems capable of processing
34 digital permit applications, virtual inspections, electronic review,
35 and with capacity for video storage.

36 (2) The department of commerce may only provide a grant under
37 this section to a city if the city allows for the development of at
38 least two units per lot on all lots zoned predominantly for
39 residential use within its jurisdiction.

2 RCW to read as follows:

3 (1) Subject to the availability of amounts appropriated for this
4 specific purpose, the department of commerce must convene a digital
5 permitting process work group to examine potential license and
6 permitting software for local governments to encourage streamlined
7 and efficient permit review.

8 (2) The department of commerce, in consultation with the
9 association of Washington cities and Washington state association of
10 counties, shall appoint members to the work group representing groups
11 including but not limited to:

12 (a) Cities and counties;

13 (b) Building industries; and

14 (c) Building officials.

15 (3) The department of commerce must convene the first meeting of
16 the work group by August 1, 2023. The department must submit a final
17 report to the governor and the appropriate committees of the
18 legislature by August 1, 2024. The final report must:

19 (a) Evaluate the existing need for digital permitting systems,
20 including impacts on existing digital permitting systems that are
21 already in place;

22 (b) Review barriers preventing local jurisdictions from accessing
23 or adopting digital permitting systems;

24 (c) Evaluate the benefits and costs associated with a statewide
25 permitting software system; and

26 (d) Provide budgetary, administrative policy, and legislative
27 recommendations to increase the adoption of or establish a statewide
28 system of digital permit review.

29 **Sec. 5.** RCW 36.70B.020 and 1995 c 347 s 402 are each amended to
30 read as follows:

31 Unless the context clearly requires otherwise, the definitions in
32 this section apply throughout this chapter.

33 (1) "Closed record appeal" means an administrative appeal on the
34 record to a local government body or officer, including the
35 legislative body, following an open record hearing on a project
36 permit application when the appeal is on the record with no or
37 limited new evidence or information allowed to be submitted and only
38 appeal argument allowed.

39 (2) "Local government" means a county, city, or town.

(3) "Open record hearing" means a hearing, conducted by a single hearing body or officer authorized by the local government to conduct such hearings, that creates the local government's record through testimony and submission of evidence and information, under procedures prescribed by the local government by ordinance or resolution. An open record hearing may be held prior to a local government's decision on a project permit to be known as an "open record predecision hearing." An open record hearing may be held on an appeal, to be known as an "open record appeal hearing," if no open record predecision hearing has been held on the project permit.

(4) "Project permit" or "project permit application" means any land use or environmental permit or license required from a local government for a project action, including but not limited to ~~((building permits,))~~ subdivisions, binding site plans, planned unit developments, conditional uses, shoreline substantial development permits, site plan review, permits or approvals required by critical area ordinances, site-specific rezones ~~((authorized by a comprehensive plan or subarea plan))~~ which do not require a comprehensive plan amendment, but excluding the adoption or amendment of a comprehensive plan, subarea plan, or development regulations except as otherwise specifically included in this subsection.

(5) "Public meeting" means an informal meeting, hearing, workshop, or other public gathering of people to obtain comments from the public or other agencies on a proposed project permit prior to the local government's decision. A public meeting may include, but is not limited to, a design review or architectural control board meeting, a special review district or community council meeting, or a scoping meeting on a draft environmental impact statement. A public meeting does not include an open record hearing. The proceedings at a public meeting may be recorded and a report or recommendation may be included in the local government's project permit application file.

Sec. 6. RCW 36.70B.070 and 1995 c 347 s 408 are each amended to read as follows:

(1) (a) Within ~~((twenty-eight))~~ 28 days after receiving a project permit application, a local government planning pursuant to RCW 36.70A.040 shall ~~((mail or))~~ provide ~~((in person))~~ a written determination to the applicant ~~((, stating))~~.

(b) The written determination must state either:

~~((a))~~ (i) That the application is complete; or

Page 35 of 356
1 ~~((b))~~ (ii) That the application is incomplete that the
2 procedural submission requirements of the local government have not
3 been met. The determination shall outline what is necessary to make
4 the application procedurally complete.

5 (c) The number of days shall be calculated by counting every
6 calendar day.

7 (d) To the extent known by the local government, the local
8 government shall identify other agencies of local, state, or federal
9 governments that may have jurisdiction over some aspect of the
10 application.

11 (2) A project permit application is complete for purposes of this
12 section when it meets the procedural submission requirements of the
13 local government ~~((and is sufficient for continued processing even~~
14 ~~though additional information may be required or project~~
15 ~~modifications may be undertaken subsequently))~~, as outlined on the
16 project permit application. Additional information or studies may be
17 required or project modifications may be undertaken subsequent to the
18 procedural review of the application by the local government. The
19 determination of completeness shall not preclude the local government
20 from requesting additional information or studies either at the time
21 of the notice of completeness or subsequently if new information is
22 required or substantial changes in the proposed action occur.
23 However, if the procedural submission requirements, as outlined on
24 the project permit application have been provided, the need for
25 additional information or studies may not preclude a completeness
26 determination.

27 (3) The determination of completeness may include or be combined
28 with the following ~~((as optional information))~~:

29 (a) A preliminary determination of those development regulations
30 that will be used for project mitigation;

31 (b) A preliminary determination of consistency, as provided under
32 RCW 36.70B.040; ~~((or))~~

33 (c) Other information the local government chooses to include; or

34 (d) The notice of application pursuant to the requirements in RCW
35 36.70B.110.

36 (4)(a) An application shall be deemed procedurally complete on
37 the 29th day after receiving a project permit application under this
38 section if the local government does not provide a written
39 determination to the applicant that the application is procedurally
40 incomplete as provided in subsection (1)(b) (ii) of this section. When

the local government does not provide a written determination, they may still seek additional information or studies as provided for in subsection (2) of this section.

(b) Within ~~((fourteen))~~ 14 days after an applicant has submitted to a local government additional information identified by the local government as being necessary for a complete application, the local government shall notify the applicant whether the application is complete or what additional information is necessary.

(c) The notice of application shall be provided within 14 days after the determination of completeness pursuant to RCW 36.70B.110.

Sec. 7. RCW 36.70B.080 and 2004 c 191 s 2 are each amended to read as follows:

(1)(a) Development regulations adopted pursuant to RCW 36.70A.040 must establish and implement time periods for local government actions for each type of project permit application and provide timely and predictable procedures to determine whether a completed project permit application meets the requirements of those development regulations. The time periods for local government actions for each type of complete project permit application or project type should not exceed ~~((one hundred twenty days, unless the local government makes written findings that a specified amount of additional time is needed to process specific complete project permit applications or project types))~~ those specified in this section.

~~((The))~~ (b) For project permits submitted after January 1, 2025, the development regulations must, for each type of permit application, specify the contents of a completed project permit application necessary for the complete compliance with the time periods and procedures.

~~((+2))~~ (c) A jurisdiction may exclude certain permit types and timelines for processing project permit applications as provided for in RCW 36.70B.140.

(d) The time periods for local government action to issue a final decision for each type of complete project permit application or project type subject to this chapter should not exceed the following time periods unless modified by the local government pursuant to this section or RCW 36.70B.140:

(i) For project permits which do not require public notice under RCW 36.70B.110, a local government must issue a final decision within 65 days of the determination of completeness under RCW 36.70B.070;

Page 37 of 356
(ii) For project permits which require public notice under RCW 36.70B.110, a local government must issue a final decision within 100 days of the determination of completeness under RCW 36.70B.070; and

(iii) For project permits which require public notice under RCW 36.70B.110 and a public hearing, a local government must issue a final decision within 170 days of the determination of completeness under RCW 36.70B.070.

(e) A jurisdiction may modify the provisions in (d) of this subsection to add permit types not identified, change the permit names or types in each category, address how consolidated review time periods may be different than permits submitted individually, and provide for how projects of a certain size or type may be differentiated, including by differentiating between residential and nonresidential permits. Unless otherwise provided for the consolidated review of more than one permit, the time period for a final decision shall be the longest of the permit time periods identified in (d) of this subsection or as amended by a local government.

(f) If a local government does not adopt an ordinance or resolution modifying the provisions in (d) of this subsection, the time periods in (d) of this subsection apply.

(g) The number of days an application is in review with the county or city shall be calculated from the day completeness is determined under RCW 36.70B.070 to the date a final decision is issued on the project permit application. The number of days shall be calculated by counting every calendar day and excluding the following time periods:

(i) Any period between the day that the county or city has notified the applicant, in writing, that additional information is required to further process the application and the day when responsive information is resubmitted by the applicant;

(ii) Any period after an applicant informs the local government, in writing, that they would like to temporarily suspend review of the project permit application until the time that the applicant notifies the local government, in writing, that they would like to resume the application. A local government may set conditions for the temporary suspension of a permit application; and

(iii) Any period after an administrative appeal is filed until the administrative appeal is resolved and any additional time period provided by the administrative appeal has expired.

1 (h) The time periods for a local government to issue a permit
2 shall start over if an applicant proposes a change in use that adds
3 or removes commercial or residential elements from the original
4 application that would make the application fail to meet the
5 determination of procedural completeness for the new use, as required
6 by the local government under RCW 36.70B.070.

7 (i) If, at any time, an applicant informs the local government,
8 in writing, that the applicant would like to temporarily suspend the
9 review of the project for more than 60 days, or if an applicant is
10 not responsive for more than 60 consecutive days after the county or
11 city has notified the applicant, in writing, that additional
12 information is required to further process the application, an
13 additional 30 days may be added to the time periods for local
14 government action to issue a final decision for each type of project
15 permit that is subject to this chapter. Any written notice from the
16 local government to the applicant that additional information is
17 required to further process the application must include a notice
18 that nonresponsiveness for 60 consecutive days may result in 30 days
19 being added to the time for review. For the purposes of this
20 subsection, "nonresponsiveness" means that an applicant is not making
21 demonstrable progress on providing additional requested information
22 to the local government, or that there is no ongoing communication
23 from the applicant to the local government on the applicant's ability
24 or willingness to provide the additional information.

25 (j) Annual amendments to the comprehensive plan are not subject
26 to the requirements of this section.

27 (k) A county's or city's adoption of a resolution or ordinance to
28 implement this subsection shall not be subject to appeal under
29 chapter 36.70A RCW unless the resolution or ordinance modifies the
30 time periods provided in (d) of this subsection by providing for a
31 review period of more than 170 days for any project permit.

32 (l)(i) When permit time periods provided for in (d) of this
33 subsection, as may be amended by a local government, and as may be
34 extended as provided for in (i) of this subsection, are not met, a
35 portion of the permit fee must be refunded to the applicant as
36 provided in this subsection. A local government may provide for the
37 collection of only 80 percent of a permit fee initially, and for the
38 collection of the remaining balance if the permitting time periods
39 are met. The portion of the fee refunded for missing time periods
40 shall be:

Page 39 of 356
(A) 10 percent if the final decision of the permit application was made after the applicable deadline but the period from the passage of the deadline to the time of issuance of the final decision did not exceed 20 percent of the original time period; or

(B) 20 percent if the period from the passage of the deadline to the time of the issuance of the final decision exceeded 20 percent of the original time period.

(ii) Except as provided in RCW 36.70B.160, the provisions in subsection (1)(i) of this section are not applicable to cities and counties which have implemented at least three of the options in RCW 36.70B.160(1) (a) through (j) at the time an application is deemed procedurally complete.

(2)(a) Counties subject to the requirements of RCW 36.70A.215 and the cities within those counties that have populations of at least ((twenty thousand)) 20,000 must, for each type of permit application, identify the total number of project permit applications for which decisions are issued according to the provisions of this chapter. For each type of project permit application identified, these counties and cities must establish and implement a deadline for issuing a notice of final decision as required by subsection (1) of this section and minimum requirements for applications to be deemed complete under RCW 36.70B.070 as required by subsection (1) of this section.

(b) Counties and cities subject to the requirements of this subsection also must prepare an annual performance report((s)) that ((include, at a minimum, the following information for each type of project permit application identified in accordance with the requirements of (a) of this subsection:

((i) Total number of complete applications received during the year;

((ii) Number of complete applications received during the year for which a notice of final decision was issued before the deadline established under this subsection;

((iii) Number of applications received during the year for which a notice of final decision was issued after the deadline established under this subsection;

((iv) Number of applications received during the year for which an extension of time was mutually agreed upon by the applicant and the county or city;

~~(v) Variance of actual performance, excluding applications for which mutually agreed time extensions have occurred, to the deadline established under this subsection during the year; and~~

~~(vi) The mean processing time and the number standard deviation from the mean.~~

~~(c) Counties and cities subject to the requirements of this subsection must:~~

~~(i) Provide notice of and access to the annual performance reports through the county's or city's website; and~~

~~(ii) Post electronic facsimiles of the annual performance reports through the county's or city's website. Postings on a county's or city's website indicating that the reports are available by contacting the appropriate county or city department or official do not comply with the requirements of this subsection.~~

~~If a county or city subject to the requirements of this subsection does not maintain a website, notice of the reports must be given by reasonable methods, including but not limited to those methods specified in RCW 36.70B.110(4).~~

~~(3))~~ includes information outlining time periods for certain permit types associated with housing. The report must provide:

(i) Permit time periods for certain permit processes in the county or city in relation to those established under this section, including whether the county or city has established shorter time periods than those provided in this section;

(ii) The total number of decisions issued during the year for the following permit types: Preliminary subdivisions, final subdivisions, binding site plans, permit processes associated with the approval of multifamily housing, and construction plan review for each of these permit types when submitted separately;

(iii) The total number of decisions for each permit type which included consolidated project permit review, such as concurrent review of a rezone or construction plans;

(iv) The average number of days from a submittal to a decision being issued for the project permit types listed in subsection (2)(a)(ii) of this section. This shall be calculated from the day completeness is determined under RCW 36.70B.070 to the date a decision is issued on the application. The number of days shall be calculated by counting every calendar day;

(v) The total number of days each project permit application of a type listed in subsection (2)(a)(ii) of this section was in review

Page 41 of 356
with the county or city. This shall be calculated from the day completeness is determined under RCW 36.70B.070 to the date a final decision is issued on the application. The number of days shall be calculated by counting every calendar day. The days the application is in review with the county or city does not include the time periods in subsection (1)(g)(i)-(iii) of this section;

(vi) The total number of days that were excluded from the time period calculation under subsection (1)(g)(i)-(iii) of this section for each project permit application of a type listed in subsection (2)(a)(ii) of this section.

(c) Counties and cities subject to the requirements of this subsection must:

(i) Post the annual performance report through the county's or city's website; and

(ii) Submit the annual performance report to the department of commerce by March 1st each year.

(d) No later than July 1st each year, the department of commerce shall publish a report which includes the annual performance report data for each county and city subject to the requirements of this subsection and a list of those counties and cities whose time periods are shorter than those provided for in this section.

The annual report must also include key metrics and findings from the information collected.

(e) The initial annual report required under this subsection must be submitted to the department of commerce by March 1, 2025, and must include information from permitting in 2024.

(3) Nothing in this section prohibits a county or city from extending a deadline for issuing a decision for a specific project permit application for any reasonable period of time mutually agreed upon by the applicant and the local government.

~~((4) The department of community, trade, and economic development shall work with the counties and cities to review the potential implementation costs of the requirements of subsection (2) of this section. The department, in cooperation with the local governments, shall prepare a report summarizing the projected costs, together with recommendations for state funding assistance for implementation costs, and provide the report to the governor and appropriate committees of the senate and house of representatives by January 1, 2005.))~~

1 **Sec. 8.** RCW 36.70B.160 and 1995 c 347 s 420 a ~~Page 42 of 356~~ amended to
2 read as follows:

3 (1) Each local government is encouraged to adopt further project
4 review and code provisions to provide prompt, coordinated review and
5 ensure accountability to applicants and the public(~~(, including~~
6 ~~expedited review for project permit applications for projects that~~
7 ~~are consistent with adopted development regulations and within the~~
8 ~~capacity of systemwide infrastructure improvements)) by:~~

9 (a) Expediting review for project permit applications for
10 projects that are consistent with adopted development regulations;

11 (b) Imposing reasonable fees, consistent with RCW 82.02.020, on
12 applicants for permits or other governmental approvals to cover the
13 cost to the city, town, county, or other municipal corporation of
14 processing applications, inspecting and reviewing plans, or preparing
15 detailed statements required by chapter 43.21C RCW. The fees imposed
16 may not include a fee for the cost of processing administrative
17 appeals. Nothing in this subsection limits the ability of a county or
18 city to impose a fee for the processing of administrative appeals as
19 otherwise authorized by law;

20 (c) Entering into an interlocal agreement with another
21 jurisdiction to share permitting staff and resources;

22 (d) Maintaining and budgeting for on-call permitting assistance
23 for when permit volumes or staffing levels change rapidly;

24 (e) Having new positions budgeted that are contingent on
25 increased permit revenue;

26 (f) Adopting development regulations which only require public
27 hearings for permit applications that are required to have a public
28 hearing by statute;

29 (g) Adopting development regulations which make preapplication
30 meetings optional rather than a requirement of permit application
31 submittal;

32 (h) Adopting development regulations which make housing types an
33 outright permitted use in all zones where the housing type is
34 permitted;

35 (i) Adopting a program to allow for outside professionals with
36 appropriate professional licenses to certify components of
37 applications consistent with their license; or

38 (j) Meeting with the applicant to attempt to resolve outstanding
39 issues during the review process. The meeting must be scheduled
40 within 14 days of a second request for corrections during permit

review. If the meeting cannot resolve the issue, a local government proceeds with a third request for additional information or corrections, the local government must approve or deny the application upon receiving the additional information or corrections.

(2)(a) After January 1, 2026, a county or city must adopt additional measures under subsection (1) of this section at the time of its next comprehensive plan update under RCW 36.70A.130 if it meets the following conditions:

(i) The county or city has adopted at least three project review and code provisions under subsection (1) of this section more than five years prior; and

(ii) The county or city is not meeting the permitting deadlines established in RCW 36.70B.080 at least half of the time over the period since its most recent comprehensive plan update under RCW 36.70A.130.

(b) A city or county that is required to adopt new measures under (a) of this subsection but fails to do so becomes subject to the provisions of RCW 36.70B.080(1)(1), notwithstanding RCW 36.70B.080(1)(1)(ii).

~~((2))~~ (3) Nothing in this chapter is intended or shall be construed to prevent a local government from requiring a preapplication conference or a public meeting by rule, ordinance, or resolution.

~~((3))~~ (4) Each local government shall adopt procedures to monitor and enforce permit decisions and conditions.

~~((4))~~ (5) Nothing in this chapter modifies any independent statutory authority for a government agency to appeal a project permit issued by a local government.

NEW SECTION. **Sec. 9.** A new section is added to chapter 36.70B RCW to read as follows:

(1) The department of commerce shall develop and provide technical assistance and guidance to counties and cities in setting fee structures under RCW 36.70B.160(1) to ensure that the fees are reasonable and sufficient to recover true costs. The guidance must include information on how to utilize growth factors or other measures to reflect cost increases over time.

(2) When providing technical assistance under subsection (1) of this section, the department of commerce must prioritize local

governments that have implemented at least three RCW 36.70B.160(1).

Sec. 10. RCW 36.70B.110 and 1997 c 429 s 48 and 1997 c 396 s 1 are each reenacted and amended to read as follows:

(1) Not later than April 1, 1996, a local government planning under RCW 36.70A.040 shall provide a notice of application to the public and the departments and agencies with jurisdiction as provided in this section. If a local government has made a threshold determination under chapter 43.21C RCW concurrently with the notice of application, the notice of application may be combined with the threshold determination and the scoping notice for a determination of significance. Nothing in this section prevents a determination of significance and scoping notice from being issued prior to the notice of application. Nothing in this section or this chapter prevents a lead agency, when it is a project proponent or is funding a project, from conducting its review under chapter 43.21C RCW or from allowing appeals of procedural determinations prior to submitting a project permit ((application)).

(2) The notice of application shall be provided within ((fourteen)) 14 days after the determination of completeness as provided in RCW 36.70B.070 and, except as limited by the provisions of subsection (4)(b) of this section, ((shall)) must include the following in whatever sequence or format the local government deems appropriate:

(a) The date of application, the date of the notice of completion for the application, and the date of the notice of application;

(b) A description of the proposed project action and a list of the project permits included in the application and, if applicable, a list of any studies requested under RCW 36.70B.070 ((or 36.70B.090));

(c) The identification of other permits not included in the application to the extent known by the local government;

(d) The identification of existing environmental documents that evaluate the proposed project, and, if not otherwise stated on the document providing the notice of application, such as a city land use bulletin, the location where the application and any studies can be reviewed;

(e) A statement of the public comment period, which shall be not less than fourteen nor more than thirty days following the date of notice of application, and statements of the right of any person to

comment on the application, receive notice of and participate in any hearings, request a copy of the decision once made, and any appeal rights. A local government may accept public comments at any time prior to the closing of the record of an open record predecision hearing, if any, or, if no open record predecision hearing is provided, prior to the decision on the project permit;

(f) The date, time, place, and type of hearing, if applicable and scheduled at the date of notice of the application;

(g) A statement of the preliminary determination, if one has been made at the time of notice, of those development regulations that will be used for project mitigation and of consistency as provided in RCW 36.70B.030(2) and 36.70B.040; and

(h) Any other information determined appropriate by the local government.

(3) If an open record predecision hearing is required for the requested project permits, the notice of application shall be provided at least fifteen days prior to the open record hearing.

(4) A local government shall use reasonable methods to give the notice of application to the public and agencies with jurisdiction and may use its existing notice procedures. A local government may use different types of notice for different categories of project permits or types of project actions. If a local government by resolution or ordinance does not specify its method of public notice, the local government shall use the methods provided for in (a) and (b) of this subsection. Examples of reasonable methods to inform the public are:

(a) Posting the property for site-specific proposals;

(b) Publishing notice, including at least the project location, description, type of permit(s) required, comment period dates, and location where the notice of application required by subsection (2) of this section and the complete application may be reviewed, in the newspaper of general circulation in the general area where the proposal is located or in a local land use newsletter published by the local government;

(c) Notifying public or private groups with known interest in a certain proposal or in the type of proposal being considered;

(d) Notifying the news media;

(e) Placing notices in appropriate regional or neighborhood newspapers or trade journals;

(f) Publishing notice in agency newsletters or agency mailing lists, either general lists or lists for specific proposals or subject areas; and

(g) Mailing to neighboring property owners.

(5) A notice of application shall not be required for project permits that are categorically exempt under chapter 43.21C RCW, unless an open record predecision hearing is required or an open record appeal hearing is allowed on the project permit decision.

(6) A local government shall integrate the permit procedures in this section with ~~((its))~~ environmental review under chapter 43.21C RCW as follows:

(a) Except for a threshold determination and except as otherwise expressly allowed in this section, the local government may not issue a decision or a recommendation on a project permit until the expiration of the public comment period on the notice of application.

(b) If an open record predecision hearing is required, the local government shall issue its threshold determination at least fifteen days prior to the open record predecision hearing.

(c) Comments shall be as specific as possible.

(d) A local government is not required to provide for administrative appeals of its threshold determination. If provided, an administrative appeal ~~((shall))~~ must be filed within fourteen days after notice that the determination has been made and is appealable. Except as otherwise expressly provided in this section, the appeal hearing on a threshold determination ~~((of nonsignificance shall))~~ must be consolidated with any open record hearing on the project permit.

(7) At the request of the applicant, a local government may combine any hearing on a project permit with any hearing that may be held by another local, state, regional, federal, or other agency, if:

(a) The hearing is held within the geographic boundary of the local government; and

(b) ~~((The joint hearing can be held within the time periods specified in RCW 36.70B.090 or the))~~ The applicant agrees to the schedule in the event that additional time is needed in order to combine the hearings. All agencies of the state of Washington, including municipal corporations and counties participating in a combined hearing, are hereby authorized to issue joint hearing notices and develop a joint format, select a mutually acceptable hearing body or officer, and take such other actions as may be

1 necessary to hold joint hearings consistent with Page 47 of 1356 of their
2 respective statutory obligations.

3 (8) All state and local agencies shall cooperate to the fullest
4 extent possible with the local government in holding a joint hearing
5 if requested to do so, as long as:

6 (a) The agency is not expressly prohibited by statute from doing
7 so;

8 (b) Sufficient notice of the hearing is given to meet each of the
9 agencies' adopted notice requirements as set forth in statute,
10 ordinance, or rule; and

11 (c) The agency has received the necessary information about the
12 proposed project from the applicant to hold its hearing at the same
13 time as the local government hearing.

14 (9) A local government is not required to provide for
15 administrative appeals. If provided, an administrative appeal of the
16 project decision and of any environmental determination issued at the
17 same time as the project decision, shall be filed within fourteen
18 days after the notice of the decision or after other notice that the
19 decision has been made and is appealable. The local government shall
20 extend the appeal period for an additional seven days, if state or
21 local rules adopted pursuant to chapter 43.21C RCW allow public
22 comment on a determination of nonsignificance issued as part of the
23 appealable project permit decision.

24 (10) The applicant for a project permit is deemed to be a
25 participant in any comment period, open record hearing, or closed
26 record appeal.

27 (11) Each local government planning under RCW 36.70A.040 shall
28 adopt procedures for administrative interpretation of its development
29 regulations.

30 NEW SECTION. **Sec. 11.** The department of commerce shall develop
31 a template for counties and cities subject to the requirements in RCW
32 36.70B.080, which will be utilized for reporting data.

33 NEW SECTION. **Sec. 12.** The department of commerce shall develop
34 a plan to provide local governments with appropriately trained staff
35 to provide temporary support or hard to find expertise for timely
36 processing of residential housing permit applications. The plan shall
37 include consideration of how local governments can be provided with
38 staff that have experience with providing substitute staff support or

1 that possess expertise in permitting policies and regulations in the
2 local government's geographic area or with jurisdictions of the local
3 government's size or population. The plan and a proposal for
4 implementation shall be presented to the legislature by December 1,
5 2023.

6 NEW SECTION. **Sec. 13.** Section 7 of this act takes effect
7 January 1, 2025.

Passed by the Senate April 17, 2023.

Passed by the House April 10, 2023.

Approved by the Governor May 8, 2023.

Filed in Office of Secretary of State May 10, 2023.

--- END ---

CERTIFICATION OF ENROLLMENT

SECOND SUBSTITUTE SENATE BILL 5290

Chapter 338, Laws of 2023

68th Legislature
2023 Regular Session

PROJECT PERMITS—LOCAL PROJECT REVIEW—VARIOUS PROVISIONS

EFFECTIVE DATE: July 23, 2023—Except for section 7, which takes effect January 1, 2025.

Passed by the Senate April 17, 2023
Yeas 47 Nays 0

DENNY HECK

President of the Senate

Passed by the House April 10, 2023
Yeas 98 Nays 0

LAURIE JINKINS

**Speaker of the House of
Representatives**

Approved May 8, 2023 1:17 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE SENATE BILL 5290** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

Secretary

FILED

May 10, 2023

**Secretary of State
State of Washington**

AS AMENDED BY THE HOUSE

Passed Legislature - 2023 Regular Session

State of Washington 68th Legislature 2023 Regular Session

By Senate Ways & Means (originally sponsored by Senators Mullet, Kuderer, Fortunato, Llias, Nobles, Saldaña, and C. Wilson; by request of Office of the Governor)

READ FIRST TIME 02/24/23.

AN ACT Relating to consolidating local permit review processes; amending RCW 36.70B.140, 36.70B.020, 36.70B.070, 36.70B.080, and 36.70B.160; reenacting and amending RCW 36.70B.110; adding new sections to chapter 36.70B RCW; creating new sections; and providing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 36.70B.140 and 1995 c 347 s 418 are each amended to read as follows:

(1) A local government by ordinance or resolution may exclude the following project permits from the provisions of RCW 36.70B.060 through 36.70B.090 and 36.70B.110 through 36.70B.130: Landmark designations, street vacations, or other approvals relating to the use of public areas or facilities, or other project permits, whether administrative or quasi-judicial, that the local government by ordinance or resolution has determined present special circumstances that warrant a review process or time periods for approval which are different from that provided in RCW 36.70B.060 through 36.70B.090 and 36.70B.110 through 36.70B.130.

(2) A local government by ordinance or resolution also may exclude the following project permits from the provisions of RCW 36.70B.060 and 36.70B.110 through 36.70B.130: Lot line or boundary

adjustments and building and other construction permits for similar administrative approvals, categorically exempt from environmental review under chapter 43.21C RCW, or for which environmental review has been completed in connection with other project permits.

(3) A local government must exclude project permits for interior alterations from site plan review, provided that the interior alterations do not result in the following:

- (a) Additional sleeping quarters or bedrooms;
- (b) Nonconformity with federal emergency management agency substantial improvement thresholds; or
- (c) Increase the total square footage or valuation of the structure thereby requiring upgraded fire access or fire suppression systems.

(4) Nothing in this section exempts interior alterations from otherwise applicable building, plumbing, mechanical, or electrical codes.

(5) For purposes of this section, "interior alterations" include construction activities that do not modify the existing site layout or its current use and involve no exterior work adding to the building footprint.

NEW SECTION. Sec. 2. A new section is added to chapter 36.70B RCW to read as follows:

(1) Subject to the availability of funds appropriated for this specific purpose, the department of commerce must establish a consolidated permit review grant program. The department may award grants to any local government that provides, by ordinance, resolution, or other action, a commitment to the following building permit review consolidation requirements:

(a) Issuing final decisions on residential permit applications within 45 business days or 90 calendar days.

(i) To achieve permit review within the stated time periods, a local government must provide consolidated review for building permit applications. This may include an initial technical peer review of the application for conformity with the requirements of RCW 36.70B.070 by all departments, divisions, and sections of the local government with jurisdiction over the project.

(ii) A local government may contract with a third-party business to conduct the consolidated permit review or as additional inspection

Grant not applied for (could not meet the terms and conditions)

1 staff. Any funds expended for such a contract may be eligible for
2 reimbursement under this act.

3 (iii) Local governments are authorized to use grant funds to
4 contract outside assistance to audit their development regulations to
5 identify and correct barriers to housing development.

6 (b) Establishing an application fee structure that would allow
7 the jurisdiction to continue providing consolidated permit review
8 within 45 business days or 90 calendar days.

9 (i) A local government may consult with local building
10 associations to develop a reasonable fee system.

11 (ii) A local government must determine, no later than July 1,
12 2024, the specific fee structure needed to provide permit review
13 within the time periods specified in this subsection (1)(b).

(2) A jurisdiction that is awarded a grant under this section
must provide a quarterly report to the department of commerce. The
report must include the average and maximum time for permit review
during the jurisdiction's participation in the grant program.

(3) If a jurisdiction is unable to successfully meet the terms
and conditions of the grant, the jurisdiction must enter a 90-day
probationary period. If the jurisdiction is not able to meet the
requirements of this section by the end of the probationary period,
the jurisdiction is no longer eligible to receive grants under this
section.

(4) For the purposes of this section, "residential permit" means
a permit issued by a city or county that satisfies the conditions of
RCW 19.27.015(5) and is within the scope of the international
residential code, as adopted in accordance with chapter 19.27 RCW.

NEW SECTION. **Sec. 3.** A new section is added to chapter 36.70B
RCW to read as follows:

31 (1) Subject to the availability of funds appropriated for this
32 specific purpose, the department of commerce must establish a grant
33 program for local governments to update their permit review process
34 from paper filing systems to software systems capable of processing
35 digital permit applications, virtual inspections, electronic review,
and with capacity for video storage.

36 (2) The department of commerce may only provide a grant under
37 this section to a city if the city allows for the development of at
38 least two units per lot on all lots zoned predominantly for
39 residential use within its jurisdiction.

NEW SECTION. Sec. 4. A new section is added to chapter 36.70B
RCW to read as follows:

(1) Subject to the availability of amounts appropriated for this
specific purpose, the department of commerce must convene a digital
permitting process work group to examine potential license and
permitting software for local governments to encourage streamlined
and efficient permit review.

(2) The department of commerce, in consultation with the
association of Washington cities and Washington state association of
counties, shall appoint members to the work group representing groups
including but not limited to:

- (a) Cities and counties;
- (b) Building industries; and
- (c) Building officials.

(3) The department of commerce must convene the first meeting of
the work group by August 1, 2023. The department must submit a final
report to the governor and the appropriate committees of the
legislature by August 1, 2024. The final report must:

(a) Evaluate the existing need for digital permitting systems,
including impacts on existing digital permitting systems that are
already in place;

(b) Review barriers preventing local jurisdictions from accessing
or adopting digital permitting systems;

(c) Evaluate the benefits and costs associated with a statewide
permitting software system; and

(d) Provide budgetary, administrative policy, and legislative
recommendations to increase the adoption of or establish a statewide
system of digital permit review.

Sec. 5. RCW 36.70B.020 and 1995 c 347 s 402 are each amended to
read as follows:

Unless the context clearly requires otherwise, the definitions in
this section apply throughout this chapter.

(1) "Closed record appeal" means an administrative appeal on the
record to a local government body or officer, including the
legislative body, following an open record hearing on a project
permit application when the appeal is on the record with no or
limited new evidence or information allowed to be submitted and only
appeal argument allowed.

(2) "Local government" means a county, city, or town.

(3) "Open record hearing" means a hearing, conducted by a single hearing body or officer authorized by the local government to conduct such hearings, that creates the local government's record through testimony and submission of evidence and information, under procedures prescribed by the local government by ordinance or resolution. An open record hearing may be held prior to a local government's decision on a project permit to be known as an "open record predecision hearing." An open record hearing may be held on an appeal, to be known as an "open record appeal hearing," if no open record predecision hearing has been held on the project permit.

(4) "Project permit" or "project permit application" means any land use or environmental permit or license required from a local government for a project action, including but not limited to ~~((building permits,))~~ subdivisions, binding site plans, planned unit developments, conditional uses, shoreline substantial development permits, site plan review, permits or approvals required by critical area ordinances, site-specific rezones ~~((authorized by a comprehensive plan or subarea plan))~~ which do not require a comprehensive plan amendment, but excluding the adoption or amendment of a comprehensive plan, subarea plan, or development regulations except as otherwise specifically included in this subsection.

(5) "Public meeting" means an informal meeting, hearing, workshop, or other public gathering of people to obtain comments from the public or other agencies on a proposed project permit prior to the local government's decision. A public meeting may include, but is not limited to, a design review or architectural control board meeting, a special review district or community council meeting, or a scoping meeting on a draft environmental impact statement. A public meeting does not include an open record hearing. The proceedings at a public meeting may be recorded and a report or recommendation may be included in the local government's project permit application file.

Sec. 6. RCW 36.70B.070 and 1995 c 347 s 408 are each amended to read as follows:

(1) (a) Within ~~((twenty-eight))~~ 28 days after receiving a project permit application, a local government planning pursuant to RCW 36.70A.040 shall ~~((mail or))~~ provide ~~((in person))~~ a written determination to the applicant ~~((, stating))~~.

(b) The written determination must state either:

~~((a))~~ (i) That the application is complete; or

~~((b))~~ (ii) That the application is incomplete that the procedural submission requirements of the local government have not been met. The determination shall outline what is necessary to make the application procedurally complete.

(c) The number of days shall be calculated by counting every calendar day.

(d) To the extent known by the local government, the local government shall identify other agencies of local, state, or federal governments that may have jurisdiction over some aspect of the application.

(2) A project permit application is complete for purposes of this section when it meets the procedural submission requirements of the local government ~~((and is sufficient for continued processing even though additional information may be required or project modifications may be undertaken subsequently))~~, as outlined on the project permit application. Additional information or studies may be required or project modifications may be undertaken subsequent to the procedural review of the application by the local government. The determination of completeness shall not preclude the local government from requesting additional information or studies either at the time of the notice of completeness or subsequently if new information is required or substantial changes in the proposed action occur. However, if the procedural submission requirements, as outlined on the project permit application have been provided, the need for additional information or studies may not preclude a completeness determination.

(3) The determination of completeness may include or be combined with the following ~~((as optional information))~~:

(a) A preliminary determination of those development regulations that will be used for project mitigation;

(b) A preliminary determination of consistency, as provided under RCW 36.70B.040; ~~((or))~~

(c) Other information the local government chooses to include; or
(d) The notice of application pursuant to the requirements in RCW 36.70B.110.

(4)(a) An application shall be deemed procedurally complete on the 29th day after receiving a project permit application under this section if the local government does not provide a written determination to the applicant that the application is procedurally incomplete as provided in subsection (1)(b) ~~((ii))~~ of this section. When

the local government does not provide a written decision, they may still seek additional information or studies as provided for in subsection (2) of this section.

(b) Within ((fourteen)) 14 days after an applicant has submitted to a local government additional information identified by the local government as being necessary for a complete application, the local government shall notify the applicant whether the application is complete or what additional information is necessary.

(c) The notice of application shall be provided within 14 days after the determination of completeness pursuant to RCW 36.70B.110.

Sec. 7. RCW 36.70B.080 and 2004 c 191 s 2 are each amended to read as follows:

(1)(a) Development regulations adopted pursuant to RCW 36.70A.040 must establish and implement time periods for local government actions for each type of project permit application and provide timely and predictable procedures to determine whether a completed project permit application meets the requirements of those development regulations. The time periods for local government actions for each type of complete project permit application or project type should not exceed ((one hundred twenty days, unless the local government makes written findings that a specified amount of additional time is needed to process specific complete project permit applications or project types)) those specified in this section.

((The)) (b) For project permits submitted after January 1, 2025, the development regulations must, for each type of permit application, specify the contents of a completed project permit application necessary for the complete compliance with the time periods and procedures.

((+2)) (c) A jurisdiction may exclude certain permit types and timelines for processing project permit applications as provided for in RCW 36.70B.140.

(d) The time periods for local government action to issue a final decision for each type of complete project permit application or project type subject to this chapter should not exceed the following time periods unless modified by the local government pursuant to this section or RCW 36.70B.140:

(i) For project permits which do not require public notice under RCW 36.70B.110, a local government must issue a final decision within 65 days of the determination of completeness under RCW 36.70B.070;

See amended
KMC 19.25.050(E)

See KMC
19.25.060(E)

See KMC 19.25.100(A)

See amended
KMC 19.25.100(E)

See amended KMC
19.25.100(A)

(ii) For project permits which require public notice under RCW 36.70B.110, a local government must issue a final decision within 100 days of the determination of completeness under RCW 36.70B.070; and

(iii) For project permits which require public notice under RCW 36.70B.110 and a public hearing, a local government must issue a final decision within 170 days of the determination of completeness under RCW 36.70B.070.

(e) A jurisdiction may modify the provisions in (d) of this subsection to add permit types not identified, change the permit names or types in each category, address how consolidated review time periods may be different than permits submitted individually, and provide for how projects of a certain size or type may be differentiated, including by differentiating between residential and nonresidential permits. Unless otherwise provided for the consolidated review of more than one permit, the time period for a final decision shall be the longest of the permit time periods identified in (d) of this subsection or as amended by a local government.

(f) If a local government does not adopt an ordinance or resolution modifying the provisions in (d) of this subsection, the time periods in (d) of this subsection apply.

(g) The number of days an application is in review with the county or city shall be calculated from the day completeness is determined under RCW 36.70B.070 to the date a final decision is issued on the project permit application. The number of days shall be calculated by counting every calendar day and excluding the following time periods:

(i) Any period between the day that the county or city has notified the applicant, in writing, that additional information is required to further process the application and the day when responsive information is resubmitted by the applicant;

(ii) Any period after an applicant informs the local government, in writing, that they would like to temporarily suspend review of the project permit application until the time that the applicant notifies the local government, in writing, that they would like to resume the application. A local government may set conditions for the temporary suspension of a permit application; and

(iii) Any period after an administrative appeal is filed until the administrative appeal is resolved and any additional time period provided by the administrative appeal has expired.

(h) The time periods for a local government to issue a permit shall start over if an applicant proposes a change in use that adds or removes commercial or residential elements from the original application that would make the application fail to meet the determination of procedural completeness for the new use, as required by the local government under RCW 36.70B.070.

(i) If, at any time, an applicant informs the local government, in writing, that the applicant would like to temporarily suspend the review of the project for more than 60 days, or if an applicant is not responsive for more than 60 consecutive days after the county or city has notified the applicant, in writing, that additional information is required to further process the application, an additional 30 days may be added to the time periods for local government action to issue a final decision for each type of project permit that is subject to this chapter. Any written notice from the local government to the applicant that additional information is required to further process the application must include a notice that nonresponsiveness for 60 consecutive days may result in 30 days being added to the time for review. For the purposes of this subsection, "nonresponsiveness" means that an applicant is not making demonstrable progress on providing additional requested information to the local government, or that there is no ongoing communication from the applicant to the local government on the applicant's ability or willingness to provide the additional information.

(j) Annual amendments to the comprehensive plan are not subject to the requirements of this section.

(k) A county's or city's adoption of a resolution or ordinance to implement this subsection shall not be subject to appeal under chapter 36.70A RCW unless the resolution or ordinance modifies the time periods provided in (d) of this subsection by providing for a review period of more than 170 days for any project permit.

(l)(i) When permit time periods provided for in (d) of this subsection, as may be amended by a local government, and as may be extended as provided for in (i) of this subsection, are not met, a portion of the permit fee must be refunded to the applicant as provided in this subsection. A local government may provide for the collection of only 80 percent of a permit fee initially, and for the collection of the remaining balance if the permitting time periods are met. The portion of the fee refunded for missing time periods shall be:

(A) 10 percent if the final decision of the permit application was made after the applicable deadline but the period from the passage of the deadline to the time of issuance of the final decision did not exceed 20 percent of the original time period; or

(B) 20 percent if the period from the passage of the deadline to the time of the issuance of the final decision exceeded 20 percent of the original time period.

(ii) Except as provided in RCW 36.70B.160, the provisions in subsection (1)(i) of this section are not applicable to cities and counties which have implemented at least three of the options in RCW 36.70B.160(1) (a) through (j) at the time an application is deemed procedurally complete.

(2)(a) Counties subject to the requirements of RCW 36.70A.215 and the cities within those counties that have populations of at least ~~((twenty thousand))~~ 20,000 must, for each type of permit application, identify the total number of project permit applications for which decisions are issued according to the provisions of this chapter. For each type of project permit application identified, these counties and cities must establish and implement a deadline for issuing a notice of final decision as required by subsection (1) of this section and minimum requirements for applications to be deemed complete under RCW 36.70B.070 as required by subsection (1) of this section.

(b) Counties and cities subject to the requirements of this subsection also must prepare an annual performance report ~~((s))~~ that ~~((include, at a minimum, the following information for each type of project permit application identified in accordance with the requirements of (a) of this subsection:~~

~~((i) Total number of complete applications received during the year;~~

~~((ii) Number of complete applications received during the year for which a notice of final decision was issued before the deadline established under this subsection;~~

~~((iii) Number of applications received during the year for which a notice of final decision was issued after the deadline established under this subsection;~~

~~((iv) Number of applications received during the year for which an extension of time was mutually agreed upon by the applicant and the county or city;~~

~~(v) Variance of actual performance, excluding decisions for which mutually agreed time extensions have occurred, to the deadline established under this subsection during the year; and~~

~~(vi) The mean processing time and the number standard deviation from the mean.~~

~~(c) Counties and cities subject to the requirements of this subsection must:~~

~~(i) Provide notice of and access to the annual performance reports through the county's or city's website; and~~

~~(ii) Post electronic facsimiles of the annual performance reports through the county's or city's website. Postings on a county's or city's website indicating that the reports are available by contacting the appropriate county or city department or official do not comply with the requirements of this subsection.~~

~~If a county or city subject to the requirements of this subsection does not maintain a website, notice of the reports must be given by reasonable methods, including but not limited to those methods specified in RCW 36.70B.110(4).~~

~~(3)) includes information outlining time periods for certain permit types associated with housing. The report must provide:~~

~~(i) Permit time periods for certain permit processes in the county or city in relation to those established under this section, including whether the county or city has established shorter time periods than those provided in this section;~~

~~(ii) The total number of decisions issued during the year for the following permit types: Preliminary subdivisions, final subdivisions, binding site plans, permit processes associated with the approval of multifamily housing, and construction plan review for each of these permit types when submitted separately;~~

~~(iii) The total number of decisions for each permit type which included consolidated project permit review, such as concurrent review of a rezone or construction plans;~~

~~(iv) The average number of days from a submittal to a decision being issued for the project permit types listed in subsection (2)(a)(ii) of this section. This shall be calculated from the day completeness is determined under RCW 36.70B.070 to the date a decision is issued on the application. The number of days shall be calculated by counting every calendar day;~~

~~(v) The total number of days each project permit application of a type listed in subsection (2)(a)(ii) of this section was in review~~

Changes to annual reporting requirements

with the county or city. This shall be calculated from the day completeness is determined under RCW 36.70B.070 to the date a final decision is issued on the application. The number of days shall be calculated by counting every calendar day. The days the application is in review with the county or city does not include the time periods in subsection (1)(g)(i)-(iii) of this section;

(vi) The total number of days that were excluded from the time period calculation under subsection (1)(g)(i)-(iii) of this section for each project permit application of a type listed in subsection (2)(a)(ii) of this section.

(c) Counties and cities subject to the requirements of this subsection must:

(i) Post the annual performance report through the county's or city's website; and

(ii) Submit the annual performance report to the department of commerce by March 1st each year.

(d) No later than July 1st each year, the department of commerce shall publish a report which includes the annual performance report data for each county and city subject to the requirements of this subsection and a list of those counties and cities whose time periods are shorter than those provided for in this section.

The annual report must also include key metrics and findings from the information collected.

(e) The initial annual report required under this subsection must be submitted to the department of commerce by March 1, 2025, and must include information from permitting in 2024.

(3) Nothing in this section prohibits a county or city from extending a deadline for issuing a decision for a specific project permit application for any reasonable period of time mutually agreed upon by the applicant and the local government.

~~((4) The department of community, trade, and economic development shall work with the counties and cities to review the potential implementation costs of the requirements of subsection (2) of this section. The department, in cooperation with the local governments, shall prepare a report summarizing the projected costs, together with recommendations for state funding assistance for implementation costs, and provide the report to the governor and appropriate committees of the senate and house of representatives by January 1, 2005.))~~

Changes to annual reporting requirements

See KMC 19.25.100(C)

read as follows:

(1) Each local government is encouraged to adopt further project review and code provisions to provide prompt, coordinated review and ensure accountability to applicants and the public(~~(, including expedited review for project permit applications for projects that are consistent with adopted development regulations and within the capacity of systemwide infrastructure improvements))~~ by:

(a) Expediting review for project permit applications for projects that are consistent with adopted development regulations;

(b) Imposing reasonable fees, consistent with RCW 82.02.020, on applicants for permits or other governmental approvals to cover the cost to the city, town, county, or other municipal corporation of processing applications, inspecting and reviewing plans, or preparing detailed statements required by chapter 43.21C RCW. The fees imposed may not include a fee for the cost of processing administrative appeals. Nothing in this subsection limits the ability of a county or city to impose a fee for the processing of administrative appeals as otherwise authorized by law;

(c) Entering into an interlocal agreement with another jurisdiction to share permitting staff and resources;

(d) Maintaining and budgeting for on-call permitting assistance for when permit volumes or staffing levels change rapidly;

(e) Having new positions budgeted that are contingent on increased permit revenue;

(f) Adopting development regulations which only require public hearings for permit applications that are required to have a public hearing by statute;

(g) Adopting development regulations which make preapplication meetings optional rather than a requirement of permit application submittal;

(h) Adopting development regulations which make housing types an outright permitted use in all zones where the housing type is permitted;

(i) Adopting a program to allow for outside professionals with appropriate professional licenses to certify components of applications consistent with their license; or

(j) Meeting with the applicant to attempt to resolve outstanding issues during the review process. The meeting must be scheduled within 14 days of a second request for corrections during permit

review. If the meeting cannot resolve the issue, a local government proceeds with a third request for additional information or corrections, the local government must approve or deny the application upon receiving the additional information or corrections.

(2)(a) After January 1, 2026, a county or city must adopt additional measures under subsection (1) of this section at the time of its next comprehensive plan update under RCW 36.70A.130 if it meets the following conditions:

(i) The county or city has adopted at least three project review and code provisions under subsection (1) of this section more than five years prior; and

(ii) The county or city is not meeting the permitting deadlines established in RCW 36.70B.080 at least half of the time over the period since its most recent comprehensive plan update under RCW 36.70A.130.

(b) A city or county that is required to adopt new measures under (a) of this subsection but fails to do so becomes subject to the provisions of RCW 36.70B.080(1)(1), notwithstanding RCW 36.70B.080(1)(1)(ii).

~~((2))~~ (3) Nothing in this chapter is intended or shall be construed to prevent a local government from requiring a preapplication conference or a public meeting by rule, ordinance, or resolution.

~~((3))~~ (4) Each local government shall adopt procedures to monitor and enforce permit decisions and conditions.

~~((4))~~ (5) Nothing in this chapter modifies any independent statutory authority for a government agency to appeal a project permit issued by a local government.

NEW SECTION. Sec. 9. A new section is added to chapter 36.70B RCW to read as follows:

(1) The department of commerce shall develop and provide technical assistance and guidance to counties and cities in setting fee structures under RCW 36.70B.160(1) to ensure that the fees are reasonable and sufficient to recover true costs. The guidance must include information on how to utilize growth factors or other measures to reflect cost increases over time.

(2) When providing technical assistance under subsection (1) of this section, the department of commerce must prioritize local

governments that have implemented at least three RCW 36.70B.160(1).

Sec. 10. RCW 36.70B.110 and 1997 c 429 s 48 and 1997 c 396 s 1 are each reenacted and amended to read as follows:

(1) Not later than April 1, 1996, a local government planning under RCW 36.70A.040 shall provide a notice of application to the public and the departments and agencies with jurisdiction as provided in this section. If a local government has made a threshold determination under chapter 43.21C RCW concurrently with the notice of application, the notice of application may be combined with the threshold determination and the scoping notice for a determination of significance. Nothing in this section prevents a determination of significance and scoping notice from being issued prior to the notice of application. Nothing in this section or this chapter prevents a lead agency, when it is a project proponent or is funding a project, from conducting its review under chapter 43.21C RCW or from allowing appeals of procedural determinations prior to submitting a project permit ((application)).

(2) The notice of application shall be provided within ((fourteen)) 14 days after the determination of completeness as provided in RCW 36.70B.070 and, except as limited by the provisions of subsection (4)(b) of this section, ((shall)) must include the following in whatever sequence or format the local government deems appropriate:

(a) The date of application, the date of the notice of completion for the application, and the date of the notice of application;

(b) A description of the proposed project action and a list of the project permits included in the application and, if applicable, a list of any studies requested under RCW 36.70B.070 ((or 36.70B.090));

(c) The identification of other permits not included in the application to the extent known by the local government;

(d) The identification of existing environmental documents that evaluate the proposed project, and, if not otherwise stated on the document providing the notice of application, such as a city land use bulletin, the location where the application and any studies can be reviewed;

(e) A statement of the public comment period, which shall be not less than fourteen nor more than thirty days following the date of notice of application, and statements of the right of any person to

comment on the application, receive notice of and participate in any hearings, request a copy of the decision once made, and any appeal rights. A local government may accept public comments at any time prior to the closing of the record of an open record predecision hearing, if any, or, if no open record predecision hearing is provided, prior to the decision on the project permit;

(f) The date, time, place, and type of hearing, if applicable and scheduled at the date of notice of the application;

(g) A statement of the preliminary determination, if one has been made at the time of notice, of those development regulations that will be used for project mitigation and of consistency as provided in RCW 36.70B.030(2) and 36.70B.040; and

(h) Any other information determined appropriate by the local government.

(3) If an open record predecision hearing is required for the requested project permits, the notice of application shall be provided at least fifteen days prior to the open record hearing.

(4) A local government shall use reasonable methods to give the notice of application to the public and agencies with jurisdiction and may use its existing notice procedures. A local government may use different types of notice for different categories of project permits or types of project actions. If a local government by resolution or ordinance does not specify its method of public notice, the local government shall use the methods provided for in (a) and (b) of this subsection. Examples of reasonable methods to inform the public are:

(a) Posting the property for site-specific proposals;

(b) Publishing notice, including at least the project location, description, type of permit(s) required, comment period dates, and location where the notice of application required by subsection (2) of this section and the complete application may be reviewed, in the newspaper of general circulation in the general area where the proposal is located or in a local land use newsletter published by the local government;

(c) Notifying public or private groups with known interest in a certain proposal or in the type of proposal being considered;

(d) Notifying the news media;

(e) Placing notices in appropriate regional or neighborhood newspapers or trade journals;

(f) Publishing notice in agency newsletters or agency mailing lists, either general lists or lists for specific proposals or subject areas; and

(g) Mailing to neighboring property owners.

(5) A notice of application shall not be required for project permits that are categorically exempt under chapter 43.21C RCW, unless an open record predecision hearing is required or an open record appeal hearing is allowed on the project permit decision.

(6) A local government shall integrate the permit procedures in this section with ~~((its))~~ environmental review under chapter 43.21C RCW as follows:

(a) Except for a threshold determination and except as otherwise expressly allowed in this section, the local government may not issue a decision or a recommendation on a project permit until the expiration of the public comment period on the notice of application.

(b) If an open record predecision hearing is required, the local government shall issue its threshold determination at least fifteen days prior to the open record predecision hearing.

(c) Comments shall be as specific as possible.

(d) A local government is not required to provide for administrative appeals of its threshold determination. If provided, an administrative appeal ~~((shall))~~ must be filed within fourteen days after notice that the determination has been made and is appealable. Except as otherwise expressly provided in this section, the appeal hearing on a threshold determination ~~((of nonsignificance shall))~~ must be consolidated with any open record hearing on the project permit.

(7) At the request of the applicant, a local government may combine any hearing on a project permit with any hearing that may be held by another local, state, regional, federal, or other agency, if:

(a) The hearing is held within the geographic boundary of the local government; and

(b) ~~((The joint hearing can be held within the time periods specified in RCW 36.70B.090 or the))~~ The applicant agrees to the schedule in the event that additional time is needed in order to combine the hearings. All agencies of the state of Washington, including municipal corporations and counties participating in a combined hearing, are hereby authorized to issue joint hearing notices and develop a joint format, select a mutually acceptable hearing body or officer, and take such other actions as may be

1 necessary to hold joint hearings consistent with Page 67 of 1356 of their
2 respective statutory obligations.

3 (8) All state and local agencies shall cooperate to the fullest
4 extent possible with the local government in holding a joint hearing
5 if requested to do so, as long as:

6 (a) The agency is not expressly prohibited by statute from doing
so;

(b) Sufficient notice of the hearing is given to meet each of the
agencies' adopted notice requirements as set forth in statute,
ordinance, or rule; and

(c) The agency has received the necessary information about the
proposed project from the applicant to hold its hearing at the same
time as the local government hearing.

(9) A local government is not required to provide for
administrative appeals. If provided, an administrative appeal of the
project decision and of any environmental determination issued at the
same time as the project decision, shall be filed within fourteen
days after the notice of the decision or after other notice that the
decision has been made and is appealable. The local government shall
extend the appeal period for an additional seven days, if state or
local rules adopted pursuant to chapter 43.21C RCW allow public
comment on a determination of nonsignificance issued as part of the
appealable project permit decision.

(10) The applicant for a project permit is deemed to be a
participant in any comment period, open record hearing, or closed
record appeal.

(11) Each local government planning under RCW 36.70A.040 shall
adopt procedures for administrative interpretation of its development
regulations.

30 NEW SECTION. **Sec. 11.** The department of commerce shall develop
31 a template for counties and cities subject to the requirements in RCW
32 36.70B.080, which will be utilized for reporting data.

33 NEW SECTION. **Sec. 12.** The department of commerce shall develop
34 a plan to provide local governments with appropriately trained staff
35 to provide temporary support or hard to find expertise for timely
36 processing of residential housing permit applications. The plan shall
37 include consideration of how local governments can be provided with
38 staff that have experience with providing substitute staff support or

1 that possess expertise in permitting policies and regulations in the
2 local government's geographic area or with jurisdictions of the local
3 government's size or population. The plan and a proposal for
4 implementation shall be presented to the legislature by December 1,
5 2023.

6 NEW SECTION. **Sec. 13.** Section 7 of this act takes effect
7 January 1, 2025.

Passed by the Senate April 17, 2023.

Passed by the House April 10, 2023.

Approved by the Governor May 8, 2023.

Filed in Office of Secretary of State May 10, 2023.

--- END ---

**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 24-0620**

**AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON,
AMENDING CHAPTERS 18.105, 19.10, AND 19.25 OF THE
KENMORE MUNICIPAL CODE TO COMPLY WITH THE LOCAL
PROJECT REVIEW ACT, CHAPTER 36.70B RCW, PURSUANT TO
SECOND SUBSTITUTE SENATE BILL 5290; PROVIDING FOR
SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE**

WHEREAS, the Washington State Legislature passed Senate Bill (SB) 5290 during the 2023 legislative session, amending the Local Project Review Act (Chapter 36.70B RCW) to streamline local land use decision-making processes and increase predictability in project reviews; and

WHEREAS, SB 5290 provides revised timelines for project permit decisions, promotes enhanced coordination between agencies, and aims to reduce delays in permitting to support economic development and housing production; and

WHEREAS, local jurisdictions are required to adopt and implement procedures consistent with SB 5290 to ensure compliance with state law and alignment with its objectives; and

WHEREAS, updating the Kenmore Municipal Code to reflect these statutory changes will improve efficiency, maintain transparency, and enhance public engagement in the land use review process; and

WHEREAS, the City finds it necessary to modify its existing project review procedures to comply with SB 5290, ensure consistency with state law, and promote the public interest ("Proposed Amendments"); and

WHEREAS, the Proposed Amendments are exempt from SEPA under WAC 197-11-800(19)(a)-(b) as relating solely to procedures that do not contain substantive standards respecting use or modification of the environment; and

WHEREAS, the City sent notice of the Proposed Amendments to the Washington State Department of Commerce pursuant to RCW 36.70A.106; and

WHEREAS, the City Council held a public hearing on December 2, 2024 and considered the comments and record relating to the Proposed Amendments; and

WHEREAS, the City Council desires to adopt the Proposed Amendments and finds that the Proposed Amendments meet the decision criterion of KMC 19.20.090(A) and (C), and are consistent with the 2023-2024 Council Priorities, and goals, objectives, and policies of the

1 of 3

Comprehensive Plan; and

WHEREAS, the City Council has been guided by the goals of the Growth Management Act (RCW 36.70A.020) when considering adoption of the Proposed Amendments; and

WHEREAS, the City Council wishes to document that it has selected three options from the measures identified in RCW 36.70B.160 in-lieu of partial fee refunds referenced in RCW 36.70B.080(1)(l)(i); and

WHEREAS, the City Council finds that adoption of the Proposed Amendments is in the best interests of the residents of Kenmore and will promote the public health, safety, and welfare of the City.

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

Section 1. Findings. The City Council adopts the recitals set forth above as findings in support of this Ordinance, which are incorporated by reference as if set forth in full.

Section 2. Amendment. The City Council amends Chapters 18.105, 19.10, and 18.25 of the Kenmore Municipal Code as set forth in Exhibit A, attached hereto and incorporated by reference as if set forth in full.

Section 3. Severability. If any provision of this Ordinance or its application to any person or circumstance is held invalid or unconstitutional by a court of competent jurisdiction, the remainder of the ordinance, or the application of the provision to other persons or circumstances, shall not be affected or affect the validity or constitutionality of any other section, sentence, clause, or phrase of this Ordinance.

Section 4. Effective Date. This Ordinance shall be published in the official newspaper of the City and shall take effect and be in full force January 1, 2025.

PASSED BY THE CITY COUNCIL AT A MEETING THEREOF ON THE 2ND DAY OF DECEMBER 2024.

CITY OF KENMORE

Nigel Herbig, Mayor

ATTEST/AUTHENTICATED:

Anastasiya Warhol, City Clerk

Approved as to form:

Dawn Reitan, City Attorney

FILED WITH THE CITY CLERK: 11/22/2024

PASSED BY THE CITY COUNCIL:

ORDINANCE NO.: 24-0620

DATE OF PUBLICATION:

EFFECTIVE DATE:

EXHIBIT A TO ORD.24-0620

I. Section 18.105.020 of the Kenmore Municipal Code is amended to read as follows:

18.105.020 Applicability.

A. An application for site plan review shall be submitted for the following *development proposals*:

1. *Development* on sites identified on the City's Site Plan Review Requirement Map as depicted in Figure 18.105.020.A.1;
2. *Development* on sites equal to or greater than three acres in size at the time of application in the PSP zone;
3. *Development* proposed for *classified uses* which are neither permitted, nor conditionally permitted, nor prohibited in the P, GC or PSP zones; or
4. *Development* on other sites as determined by the *city manager* after a preliminary review of the project's scope.

B. An application for site plan review may be submitted by an applicant for any *development proposal*.

C. A site plan review is separate from and does not replace other required land use permits. A site plan review may be combined and reviewed concurrently with other land use permits, however.

D. If required or requested under subsection A or B of this section, an applicant shall receive a site plan review prior to the issuance of building, mechanical, plumbing, electrical, clearing, grading, engineering, or other similar administrative permits.

E. Proposed expansion of existing *development* for sites described under subsection A of this section, with or without an approved site plan review, shall require a new site plan review when such changes are determined by the *city manager* to be a major modification. For purposes of this section, factors to be considered when determining whether an expansion is a major modification include but are not limited to relocation of access or parking, addition of a building, or incorporation of an additional lot.

F. An applicant may request a waiver of the site plan review requirement from the *city manager*. Such waiver shall be based on a preliminary review of the development proposal and a written finding that the proposal is consistent with the comprehensive plan and the requirements of this title, is minor in scope, and will have no adverse effects on neighboring properties or the City as a whole.

G. An application for site plan review is not required for interior alterations, provided that the interior alterations do not result in the following:

- 1. Additional sleeping quarters or bedrooms;**

2. Nonconformity with federal emergency management agency substantial improvement thresholds; or

3. Increase the total square footage or valuation of the structure thereby requiring upgraded fire access or fire suppression systems.

Nothing in this section exempts interior alterations from otherwise applicable codes (e.g., building, plumbing, mechanical, and electrical codes).

For purposes of this section, "interior alterations" include construction activities that do not modify the existing site layout or its current use and involve no exterior work adding to the building footprint.

II. Chapter 19.10 of the Kenmore Municipal Code is amended to add a new Section 19.10.107 Project Permit, to read as follows:

Chapter 19.10

DEFINITIONS

Sections:

19.10.003 Scope of chapter.

19.10.005 Applicant.

19.10.010 Area zoning.

19.10.030 City.

19.10.035 City manager.

19.10.040 Comprehensive plan.

19.10.050 Council.

19.10.060 Department.

19.10.070 Development regulations.

19.10.080 Docket.

19.10.085 Emergency amendment.

19.10.105 Hearing examiner.

19.10.107 Project permit

19.10.110 Reclassification.

19.10.120 Site-specific comprehensive plan land use map amendment.

19.10.130 Subarea plan.

19.10.107 Project Permit

“Project Permit” or “Project Permit Application” means any land use or environmental permit or license required by the *City* for a project action, including but not limited to subdivisions, binding site plans, planned unit developments, condition uses, shoreline substantial development permits, site plan review, permits or approvals required by critical areas ordinances, site-specific rezones which do not require a comprehensive plan amendment, but excluding the adoption or amendment of a comprehensive plan, subarea plan, or development regulations except as otherwise specifically identified in Section 36.70B.020 RCW.

* * *

III. Chapter 19.25 of the Kenmore Municipal Code is amended to read as follows:

Chapter 19.25

PROCEDURES FOR LAND USE DECISIONS, PUBLIC NOTICE, HEARINGS AND APPEALS

Sections:

19.25.010 Chapter purpose.

19.25.020 Classifications of land use decision processes.

19.25.030 Preapplication conferences.

19.25.040 Application requirements.

19.25.050 Determination of completeness.

19.25.055 Vesting.

19.25.060 Notice of application.

19.25.065 Public notice boards.

19.25.080 Applications – Modifications to proposal.

19.25.083 Application cancelled for inactivity.

19.25.085 Type 2 decisions.

19.25.090 Notice of decision.

19.25.092 Appeals.

19.25.095 Applications – Limitations on refile of applications.

19.25.100 Time Limits.

* * *

19.25.040 Application requirements.

A. The *department* shall not commence review of any application for a land use decision until the *applicant* has submitted the materials and fees specified for complete applications.

B. The *department* shall specify the application requirements for Type 1 and Type 5 land use decisions on forms provided to the public.

C. For Type 2, 3 and 4 land use decisions, the *applicant* shall file the following information with the *department*:

1. A complete permit application, with supporting affidavits, on forms provided by the *department*;
2. Information specified on the application checklist provided by the *department* for the requested decision(s); and
3. Any additional information or materials that the *department* specifies at the pre-application meeting or prior to submittal (e.g., direction provided to the *applicant* via email).

D. The *applicant* may file a single application form for all Type 2, 3 and 4 land use decisions requested for the development proposal at the time the application is filed.

E. A permit application is complete for purposes of this section when it meets the procedural submission requirements as outlined on the project permit application checklist and as otherwise described in this section. Additional information or studies may be required or project modifications may be undertaken subsequent to the procedural review of the application by the *department*. of the *department* and is sufficient for continued processing even though additional information may be required or project modifications may be undertaken subsequently. The determination of completeness shall not preclude the *department* from requesting additional information or studies either at the time of notice of completeness or subsequently if new or additional information is required or substantial changes in the proposed action occur, as determined by the *department*.

F. The *city manager* may waive any specific submittal requirements that are determined to be unnecessary for review of an application.

G. The *applicant* shall attest by written oath to the accuracy of all information submitted for an application. [Ord. 11-0329 § 3 (Exh. 1).]

19.25.050 Determination of completeness.

A. Within 28 calendar days following receipt of a land use permit application, the *department* shall mail or provide written notice to the *applicant* that the application is either complete or incomplete. If the application is incomplete, the notice shall state with specificity what is necessary to make the application complete. To the extent known by the *department*, the notice shall identify other agencies of local, State, regional or federal governments that may have jurisdiction over some aspects of the development proposal.

A. Within 28 calendar days following receipt of a permit application, the *department* shall provide a written determination to the *applicant*. To the extent known by the *department*, the notice shall identify other agencies of local, State, regional or federal governments that may have jurisdiction over some aspects of the development proposal. The written determination must state either:

1. That the application is complete; or
2. That the application is incomplete and that the procedural submission requirements of the *department* have not been met. The determination shall outline what is necessary to make the application procedurally complete.

B. An application shall be deemed complete under this section if the *department* does not provide written notice to the *applicant* that the application is incomplete within the 28-day period as provided herein.

B. A *project permit application* is complete for purposes of this section when it meets the procedural submission requirements of the *department*, as outlined on the *project permit application*. Additional information or studies may be required or project modifications may be undertaken subsequent to the procedural review of the application by the *department*. The determination of completeness shall not preclude the *department* from requesting additional information or studies either at the time of the notice of completeness or subsequently if new information is required or substantial changes in the proposed action occur. However, if the procedural submission requirements, as outlined on the *project permit application* have been provided, the need for additional information or studies may not preclude a completeness determination.

C. If the application is incomplete and the *applicant* submits the additional information requested by the *department*, the *department* shall notify the *applicant* in writing within 14 calendar days whether the application is complete or what additional information specified by the *department* as provided in subsection A of this section is necessary to make the application complete. An application shall be deemed complete if the *department* fails to provide written notice to the *applicant* within the 14-day period that the application is incomplete.

C. The determination of completeness may include or be combined with the following:

1. A preliminary determination of those development regulations that will be used for project mitigation;
2. A preliminary determination of consistency;
3. Other information the *department* chooses to include; or
4. The notice of application.

D. The *department's* determination of completeness as provided in subsection A or C of this section, or the failure of the *department* to provide such determination as provided in subsection B or C of this section, shall cause an application to be conclusively deemed to be complete and vested as provided in this chapter.

D. An application shall be deemed procedurally complete on the 29th calendar day after receiving a *project permit application* under this section if the *department* does not provide written determination to the *applicant* that the application is procedurally incomplete as provided herein. When the department does not provide a written determination, they may still seek additional information or studies.

E. If the application is incomplete and the *applicant* submits the additional information requested by the *department*, then within 14 calendar days of the submission of the additional information the *department* shall notify the applicant in writing whether the application is complete or what additional information specified by the *department* is necessary to make the application complete.

19.25.100 Permit issuance: Time limitations

A. Final decisions by the City on all permits and approvals subject to the procedures of this chapter shall be issued within 120 calendar days from the date the *applicant* is notified by the *department* pursuant to this chapter that the application is complete. The time periods established by this section shall only apply to project permit applications submitted to the city on or after January 1, 2025. The time periods for city action (e.g., land use decision) for each type of complete project permit application or project type should not exceed those specified in this section. Except those application types described in subsection F, the time periods for issuance of a final decision should not exceed the following time periods:

1. For project permits which do not require a notice of application (e.g., Type 1 land use applications identified in KMC 19.25.020), the *department* must issue a final decision within 100 calendar days of the determination of completeness.
2. For project permits which require a notice of application (e.g., Type 2 land use applications and Type 1 land use applications subject to SEPA identified in KMC 19.25.020), the *department* must issue a final decision within 170 calendar days of determination of completeness; and
3. For project permits which require a notice of application and a public hearing (e.g., Type 3 land use decisions identified in KMC 19.25.020), the *city* must issue a final decision within 170 calendar days of determination of completeness.

B. The time limits established in this section shall not apply if a proposed development:

1. Requires an amendment to the *comprehensive plan* or a *development regulation*;
2. Requires the siting of an essential public facility as provided for in RCW 36.70A.200; or
3. Is substantially revised by the *applicant*, when such revisions will result in a substantial change in a project's review requirements, as determined by the *department*, in which case the time period shall start from the date at which the revised project application is determined to be complete.

B. For the consolidated review of more than one permit, the time period for a final decision shall be the longest of the permit time periods identified in this section.

C. The number of days an application is in review with the city shall be calculated from the day completeness is determined to the date a final decision is issued on the project permit application. The number of days shall be calculated by counting every calendar day and excluding this 120-day the following time periods:

1. Any period between the day that the *department* has notified the applicant, in writing, that additional information is required to further process the application and the day when responsive information is resubmitted by the applicant.

2 1. Any period of time during which the *applicant* has been requested by the *department* or *hearing examiner* to correct plans, perform required studies or provide additional information, including **but not limited to** street variances and adjustments required under Chapter [13.35](#) KMC. The period shall be calculated from the date of notice to the applicant of the need for additional information until the earlier of the date the *City* advises the *applicant* that the additional information satisfies the *City's* request, or 14 calendar days after the date the information has been provided. If the *City* determines that the correction, study or other information submitted by the *applicant* is insufficient, it shall notify the *applicant* of the deficiencies and the procedures of this section shall apply as if a new request for information had been made.

a. The *department* shall set a reasonable deadline for the submittal of corrections, studies or other information when requested, and shall provide written notification to the *applicant*. An extension of such deadline may be granted upon submittal by an *applicant* of a written request providing satisfactory justification of an extension.

b. Failure by the *applicant* to meet such deadline shall be cause for the *department* to cancel/deny the application.

c. When granting a request for a deadline extension, the *department* shall give consideration to the number of days between receipt by the *department* of a written request for a deadline extension and the mailing to the *applicant* of the *department's* decision regarding that request.

3 2. The period of time, as set forth in KMC [19.35.090](#), during which an environmental impact statement is being prepared following a determination of significance pursuant to Chapter [43.21C](#) RCW.

4 3. Any period after an administrative appeal is filed until the administrative appeal is resolved and any additional time period provided by the administrative appeal has expired. A of no more than 90 calendar days for an open record a pending or active appeal hearing by the hearing examiner on a Type 2 land use decision.

5 4. Any period of time during which an *applicant* fails to post the property, if required by this chapter, following the date notice is required until an affidavit of posting is provided to the *department* by the *applicant*.

6 5. Any time extension mutually agreed upon by the *applicant* and the *department*.

7 6. Any period after an applicant informs the *department*, in writing, that they would like to temporarily suspend review of the project permit application until the time that the applicant notifies the *department*, in writing, that they would like to resume the application. The department may set conditions for the temporary suspension of a permit application.

D. The time periods for the *department* to process a permit shall start over if an *applicant* proposes a change in use that adds or removes commercial or residential elements from the original application that would make the application fail to meet the determination of procedural completeness for the new use, as required by the *department*.

E. If, at any time, an *applicant* informs the *department*, in writing, that the *applicant* would like to temporarily suspend the review of the project for more than 60 days, or if an *applicant* is not responsive for more than 60 consecutive days after the *department* has notified the applicant, in writing, that additional information is required to further process the application, an additional 30 days may be added to the time periods for action to issue a final decision for each type of project permit that is subject to this chapter. Any written notice from the *department* to the *applicant* that additional information is required to further process the application must include a notice that nonresponsiveness for 60 consecutive days may result in 30 days being added to the time for review.

For the purposes of this subsection, "nonresponsiveness" means that an applicant is not making demonstrable progress on providing additional requested information to the *department*, or that there is no ongoing communication from the applicant to the *department* on the applicant's ability or willingness to provide the additional information.

F. The time limits established in subsection A(1)-(3) shall not apply to:

1. Applications which require an amendment to the *comprehensive plan* or a *development regulation*;
2. Applications which require the siting of an essential public facility as provided for in RCW 36.70A.200;
3. Applications which are substantially revised by the *applicant*, when such revisions will result in a substantial change in a project's review requirements, as determined by the *department*, in which case the time period shall start from the date at which the revised project application is determined to be complete;
4. Annual amendments to the comprehensive plan

The City has determined that the following application types include special circumstances that warrant a review process or time periods for approval which are different from that provided in RCW 36.70B.060 through 36.70B.090 and 36.70B.110 through 36.70B.130. The time limits established in said statutes and subsection A(1)-(3) shall not apply to:

5. Landmark designations;
6. Street vacations;
7. Other approvals relating to the use of public areas or facilities;
8. Other project permits, whether administrative or quasi-judicial, including but not limited to any Type 4 and 5 land use decisions;
9. Boundary line adjustments;
10. Building and other construction permits, or similar administrative approvals, categorically exempt from environmental review under KMC 19.35.060, or for which environmental review has been completed in connection with other project permits; and
11. Development agreements under Chap. 18.110 KMC.

G **E**. If the *department* is unable to issue its final decision within the time limits established by this section, it shall provide written notice of this fact to the project *applicant*. The notice shall include a statement of reasons why the time limits have not been met and an estimated date for issuance of the notice of final decision.

H. Partial permit fee refunds described in RCW 36.70B.080(1)(l)(i) are not applicable since the *city* has implemented at least three of the options set forth in RCW 36.70B.160.

SB 5290

Ordinance no. 24-0620



CITY OF KENMORE
DEVELOPMENT SERVICES



Summary

SB 5290 amends the Local Project Review Act, Chapter 36.70B RCW, with the purpose of **increasing the timeliness and predictability of local project review**. SB 5290 includes:

- Updated local **permit review timelines**;
- Clarifications regarding the **determination of completeness** process;
- New exemption from site plan review for certain interior projects that contain no exterior alterations;
- Updated **annual reporting requirements** related to permit issuance; and
- Provisions requiring **partial permit fee refunds** for failure to timely process permit applications.



Annual Reports & Potential Refunds

- **Modifies annual reporting requirements** and requires a **partial refund** (10-20% of the permit fee) if review times are not met
- Local governments **can be protected from fee refund requirements** by (1) achieving the review time periods, or (2) by making **continuous effort** toward that goal

Review Times



The new time limits generally apply to Type 2, 3, and 4 land use decisions and Type 1 decisions subject to SEPA

Certain projects are exempt from these time requirements, per RCW 36.70B.140.

For project permit applications submitted on or after January 1, 2025, the Legislature amended RCW 36.70B.080(1), which identified a universal 120-day time period for review of a project permit application **to sliding scale deadlines**

Type	Current Deadline to Issue a Decision
(1) Projects that do not require public notice	120 calendar days
(2) Projects that require public notice	
(3) Projects that require public notice and a public hearing	

Current Review Times



Type	Land Use Decision	Current Average Review Times
(1) Projects that do not require public notice	Home occupation	14 calendar days
	Boundary line adjustment	109 calendar days
	Shoreline exemption	70 calendar days
	Tree removal permit (significant trees only)	43 calendar days

Proposed



- Establish new time periods based on SB 5290 requirements (see table)
- Implement at least 3 of the 10 options described in RCW 36.70B.160(1) by January 1
- Adopt timeline exemptions allowed under 36.70B RCW
- Outsource or contract overflow reviews in times of peak permit volumes
- Continue to work on department-wide efficiency improvements
- At the end of the 2025, review the timelines and determine if resources allow for a reduced review timeline

Type	New Deadline to Issue a Decision
(1) Projects that do not require public notice	100 calendar days
(2) Projects that require public notice	170 calendar days
(3) Projects that require public notice and a public hearing	170 calendar days

Next Steps



Public hearing

- Motion to adopt Ordinance No. 24-0620 pursuant to SB 5290 which amends the Local Project Review Act, Chapter 36.70B RCW.

Thank you

Kenmore Development Services



City Council Agenda Bill City of Kenmore, WA

Subject/Topic: Temporary Use Permit No. TMP25-0495 Public hearing, Discussion, and Action to allow "Construction and Trade" as a temporary use for the Interim Public Works Shop for a one-year period for a property located at 6532 NE Bothell Way which is owned by the City of Kenmore and zoned Downtown Commercial, subject to conditions. Proposed Council Action/Motion: Motion to allow "Construction and Trade" as a temporary use for the Interim Public Works Shop for a one-year period at real property located at 6532 NE Bothell Way, Kenmore, Washington, which is owned by the City of Kenmore and zoned Downtown Commercial, subject to conditions.	For Council Meeting Agenda of: 12/02/2024 Department: Development Services Prepared by: Samantha Loyuk, Development Services Director <table><tr><td>Approved by Department Head:</td><td><u>SL 11/14/24</u></td></tr><tr><td>Approved by City Attorney:</td><td><u>N/A</u></td></tr><tr><td>Approved by Finance Director:</td><td><u>MM 11/15/24</u></td></tr><tr><td>Approved by City Manager:</td><td><u>RK 11/19/24</u></td></tr></table> Attachments/Exhibits: 1. Project Narrative 2. Renewal Application 3. Site Plan 4. Site Photo	Approved by Department Head:	<u>SL 11/14/24</u>	Approved by City Attorney:	<u>N/A</u>	Approved by Finance Director:	<u>MM 11/15/24</u>	Approved by City Manager:	<u>RK 11/19/24</u>
Approved by Department Head:	<u>SL 11/14/24</u>								
Approved by City Attorney:	<u>N/A</u>								
Approved by Finance Director:	<u>MM 11/15/24</u>								
Approved by City Manager:	<u>RK 11/19/24</u>								
Summary: Staff recommend the approval of temporary use permit no. TMP25-0495 to allow the interim temporary public works shop/yard, a construction and trade use, to continue throughout 2025. The project meets the decisional criteria established in Kenmore Municipal Code (KMC) Section 18.100.125.A-C, which requires that the temporary use: i) will not be materially detrimental to the public welfare; ii) is compatible with existing land uses in the immediate vicinity in terms of noise and hours of operation; and iii) provides adequate parking. Development Services recommends the following conditions for the temporary use permit: • The existing black chain link fence with privacy screening shall remain for the duration of the use; • The landscaping installed along the perimeter of the property fronting NE Bothell Way and 67th Ave NE shall remain in good condition for the duration of the use; and • The one-year renewal will be valid from January 1, 2025 to December 31, 2025.									

Kenmore City Council ("Council") can take action on the temporary use permit renewal following a public hearing.

Information/Background:

On January 1, 2019, the City of Kenmore ("City") began providing in-house public works services. Since then, the City has been searching for a permanent location for a Public Works Shop. The Zoning Code – Title 18 KMC, defines this use as "Construction and Trade" (KMC 18.20.590). In 2018, a city-owned property located at 6532 NE Bothell Way ("subject property") was identified as a possible temporary location for the Public Works Shop. The subject property is zoned Downtown Commercial (DC) and has access from 67th Avenue NE; no environmentally critical areas or buffers are mapped or known of on site. According to KMC 18.25.020, "Construction and Trade" uses are prohibited in the DC zone. However, the use is allowed on a temporary basis through a Temporary Use Permit (KMC 18.100.100). Temporary Use Permits are a mechanism by which the City may permit a use otherwise not permitted. Temporary Use Permits that exceed 90-days require a public hearing and Council approval for up to one year; a temporary use permit may be renewed for additional periods in one-year increments at Council's discretion, following a public hearing.

On November 13, 2018, the subject property was approved by Council to temporarily locate the Public Works Shop at the subject property for a period of one year (January 1, 2019 to January 2, 2020). As the search for a permanent location continued, the temporary use was approved by City Council for additional years; each approved in one-year increments (2020 – 2024).

In late 2021, the City purchased a property for the permanent location of a Public Works Shop. The Public Works Operations Division ("Public Works") is currently working on permitting applications for the new building; the permanent location will not be ready until 2026 (estimate). The current temporary use permit expires on December 31, 2024. Public Works has requested an additional one-year renewal of the temporary use permit.

Fiscal Consideration:

Keeping the public works shop in this temporary location presents no additional financial obligation beyond what has already been considered.

City Council Priority or Budget Objective Being Addressed:

2025-2026 Preamble: The City's top priority will always be fulfilling its core mission, which includes City governance, *ensuring public safety*, [and] *maintaining the City's infrastructure...* (emphasis added)

TEMPORARY USE PROJECT NARRATIVE

Prepared by the Applicant

December 2024

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 currently used as an interim public works and parks maintenance and operation site. The entire property is needed to accommodate the interim use for the City. Public Works operation and maintenance uses are prohibited on this property by the Zoning code. To accommodate the temporary use, Council has approved several one-year temporary use exceptions.

While a permanent location has been purchased for the public works shop, the temporary use will need to continue until the new site is ready. Based on the current status of the project they City does not anticipate moving to the permanent location until the end of 2026. The requested 1-year temporary use will likely need to be extended for an additional year beyond 2025.

FENCING

The City previously installed a 6-foot-high black chain link fence with privacy screening. This has been maintained and continues to provide screening and a secure site for city vehicles, equipment, and staff.

LANDSCAPING

The City previously installed a 5-foot-wide strip of Type II landscaping along the SR 522 frontage. This has been maintained and acts a visual separator between the property and the public (SR 522).

NOISE/PARKING AND LAND USE

The temporary use is not (and has not been) materially detrimental to the public welfare. In addition to the property on SR 522, the back side of the Post Office building at 6700 NE 181st St (another city-owned building) is used for indoor storage and office space for maintenance workers. Noise and parking associated with the temporary public works shop has been minimal and compatible with surrounding uses.

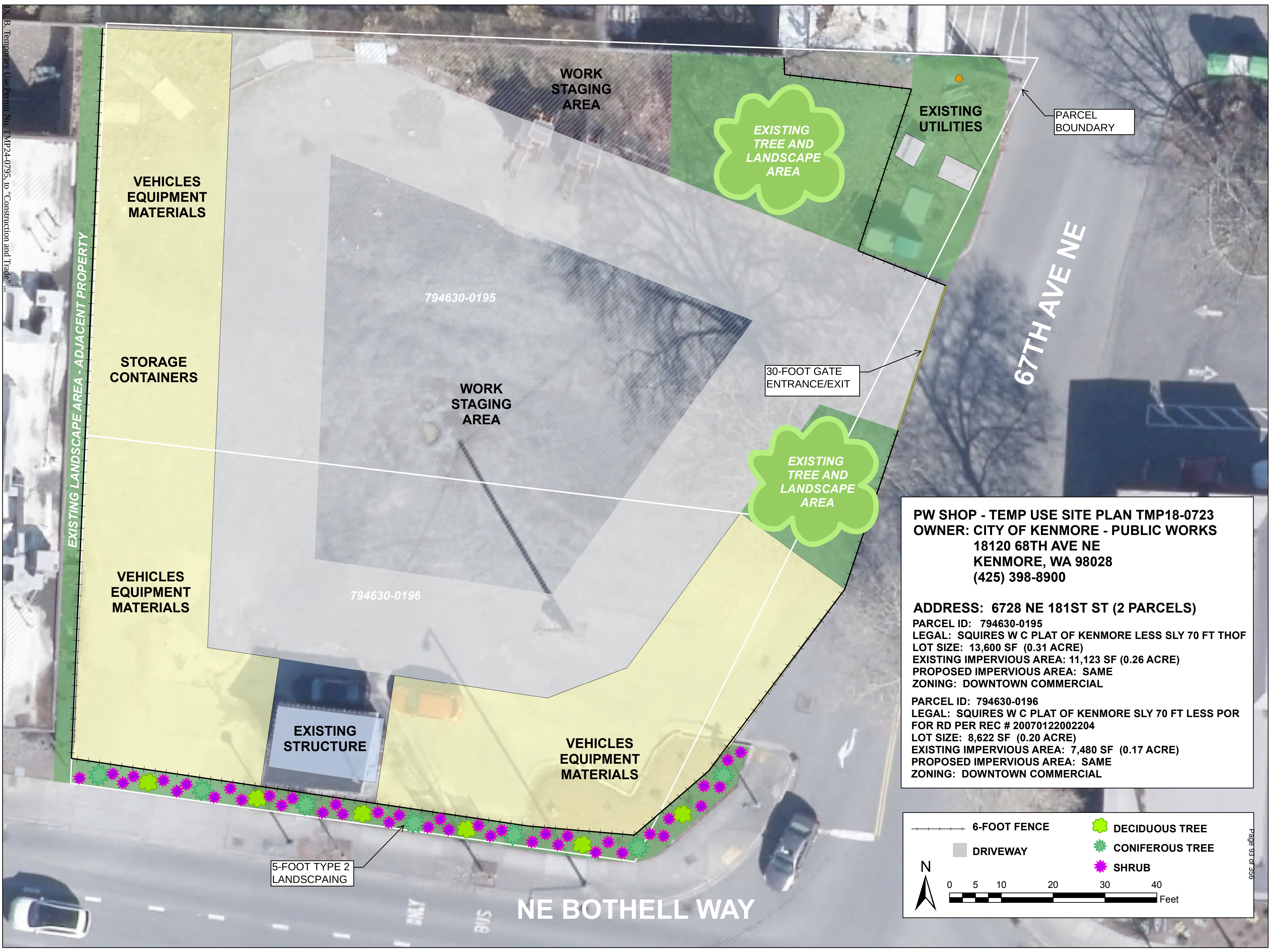
18120 68th Ave NE, Kenmore, WA 98028

425-398-8900

www.kenmorewa.gov

Please renew/extend permit #: <u>TMP25-0495 (PRJ18-0147)</u>		Permit #: TMP25-0495
Issue date of original permit: <u>Approx. 2018</u>		STAFF USE AREA Received 11/14/2024 Date stamp
Project Name: <u>Interim Public Works Shop</u>		
Property Address: <u>6532 NE Bothell Way, Kenmore, WA 98028</u> <u>Parcel no. 794630-0195 & 794630-0196</u>		
Work Started? N ☐ , Y ☐ → What Stage: <u>Temporary use is ongoing</u>		
Requesting a Final inspection only ☐		
If work has not started, reason for delay: <u>N/A</u>		
Applicant: <u>City of Kenmore, Jennifer Gordon PW Ops Dir.</u>		Phone: <u>425-398-8900</u>
Address: <u>18120 68th Ave NE</u>		City, Zip, St: <u>Kenmore, WA 98028</u>
e-mail address: <u>jgordon@kenmorewa.gov</u>		Fax: _____
Signature: _____		Date: _____
<i>I understand that this does not constitute a permit and there are associated fees with this request</i>		
Please update the following information if there have been any changes:		
Property Owner: <u>CITY OF KENMORE</u>		Phone: <u>425-398-8900</u>
Address: <u>18120 68th AVE NE</u>		City, Zip, St: <u>Kenmore, WA 98028</u>
e-mail address: _____		Fax: _____
Contractor's Company Name: <u>N/A</u>		Phone: _____
Address: _____		City, Zip: _____
e-mail address: _____		Fax: _____
Contractor's Lic. #: _____		Expiration Date: _____
		State UBI#: _____
Contact Person: <u>Jennifer Gordon, PW Operations Dir.</u>		Phone: _____
Address: <u>same as above</u>		City, Zip: _____
e-mail address: <u>jgordon@kenmorewa.gov</u>		Fax: _____

IX. B. Temporary Use Permit No. TMP24-0795, to "Construction and Trade" ...



VEHICLES
EQUIPMENT
MATERIALS

STORAGE
CONTAINERS

VEHICLES
EQUIPMENT
MATERIALS

EXISTING
STRUCTURE

WORK
STAGING
AREA

WORK
STAGING
AREA

VEHICLES
EQUIPMENT
MATERIALS

EXISTING
TREE AND
LANDSCAPE
AREA

EXISTING
TREE AND
LANDSCAPE
AREA

EXISTING
UTILITIES

PARCEL
BOUNDARY

67TH AVE NE

794630-0195

794630-0196

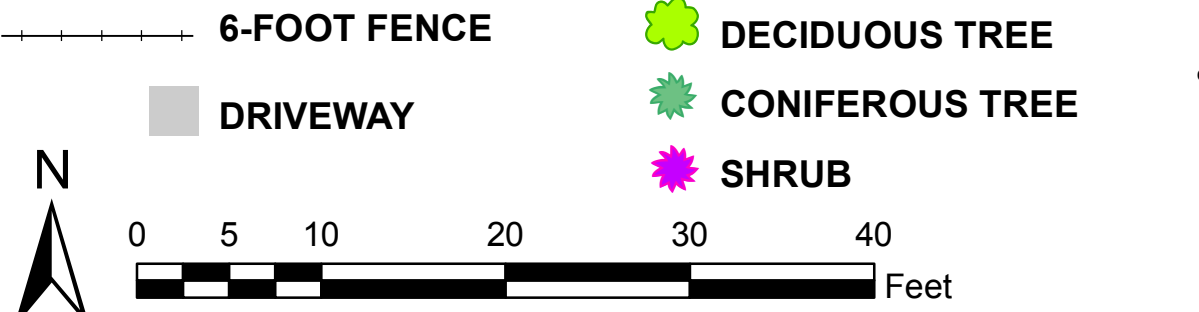
30-FOOT GATE
ENTRANCE/EXIT

5-FOOT TYPE 2
LANDSCAING

NE BOTHELL WAY

PW SHOP - TEMP USE SITE PLAN TMP18-0723
OWNER: CITY OF KENMORE - PUBLIC WORKS
18120 68TH AVE NE
KENMORE, WA 98028
(425) 398-8900

ADDRESS: 6728 NE 181ST ST (2 PARCELS)
PARCEL ID: 794630-0195
LEGAL: SQUIRES W C PLAT OF KENMORE LESS SLY 70 FT THOF
LOT SIZE: 13,600 SF (0.31 ACRE)
EXISTING IMPERVIOUS AREA: 11,123 SF (0.26 ACRE)
PROPOSED IMPERVIOUS AREA: SAME
ZONING: DOWNTOWN COMMERCIAL
PARCEL ID: 794630-0196
LEGAL: SQUIRES W C PLAT OF KENMORE SLY 70 FT LESS POR
FOR RD PER REC # 20070122002204
LOT SIZE: 8,622 SF (0.20 ACRE)
EXISTING IMPERVIOUS AREA: 7,480 SF (0.17 ACRE)
PROPOSED IMPERVIOUS AREA: SAME
ZONING: DOWNTOWN COMMERCIAL





**CITY OF KENMORE
WASHINGTON
RESOLUTION NO. 24 - 423**

**A RESOLUTION OF THE CITY COUNCIL OF KENMORE,
WASHINGTON, EXPRESSING SUPPORT FOR THE SHORELINE FIRE
DEPARTMENT REGIONAL FIRE AUTHORITY BALLOT MEASURE,
PROPOSITION NO. 1**

WHEREAS, the Shoreline Fire Department and the Northshore Fire Department seek voter approval of Proposition 1, scheduled for February 11, 2025, Special Election; and

WHEREAS, the Ballot Issue Explanatory Statement reads: After many decades of working cooperatively to provide fire and emergency medical services in the Shoreline, Lake Forest Park, and Kenmore communities, the Shoreline and Northshore Fire Departments Boards of Commissioners jointly prepared and approved a plan to formally create and merge fire, rescue, and emergency medical operations of both Fire Districts into a Regional Fire Authority ("RFA") under chapter 52.26. RCW.

If voters approve Proposition 1, the Shoreline and Northshore Fire Departments will create the Shoreline Fire Department Regional Fire Authority ("SHFD") as a RFA effective May 1, 2025. The SHFD will operate under a single governing board consisting of ten governing board members initially filled by the seated fire Commissioners of the two fire districts.

The SHFD will be funded by a fire benefit charge, and a property tax not to exceed \$.70 per thousand of assessed valuation to be levied in 2025 and collected in 2026. The SHFD property tax and fire benefit charge will replace the regular property tax levies and existing fire benefit charges of the Shoreline and Northshore Fire Departments.

The SHFD is designed to improve levels of service across all three communities, create financial and logistical efficiencies and savings, and ensure local geographical representation on the RFA governing board. The RFA has been discussed for many years and not only provides an opportunity for emergency service improvements, but will also support long-term sustainability and allow for future partnership opportunities. To view the complete SHFD RFA Plan, please visit: <https://shorelinefire.com/news/regional-fire-authority-ballot-measure> ; and

WHEREAS, voter approval of Proposition No. 1 will establish the RFA and allow for a continued high level of fire and emergency medical services; and

WHEREAS, RCW 42.17A.555 authorizes the City Council to take action to express a collective decision, or to actually vote upon a motion, proposal, resolution, order, or

ordinance, or to support or oppose a ballot proposition so long as (a) any required notice of the meeting includes the title and number of the ballot proposition, and (b) members of the council or members of the public are afforded an approximately equal opportunity for the expression of an opposing view; and

WHEREAS, in accordance with the procedural requirements of RCW 42.17A.555, the City Council discussed Proposition No. 1 during its Regular Meeting on November 25, 2024, and its Special Meeting on December 2, 2024. At both meetings, the City Council ensured that members of the public and the Council itself were given equal opportunity for expression of opposing views;

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

Section 1. The City Council adopts this resolution to express its official support for Proposition No. 1, Shoreline Fire Department Regional Fire Authority Ballot Measure.

PASSED BY THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON AT A MEETING THEREOF THIS 2ND DAY OF DECEMBER 2024.

CITY OF KENMORE

Nigel Herbig, Mayor

ATTEST/AUTHENTICATED:

Anastasiya Warhol, City Clerk

APPROVED AS TO FORM:

Dawn Reitan, City Attorney



City Council Agenda Bill City of Kenmore, WA

Subject/Topic: Amendments to the Local Project Review Act according to Second Substitute Senate Bill ("SB") 5290. Proposed Council Action/Motion: Public hearing and proposed adoption of Ordinance 24-0620 pursuant to SB 5290 which amends the Local Project Review Act, Chapter 36.70B RCW to increase the timeliness and predictability of local project review.	For Council Meeting Agenda of: 12/02/2024 Department: Development Services Prepared by: Samantha Loyuk, Development Services Director <table><thead><tr><th></th><th><u>Initial & Date</u></th></tr></thead><tbody><tr><td>Approved by Department Head:</td><td><u>SL 11/15/24</u></td></tr><tr><td>Approved by City Attorney:</td><td><u>DR 11/22/24</u></td></tr><tr><td>Approved by Finance Director:</td><td><u>N/A</u></td></tr><tr><td>Approved by City Manager:</td><td><u>RK 11/21/24</u></td></tr></tbody></table> Attachments/Exhibits: 1. SB 5290 2. SB 5290 (annotated version) 3. Ordinance 24-0620 4. Ordinance 24-0620 Exhibit A – Code Amendments		<u>Initial & Date</u>	Approved by Department Head:	<u>SL 11/15/24</u>	Approved by City Attorney:	<u>DR 11/22/24</u>	Approved by Finance Director:	<u>N/A</u>	Approved by City Manager:	<u>RK 11/21/24</u>
	<u>Initial & Date</u>										
Approved by Department Head:	<u>SL 11/15/24</u>										
Approved by City Attorney:	<u>DR 11/22/24</u>										
Approved by Finance Director:	<u>N/A</u>										
Approved by City Manager:	<u>RK 11/21/24</u>										
Summary: Public hearing and proposed adoption of Ordinance 24-0620 (Attachment 2) pursuant to SB 5290 which amends the Local Project Review Act, Chapter 36.70B RCW, to increase the timeliness and predictability of local project review.											
Information/Background: The City of Kenmore ("City") is required by state legislation to amend its development regulations to comply with SB 5290. SB 5290 amends the Local Project Review Act, Chapter 36.70B RCW, with the purpose of increasing the timeliness and predictability of local project review. These amendments are intended to modernize and streamline local project review. SB 5290 is one of several bills that addressed land use and planning during the 2023-2024 legislative sessions. SB 5290 became effective on July 23, 2023, except for section 7, which takes effect on Jan. 1, 2025. SB 5290 includes: • Updated local permit review timelines; • Clarifications regarding the determination of completeness process; • New exemption from site plan review for certain interior projects that contain no exterior alterations; • Updated annual reporting requirements related to permit issuance; and											

- Provisions requiring partial permit fee refunds for failure to timely process permit applications.

Prescriptive SB 5290 Review Timelines:

For project permit applications submitted on or after January 1, 2025, the Legislature amended RCW 36.70B.080(1), which identified a universal 120-day time period for review of a project permit application to sliding scale deadlines based on the process required for review of various types of project permit applications. The new time limits established in Section 7 of SB 5290 apply to those project types listed below (generally, Type 2, 3, and 4 land use decisions and Type 1 decisions subject to SEPA).

- For project permits which do not require public notice under RCW 36.70B.110, the final decision must be issued within 65 days of the determination of completeness under RCW 36.70B.070.
- For project permits which require public notice under RCW 36.70B.110, the final decision must be issued within 100 days of the determination of completeness under RCW 36.70B.070.
- For project permits which require both notice under RCW 36.70B.110 and a public hearing, the final decision must be issued within 170 days of the determination of completeness under RCW 36.70B.070.
- The table below helps illustrate the new prescriptive review timelines.

Type	Current Deadline to Issue a Decision	New Deadline to Issue a Decision
Projects that do not require public notice	120 calendar days ¹	65 calendar days
Projects that require public notice		100 calendar days
Projects that require public notice and a public hearing		170 calendar days

Annual Reports and Potential Refunds

SB 5290 modifies annual reporting requirements and requires local governments to refund a portion (10-20%) of the permit fee if permit review time periods are not met. Local governments have a choice to either be subject to fee refund requirements², or be protected from the fee refund requirements by (1) achieving the review time periods, or (2) by making continuous effort toward that goal. To demonstrate “continuous efforts,” local jurisdictions must adopt at least three (3) measures from the list of ten (10) measures identified in RCW 36.70B.160(1).

Options for Meeting SB 5290 Requirements

Local governments are allowed and required to “establish and implement time periods for local government actions for each type of project permit application,” but those time periods “should” not exceed the recommended time periods (65-170 days). Per RCW 36.70B.080(1)(k), implementation of SB 5290 by ordinance is not subject to appeal unless adopted review periods are more than 170 days for any project type.

¹ Per KMC 19.25.100(C), if the department is unable to issue its final decision within the time limits, it shall provide written notice of this fact to the project applicant. The notice shall include a statement of reasons why the time limits have not been met and an estimated date for issuance of the notice of final decision

² Per RCW 36.70B.080(1)(l)(i), refunds range from 10-20% of the permit fee.

Current Review Times

The table below summarizes current land use review times.

Type	Land Use Decision	Current Average Review Times ³
Type 1 Land Use Decisions (projects that do not require public notice)	Home occupation	14 calendar days
	Boundary line adjustment	109 calendar days
	Shoreline exemption	70 calendar days
	Tree removal permit (significant trees only)	43 calendar days
Type 2 Land Use Decisions (projects that require public notice)	Preliminary short subdivision (2-9 lots)	225 calendar days
	Zoning variance	198 calendar days
	Reasonable use exception	308 calendar days
	Conditional use permit	139 calendar days
	Site plan application	116 calendar days
Type 3 Land Use Decisions (projects that require public notice and a public hearing)	Preliminary long subdivision (10+ lots)	213 calendar days

Staffing

Based on current staff resources, meeting the prescriptive new review timelines will be a significant challenge. The new requirements would necessitate a plethora of new staff. However, the current economic climate and department budget cannot sustain numerous new positions. Based on the proposed biennium budget, minor staffing changes are proposed and include: (1) Changing the current part-time (PTE) permit coordinator to a full-time employee (FTE), and (2) Changing the current PTE building official to an FTE. While this will help the department get closer to achieving the new requirements, it will not solve the issue entirely.

Approach & Strategy

In an effort to meet current and new timelines and streamline plan review, the department is (or will) implement the following:

- Work with the ECity Alliance and Mybuildingpermit.com (MBP) on a new backend system to replace the current permit tracking software (TRAKiT/Central Square).
 - On 9/9/2024, Tyler Running Deer, eCityGov Executive Director, presented information to City Council on the proposed back-end permitting system. The new back-end system will improve functionality, reduce permit process timing for staff, and track review times with a “project clock” that can be stopped and started to help to meet new annual reporting requirements.
 - This is an important long-term solution with a trusted partner. The department will continue to support this coordinated effort.
- Until a new back-end system is developed, improve the efficiency of the current permit tracking system by restoring certain functionalities (fix broken elements of the software to reduce time-consuming workarounds), reducing redundancies, and increasing automation.

³ Review times are averaged based on permit applications processed since 1/1/2023.

- The department's permit tracking software, TRAKiT by Central Square, remains a challenge. Functionality issues create delays and increase permit processing times. Getting issues fixed has been a lengthy (and largely unsuccessful) process. The software company has sold multiple times and customer service continues to be poor.
- The department is currently working with Lighthouse Consulting (our IT consultant) to fix TRAKiT errors and malfunctions.
- Fixing TRAKiT bugs will be prioritized and is part of the department's 2025 Workplan.
- Continue to implement internal process improvement strategies to streamline permit processing and plan review.
- Increase communication and coordination with outside agencies to promote timely completion of reviews (e.g., reviews completed by Northshore Utility District and Shoreline Fire Department).
- Maintaining an accurate website, updating permit applications and checklists, and creating new customer resources (e.g., videos on how to apply for a permit).

Proposed Action (Ordinance 24-0620)

Type	Land Use Decision Type (KMC 19.25.020)	Proposed New Deadline to Issue a Decision
Project permits that do not require public notice	1	100 calendar days
Project permits that require public notice	2	170 calendar days
Project permits that require public notice and a public hearing	3	170 calendar days

1. Amend the KMC and adopt a 100-day review timeline for projects that do not require public notice and a 170-day review timeline for projects that require public notice. Allowed per RCW 36.70B.080.
2. Exempt project permits with special circumstances. Allowed per RCW 36.70B.140.
3. Avoid refunds by implementing at least 3 of the 10 options described in RCW 36.70B.160(1) by January 1, 2025. Those include:
 - a. Maintaining and budgeting for on-call permitting assistance for when permit volumes or staffing levels change rapidly;
 - b. Having new positions budgeted that are contingent on increased permit revenue; and
 - c. Meeting with the applicant to attempt to resolve outstanding issues during the review process. The meeting must be scheduled within 14 days of a second request for corrections during permit review. If the meeting cannot resolve the issues and a local government proceeds with a third request for additional information or corrections, the local government must approve or deny the application upon receiving the additional information or corrections.
4. Adopt timeline exemptions allowed under 36.70B RCW, including but not limited to landmark designations, building and construction permits, and street vacations.
5. Outsource or contract overflow reviews in times of peak permit volumes. During periods of high demand, the departments can utilize consultants or third-party reviewers to help meet review timelines.

6. Continue to work on department-wide efficiency improvements.
7. At the end of the 2025, review the timelines and determine if resources allow for a reduced review timeline.

Fiscal Consideration:

The financial implications for implementing Ordinance 24-0620 include:

- Staffing (proposed in 2025-26 budget)
- Permit system updates (proposed in 2025-26 budget)
- Consultant costs – to be determined based on workload

City Council Priority or Budget Objective Being Addressed (2025-26):

The City's top priority will always be fulfilling its core mission, which includes City governance, ensuring public safety, maintaining the City's infrastructure, complying with state and federal mandates, and safeguarding the City's finances. (Emphasis added).

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE SENATE BILL 5290

Chapter 338, Laws of 2023

68th Legislature
2023 Regular Session

PROJECT PERMITS—LOCAL PROJECT REVIEW—VARIOUS PROVISIONS

EFFECTIVE DATE: July 23, 2023—Except for section 7, which takes effect January 1, 2025.

Passed by the Senate April 17, 2023
Yeas 47 Nays 0

DENNY HECK
President of the Senate

Passed by the House April 10, 2023
Yeas 98 Nays 0

LAURIE JINKINS
**Speaker of the House of
Representatives**

Approved May 8, 2023 1:17 PM

JAY INSLEE
Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE SENATE BILL 5290** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

Secretary

FILED

May 10, 2023

**Secretary of State
State of Washington**

SECOND SUBSTITUTE SENATE BILL 5290

AS AMENDED BY THE HOUSE

Passed Legislature - 2023 Regular Session

State of Washington**68th Legislature****2023 Regular Session**

By Senate Ways & Means (originally sponsored by Senators Mullet, Kuderer, Fortunato, Llias, Nobles, Saldaña, and C. Wilson; by request of Office of the Governor)

READ FIRST TIME 02/24/23.

1 AN ACT Relating to consolidating local permit review processes;
2 amending RCW 36.70B.140, 36.70B.020, 36.70B.070, 36.70B.080, and
3 36.70B.160; reenacting and amending RCW 36.70B.110; adding new
4 sections to chapter 36.70B RCW; creating new sections; and providing
5 an effective date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 36.70B.140 and 1995 c 347 s 418 are each amended to
8 read as follows:

9 (1) A local government by ordinance or resolution may exclude the
10 following project permits from the provisions of RCW 36.70B.060
11 through 36.70B.090 and 36.70B.110 through 36.70B.130: Landmark
12 designations, street vacations, or other approvals relating to the
13 use of public areas or facilities, or other project permits, whether
14 administrative or quasi-judicial, that the local government by
15 ordinance or resolution has determined present special circumstances
16 that warrant a review process or time periods for approval which are
17 different from that provided in RCW 36.70B.060 through 36.70B.090 and
18 36.70B.110 through 36.70B.130.

19 (2) A local government by ordinance or resolution also may
20 exclude the following project permits from the provisions of RCW
21 36.70B.060 and 36.70B.110 through 36.70B.130: Lot line or boundary

adjustments and building and other construction ~~per~~ similar administrative approvals, categorically exempt from environmental review under chapter 43.21C RCW, or for which environmental review has been completed in connection with other project permits.

(3) A local government must exclude project permits for interior alterations from site plan review, provided that the interior alterations do not result in the following:

(a) Additional sleeping quarters or bedrooms;

(b) Nonconformity with federal emergency management agency substantial improvement thresholds; or

(c) Increase the total square footage or valuation of the structure thereby requiring upgraded fire access or fire suppression systems.

(4) Nothing in this section exempts interior alterations from otherwise applicable building, plumbing, mechanical, or electrical codes.

(5) For purposes of this section, "interior alterations" include construction activities that do not modify the existing site layout or its current use and involve no exterior work adding to the building footprint.

NEW SECTION. Sec. 2. A new section is added to chapter 36.70B RCW to read as follows:

(1) Subject to the availability of funds appropriated for this specific purpose, the department of commerce must establish a consolidated permit review grant program. The department may award grants to any local government that provides, by ordinance, resolution, or other action, a commitment to the following building permit review consolidation requirements:

(a) Issuing final decisions on residential permit applications within 45 business days or 90 calendar days.

(i) To achieve permit review within the stated time periods, a local government must provide consolidated review for building permit applications. This may include an initial technical peer review of the application for conformity with the requirements of RCW 36.70B.070 by all departments, divisions, and sections of the local government with jurisdiction over the project.

(ii) A local government may contract with a third-party business to conduct the consolidated permit review or as additional inspection

1 staff. Any funds expended for such a contract must be eligible for
2 reimbursement under this act.

3 (iii) Local governments are authorized to use grant funds to
4 contract outside assistance to audit their development regulations to
5 identify and correct barriers to housing development.

6 (b) Establishing an application fee structure that would allow
7 the jurisdiction to continue providing consolidated permit review
8 within 45 business days or 90 calendar days.

9 (i) A local government may consult with local building
10 associations to develop a reasonable fee system.

11 (ii) A local government must determine, no later than July 1,
12 2024, the specific fee structure needed to provide permit review
13 within the time periods specified in this subsection (1)(b).

14 (2) A jurisdiction that is awarded a grant under this section
15 must provide a quarterly report to the department of commerce. The
16 report must include the average and maximum time for permit review
17 during the jurisdiction's participation in the grant program.

18 (3) If a jurisdiction is unable to successfully meet the terms
19 and conditions of the grant, the jurisdiction must enter a 90-day
20 probationary period. If the jurisdiction is not able to meet the
21 requirements of this section by the end of the probationary period,
22 the jurisdiction is no longer eligible to receive grants under this
23 section.

24 (4) For the purposes of this section, "residential permit" means
25 a permit issued by a city or county that satisfies the conditions of
26 RCW 19.27.015(5) and is within the scope of the international
27 residential code, as adopted in accordance with chapter 19.27 RCW.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 36.70B
29 RCW to read as follows:

30 (1) Subject to the availability of funds appropriated for this
31 specific purpose, the department of commerce must establish a grant
32 program for local governments to update their permit review process
33 from paper filing systems to software systems capable of processing
34 digital permit applications, virtual inspections, electronic review,
35 and with capacity for video storage.

36 (2) The department of commerce may only provide a grant under
37 this section to a city if the city allows for the development of at
38 least two units per lot on all lots zoned predominantly for
39 residential use within its jurisdiction.

2 RCW to read as follows:

3 (1) Subject to the availability of amounts appropriated for this
4 specific purpose, the department of commerce must convene a digital
5 permitting process work group to examine potential license and
6 permitting software for local governments to encourage streamlined
7 and efficient permit review.

8 (2) The department of commerce, in consultation with the
9 association of Washington cities and Washington state association of
10 counties, shall appoint members to the work group representing groups
11 including but not limited to:

12 (a) Cities and counties;

13 (b) Building industries; and

14 (c) Building officials.

15 (3) The department of commerce must convene the first meeting of
16 the work group by August 1, 2023. The department must submit a final
17 report to the governor and the appropriate committees of the
18 legislature by August 1, 2024. The final report must:

19 (a) Evaluate the existing need for digital permitting systems,
20 including impacts on existing digital permitting systems that are
21 already in place;

22 (b) Review barriers preventing local jurisdictions from accessing
23 or adopting digital permitting systems;

24 (c) Evaluate the benefits and costs associated with a statewide
25 permitting software system; and

26 (d) Provide budgetary, administrative policy, and legislative
27 recommendations to increase the adoption of or establish a statewide
28 system of digital permit review.

29 **Sec. 5.** RCW 36.70B.020 and 1995 c 347 s 402 are each amended to
30 read as follows:

31 Unless the context clearly requires otherwise, the definitions in
32 this section apply throughout this chapter.

33 (1) "Closed record appeal" means an administrative appeal on the
34 record to a local government body or officer, including the
35 legislative body, following an open record hearing on a project
36 permit application when the appeal is on the record with no or
37 limited new evidence or information allowed to be submitted and only
38 appeal argument allowed.

39 (2) "Local government" means a county, city, or town.

(3) "Open record hearing" means a hearing, conducted by a single hearing body or officer authorized by the local government to conduct such hearings, that creates the local government's record through testimony and submission of evidence and information, under procedures prescribed by the local government by ordinance or resolution. An open record hearing may be held prior to a local government's decision on a project permit to be known as an "open record predecision hearing." An open record hearing may be held on an appeal, to be known as an "open record appeal hearing," if no open record predecision hearing has been held on the project permit.

(4) "Project permit" or "project permit application" means any land use or environmental permit or license required from a local government for a project action, including but not limited to ~~((building permits,))~~ subdivisions, binding site plans, planned unit developments, conditional uses, shoreline substantial development permits, site plan review, permits or approvals required by critical area ordinances, site-specific rezones ~~((authorized by a comprehensive plan or subarea plan))~~ which do not require a comprehensive plan amendment, but excluding the adoption or amendment of a comprehensive plan, subarea plan, or development regulations except as otherwise specifically included in this subsection.

(5) "Public meeting" means an informal meeting, hearing, workshop, or other public gathering of people to obtain comments from the public or other agencies on a proposed project permit prior to the local government's decision. A public meeting may include, but is not limited to, a design review or architectural control board meeting, a special review district or community council meeting, or a scoping meeting on a draft environmental impact statement. A public meeting does not include an open record hearing. The proceedings at a public meeting may be recorded and a report or recommendation may be included in the local government's project permit application file.

Sec. 6. RCW 36.70B.070 and 1995 c 347 s 408 are each amended to read as follows:

(1) (a) Within ~~((twenty-eight))~~ 28 days after receiving a project permit application, a local government planning pursuant to RCW 36.70A.040 shall ~~((mail or))~~ provide ~~((in person))~~ a written determination to the applicant ~~((, stating))~~.

(b) The written determination must state either:

~~((a))~~ (i) That the application is complete; or

1 ~~((b))~~ (ii) That the application is incomplete that the
 2 procedural submission requirements of the local government have not
 3 been met. The determination shall outline what is necessary to make
 4 the application procedurally complete.

5 (c) The number of days shall be calculated by counting every
 6 calendar day.

7 (d) To the extent known by the local government, the local
 8 government shall identify other agencies of local, state, or federal
 9 governments that may have jurisdiction over some aspect of the
 10 application.

11 (2) A project permit application is complete for purposes of this
 12 section when it meets the procedural submission requirements of the
 13 local government ~~((and is sufficient for continued processing even~~
 14 ~~though additional information may be required or project~~
 15 ~~modifications may be undertaken subsequently))~~, as outlined on the
 16 project permit application. Additional information or studies may be
 17 required or project modifications may be undertaken subsequent to the
 18 procedural review of the application by the local government. The
 19 determination of completeness shall not preclude the local government
 20 from requesting additional information or studies either at the time
 21 of the notice of completeness or subsequently if new information is
 22 required or substantial changes in the proposed action occur.
 23 However, if the procedural submission requirements, as outlined on
 24 the project permit application have been provided, the need for
 25 additional information or studies may not preclude a completeness
 26 determination.

27 (3) The determination of completeness may include or be combined
 28 with the following ~~((as optional information))~~:

29 (a) A preliminary determination of those development regulations
 30 that will be used for project mitigation;

31 (b) A preliminary determination of consistency, as provided under
 32 RCW 36.70B.040; ~~((or))~~

33 (c) Other information the local government chooses to include; or

34 (d) The notice of application pursuant to the requirements in RCW
 35 36.70B.110.

36 (4)(a) An application shall be deemed procedurally complete on
 37 the 29th day after receiving a project permit application under this
 38 section if the local government does not provide a written
 39 determination to the applicant that the application is procedurally
 40 incomplete as provided in subsection (1)(b) (ii) of this section. When

the local government does not provide a written ~~Page 109 of 356~~ decision, they may still seek additional information or studies as provided for in subsection (2) of this section.

(b) Within ~~((fourteen))~~ 14 days after an applicant has submitted to a local government additional information identified by the local government as being necessary for a complete application, the local government shall notify the applicant whether the application is complete or what additional information is necessary.

(c) The notice of application shall be provided within 14 days after the determination of completeness pursuant to RCW 36.70B.110.

Sec. 7. RCW 36.70B.080 and 2004 c 191 s 2 are each amended to read as follows:

(1)(a) Development regulations adopted pursuant to RCW 36.70A.040 must establish and implement time periods for local government actions for each type of project permit application and provide timely and predictable procedures to determine whether a completed project permit application meets the requirements of those development regulations. The time periods for local government actions for each type of complete project permit application or project type should not exceed ~~((one hundred twenty days, unless the local government makes written findings that a specified amount of additional time is needed to process specific complete project permit applications or project types))~~ those specified in this section.

~~((The))~~ (b) For project permits submitted after January 1, 2025, the development regulations must, for each type of permit application, specify the contents of a completed project permit application necessary for the complete compliance with the time periods and procedures.

~~((+2))~~ (c) A jurisdiction may exclude certain permit types and timelines for processing project permit applications as provided for in RCW 36.70B.140.

(d) The time periods for local government action to issue a final decision for each type of complete project permit application or project type subject to this chapter should not exceed the following time periods unless modified by the local government pursuant to this section or RCW 36.70B.140:

(i) For project permits which do not require public notice under RCW 36.70B.110, a local government must issue a final decision within 65 days of the determination of completeness under RCW 36.70B.070;

(ii) For project permits which require public notice under RCW 36.70B.110, a local government must issue a final decision within 100 days of the determination of completeness under RCW 36.70B.070; and

(iii) For project permits which require public notice under RCW 36.70B.110 and a public hearing, a local government must issue a final decision within 170 days of the determination of completeness under RCW 36.70B.070.

(e) A jurisdiction may modify the provisions in (d) of this subsection to add permit types not identified, change the permit names or types in each category, address how consolidated review time periods may be different than permits submitted individually, and provide for how projects of a certain size or type may be differentiated, including by differentiating between residential and nonresidential permits. Unless otherwise provided for the consolidated review of more than one permit, the time period for a final decision shall be the longest of the permit time periods identified in (d) of this subsection or as amended by a local government.

(f) If a local government does not adopt an ordinance or resolution modifying the provisions in (d) of this subsection, the time periods in (d) of this subsection apply.

(g) The number of days an application is in review with the county or city shall be calculated from the day completeness is determined under RCW 36.70B.070 to the date a final decision is issued on the project permit application. The number of days shall be calculated by counting every calendar day and excluding the following time periods:

(i) Any period between the day that the county or city has notified the applicant, in writing, that additional information is required to further process the application and the day when responsive information is resubmitted by the applicant;

(ii) Any period after an applicant informs the local government, in writing, that they would like to temporarily suspend review of the project permit application until the time that the applicant notifies the local government, in writing, that they would like to resume the application. A local government may set conditions for the temporary suspension of a permit application; and

(iii) Any period after an administrative appeal is filed until the administrative appeal is resolved and any additional time period provided by the administrative appeal has expired.

1 (h) The time periods for a local government to issue a permit
2 shall start over if an applicant proposes a change in use that adds
3 or removes commercial or residential elements from the original
4 application that would make the application fail to meet the
5 determination of procedural completeness for the new use, as required
6 by the local government under RCW 36.70B.070.

7 (i) If, at any time, an applicant informs the local government,
8 in writing, that the applicant would like to temporarily suspend the
9 review of the project for more than 60 days, or if an applicant is
10 not responsive for more than 60 consecutive days after the county or
11 city has notified the applicant, in writing, that additional
12 information is required to further process the application, an
13 additional 30 days may be added to the time periods for local
14 government action to issue a final decision for each type of project
15 permit that is subject to this chapter. Any written notice from the
16 local government to the applicant that additional information is
17 required to further process the application must include a notice
18 that nonresponsiveness for 60 consecutive days may result in 30 days
19 being added to the time for review. For the purposes of this
20 subsection, "nonresponsiveness" means that an applicant is not making
21 demonstrable progress on providing additional requested information
22 to the local government, or that there is no ongoing communication
23 from the applicant to the local government on the applicant's ability
24 or willingness to provide the additional information.

25 (j) Annual amendments to the comprehensive plan are not subject
26 to the requirements of this section.

27 (k) A county's or city's adoption of a resolution or ordinance to
28 implement this subsection shall not be subject to appeal under
29 chapter 36.70A RCW unless the resolution or ordinance modifies the
30 time periods provided in (d) of this subsection by providing for a
31 review period of more than 170 days for any project permit.

32 (l)(i) When permit time periods provided for in (d) of this
33 subsection, as may be amended by a local government, and as may be
34 extended as provided for in (i) of this subsection, are not met, a
35 portion of the permit fee must be refunded to the applicant as
36 provided in this subsection. A local government may provide for the
37 collection of only 80 percent of a permit fee initially, and for the
38 collection of the remaining balance if the permitting time periods
39 are met. The portion of the fee refunded for missing time periods
40 shall be:

(A) 10 percent if the final decision of ~~the permit~~ application was made after the applicable deadline but the period from the passage of the deadline to the time of issuance of the final decision did not exceed 20 percent of the original time period; or

(B) 20 percent if the period from the passage of the deadline to the time of the issuance of the final decision exceeded 20 percent of the original time period.

(ii) Except as provided in RCW 36.70B.160, the provisions in subsection (1)(i) of this section are not applicable to cities and counties which have implemented at least three of the options in RCW 36.70B.160(1) (a) through (j) at the time an application is deemed procedurally complete.

(2)(a) Counties subject to the requirements of RCW 36.70A.215 and the cities within those counties that have populations of at least ~~((twenty thousand))~~ 20,000 must, for each type of permit application, identify the total number of project permit applications for which decisions are issued according to the provisions of this chapter. For each type of project permit application identified, these counties and cities must establish and implement a deadline for issuing a notice of final decision as required by subsection (1) of this section and minimum requirements for applications to be deemed complete under RCW 36.70B.070 as required by subsection (1) of this section.

(b) Counties and cities subject to the requirements of this subsection also must prepare an annual performance report ~~((s))~~ that ~~((include, at a minimum, the following information for each type of project permit application identified in accordance with the requirements of (a) of this subsection:~~

~~((i) Total number of complete applications received during the year;~~

~~((ii) Number of complete applications received during the year for which a notice of final decision was issued before the deadline established under this subsection;~~

~~((iii) Number of applications received during the year for which a notice of final decision was issued after the deadline established under this subsection;~~

~~((iv) Number of applications received during the year for which an extension of time was mutually agreed upon by the applicant and the county or city;~~

~~(v) Variance of actual performance, excluding decisions for which mutually agreed time extensions have occurred, to the deadline established under this subsection during the year; and~~

~~(vi) The mean processing time and the number standard deviation from the mean.~~

~~(c) Counties and cities subject to the requirements of this subsection must:~~

~~(i) Provide notice of and access to the annual performance reports through the county's or city's website; and~~

~~(ii) Post electronic facsimiles of the annual performance reports through the county's or city's website. Postings on a county's or city's website indicating that the reports are available by contacting the appropriate county or city department or official do not comply with the requirements of this subsection.~~

~~If a county or city subject to the requirements of this subsection does not maintain a website, notice of the reports must be given by reasonable methods, including but not limited to those methods specified in RCW 36.70B.110(4).~~

~~(3))~~ includes information outlining time periods for certain permit types associated with housing. The report must provide:

(i) Permit time periods for certain permit processes in the county or city in relation to those established under this section, including whether the county or city has established shorter time periods than those provided in this section;

(ii) The total number of decisions issued during the year for the following permit types: Preliminary subdivisions, final subdivisions, binding site plans, permit processes associated with the approval of multifamily housing, and construction plan review for each of these permit types when submitted separately;

(iii) The total number of decisions for each permit type which included consolidated project permit review, such as concurrent review of a rezone or construction plans;

(iv) The average number of days from a submittal to a decision being issued for the project permit types listed in subsection (2)(a)(ii) of this section. This shall be calculated from the day completeness is determined under RCW 36.70B.070 to the date a decision is issued on the application. The number of days shall be calculated by counting every calendar day;

(v) The total number of days each project permit application of a type listed in subsection (2)(a)(ii) of this section was in review

with the county or city. This shall be calculated from the day completeness is determined under RCW 36.70B.070 to the date a final decision is issued on the application. The number of days shall be calculated by counting every calendar day. The days the application is in review with the county or city does not include the time periods in subsection (1)(g)(i)-(iii) of this section;

(vi) The total number of days that were excluded from the time period calculation under subsection (1)(g)(i)-(iii) of this section for each project permit application of a type listed in subsection (2)(a)(ii) of this section.

(c) Counties and cities subject to the requirements of this subsection must:

(i) Post the annual performance report through the county's or city's website; and

(ii) Submit the annual performance report to the department of commerce by March 1st each year.

(d) No later than July 1st each year, the department of commerce shall publish a report which includes the annual performance report data for each county and city subject to the requirements of this subsection and a list of those counties and cities whose time periods are shorter than those provided for in this section.

The annual report must also include key metrics and findings from the information collected.

(e) The initial annual report required under this subsection must be submitted to the department of commerce by March 1, 2025, and must include information from permitting in 2024.

(3) Nothing in this section prohibits a county or city from extending a deadline for issuing a decision for a specific project permit application for any reasonable period of time mutually agreed upon by the applicant and the local government.

~~((4) The department of community, trade, and economic development shall work with the counties and cities to review the potential implementation costs of the requirements of subsection (2) of this section. The department, in cooperation with the local governments, shall prepare a report summarizing the projected costs, together with recommendations for state funding assistance for implementation costs, and provide the report to the governor and appropriate committees of the senate and house of representatives by January 1, 2005.))~~

1 **Sec. 8.** RCW 36.70B.160 and 1995 c 347 s 420 ~~Page 115 of 356~~ amended to
2 read as follows:

3 (1) Each local government is encouraged to adopt further project
4 review and code provisions to provide prompt, coordinated review and
5 ensure accountability to applicants and the public(~~(, including~~
6 ~~expedited review for project permit applications for projects that~~
7 ~~are consistent with adopted development regulations and within the~~
8 ~~capacity of systemwide infrastructure improvements)) by:~~

9 (a) Expediting review for project permit applications for
10 projects that are consistent with adopted development regulations;

11 (b) Imposing reasonable fees, consistent with RCW 82.02.020, on
12 applicants for permits or other governmental approvals to cover the
13 cost to the city, town, county, or other municipal corporation of
14 processing applications, inspecting and reviewing plans, or preparing
15 detailed statements required by chapter 43.21C RCW. The fees imposed
16 may not include a fee for the cost of processing administrative
17 appeals. Nothing in this subsection limits the ability of a county or
18 city to impose a fee for the processing of administrative appeals as
19 otherwise authorized by law;

20 (c) Entering into an interlocal agreement with another
21 jurisdiction to share permitting staff and resources;

22 (d) Maintaining and budgeting for on-call permitting assistance
23 for when permit volumes or staffing levels change rapidly;

24 (e) Having new positions budgeted that are contingent on
25 increased permit revenue;

26 (f) Adopting development regulations which only require public
27 hearings for permit applications that are required to have a public
28 hearing by statute;

29 (g) Adopting development regulations which make preapplication
30 meetings optional rather than a requirement of permit application
31 submittal;

32 (h) Adopting development regulations which make housing types an
33 outright permitted use in all zones where the housing type is
34 permitted;

35 (i) Adopting a program to allow for outside professionals with
36 appropriate professional licenses to certify components of
37 applications consistent with their license; or

38 (j) Meeting with the applicant to attempt to resolve outstanding
39 issues during the review process. The meeting must be scheduled
40 within 14 days of a second request for corrections during permit

review. If the meeting cannot resolve the issue, a local government proceeds with a third request for additional information or corrections, the local government must approve or deny the application upon receiving the additional information or corrections.

(2)(a) After January 1, 2026, a county or city must adopt additional measures under subsection (1) of this section at the time of its next comprehensive plan update under RCW 36.70A.130 if it meets the following conditions:

(i) The county or city has adopted at least three project review and code provisions under subsection (1) of this section more than five years prior; and

(ii) The county or city is not meeting the permitting deadlines established in RCW 36.70B.080 at least half of the time over the period since its most recent comprehensive plan update under RCW 36.70A.130.

(b) A city or county that is required to adopt new measures under (a) of this subsection but fails to do so becomes subject to the provisions of RCW 36.70B.080(1)(1), notwithstanding RCW 36.70B.080(1)(1)(ii).

~~((2))~~ (3) Nothing in this chapter is intended or shall be construed to prevent a local government from requiring a preapplication conference or a public meeting by rule, ordinance, or resolution.

~~((3))~~ (4) Each local government shall adopt procedures to monitor and enforce permit decisions and conditions.

~~((4))~~ (5) Nothing in this chapter modifies any independent statutory authority for a government agency to appeal a project permit issued by a local government.

NEW SECTION. **Sec. 9.** A new section is added to chapter 36.70B RCW to read as follows:

(1) The department of commerce shall develop and provide technical assistance and guidance to counties and cities in setting fee structures under RCW 36.70B.160(1) to ensure that the fees are reasonable and sufficient to recover true costs. The guidance must include information on how to utilize growth factors or other measures to reflect cost increases over time.

(2) When providing technical assistance under subsection (1) of this section, the department of commerce must prioritize local

governments that have implemented at least three of the options in RCW 36.70B.160(1).

Sec. 10. RCW 36.70B.110 and 1997 c 429 s 48 and 1997 c 396 s 1 are each reenacted and amended to read as follows:

(1) Not later than April 1, 1996, a local government planning under RCW 36.70A.040 shall provide a notice of application to the public and the departments and agencies with jurisdiction as provided in this section. If a local government has made a threshold determination under chapter 43.21C RCW concurrently with the notice of application, the notice of application may be combined with the threshold determination and the scoping notice for a determination of significance. Nothing in this section prevents a determination of significance and scoping notice from being issued prior to the notice of application. Nothing in this section or this chapter prevents a lead agency, when it is a project proponent or is funding a project, from conducting its review under chapter 43.21C RCW or from allowing appeals of procedural determinations prior to submitting a project permit ((application)).

(2) The notice of application shall be provided within ((fourteen)) 14 days after the determination of completeness as provided in RCW 36.70B.070 and, except as limited by the provisions of subsection (4)(b) of this section, ((shall)) must include the following in whatever sequence or format the local government deems appropriate:

(a) The date of application, the date of the notice of completion for the application, and the date of the notice of application;

(b) A description of the proposed project action and a list of the project permits included in the application and, if applicable, a list of any studies requested under RCW 36.70B.070 ((or 36.70B.090));

(c) The identification of other permits not included in the application to the extent known by the local government;

(d) The identification of existing environmental documents that evaluate the proposed project, and, if not otherwise stated on the document providing the notice of application, such as a city land use bulletin, the location where the application and any studies can be reviewed;

(e) A statement of the public comment period, which shall be not less than fourteen nor more than thirty days following the date of notice of application, and statements of the right of any person to

comment on the application, receive notice of and participate in any hearings, request a copy of the decision once made, and any appeal rights. A local government may accept public comments at any time prior to the closing of the record of an open record predecision hearing, if any, or, if no open record predecision hearing is provided, prior to the decision on the project permit;

(f) The date, time, place, and type of hearing, if applicable and scheduled at the date of notice of the application;

(g) A statement of the preliminary determination, if one has been made at the time of notice, of those development regulations that will be used for project mitigation and of consistency as provided in RCW 36.70B.030(2) and 36.70B.040; and

(h) Any other information determined appropriate by the local government.

(3) If an open record predecision hearing is required for the requested project permits, the notice of application shall be provided at least fifteen days prior to the open record hearing.

(4) A local government shall use reasonable methods to give the notice of application to the public and agencies with jurisdiction and may use its existing notice procedures. A local government may use different types of notice for different categories of project permits or types of project actions. If a local government by resolution or ordinance does not specify its method of public notice, the local government shall use the methods provided for in (a) and (b) of this subsection. Examples of reasonable methods to inform the public are:

(a) Posting the property for site-specific proposals;

(b) Publishing notice, including at least the project location, description, type of permit(s) required, comment period dates, and location where the notice of application required by subsection (2) of this section and the complete application may be reviewed, in the newspaper of general circulation in the general area where the proposal is located or in a local land use newsletter published by the local government;

(c) Notifying public or private groups with known interest in a certain proposal or in the type of proposal being considered;

(d) Notifying the news media;

(e) Placing notices in appropriate regional or neighborhood newspapers or trade journals;

(f) Publishing notice in agency newsletters or agency mailing lists, either general lists or lists for specific proposals or subject areas; and

(g) Mailing to neighboring property owners.

(5) A notice of application shall not be required for project permits that are categorically exempt under chapter 43.21C RCW, unless an open record predecision hearing is required or an open record appeal hearing is allowed on the project permit decision.

(6) A local government shall integrate the permit procedures in this section with ~~((its))~~ environmental review under chapter 43.21C RCW as follows:

(a) Except for a threshold determination and except as otherwise expressly allowed in this section, the local government may not issue a decision or a recommendation on a project permit until the expiration of the public comment period on the notice of application.

(b) If an open record predecision hearing is required, the local government shall issue its threshold determination at least fifteen days prior to the open record predecision hearing.

(c) Comments shall be as specific as possible.

(d) A local government is not required to provide for administrative appeals of its threshold determination. If provided, an administrative appeal ~~((shall))~~ must be filed within fourteen days after notice that the determination has been made and is appealable. Except as otherwise expressly provided in this section, the appeal hearing on a threshold determination ~~((of nonsignificance shall))~~ must be consolidated with any open record hearing on the project permit.

(7) At the request of the applicant, a local government may combine any hearing on a project permit with any hearing that may be held by another local, state, regional, federal, or other agency, if:

(a) The hearing is held within the geographic boundary of the local government; and

(b) ~~((The joint hearing can be held within the time periods specified in RCW 36.70B.090 or the))~~ The applicant agrees to the schedule in the event that additional time is needed in order to combine the hearings. All agencies of the state of Washington, including municipal corporations and counties participating in a combined hearing, are hereby authorized to issue joint hearing notices and develop a joint format, select a mutually acceptable hearing body or officer, and take such other actions as may be

1 necessary to hold joint hearings consistent with their
2 respective statutory obligations.

3 (8) All state and local agencies shall cooperate to the fullest
4 extent possible with the local government in holding a joint hearing
5 if requested to do so, as long as:

6 (a) The agency is not expressly prohibited by statute from doing
7 so;

8 (b) Sufficient notice of the hearing is given to meet each of the
9 agencies' adopted notice requirements as set forth in statute,
10 ordinance, or rule; and

11 (c) The agency has received the necessary information about the
12 proposed project from the applicant to hold its hearing at the same
13 time as the local government hearing.

14 (9) A local government is not required to provide for
15 administrative appeals. If provided, an administrative appeal of the
16 project decision and of any environmental determination issued at the
17 same time as the project decision, shall be filed within fourteen
18 days after the notice of the decision or after other notice that the
19 decision has been made and is appealable. The local government shall
20 extend the appeal period for an additional seven days, if state or
21 local rules adopted pursuant to chapter 43.21C RCW allow public
22 comment on a determination of nonsignificance issued as part of the
23 appealable project permit decision.

24 (10) The applicant for a project permit is deemed to be a
25 participant in any comment period, open record hearing, or closed
26 record appeal.

27 (11) Each local government planning under RCW 36.70A.040 shall
28 adopt procedures for administrative interpretation of its development
29 regulations.

30 NEW SECTION. **Sec. 11.** The department of commerce shall develop
31 a template for counties and cities subject to the requirements in RCW
32 36.70B.080, which will be utilized for reporting data.

33 NEW SECTION. **Sec. 12.** The department of commerce shall develop
34 a plan to provide local governments with appropriately trained staff
35 to provide temporary support or hard to find expertise for timely
36 processing of residential housing permit applications. The plan shall
37 include consideration of how local governments can be provided with
38 staff that have experience with providing substitute staff support or

1 that possess expertise in permitting policies and regulations in the
2 local government's geographic area or with jurisdictions of the local
3 government's size or population. The plan and a proposal for
4 implementation shall be presented to the legislature by December 1,
5 2023.

6 NEW SECTION. **Sec. 13.** Section 7 of this act takes effect
7 January 1, 2025.

Passed by the Senate April 17, 2023.

Passed by the House April 10, 2023.

Approved by the Governor May 8, 2023.

Filed in Office of Secretary of State May 10, 2023.

--- END ---

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE SENATE BILL 5290

Chapter 338, Laws of 2023

68th Legislature
2023 Regular Session

PROJECT PERMITS—LOCAL PROJECT REVIEW—VARIOUS PROVISIONS

EFFECTIVE DATE: July 23, 2023—Except for section 7, which takes effect January 1, 2025.

Passed by the Senate April 17, 2023
Yeas 47 Nays 0

DENNY HECK
President of the Senate

Passed by the House April 10, 2023
Yeas 98 Nays 0

LAURIE JINKINS
**Speaker of the House of
Representatives**

Approved May 8, 2023 1:17 PM

JAY INSLEE
Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE SENATE BILL 5290** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

Secretary

FILED

May 10, 2023

**Secretary of State
State of Washington**

SECOND SUBSTITUTE SENATE BILL 5290

AS AMENDED BY THE HOUSE

Passed Legislature - 2023 Regular Session

State of Washington**68th Legislature****2023 Regular Session**

By Senate Ways & Means (originally sponsored by Senators Mullet, Kuderer, Fortunato, Llias, Nobles, Saldaña, and C. Wilson; by request of Office of the Governor)

READ FIRST TIME 02/24/23.

1 AN ACT Relating to consolidating local permit review processes;
 2 amending RCW 36.70B.140, 36.70B.020, 36.70B.070, 36.70B.080, and
 3 36.70B.160; reenacting and amending RCW 36.70B.110; adding new
 4 sections to chapter 36.70B RCW; creating new sections; and providing
 5 an effective date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 36.70B.140 and 1995 c 347 s 418 are each amended to
 8 read as follows:

9 (1) A local government by ordinance or resolution may exclude the
 10 following project permits from the provisions of RCW 36.70B.060
 through 36.70B.090 and 36.70B.110 through 36.70B.130: Landmark
 designations, street vacations, or other approvals relating to the
 use of public areas or facilities, or other project permits, whether
 administrative or quasi-judicial, that the local government by
 ordinance or resolution has determined present special circumstances
 that warrant a review process or time periods for approval which are
 different from that provided in RCW 36.70B.060 through 36.70B.090 and
 36.70B.110 through 36.70B.130.

(2) A local government by ordinance or resolution also may
 20 exclude the following project permits from the provisions of RCW
 21 36.70B.060 and 36.70B.110 through 36.70B.130: Lot line or boundary

adjustments and building and other construction ~~per~~ similar administrative approvals, categorically exempt from environmental review under chapter 43.21C RCW, or for which environmental review has been completed in connection with other project permits.

(3) A local government must exclude project permits for interior alterations from site plan review, provided that the interior alterations do not result in the following:

- (a) Additional sleeping quarters or bedrooms;
- (b) Nonconformity with federal emergency management agency substantial improvement thresholds; or
- (c) Increase the total square footage or valuation of the structure thereby requiring upgraded fire access or fire suppression systems.

(4) Nothing in this section exempts interior alterations from otherwise applicable building, plumbing, mechanical, or electrical codes.

(5) For purposes of this section, "interior alterations" include construction activities that do not modify the existing site layout or its current use and involve no exterior work adding to the building footprint.

NEW SECTION. Sec. 2. A new section is added to chapter 36.70B RCW to read as follows:

(1) Subject to the availability of funds appropriated for this specific purpose, the department of commerce must establish a consolidated permit review grant program. The department may award grants to any local government that provides, by ordinance, resolution, or other action, a commitment to the following building permit review consolidation requirements:

(a) Issuing final decisions on residential permit applications within 45 business days or 90 calendar days.

(i) To achieve permit review within the stated time periods, a local government must provide consolidated review for building permit applications. This may include an initial technical peer review of the application for conformity with the requirements of RCW 36.70B.070 by all departments, divisions, and sections of the local government with jurisdiction over the project.

(ii) A local government may contract with a third-party business to conduct the consolidated permit review or as additional inspection

1 staff. Any funds expended for such a contract must be eligible for
2 reimbursement under this act.

3 (iii) Local governments are authorized to use grant funds to
4 contract outside assistance to audit their development regulations to
5 identify and correct barriers to housing development.

6 (b) Establishing an application fee structure that would allow
7 the jurisdiction to continue providing consolidated permit review
8 within 45 business days or 90 calendar days.

9 (i) A local government may consult with local building
10 associations to develop a reasonable fee system.

11 (ii) A local government must determine, no later than July 1,
12 2024, the specific fee structure needed to provide permit review
13 within the time periods specified in this subsection (1)(b).

(2) A jurisdiction that is awarded a grant under this section
must provide a quarterly report to the department of commerce. The
report must include the average and maximum time for permit review
during the jurisdiction's participation in the grant program.

(3) If a jurisdiction is unable to successfully meet the terms
and conditions of the grant, the jurisdiction must enter a 90-day
probationary period. If the jurisdiction is not able to meet the
requirements of this section by the end of the probationary period,
the jurisdiction is no longer eligible to receive grants under this
section.

(4) For the purposes of this section, "residential permit" means
a permit issued by a city or county that satisfies the conditions of
RCW 19.27.015(5) and is within the scope of the international
residential code, as adopted in accordance with chapter 19.27 RCW.

NEW SECTION. **Sec. 3.** A new section is added to chapter 36.70B
RCW to read as follows:

31 (1) Subject to the availability of funds appropriated for this
32 specific purpose, the department of commerce must establish a grant
33 program for local governments to update their permit review process
34 from paper filing systems to software systems capable of processing
35 digital permit applications, virtual inspections, electronic review,
and with capacity for video storage.

36 (2) The department of commerce may only provide a grant under
37 this section to a city if the city allows for the development of at
38 least two units per lot on all lots zoned predominantly for
39 residential use within its jurisdiction.

Page 126 of 356
NEW SECTION. **Sec. 4.** A new section is added to chapter 36.70B

RCW to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, the department of commerce must convene a digital permitting process work group to examine potential license and permitting software for local governments to encourage streamlined and efficient permit review.

(2) The department of commerce, in consultation with the association of Washington cities and Washington state association of counties, shall appoint members to the work group representing groups including but not limited to:

- (a) Cities and counties;
- (b) Building industries; and
- (c) Building officials.

(3) The department of commerce must convene the first meeting of the work group by August 1, 2023. The department must submit a final report to the governor and the appropriate committees of the legislature by August 1, 2024. The final report must:

(a) Evaluate the existing need for digital permitting systems, including impacts on existing digital permitting systems that are already in place;

(b) Review barriers preventing local jurisdictions from accessing or adopting digital permitting systems;

(c) Evaluate the benefits and costs associated with a statewide permitting software system; and

(d) Provide budgetary, administrative policy, and legislative recommendations to increase the adoption of or establish a statewide system of digital permit review.

Sec. 5. RCW 36.70B.020 and 1995 c 347 s 402 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Closed record appeal" means an administrative appeal on the record to a local government body or officer, including the legislative body, following an open record hearing on a project permit application when the appeal is on the record with no or limited new evidence or information allowed to be submitted and only appeal argument allowed.

(2) "Local government" means a county, city, or town.

(3) "Open record hearing" means a hearing, conducted by a single hearing body or officer authorized by the local government to conduct such hearings, that creates the local government's record through testimony and submission of evidence and information, under procedures prescribed by the local government by ordinance or resolution. An open record hearing may be held prior to a local government's decision on a project permit to be known as an "open record predecision hearing." An open record hearing may be held on an appeal, to be known as an "open record appeal hearing," if no open record predecision hearing has been held on the project permit.

(4) "Project permit" or "project permit application" means any land use or environmental permit or license required from a local government for a project action, including but not limited to ~~((building permits,))~~ subdivisions, binding site plans, planned unit developments, conditional uses, shoreline substantial development permits, site plan review, permits or approvals required by critical area ordinances, site-specific rezones ~~((authorized by a comprehensive plan or subarea plan))~~ which do not require a comprehensive plan amendment, but excluding the adoption or amendment of a comprehensive plan, subarea plan, or development regulations except as otherwise specifically included in this subsection.

(5) "Public meeting" means an informal meeting, hearing, workshop, or other public gathering of people to obtain comments from the public or other agencies on a proposed project permit prior to the local government's decision. A public meeting may include, but is not limited to, a design review or architectural control board meeting, a special review district or community council meeting, or a scoping meeting on a draft environmental impact statement. A public meeting does not include an open record hearing. The proceedings at a public meeting may be recorded and a report or recommendation may be included in the local government's project permit application file.

Sec. 6. RCW 36.70B.070 and 1995 c 347 s 408 are each amended to read as follows:

(1) (a) Within ~~((twenty-eight))~~ 28 days after receiving a project permit application, a local government planning pursuant to RCW 36.70A.040 shall ~~((mail or))~~ provide ~~((in person))~~ a written determination to the applicant ~~((, stating))~~.

(b) The written determination must state either:

~~((a))~~ (i) That the application is complete; or

~~((b))~~ (ii) That the application is incomplete that the procedural submission requirements of the local government have not been met. The determination shall outline what is necessary to make the application procedurally complete.

(c) The number of days shall be calculated by counting every calendar day.

(d) To the extent known by the local government, the local government shall identify other agencies of local, state, or federal governments that may have jurisdiction over some aspect of the application.

(2) A project permit application is complete for purposes of this section when it meets the procedural submission requirements of the local government ~~((and is sufficient for continued processing even though additional information may be required or project modifications may be undertaken subsequently))~~, as outlined on the project permit application. Additional information or studies may be required or project modifications may be undertaken subsequent to the procedural review of the application by the local government. The determination of completeness shall not preclude the local government from requesting additional information or studies either at the time of the notice of completeness or subsequently if new information is required or substantial changes in the proposed action occur. However, if the procedural submission requirements, as outlined on the project permit application have been provided, the need for additional information or studies may not preclude a completeness determination.

(3) The determination of completeness may include or be combined with the following ~~((as optional information))~~:

(a) A preliminary determination of those development regulations that will be used for project mitigation;

(b) A preliminary determination of consistency, as provided under RCW 36.70B.040; ~~((or))~~

(c) Other information the local government chooses to include; or

(d) The notice of application pursuant to the requirements in RCW 36.70B.110.

(4) (a) An application shall be deemed procedurally complete on the 29th day after receiving a project permit application under this section if the local government does not provide a written determination to the applicant that the application is procedurally incomplete as provided in subsection (1) (b) ~~((ii))~~ of this section. When

the local government does not provide a written determination, they may still seek additional information or studies as provided for in subsection (2) of this section.

(b) Within ((fourteen)) 14 days after an applicant has submitted to a local government additional information identified by the local government as being necessary for a complete application, the local government shall notify the applicant whether the application is complete or what additional information is necessary.

(c) The notice of application shall be provided within 14 days after the determination of completeness pursuant to RCW 36.70B.110.

Sec. 7. RCW 36.70B.080 and 2004 c 191 s 2 are each amended to read as follows:

(1)(a) Development regulations adopted pursuant to RCW 36.70A.040 must establish and implement time periods for local government actions for each type of project permit application and provide timely and predictable procedures to determine whether a completed project permit application meets the requirements of those development regulations. The time periods for local government actions for each type of complete project permit application or project type should not exceed ((one hundred twenty days, unless the local government makes written findings that a specified amount of additional time is needed to process specific complete project permit applications or project types)) those specified in this section.

((The)) (b) For project permits submitted after January 1, 2025, the development regulations must, for each type of permit application, specify the contents of a completed project permit application necessary for the complete compliance with the time periods and procedures.

((+2)) (c) A jurisdiction may exclude certain permit types and timelines for processing project permit applications as provided for in RCW 36.70B.140.

(d) The time periods for local government action to issue a final decision for each type of complete project permit application or project type subject to this chapter should not exceed the following time periods unless modified by the local government pursuant to this section or RCW 36.70B.140:

(i) For project permits which do not require public notice under RCW 36.70B.110, a local government must issue a final decision within 65 days of the determination of completeness under RCW 36.70B.070;

(ii) For project permits which require public notice under RCW 36.70B.110, a local government must issue a final decision within 100 days of the determination of completeness under RCW 36.70B.070; and

(iii) For project permits which require public notice under RCW 36.70B.110 and a public hearing, a local government must issue a final decision within 170 days of the determination of completeness under RCW 36.70B.070.

(e) A jurisdiction may modify the provisions in (d) of this subsection to add permit types not identified, change the permit names or types in each category, address how consolidated review time periods may be different than permits submitted individually, and provide for how projects of a certain size or type may be differentiated, including by differentiating between residential and nonresidential permits. Unless otherwise provided for the consolidated review of more than one permit, the time period for a final decision shall be the longest of the permit time periods identified in (d) of this subsection or as amended by a local government.

(f) If a local government does not adopt an ordinance or resolution modifying the provisions in (d) of this subsection, the time periods in (d) of this subsection apply.

(g) The number of days an application is in review with the county or city shall be calculated from the day completeness is determined under RCW 36.70B.070 to the date a final decision is issued on the project permit application. The number of days shall be calculated by counting every calendar day and excluding the following time periods:

(i) Any period between the day that the county or city has notified the applicant, in writing, that additional information is required to further process the application and the day when responsive information is resubmitted by the applicant;

(ii) Any period after an applicant informs the local government, in writing, that they would like to temporarily suspend review of the project permit application until the time that the applicant notifies the local government, in writing, that they would like to resume the application. A local government may set conditions for the temporary suspension of a permit application; and

(iii) Any period after an administrative appeal is filed until the administrative appeal is resolved and any additional time period provided by the administrative appeal has expired.

(h) The time periods for a local government to issue a permit shall start over if an applicant proposes a change in use that adds or removes commercial or residential elements from the original application that would make the application fail to meet the determination of procedural completeness for the new use, as required by the local government under RCW 36.70B.070.

(i) If, at any time, an applicant informs the local government, in writing, that the applicant would like to temporarily suspend the review of the project for more than 60 days, or if an applicant is not responsive for more than 60 consecutive days after the county or city has notified the applicant, in writing, that additional information is required to further process the application, an additional 30 days may be added to the time periods for local government action to issue a final decision for each type of project permit that is subject to this chapter. Any written notice from the local government to the applicant that additional information is required to further process the application must include a notice that nonresponsiveness for 60 consecutive days may result in 30 days being added to the time for review. For the purposes of this subsection, "nonresponsiveness" means that an applicant is not making demonstrable progress on providing additional requested information to the local government, or that there is no ongoing communication from the applicant to the local government on the applicant's ability or willingness to provide the additional information.

(j) Annual amendments to the comprehensive plan are not subject to the requirements of this section.

(k) A county's or city's adoption of a resolution or ordinance to implement this subsection shall not be subject to appeal under chapter 36.70A RCW unless the resolution or ordinance modifies the time periods provided in (d) of this subsection by providing for a review period of more than 170 days for any project permit.

(l)(i) When permit time periods provided for in (d) of this subsection, as may be amended by a local government, and as may be extended as provided for in (i) of this subsection, are not met, a portion of the permit fee must be refunded to the applicant as provided in this subsection. A local government may provide for the collection of only 80 percent of a permit fee initially, and for the collection of the remaining balance if the permitting time periods are met. The portion of the fee refunded for missing time periods shall be:

(A) 10 percent if the final decision of ~~Page 132 of 356~~ it permit application was made after the applicable deadline but the period from the passage of the deadline to the time of issuance of the final decision did not exceed 20 percent of the original time period; or

(B) 20 percent if the period from the passage of the deadline to the time of the issuance of the final decision exceeded 20 percent of the original time period.

(ii) Except as provided in RCW 36.70B.160, the provisions in subsection (1)(i) of this section are not applicable to cities and counties which have implemented at least three of the options in RCW 36.70B.160(1) (a) through (j) at the time an application is deemed procedurally complete.

(2)(a) Counties subject to the requirements of RCW 36.70A.215 and the cities within those counties that have populations of at least ~~((twenty thousand))~~ 20,000 must, for each type of permit application, identify the total number of project permit applications for which decisions are issued according to the provisions of this chapter. For each type of project permit application identified, these counties and cities must establish and implement a deadline for issuing a notice of final decision as required by subsection (1) of this section and minimum requirements for applications to be deemed complete under RCW 36.70B.070 as required by subsection (1) of this section.

(b) Counties and cities subject to the requirements of this subsection also must prepare an annual performance report ~~((s))~~ that ~~((include, at a minimum, the following information for each type of project permit application identified in accordance with the requirements of (a) of this subsection:~~

~~((i) Total number of complete applications received during the year;~~

~~((ii) Number of complete applications received during the year for which a notice of final decision was issued before the deadline established under this subsection;~~

~~((iii) Number of applications received during the year for which a notice of final decision was issued after the deadline established under this subsection;~~

~~((iv) Number of applications received during the year for which an extension of time was mutually agreed upon by the applicant and the county or city;~~

~~(v) Variance of actual performance, excluding mutually agreed time extensions for which mutually agreed time extensions have occurred, to the deadline established under this subsection during the year; and~~

~~(vi) The mean processing time and the number standard deviation from the mean.~~

~~(c) Counties and cities subject to the requirements of this subsection must:~~

~~(i) Provide notice of and access to the annual performance reports through the county's or city's website; and~~

~~(ii) Post electronic facsimiles of the annual performance reports through the county's or city's website. Postings on a county's or city's website indicating that the reports are available by contacting the appropriate county or city department or official do not comply with the requirements of this subsection.~~

~~If a county or city subject to the requirements of this subsection does not maintain a website, notice of the reports must be given by reasonable methods, including but not limited to those methods specified in RCW 36.70B.110(4).~~

~~(3)) includes information outlining time periods for certain permit types associated with housing. The report must provide:~~

~~(i) Permit time periods for certain permit processes in the county or city in relation to those established under this section, including whether the county or city has established shorter time periods than those provided in this section;~~

~~(ii) The total number of decisions issued during the year for the following permit types: Preliminary subdivisions, final subdivisions, binding site plans, permit processes associated with the approval of multifamily housing, and construction plan review for each of these permit types when submitted separately;~~

~~(iii) The total number of decisions for each permit type which included consolidated project permit review, such as concurrent review of a rezone or construction plans;~~

~~(iv) The average number of days from a submittal to a decision being issued for the project permit types listed in subsection (2)(a)(ii) of this section. This shall be calculated from the day completeness is determined under RCW 36.70B.070 to the date a decision is issued on the application. The number of days shall be calculated by counting every calendar day;~~

~~(v) The total number of days each project permit application of a type listed in subsection (2)(a)(ii) of this section was in review~~

Changes to annual reporting requirements

with the county or city. This shall be calculated as of the day completeness is determined under RCW 36.70B.070 to the date a final decision is issued on the application. The number of days shall be calculated by counting every calendar day. The days the application is in review with the county or city does not include the time periods in subsection (1)(g)(i)-(iii) of this section;

(vi) The total number of days that were excluded from the time period calculation under subsection (1)(g)(i)-(iii) of this section for each project permit application of a type listed in subsection (2)(a)(ii) of this section.

(c) Counties and cities subject to the requirements of this subsection must:

(i) Post the annual performance report through the county's or city's website; and

(ii) Submit the annual performance report to the department of commerce by March 1st each year.

(d) No later than July 1st each year, the department of commerce shall publish a report which includes the annual performance report data for each county and city subject to the requirements of this subsection and a list of those counties and cities whose time periods are shorter than those provided for in this section.

The annual report must also include key metrics and findings from the information collected.

(e) The initial annual report required under this subsection must be submitted to the department of commerce by March 1, 2025, and must include information from permitting in 2024.

(3) Nothing in this section prohibits a county or city from extending a deadline for issuing a decision for a specific project permit application for any reasonable period of time mutually agreed upon by the applicant and the local government.

~~((4) The department of community, trade, and economic development shall work with the counties and cities to review the potential implementation costs of the requirements of subsection (2) of this section. The department, in cooperation with the local governments, shall prepare a report summarizing the projected costs, together with recommendations for state funding assistance for implementation costs, and provide the report to the governor and appropriate committees of the senate and house of representatives by January 1, 2005.))~~

Changes to annual reporting requirements

See KMC
19.25.100(C)

Sec. 8. RCW 36.70B.160 and 1995 c 347 s 420 ~~Page 135 of 356~~ amended to read as follows:

(1) Each local government is encouraged to adopt further project review and code provisions to provide prompt, coordinated review and ensure accountability to applicants and the public(~~(, including expedited review for project permit applications for projects that are consistent with adopted development regulations and within the capacity of systemwide infrastructure improvements))~~ by:

(a) Expediting review for project permit applications for projects that are consistent with adopted development regulations;

(b) Imposing reasonable fees, consistent with RCW 82.02.020, on applicants for permits or other governmental approvals to cover the cost to the city, town, county, or other municipal corporation of processing applications, inspecting and reviewing plans, or preparing detailed statements required by chapter 43.21C RCW. The fees imposed may not include a fee for the cost of processing administrative appeals. Nothing in this subsection limits the ability of a county or city to impose a fee for the processing of administrative appeals as otherwise authorized by law;

(c) Entering into an interlocal agreement with another jurisdiction to share permitting staff and resources;

(d) Maintaining and budgeting for on-call permitting assistance for when permit volumes or staffing levels change rapidly;

(e) Having new positions budgeted that are contingent on increased permit revenue;

(f) Adopting development regulations which only require public hearings for permit applications that are required to have a public hearing by statute;

(g) Adopting development regulations which make preapplication meetings optional rather than a requirement of permit application submittal;

(h) Adopting development regulations which make housing types an outright permitted use in all zones where the housing type is permitted;

(i) Adopting a program to allow for outside professionals with appropriate professional licenses to certify components of applications consistent with their license; or

(j) Meeting with the applicant to attempt to resolve outstanding issues during the review process. The meeting must be scheduled within 14 days of a second request for corrections during permit

review. If the meeting cannot resolve the issue, a local government proceeds with a third request for additional information or corrections, the local government must approve or deny the application upon receiving the additional information or corrections.

(2)(a) After January 1, 2026, a county or city must adopt additional measures under subsection (1) of this section at the time of its next comprehensive plan update under RCW 36.70A.130 if it meets the following conditions:

(i) The county or city has adopted at least three project review and code provisions under subsection (1) of this section more than five years prior; and

(ii) The county or city is not meeting the permitting deadlines established in RCW 36.70B.080 at least half of the time over the period since its most recent comprehensive plan update under RCW 36.70A.130.

(b) A city or county that is required to adopt new measures under (a) of this subsection but fails to do so becomes subject to the provisions of RCW 36.70B.080(1)(1), notwithstanding RCW 36.70B.080(1)(1)(ii).

~~((2))~~ (3) Nothing in this chapter is intended or shall be construed to prevent a local government from requiring a preapplication conference or a public meeting by rule, ordinance, or resolution.

~~((3))~~ (4) Each local government shall adopt procedures to monitor and enforce permit decisions and conditions.

~~((4))~~ (5) Nothing in this chapter modifies any independent statutory authority for a government agency to appeal a project permit issued by a local government.

NEW SECTION. Sec. 9. A new section is added to chapter 36.70B RCW to read as follows:

(1) The department of commerce shall develop and provide technical assistance and guidance to counties and cities in setting fee structures under RCW 36.70B.160(1) to ensure that the fees are reasonable and sufficient to recover true costs. The guidance must include information on how to utilize growth factors or other measures to reflect cost increases over time.

(2) When providing technical assistance under subsection (1) of this section, the department of commerce must prioritize local

governments that have implemented at least three RCW 36.70B.160(1).

Sec. 10. RCW 36.70B.110 and 1997 c 429 s 48 and 1997 c 396 s 1 are each reenacted and amended to read as follows:

(1) Not later than April 1, 1996, a local government planning under RCW 36.70A.040 shall provide a notice of application to the public and the departments and agencies with jurisdiction as provided in this section. If a local government has made a threshold determination under chapter 43.21C RCW concurrently with the notice of application, the notice of application may be combined with the threshold determination and the scoping notice for a determination of significance. Nothing in this section prevents a determination of significance and scoping notice from being issued prior to the notice of application. Nothing in this section or this chapter prevents a lead agency, when it is a project proponent or is funding a project, from conducting its review under chapter 43.21C RCW or from allowing appeals of procedural determinations prior to submitting a project permit ((application)).

(2) The notice of application shall be provided within ((fourteen)) 14 days after the determination of completeness as provided in RCW 36.70B.070 and, except as limited by the provisions of subsection (4)(b) of this section, ((shall)) must include the following in whatever sequence or format the local government deems appropriate:

(a) The date of application, the date of the notice of completion for the application, and the date of the notice of application;

(b) A description of the proposed project action and a list of the project permits included in the application and, if applicable, a list of any studies requested under RCW 36.70B.070 ((or 36.70B.090));

(c) The identification of other permits not included in the application to the extent known by the local government;

(d) The identification of existing environmental documents that evaluate the proposed project, and, if not otherwise stated on the document providing the notice of application, such as a city land use bulletin, the location where the application and any studies can be reviewed;

(e) A statement of the public comment period, which shall be not less than fourteen nor more than thirty days following the date of notice of application, and statements of the right of any person to

1 comment on the application, receive notice of and ~~Page 138 of 156~~ ~~Page 138 of 156~~ in any
2 hearings, request a copy of the decision once made, and any appeal
3 rights. A local government may accept public comments at any time
4 prior to the closing of the record of an open record predecision
5 hearing, if any, or, if no open record predecision hearing is
6 provided, prior to the decision on the project permit;

7 (f) The date, time, place, and type of hearing, if applicable and
8 scheduled at the date of notice of the application;

9 (g) A statement of the preliminary determination, if one has been
10 made at the time of notice, of those development regulations that
11 will be used for project mitigation and of consistency as provided in
12 RCW 36.70B.030(2) and 36.70B.040; and

(h) Any other information determined appropriate by the local
government.

(3) If an open record predecision hearing is required for the
requested project permits, the notice of application shall be
provided at least fifteen days prior to the open record hearing.

(4) A local government shall use reasonable methods to give the
notice of application to the public and agencies with jurisdiction
and may use its existing notice procedures. A local government may
use different types of notice for different categories of project
permits or types of project actions. If a local government by
resolution or ordinance does not specify its method of public notice,
the local government shall use the methods provided for in (a) and
(b) of this subsection. Examples of reasonable methods to inform the
public are:

(a) Posting the property for site-specific proposals;

28 (b) Publishing notice, including at least the project location,
29 description, type of permit(s) required, comment period dates, and
30 location where the notice of application required by subsection (2)
31 of this section and the complete application may be reviewed, in the
32 newspaper of general circulation in the general area where the
33 proposal is located or in a local land use newsletter published by
34 the local government;

35 (c) Notifying public or private groups with known interest in a
36 certain proposal or in the type of proposal being considered;

37 (d) Notifying the news media;

38 (e) Placing notices in appropriate regional or neighborhood
39 newspapers or trade journals;

(f) Publishing notice in agency newsletters or agency mailing lists, either general lists or lists for specific proposals or subject areas; and

(g) Mailing to neighboring property owners.

(5) A notice of application shall not be required for project permits that are categorically exempt under chapter 43.21C RCW, unless an open record predecision hearing is required or an open record appeal hearing is allowed on the project permit decision.

(6) A local government shall integrate the permit procedures in this section with ~~((its))~~ environmental review under chapter 43.21C RCW as follows:

(a) Except for a threshold determination and except as otherwise expressly allowed in this section, the local government may not issue a decision or a recommendation on a project permit until the expiration of the public comment period on the notice of application.

(b) If an open record predecision hearing is required, the local government shall issue its threshold determination at least fifteen days prior to the open record predecision hearing.

(c) Comments shall be as specific as possible.

(d) A local government is not required to provide for administrative appeals of its threshold determination. If provided, an administrative appeal ~~((shall))~~ must be filed within fourteen days after notice that the determination has been made and is appealable. Except as otherwise expressly provided in this section, the appeal hearing on a threshold determination ~~((of nonsignificance shall))~~ must be consolidated with any open record hearing on the project permit.

(7) At the request of the applicant, a local government may combine any hearing on a project permit with any hearing that may be held by another local, state, regional, federal, or other agency, if:

(a) The hearing is held within the geographic boundary of the local government; and

(b) ~~((The joint hearing can be held within the time periods specified in RCW 36.70B.090 or the))~~ The applicant agrees to the schedule in the event that additional time is needed in order to combine the hearings. All agencies of the state of Washington, including municipal corporations and counties participating in a combined hearing, are hereby authorized to issue joint hearing notices and develop a joint format, select a mutually acceptable hearing body or officer, and take such other actions as may be

necessary to hold joint hearings consistent with their respective statutory obligations.

(8) All state and local agencies shall cooperate to the fullest extent possible with the local government in holding a joint hearing if requested to do so, as long as:

(a) The agency is not expressly prohibited by statute from doing so;

(b) Sufficient notice of the hearing is given to meet each of the agencies' adopted notice requirements as set forth in statute, ordinance, or rule; and

(c) The agency has received the necessary information about the proposed project from the applicant to hold its hearing at the same time as the local government hearing.

(9) A local government is not required to provide for administrative appeals. If provided, an administrative appeal of the project decision and of any environmental determination issued at the same time as the project decision, shall be filed within fourteen days after the notice of the decision or after other notice that the decision has been made and is appealable. The local government shall extend the appeal period for an additional seven days, if state or local rules adopted pursuant to chapter 43.21C RCW allow public comment on a determination of nonsignificance issued as part of the appealable project permit decision.

(10) The applicant for a project permit is deemed to be a participant in any comment period, open record hearing, or closed record appeal.

(11) Each local government planning under RCW 36.70A.040 shall adopt procedures for administrative interpretation of its development regulations.

NEW SECTION. **Sec. 11.** The department of commerce shall develop a template for counties and cities subject to the requirements in RCW 36.70B.080, which will be utilized for reporting data.

NEW SECTION. **Sec. 12.** The department of commerce shall develop a plan to provide local governments with appropriately trained staff to provide temporary support or hard to find expertise for timely processing of residential housing permit applications. The plan shall include consideration of how local governments can be provided with staff that have experience with providing substitute staff support or

1 that possess expertise in permitting policies and regulations in the
2 local government's geographic area or with jurisdictions of the local
3 government's size or population. The plan and a proposal for
4 implementation shall be presented to the legislature by December 1,
5 2023.

6 NEW SECTION. **Sec. 13.** Section 7 of this act takes effect
7 January 1, 2025.

Passed by the Senate April 17, 2023.

Passed by the House April 10, 2023.

Approved by the Governor May 8, 2023.

Filed in Office of Secretary of State May 10, 2023.

--- END ---

**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 24-0620**

**AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON,
AMENDING CHAPTERS 18.105, 19.10, AND 19.25 OF THE
KENMORE MUNICIPAL CODE TO COMPLY WITH THE LOCAL
PROJECT REVIEW ACT, CHAPTER 36.70B RCW, PURSUANT TO
SECOND SUBSTITUTE SENATE BILL 5290; PROVIDING FOR
SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE**

WHEREAS, the Washington State Legislature passed Senate Bill (SB) 5290 during the 2023 legislative session, amending the Local Project Review Act (Chapter 36.70B RCW) to streamline local land use decision-making processes and increase predictability in project reviews; and

WHEREAS, SB 5290 provides revised timelines for project permit decisions, promotes enhanced coordination between agencies, and aims to reduce delays in permitting to support economic development and housing production; and

WHEREAS, local jurisdictions are required to adopt and implement procedures consistent with SB 5290 to ensure compliance with state law and alignment with its objectives; and

WHEREAS, updating the Kenmore Municipal Code to reflect these statutory changes will improve efficiency, maintain transparency, and enhance public engagement in the land use review process; and

WHEREAS, the City finds it necessary to modify its existing project review procedures to comply with SB 5290, ensure consistency with state law, and promote the public interest ("Proposed Amendments"); and

WHEREAS, the Proposed Amendments are exempt from SEPA under WAC 197-11-800(19)(a)-(b) as relating solely to procedures that do not contain substantive standards respecting use or modification of the environment; and

WHEREAS, the City sent notice of the Proposed Amendments to the Washington State Department of Commerce pursuant to RCW 36.70A.106; and

WHEREAS, the City Council held a public hearing on December 2, 2024 and considered the comments and record relating to the Proposed Amendments; and

WHEREAS, the City Council desires to adopt the Proposed Amendments and finds that the Proposed Amendments meet the decision criterion of KMC 19.20.090(A) and (C), and are consistent with the 2023-2024 Council Priorities, and goals, objectives, and policies of the

1 of 3

Comprehensive Plan; and

WHEREAS, the City Council has been guided by the goals of the Growth Management Act (RCW 36.70A.020) when considering adoption of the Proposed Amendments; and

WHEREAS, the City Council wishes to document that it has selected three options from the measures identified in RCW 36.70B.160 in-lieu of partial fee refunds referenced in RCW 36.70B.080(1)(l)(i); and

WHEREAS, the City Council finds that adoption of the Proposed Amendments is in the best interests of the residents of Kenmore and will promote the public health, safety, and welfare of the City.

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

Section 1. Findings. The City Council adopts the recitals set forth above as findings in support of this Ordinance, which are incorporated by reference as if set forth in full.

Section 2. Amendment. The City Council amends Chapters 18.105, 19.10, and 18.25 of the Kenmore Municipal Code as set forth in Exhibit A, attached hereto and incorporated by reference as if set forth in full.

Section 3. Severability. If any provision of this Ordinance or its application to any person or circumstance is held invalid or unconstitutional by a court of competent jurisdiction, the remainder of the ordinance, or the application of the provision to other persons or circumstances, shall not be affected or affect the validity or constitutionality of any other section, sentence, clause, or phrase of this Ordinance.

Section 4. Effective Date. This Ordinance shall be published in the official newspaper of the City and shall take effect and be in full force January 1, 2025.

PASSED BY THE CITY COUNCIL AT A MEETING THEREOF ON THE 2ND DAY OF DECEMBER 2024.

CITY OF KENMORE

Nigel Herbig, Mayor

ATTEST/AUTHENTICATED:

Anastasiya Warhol, City Clerk

Approved as to form:

Dawn Reitan, City Attorney

FILED WITH THE CITY CLERK: 11/22/2024

PASSED BY THE CITY COUNCIL:

ORDINANCE NO.: 24-0620

DATE OF PUBLICATION:

EFFECTIVE DATE:

EXHIBIT A TO ORD.24-0620

I. Section 18.105.020 of the Kenmore Municipal Code is amended to read as follows:

18.105.020 Applicability.

A. An application for site plan review shall be submitted for the following *development proposals*:

1. *Development* on sites identified on the City's Site Plan Review Requirement Map as depicted in Figure 18.105.020.A.1;
2. *Development* on sites equal to or greater than three acres in size at the time of application in the PSP zone;
3. *Development* proposed for *classified uses* which are neither permitted, nor conditionally permitted, nor prohibited in the P, GC or PSP zones; or
4. *Development* on other sites as determined by the *city manager* after a preliminary review of the project's scope.

B. An application for site plan review may be submitted by an applicant for any *development proposal*.

C. A site plan review is separate from and does not replace other required land use permits. A site plan review may be combined and reviewed concurrently with other land use permits, however.

D. If required or requested under subsection A or B of this section, an applicant shall receive a site plan review prior to the issuance of building, mechanical, plumbing, electrical, clearing, grading, engineering, or other similar administrative permits.

E. Proposed expansion of existing *development* for sites described under subsection A of this section, with or without an approved site plan review, shall require a new site plan review when such changes are determined by the *city manager* to be a major modification. For purposes of this section, factors to be considered when determining whether an expansion is a major modification include but are not limited to relocation of access or parking, addition of a building, or incorporation of an additional lot.

F. An applicant may request a waiver of the site plan review requirement from the *city manager*. Such waiver shall be based on a preliminary review of the development proposal and a written finding that the proposal is consistent with the comprehensive plan and the requirements of this title, is minor in scope, and will have no adverse effects on neighboring properties or the City as a whole.

G. An application for site plan review is not required for interior alterations, provided that the interior alterations do not result in the following:

- 1. Additional sleeping quarters or bedrooms;**

2. Nonconformity with federal emergency management agency substantial improvement thresholds; or

3. Increase the total square footage or valuation of the structure thereby requiring upgraded fire access or fire suppression systems.

Nothing in this section exempts interior alterations from otherwise applicable codes (e.g., building, plumbing, mechanical, and electrical codes).

For purposes of this section, "interior alterations" include construction activities that do not modify the existing site layout or its current use and involve no exterior work adding to the building footprint.

II. Chapter 19.10 of the Kenmore Municipal Code is amended to add a new Section 19.10.107 Project Permit, to read as follows:

Chapter 19.10

DEFINITIONS

Sections:

19.10.003 Scope of chapter.

19.10.005 Applicant.

19.10.010 Area zoning.

19.10.030 City.

19.10.035 City manager.

19.10.040 Comprehensive plan.

19.10.050 Council.

19.10.060 Department.

19.10.070 Development regulations.

19.10.080 Docket.

19.10.085 Emergency amendment.

19.10.105 Hearing examiner.

19.10.107 Project permit

19.10.110 Reclassification.

19.10.120 Site-specific comprehensive plan land use map amendment.

19.10.130 Subarea plan.

19.10.107 Project Permit

“Project Permit” or “Project Permit Application” means any land use or environmental permit or license required by the *City* for a project action, including but not limited to subdivisions, binding site plans, planned unit developments, condition uses, shoreline substantial development permits, site plan review, permits or approvals required by critical areas ordinances, site-specific rezones which do not require a comprehensive plan amendment, but excluding the adoption or amendment of a comprehensive plan, subarea plan, or development regulations except as otherwise specifically identified in Section 36.70B.020 RCW.

* * *

III. Chapter 19.25 of the Kenmore Municipal Code is amended to read as follows:

Chapter 19.25

PROCEDURES FOR LAND USE DECISIONS, PUBLIC NOTICE, HEARINGS AND APPEALS

Sections:

19.25.010 Chapter purpose.

19.25.020 Classifications of land use decision processes.

19.25.030 Preapplication conferences.

19.25.040 Application requirements.

19.25.050 Determination of completeness.

19.25.055 Vesting.

19.25.060 Notice of application.

19.25.065 Public notice boards.

19.25.080 Applications – Modifications to proposal.

19.25.083 Application cancelled for inactivity.

19.25.085 Type 2 decisions.

19.25.090 Notice of decision.

19.25.092 Appeals.

19.25.095 Applications – Limitations on refile of applications.

19.25.100 Time Limits.

* * *

19.25.040 Application requirements.

A. The *department* shall not commence review of any application for a land use decision until the *applicant* has submitted the materials and fees specified for complete applications.

B. The *department* shall specify the application requirements for Type 1 and Type 5 land use decisions on forms provided to the public.

C. For Type 2, 3 and 4 land use decisions, the *applicant* shall file the following information with the *department*:

1. A complete permit application, with supporting affidavits, on forms provided by the *department*;
2. Information specified on the application checklist provided by the *department* for the requested decision(s); and
3. Any additional information or materials that the *department* specifies at the pre-application meeting or prior to submittal (e.g., direction provided to the *applicant* via email).

D. The *applicant* may file a single application form for all Type 2, 3 and 4 land use decisions requested for the development proposal at the time the application is filed.

E. A permit application is complete for purposes of this section when it meets the procedural submission requirements as outlined on the project permit application checklist and as otherwise described in this section. Additional information or studies may be required or project modifications may be undertaken subsequent to the procedural review of the application by the *department*. of the *department* and is sufficient for continued processing even though additional information may be required or project modifications may be undertaken subsequently. The determination of completeness shall not preclude the *department* from requesting additional information or studies either at the time of notice of completeness or subsequently if new or additional information is required or substantial changes in the proposed action occur, as determined by the *department*.

F. The *city manager* may waive any specific submittal requirements that are determined to be unnecessary for review of an application.

G. The *applicant* shall attest by written oath to the accuracy of all information submitted for an application. [Ord. 11-0329 § 3 (Exh. 1).]

19.25.050 Determination of completeness.

A. Within 28 calendar days following receipt of a land use permit application, the *department* shall mail or provide written notice to the *applicant* that the application is either complete or incomplete. If the application is incomplete, the notice shall state with specificity what is necessary to make the application complete. To the extent known by the *department*, the notice shall identify other agencies of local, State, regional or federal governments that may have jurisdiction over some aspects of the development proposal.

A. Within 28 calendar days following receipt of a permit application, the *department* shall provide a written determination to the *applicant*. To the extent known by the *department*, the notice shall identify other agencies of local, State, regional or federal governments that may have jurisdiction over some aspects of the development proposal. The written determination must state either:

1. That the application is complete; or
2. That the application is incomplete and that the procedural submission requirements of the *department* have not been met. The determination shall outline what is necessary to make the application procedurally complete.

B. An application shall be deemed complete under this section if the *department* does not provide written notice to the *applicant* that the application is incomplete within the 28-day period as provided herein.

B. A *project permit application* is complete for purposes of this section when it meets the procedural submission requirements of the *department*, as outlined on the *project permit application*. Additional information or studies may be required or project modifications may be undertaken subsequent to the procedural review of the application by the *department*. The determination of completeness shall not preclude the *department* from requesting additional information or studies either at the time of the notice of completeness or subsequently if new information is required or substantial changes in the proposed action occur. However, if the procedural submission requirements, as outlined on the *project permit application* have been provided, the need for additional information or studies may not preclude a completeness determination.

C. If the application is incomplete and the *applicant* submits the additional information requested by the *department*, the *department* shall notify the *applicant* in writing within 14 calendar days whether the application is complete or what additional information specified by the *department* as provided in subsection A of this section is necessary to make the application complete. An application shall be deemed complete if the *department* fails to provide written notice to the *applicant* within the 14-day period that the application is incomplete.

C. The determination of completeness may include or be combined with the following:

1. A preliminary determination of those development regulations that will be used for project mitigation;
2. A preliminary determination of consistency;
3. Other information the *department* chooses to include; or
4. The notice of application.

D. The *department's* determination of completeness as provided in subsection A or C of this section, or the failure of the *department* to provide such determination as provided in subsection B or C of this section, shall cause an application to be conclusively deemed to be complete and vested as provided in this chapter.

D. An application shall be deemed procedurally complete on the 29th calendar day after receiving a *project permit application* under this section if the *department* does not provide written determination to the *applicant* that the application is procedurally incomplete as provided herein. When the department does not provide a written determination, they may still seek additional information or studies.

E. If the application is incomplete and the *applicant* submits the additional information requested by the *department*, then within 14 calendar days of the submission of the additional information the *department* shall notify the applicant in writing whether the application is complete or what additional information specified by the *department* is necessary to make the application complete.

19.25.100 Permit issuance: Time limitations

A. Final decisions by the City on all permits and approvals subject to the procedures of this chapter shall be issued within 120 calendar days from the date the *applicant* is notified by the *department* pursuant to this chapter that the application is complete. The time periods established by this section shall only apply to project permit applications submitted to the city on or after January 1, 2025. The time periods for city action (e.g., land use decision) for each type of complete project permit application or project type should not exceed those specified in this section. Except those application types described in subsection F, the time periods for issuance of a final decision should not exceed the following time periods:

1. For project permits which do not require a notice of application (e.g., Type 1 land use applications identified in KMC 19.25.020), the *department* must issue a final decision within 100 calendar days of the determination of completeness.
2. For project permits which require a notice of application (e.g., Type 2 land use applications and Type 1 land use applications subject to SEPA identified in KMC 19.25.020), the *department* must issue a final decision within 170 calendar days of determination of completeness; and
3. For project permits which require a notice of application and a public hearing (e.g., Type 3 land use decisions identified in KMC 19.25.020), the *city* must issue a final decision within 170 calendar days of determination of completeness.

B. The time limits established in this section shall not apply if a proposed development:

1. Requires an amendment to the *comprehensive plan* or a *development regulation*;
2. Requires the siting of an essential public facility as provided for in RCW 36.70A.200; or
3. Is substantially revised by the *applicant*, when such revisions will result in a substantial change in a project's review requirements, as determined by the *department*, in which case the time period shall start from the date at which the revised project application is determined to be complete.

B. For the consolidated review of more than one permit, the time period for a final decision shall be the longest of the permit time periods identified in this section.

C. The number of days an application is in review with the city shall be calculated from the day completeness is determined to the date a final decision is issued on the project permit application. The number of days shall be calculated by counting every calendar day and excluding this 120-day the following time periods:

1. Any period between the day that the *department* has notified the applicant, in writing, that additional information is required to further process the application and the day when responsive information is resubmitted by the applicant.

24. Any period of time during which the *applicant* has been requested by the *department* or *hearing examiner* to correct plans, perform required studies or provide additional information, including **but not limited to** street variances and adjustments required under Chapter [13.35](#) KMC. The period shall be calculated from the date of notice to the applicant of the need for additional information until the earlier of the date the *City* advises the *applicant* that the additional information satisfies the *City's* request, or 14 calendar days after the date the information has been provided. If the *City* determines that the correction, study or other information submitted by the *applicant* is insufficient, it shall notify the *applicant* of the deficiencies and the procedures of this section shall apply as if a new request for information had been made.

a. The *department* shall set a reasonable deadline for the submittal of corrections, studies or other information when requested, and shall provide written notification to the *applicant*. An extension of such deadline may be granted upon submittal by an *applicant* of a written request providing satisfactory justification of an extension.

b. Failure by the *applicant* to meet such deadline shall be cause for the *department* to cancel/deny the application.

c. When granting a request for a deadline extension, the *department* shall give consideration to the number of days between receipt by the *department* of a written request for a deadline extension and the mailing to the *applicant* of the *department's* decision regarding that request.

32. The period of time, as set forth in KMC [19.35.090](#), during which an environmental impact statement is being prepared following a determination of significance pursuant to Chapter [43.21C](#) RCW.

43. Any period after an administrative appeal is filed until the administrative appeal is resolved and any additional time period provided by the administrative appeal has expired. A of no more than 90 calendar days for an open record a pending or active appeal hearing by the hearing examiner on a Type 2 land use decision.

54. Any period of time during which an *applicant* fails to post the property, if required by this chapter, following the date notice is required until an affidavit of posting is provided to the *department* by the *applicant*.

65. Any time extension mutually agreed upon by the *applicant* and the *department*.

76. Any period after an applicant informs the *department*, in writing, that they would like to temporarily suspend review of the project permit application until the time that the applicant notifies the *department*, in writing, that they would like to resume the application. The department may set conditions for the temporary suspension of a permit application.

D. The time periods for the *department* to process a permit shall start over if an *applicant* proposes a change in use that adds or removes commercial or residential elements from the original application that would make the application fail to meet the determination of procedural completeness for the new use, as required by the *department*.

E. If, at any time, an *applicant* informs the *department*, in writing, that the *applicant* would like to temporarily suspend the review of the project for more than 60 days, or if an *applicant* is not responsive for more than 60 consecutive days after the *department* has notified the applicant, in writing, that additional information is required to further process the application, an additional 30 days may be added to the time periods for action to issue a final decision for each type of project permit that is subject to this chapter. Any written notice from the *department* to the *applicant* that additional information is required to further process the application must include a notice that nonresponsiveness for 60 consecutive days may result in 30 days being added to the time for review.

For the purposes of this subsection, "nonresponsiveness" means that an applicant is not making demonstrable progress on providing additional requested information to the *department*, or that there is no ongoing communication from the applicant to the *department* on the applicant's ability or willingness to provide the additional information.

F. The time limits established in subsection A(1)-(3) shall not apply to:

1. Applications which require an amendment to the *comprehensive plan* or a *development regulation*;
2. Applications which require the siting of an essential public facility as provided for in RCW 36.70A.200;
3. Applications which are substantially revised by the *applicant*, when such revisions will result in a substantial change in a project's review requirements, as determined by the *department*, in which case the time period shall start from the date at which the revised project application is determined to be complete;
4. Annual amendments to the comprehensive plan

The City has determined that the following application types include special circumstances that warrant a review process or time periods for approval which are different from that provided in RCW 36.70B.060 through 36.70B.090 and 36.70B.110 through 36.70B.130. The time limits established in said statutes and subsection A(1)-(3) shall not apply to:

5. Landmark designations;
6. Street vacations;
7. Other approvals relating to the use of public areas or facilities;
8. Other project permits, whether administrative or quasi-judicial, including but not limited to any Type 4 and 5 land use decisions;
9. Boundary line adjustments;
10. Building and other construction permits, or similar administrative approvals, categorically exempt from environmental review under KMC 19.35.060, or for which environmental review has been completed in connection with other project permits; and
11. Development agreements under Chap. 18.110 KMC.

G **E**. If the *department* is unable to issue its final decision within the time limits established by this section, it shall provide written notice of this fact to the project *applicant*. The notice shall include a statement of reasons why the time limits have not been met and an estimated date for issuance of the notice of final decision.

H. Partial permit fee refunds described in RCW 36.70B.080(1)(l)(i) are not applicable since the *city* has implemented at least three of the options set forth in RCW 36.70B.160.

SB 5290

Ordinance no. 24-0620



CITY OF KENMORE
DEVELOPMENT SERVICES

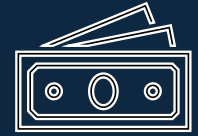


Summary

SB 5290 amends the Local Project Review Act, Chapter 36.70B RCW, with the purpose of **increasing the timeliness and predictability of local project review**. SB 5290 includes:

- Updated local **permit review timelines**;
- Clarifications regarding the **determination of completeness** process;
- New exemption from site plan review for certain interior projects that contain no exterior alterations;
- Updated **annual reporting requirements** related to permit issuance; and
- Provisions requiring **partial permit fee refunds** for failure to timely process permit applications.

Annual Reports & Potential Refunds



- **Modifies annual reporting requirements** and requires a **partial refund** (10-20% of the permit fee) if review times are not met

- Local governments **can be protected from fee refund requirements** by (1) achieving the review time periods, or (2) by making **continuous effort** toward that goal

Review Times



The new time limits generally apply to Type 2, 3, and 4 land use decisions and Type 1 decisions subject to SEPA

Certain projects are exempt from these time requirements, per RCW 36.70B.140.

For project permit applications submitted on or after January 1, 2025, the Legislature amended RCW 36.70B.080(1), which identified a universal 120-day time period for review of a project permit application **to sliding scale deadlines**

Type	Current Deadline to Issue a Decision
(1) Projects that do not require public notice	120 calendar days
(2) Projects that require public notice	
(3) Projects that require public notice and a public hearing	

Current Review Times



Type	Land Use Decision	Current Average Review Times
(1) Projects that do not require public notice	Home occupation	14 calendar days
	Boundary line adjustment	109 calendar days
	Shoreline exemption	70 calendar days
	Tree removal permit (significant trees only)	43 calendar days

Proposed



- Establish new time periods based on SB 5290 requirements (see table)
- Implement at least 3 of the 10 options described in RCW 36.70B.160(1) by January 1
- Adopt timeline exemptions allowed under 36.70B RCW
- Outsource or contract overflow reviews in times of peak permit volumes
- Continue to work on department-wide efficiency improvements
- At the end of the 2025, review the timelines and determine if resources allow for a reduced review timeline

Type	New Deadline to Issue a Decision
(1) Projects that do not require public notice	100 calendar days
(2) Projects that require public notice	170 calendar days
(3) Projects that require public notice and a public hearing	170 calendar days

Next Steps



Public hearing

- Motion to adopt Ordinance No. 24-0620 pursuant to SB 5290 which amends the Local Project Review Act, Chapter 36.70B RCW.

Thank you

Kenmore Development Services



City Council Agenda Bill City of Kenmore, WA

Subject/Topic:

Temporary Use Permit No. TMP25-0495

Public hearing, Discussion, and Action to allow "Construction and Trade" as a temporary use for the Interim Public Works Shop for a one-year period for a property located at 6532 NE Bothell Way which is owned by the City of Kenmore and zoned Downtown Commercial, subject to conditions.

Proposed Council Action/Motion:

Motion to allow "Construction and Trade" as a temporary use for the Interim Public Works Shop for a one-year period at real property located at 6532 NE Bothell Way, Kenmore, Washington, which is owned by the City of Kenmore and zoned Downtown Commercial, subject to conditions.

For Council Meeting Agenda of: 12/02/2024

Department: Development Services

Prepared by: Samantha Loyuk, Development Services Director

Approved by Department Head:

Approved by City Attorney:

Approved by Finance Director:

Approved by City Manager:

Initial & Date

SL 11/14/24

N/A

MM 11/15/24

RK 11/19/24

Attachments/Exhibits:

1. Project Narrative
2. Renewal Application
3. Site Plan
4. Site Photo

Summary:

Staff recommend the approval of temporary use permit no. TMP25-0495 to allow the interim temporary public works shop/yard, a construction and trade use, to continue throughout 2025. The project meets the decisional criteria established in Kenmore Municipal Code (KMC) Section 18.100.125.A-C, which requires that the temporary use: i) will not be materially detrimental to the public welfare; ii) is compatible with existing land uses in the immediate vicinity in terms of noise and hours of operation; and iii) provides adequate parking. Development Services recommends the following conditions for the temporary use permit:

- The existing black chain link fence with privacy screening shall remain for the duration of the use;
- The landscaping installed along the perimeter of the property fronting NE Bothell Way and 67th Ave NE shall remain in good condition for the duration of the use; and
- The one-year renewal will be valid from January 1, 2025 to December 31, 2025.

Kenmore City Council ("Council") can take action on the temporary use permit renewal following a public hearing.

Information/Background:

On January 1, 2019, the City of Kenmore ("City") began providing in-house public works services. Since then, the City has been searching for a permanent location for a Public Works Shop. The Zoning Code – Title 18 KMC, defines this use as "Construction and Trade" (KMC 18.20.590). In 2018, a city-owned property located at 6532 NE Bothell Way ("subject property") was identified as a possible temporary location for the Public Works Shop. The subject property is zoned Downtown Commercial (DC) and has access from 67th Avenue NE; no environmentally critical areas or buffers are mapped or known of on site. According to KMC 18.25.020, "Construction and Trade" uses are prohibited in the DC zone. However, the use is allowed on a temporary basis through a Temporary Use Permit (KMC 18.100.100). Temporary Use Permits are a mechanism by which the City may permit a use otherwise not permitted. Temporary Use Permits that exceed 90-days require a public hearing and Council approval for up to one year; a temporary use permit may be renewed for additional periods in one-year increments at Council's discretion, following a public hearing.

On November 13, 2018, the subject property was approved by Council to temporarily locate the Public Works Shop at the subject property for a period of one year (January 1, 2019 to January 2, 2020). As the search for a permanent location continued, the temporary use was approved by City Council for additional years; each approved in one-year increments (2020 – 2024).

In late 2021, the City purchased a property for the permanent location of a Public Works Shop. The Public Works Operations Division ("Public Works") is currently working on permitting applications for the new building; the permanent location will not be ready until 2026 (estimate). The current temporary use permit expires on December 31, 2024. Public Works has requested an additional one-year renewal of the temporary use permit.

Fiscal Consideration:

Keeping the public works shop in this temporary location presents no additional financial obligation beyond what has already been considered.

City Council Priority or Budget Objective Being Addressed:

2025-2026 Preamble: The City's top priority will always be fulfilling its core mission, which includes City governance, *ensuring public safety*, [and] *maintaining the City's infrastructure...* (emphasis added)

TEMPORARY USE PROJECT NARRATIVE

Prepared by the Applicant

December 2024

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 currently used as an interim public works and parks maintenance and operation site. The entire property is needed to accommodate the interim use for the City. Public Works operation and maintenance uses are prohibited on this property by the Zoning code. To accommodate the temporary use, Council has approved several one-year temporary use exceptions.

While a permanent location has been purchased for the public works shop, the temporary use will need to continue until the new site is ready. Based on the current status of the project they City does not anticipate moving to the permanent location until the end of 2026. The requested 1-year temporary use will likely need to be extended for an additional year beyond 2025.

FENCING

The City previously installed a 6-foot-high black chain link fence with privacy screening. This has been maintained and continues to provide screening and a secure site for city vehicles, equipment, and staff.

LANDSCAPING

The City previously installed a 5-foot-wide strip of Type II landscaping along the SR 522 frontage. This has been maintained and acts a visual separator between the property and the public (SR 522).

NOISE/PARKING AND LAND USE

The temporary use is not (and has not been) materially detrimental to the public welfare. In addition to the property on SR 522, the back side of the Post Office building at 6700 NE 181st St (another city-owned building) is used for indoor storage and office space for maintenance workers. Noise and parking associated with the temporary public works shop has been minimal and compatible with surrounding uses.

104**CITY OF KENMORE, WA**
PERMIT RENEWAL OR EXTENSION APPLICATION

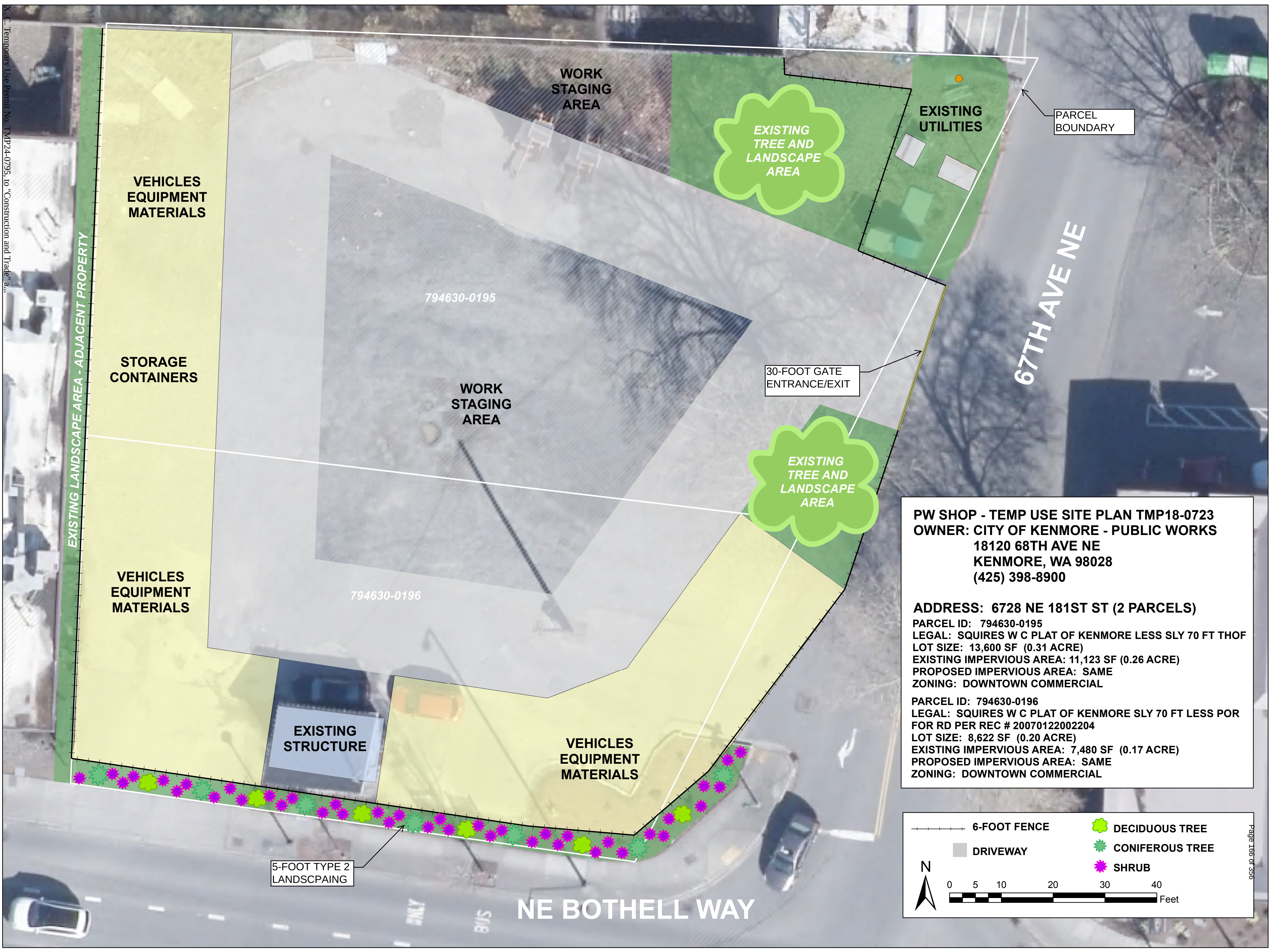
Page 165 of 356

18120 68th Ave NE, Kenmore, WA 98028

425-398-8900

www.kenmorewa.gov

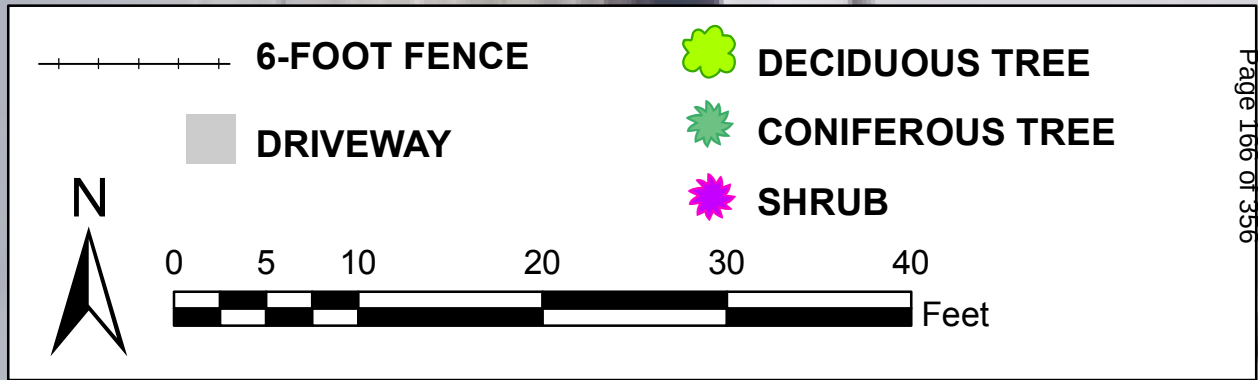
Please renew/extend permit #: <u>TMP25-0495 (PRJ18-0147)</u>		Permit #: TMP25-0495
Issue date of original permit: <u>Approx. 2018</u>		STAFF USE AREA Received 11/14/2024 Date stamp
Project Name: <u>Interim Public Works Shop</u>		
Property Address: <u>6532 NE Bothell Way, Kenmore, WA 98028</u> <u>Parcel no. 794630-0195 & 794630-0196</u>		
Work Started? N ☐ , Y ☐ → What Stage: <u>Temporary use is ongoing</u>		
Requesting a Final inspection only ☐		
If work has not started, reason for delay: <u>N/A</u>		
Applicant: <u>City of Kenmore, Jennifer Gordon PW Ops Dir.</u>	Phone: <u>425-398-8900</u>	
Address: <u>18120 68th Ave NE</u>	City, Zip, St: <u>Kenmore, WA 98028</u>	
e-mail address: <u>jgordon@kenmorewa.gov</u>	Fax: _____	
Signature: _____	Date: _____	
<i>I understand that this does not constitute a permit and there are associated fees with this request</i>		
Please update the following information if there have been any changes:		
Property Owner: <u>CITY OF KENMORE</u>	Phone: <u>425-398-8900</u>	
Address: <u>18120 68th AVE NE</u>	City, Zip, St: <u>Kenmore, WA 98028</u>	
e-mail address: _____	Fax: _____	
Contractor's Company Name: <u>N/A</u>	Phone: _____	
Address: _____	City, Zip: _____	
e-mail address: _____	Fax: _____	
Contractor's Lic. #: _____	Expiration Date: _____	State UBI#: _____
Contact Person: <u>Jennifer Gordon, PW Operations Dir.</u>	Phone: _____	
Address: <u>same as above</u>	City, Zip: _____	
e-mail address: <u>jgordon@kenmorewa.gov</u>	Fax: _____	



PW SHOP - TEMP USE SITE PLAN TMP18-0723
OWNER: CITY OF KENMORE - PUBLIC WORKS
18120 68TH AVE NE
KENMORE, WA 98028
(425) 398-8900

ADDRESS: 6728 NE 181ST ST (2 PARCELS)
PARCEL ID: 794630-0195
LEGAL: SQUIRES W C PLAT OF KENMORE LESS SLY 70 FT THOF
LOT SIZE: 13,600 SF (0.31 ACRE)
EXISTING IMPERVIOUS AREA: 11,123 SF (0.26 ACRE)
PROPOSED IMPERVIOUS AREA: SAME
ZONING: DOWNTOWN COMMERCIAL

PARCEL ID: 794630-0196
LEGAL: SQUIRES W C PLAT OF KENMORE SLY 70 FT LESS POR
FOR RD PER REC # 20070122002204
LOT SIZE: 8,622 SF (0.20 ACRE)
EXISTING IMPERVIOUS AREA: 7,480 SF (0.17 ACRE)
PROPOSED IMPERVIOUS AREA: SAME
ZONING: DOWNTOWN COMMERCIAL







City Council Agenda Bill City of Kenmore, WA

Subject/Topic: City of Kenmore Picnic Shelter Rental Policy for discussion and direction. Proposed Council Action/Motion: No final action, discussion and direction from Council requested.	For Council Meeting Agenda of: 12/02/2024 Department: Public Works Operations Prepared by: Jennifer Gordon, Public Works Operations Director Maurita Colburn, Recreation Program Supervisor <table><thead><tr><th></th><th><u>Initial & Date</u></th></tr></thead><tbody><tr><td>Approved by Department Head:</td><td>JG 11/19/24</td></tr><tr><td>Approved by City Attorney:</td><td>DR 11/22/24</td></tr><tr><td>Approved by Finance Director:</td><td>MM 11/22/24</td></tr><tr><td>Approved by City Manager:</td><td>RK 11/22/24</td></tr></tbody></table> Attachments/Exhibits: Draft City of Kenmore Picnic Shelter Rental Policies		<u>Initial & Date</u>	Approved by Department Head:	JG 11/19/24	Approved by City Attorney:	DR 11/22/24	Approved by Finance Director:	MM 11/22/24	Approved by City Manager:	RK 11/22/24
	<u>Initial & Date</u>										
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Approved by City Attorney:	DR 11/22/24										
Approved by Finance Director:	MM 11/22/24										
Approved by City Manager:	RK 11/22/24										
Summary: Staff has drafted the attached City of Kenmore Picnic Shelter Rental Policies for Council's review and discussion. After receiving feedback on the draft policy, staff will return in January for formal adoption.											
Information/Background: Up until recent years the City of Kenmore owned just one picnic shelter located at Rhododendron Park. As part of the lease agreement with the Northshore Senior Center for use of the Rhododendron Park Building, the Kenmore Senior Center has been responsible for managing picnic shelter reservations to the community. This included retaining all rental revenues from the picnic shelter to help offset program and facility operations. As part of recent park capital improvements, additional park picnic shelters have been added at three Kenmore parks; Moorlands, Log Boom, and Łaŕwadis. It has been our intent to develop a picnic shelter rental policy to include all Kenmore park locations, including the Rhododendron Park picnic shelter managed by the Kenmore Senior Center. Rental Fee Information Working with Kenmore Senior Center staff, the City determined the revenue generated by the Rhododendron Park picnic shelter rentals was averaging \$12,000 annually. As such the City plans to											

continue to provide an annual payment of \$12,000 to the Kenmore Senior Center funded by future rental revenues.

The Rhododendron Park picnic shelter fees have been set by the Kenmore Senior Center and they were added to the City's 2018 fee schedule. The Kenmore Senior Center most recently raised the rental fees in 2019, but they have remained the same since. The only change in the 2025 fee schedule was to apply the fee to all Kenmore picnic shelters.

2018 Rental Rates

Resident Half Day Rental	\$60
Resident Full Day Rental	\$120
Non-Resident Half Day Rental	\$80
Non-Resident Full Day Rental	\$160

2019 – 2025 Rental Rates

Resident Half Day Rental	\$75
Resident Full Day Rental	\$150
Non-Resident Half Day Rental	\$100
Non-Resident Full Day Rental	\$200

Comparable City Fees

Bothell	\$150-\$630
Edmonds	\$60-\$200
Kirkland	\$40-\$360
Mercer Island	\$175-\$300

There has been some discussion by the City Council about the possibility of a fee waiver or fee reduction for picnic shelter applicants who are low income. Staff has incorporated language within the policy under "Fees" to refer to the annual fee schedule for fee waiver or fee reduction eligibility requirements. Keeping specific fees out of the policy and referring to the fee schedule is a much more efficient way to maintain consistency so specific fees do not get lost within the policy document. Staff proposes bringing a fee schedule amendment for low-income fee waiver/reduction eligibility requirements back to the Council for adoption in January 2025 along with the formal adoption of the City of Kenmore Picnic Shelter Rental Policies by resolution.

Fiscal Consideration:

n/a

City Council Priority or Budget Objective Being Addressed:

The City's top priority will always be fulfilling its core mission, which includes City governance, ensuring public safety, maintaining the City's infrastructure, complying with state and federal mandates, and safeguarding the City's finances. In addition, achieving the City's 20-year vision as described in the Comprehensive Plan is of high importance.

7. Broaden community engagement and foster fun.

9. Explore opportunities to expand Parks and Recreation.

City of Kenmore Picnic Shelter Rental Policy

Designation and Purpose

The City of Kenmore maintains 8 parks and over 93 acres of parkland. Each of these unique parks provides an array of amenities; from waterfront access and activities, to skateparks and playgrounds, to boardwalks and unique works of art. The City of Kenmore is dedicated to promoting healthy living, providing recreation opportunities for children and adults, and keeping our community connected to the natural environment.

Picnic shelters are available at several Kenmore parks. Picnic shelters offer the community a gathering place in city parks. The purpose of the following policies is to establish rules for the community use of the picnic shelters.

Locations

Picnic Shelters are located at the following parks in Kenmore:

Log Boom Park
Rhododendron Park
Łaŕwadis (Tl' awh-ah-dees) Park
Moorlands Park

Reserved Area & Site Amenities

Each site offers a furnished covered picnic area, charcoal barbeques, power, and access to park restrooms, all included with each rental. For more detailed information about specific onsite amenities please visit the City's online [park directory](#). Rental activities must be contained within the picnic shelter and barbeque areas. All other areas in the park (beaches, shorelines, trails, play structures, docks, park amenities, walkways and paths, etc.) will remain open and available to the general public. A larger area may be available but may also require obtaining a Special Event permit.

Availability

City events or co-sponsored activities will have priority over other group or individual users.

Picnic shelters are offered in block rental periods including half day (9am to 2pm or 3pm to 9pm) and full day (9am to 9pm). Rental periods must include all activities associated with rental; setup, cleanup, deliveries and/or pickup of any equipment. There may be multiple events on the same day, so arriving and departing on time is important.

Picnic shelters are available to rent daily February through October except for the following observed holidays:

Memorial Day
Juneteenth
Independence Day
Labor Day

Rental Capacity

Each picnic shelter may be reserved for a party of up to 75 people.

Residents and Non-Resident Users

Kenmore residents may reserve a picnic shelter at the resident rate (deposit and/or cleaning fee may apply). To ensure the policies are being followed, the City may limit or suspend rental(s) for persons or organizations that violate these policies. Kenmore Residents may pay the resident rate if the main contact person is a current resident of Kenmore.

Fees

Rental rates are broken up into resident and non-resident rates. Applicant shall have a Kenmore address to qualify for the resident rate. Rental fees are included in the annual fee schedule adopted by City Council. Please refer to the City's annual fee schedule for current rental rates and eligibility requirements for fee waivers or fee reductions.

Food and Beverages

No alcohol is allowed on the premises.

Personal gas/propane barbeques with a drip pan may be brought in for use. Personal charcoal operated barbecues are not allowed. Place personal barbecue(s) in a location to prevent smoke damage to the structure and safe for your guests and other park visitors. Onsite grills are charcoal only; renter is responsible for bringing their own charcoal. Since the grills are open to the public, the City does not guarantee their cleanliness, it is the responsibility of the renter to clean onsite grills.

Parking

Parking is not reserved and is available first-come, first serve for all park users in designated parking areas only. On-site parking rules and parking laws apply. Parking may not be reserved or blocked off.

Renters shall be responsible for their own equipment. Any rented or brought onsite additional equipment or supplies is to be disclosed on the application for pre-approval.

Power

A single standard power receptacle is available at each picnic shelter location. If additional power is desired, the use and description of a renter provided generator must be disclosed on the rental application and receive preapproval. Certain size generators

may require a permit. The use of a generator without a permit, if applicable, is not allowed. The City does not provide rentals.

Garbage

Garbage must be contained to on-site garbage receptacles. Additional garbage or items too large to fit into onsite receptacles should be removed and appropriately disposed of by the renter at the end of the reservation period.

Reservation Arrangements & Requirements

1. Reservations can be made up to six months in advance and a minimum of 14 calendar days.
2. Renters must be 18 years of age or older and must sign the City's Picnic Shelter Rental Application and Agreement.
3. Applicant must be present for the entire duration of the rental.
4. Groups composed of minors shall always be supervised by a sufficient number of adults (18 years of age or older) while using City facilities.
5. The Applicant is considered to be the responsible party in case of damage, theft, or disturbance during use of City facilities.
6. All rentals are for private, by invitation only parties, not open to the public.
7. All renters shall be responsible for obtaining and maintaining, at no cost to the City, all licenses, permits, and other authorizations required to conduct rental activities. Food trucks may be permissible, but only with City approval and may additionally require a Special Event Permit.
8. Renter shall be responsible for restoring the picnic shelter to the condition it was in prior to rental. All garbage/recycling shall be deposited in the appropriate container, and all food and beverages shall be removed from the premises.
9. The Renter is the responsible party in case of damage, theft, or disturbance during use of the picnic shelter.

Cancellation and Refunds

The City may cancel a reservation at any time due to an emergency, severe weather or situations that may result in facility damage or personal injury. The City Manager or designee can also cancel a reservation if picnic shelter is needed for a city sponsored event. In such instances a full refund will be provided.

No refunds will be provided due to weather conditions. Cancellations must be made by email to reservations@kenmorewa.gov . Cancellations 60+ days in advance will receive 75% refund. Cancellations 30-59 days in advance will receive 50% refund. Cancellations 0-29 days in advance will receive no refund. Refunds will be credited with the original form of payment.

Long-Term Ongoing Rentals

Rentals that book multiple dates at a consistent day and time require approval by the City Manager or designee, and in most cases requests for an ongoing rental will be approved for no more than three months at a time.

Picnic shelters may not be rented more than once a month by the same applicant unless the applicant is working directly with the City via a Special Event permit or other agreement.

Indemnification

An Applicant must sign the City of Kenmore's Picnic Shelter Rental Application and Agreement. Applicant agrees to indemnify, defend, and hold the City, its elected officials, officers, employees, agents and volunteers harmless from any and all claims, demands, losses, action and liabilities, including costs or attorneys' fees, to or by any and all persons or entities, including, without limitation, their respective agents, licensees, or representatives, arising from, resulting from or connected in any way with the rental of a park picnic shelter by the Applicant and attendees of the activity, and/or by the Applicant's or attendees' breach of the rental policies or rental agreement. The City is not responsible for injuries, or lost, stolen or damaged items.

Liability Insurance Coverage

Liability insurance naming the City of Kenmore as an additional insured may be required as deemed necessary by the City Manager or designee. Applicants required to obtain insurance shall provide proof of commercial general liability insurance in the amount of \$1,000,000 combined, single limit per occurrence. Such insurance shall be primary over any coverage held by the City and shall name the City as an additional insured. Two weeks prior to the facility rental date, the applicant shall submit a copy of the insurance policy declaration page to the City as evidence of acceptable insurance coverage. The certificate of insurance shall include the following items: location of activity; type of activity; separate endorsement sheet; date(s) of coverage.

Amplified Sound

Noise levels must comply with Kenmore Municipal Code 8.05 Noise. Sound shall not be audible at a distance greater than 75 feet from the source. Amplified sound must cease by 9:00 p.m. Please be respectful of residential neighbors, businesses and other park users. Speakers must face inward, towards the event, not outward towards open park area or neighbors.

Decorations & Signs

Decorations or signs can be hung using non-damaging, paint safe tape only. All decorations, signage, banners, tape, strings, supplies and equipment are to be removed

by the end of the rental period. No décor/signage may be attached or displayed outside of the rental area.

Deliveries

Applicants must get pre-approval to schedule deliveries for their rental period. The Applicant must be present to accept or sign for any deliveries related to the event, and the delivery/pick up time will be considered part of the rental period. No onsite storage space is available before or after the rental period.

City Codes and General Use Policies

All City of Kenmore codes and ordinances are in effect and enforced during the use of City of Kenmore facilities. Regulations governing sound, vehicle access, etc. apply per the [City of Kenmore Municipal Code](#). The renter agrees to comply with all local, state and federal non-discrimination laws, regulations and policies while renting a city facility.

The following activities are not allowed by drop-in park users or private party rentals:

- Inflatables/bouncy houses, hamster balls, bubble soccer, dunk tanks, pony rides, petting zoos, trackless trains, laser tag, foam parties, all other high-risk activities.
- Events advertised on social media, by flyer, etc.
- Events open to the public.
- Solicitations and advertising.
- Business use and/or selling of merchandise/services.
- Alcohol service and/or consumption.
- Fireworks.
- Amplified sound audibles 75 feet beyond its origin.
- Motorized vehicles on turf, grass, or sidewalks
- Digging and/or driving stakes into the ground
- Confetti, glitter, and paint.

City or Park staff may or may not be onsite during your rental.

If you have an emergency, please call 911.

To report a nonemergency issue please use the [Report a Concern Online Form](#) on the City's website.

No Election/Campaign Activity In Violation of Law: City of Kenmore facilities may not be used for campaign purposes in violation of RCW 42.17A.555, WAC 390-05-271 and WAC 390-05-273.

No Endorsement: Receiving permission to use City facilities does not constitute an endorsement of a group's philosophies, policies, or beliefs.

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

City Can Add Restrictions/Requirements: The City is authorized to add requirements and/or restrictions as deemed necessary, depending on the event. The City will identify the required additional requirements and/or restrictions in writing five (5) business days in advance of the event (or prior to the Applicant's final payment securing the reservation) and the Applicant's signature agreeing to the additional conditions will be required. The City can deny rental requests due to staff or facility availability, incompatibility of the rental request with the City facilities, or other reasons. All requests are subject to the approval of the City Manager or designee. The City reserves the right to terminate an event if risks to safety or property exist or if users are violating facility use policies or other laws.

Policy Interpretation: The City Manager or designee shall make any necessary interpretations of these policies.



City of Kenmore, Washington

Memorandum

Date: November 22, 2024
 To: City Council
 From: Rob Karlinsey, City Manager
 Regarding: Public Works Operations Center Bond Issue Update

Purpose: Provide a status update on the Public Works Operations Center Bond Issue.

Background:

On December 4, 2023, the City Council adopted Ordinance No. 23-0599 providing for the delegation of authority to the City Manager to issue bonds for the Public Works Operations Center. City staff have been working with DA Davidson and Pacifica Law Group to proceed with issuing the bonds. This work included creating a Preliminary Official Statement for the bond issuance as well as obtaining a credit rating for the bonds with Standard & Poor's (attached to this memo).

On November 26, the bond issuance will be ready to take to the market, at which time the bonds will be priced based on the day's interest rates. Banks and other investors will place orders to purchase the bonds, and the final closing of the transaction will take place on December 10, 2024.

This bond issuance will be within the parameters of Ordinance No. 23-0599, including the total principal amount (less than \$12.8 million), term (20 years), and borrowing cost (True Interest Cost less than 6.5%).

As a reminder, the \$22.5 million cost of the Public Works Operations Center is being funded by three separate debt instruments, two of which were issued in 2021 and 2022, also with terms of 20 years. (For more details on these loans, see the 12/4/2023 Agenda Bill, attached to this memo). The third and final debt instrument is the subject of this memo—the remaining \$12.575 million to be issued. The principal amount is expected to be around \$11.5 million (subject to market conditions on the day of the offering), but because all bonds are sold at a "premium," the bond proceeds deposited in the City's Project Fund will be \$12.575 million.

Last year we estimated that the total debt service for all three of the debt instruments would be about \$1.8 million per year, half of which to be funded by Real Estate Excise Tax and the other half to be funded by Surface Water Utility revenue. Given today's interest

rates, the total annual debt service is expected to be a bit less than \$1.8 million—possibly \$1.65 million. The final debt service amount will be known after the day the bonds will be taken to the market, which is November 26.

The bond proceeds will be delivered to the City on the December 10th closing date. We expect to go out for bid on the project in the second quarter of 2025 and be under construction soon thereafter. Estimated completion of the Public Works Operations Center project is expected in late 2026.

At the December 2 meeting, Dave Trageser of DA Davidson will give a recap of what happened when the bonds were offered on November 26, including where we landed with the final interest rate and annual debt service on the bonds. Deanna Gregory of Pacifica Law Group will also be on hand to answer questions.

Attachments to this Memo:

1. Preliminary Official Statement
2. S&P Credit Rating Letter
3. S&P Credit Rating Report
4. December 4, 2023 Agenda Bill, Ordinance No. 23-0599 ([signed available online](#)), and slide deck presentation

**NEW ISSUE – BOOK-ENTRY ONLY
NOT BANK QUALIFIED**

S&P RATING: AAA
See “ADDITIONAL INFORMATION—Rating”

In the opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel, under existing law and subject to certain qualifications described herein, the interest on the Bonds is excludable from gross income for federal income tax purposes. In addition, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds may affect the federal alternative minimum tax applicable to certain corporations. See “LEGAL AND TAX INFORMATION—Tax Matters.”



**CITY OF KENMORE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION BONDS, 2024
\$11,400,000***

DATED: Delivery Date (defined below)

DUE: December 1, as shown on inside cover

The City of Kenmore, Washington (the “City”) is issuing its Limited Tax General Obligation Bonds, 2024 (the “Bonds”) as fully-registered securities, in denominations of \$5,000 or integral multiples thereof within a maturity. The Depository Trust Company, New York, New York (“DTC”) will act as initial securities depository for the Bonds, with the Bonds registered in the name of Cede & Co. as DTC’s nominee. Under DTC’s book-entry-only transfer system, purchasers (“Beneficial Owners”) will purchase Bonds through DTC’s broker-dealer participants, which will receive a credit in DTC’s records. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds. See “THE BONDS” and Appendix D—“DTC’s Book-Entry System.” The fiscal agent of the State of Washington (the “State”), currently U.S. Bank Trust Company, National Association, will act as the registrar, authenticating agent, transfer agent and paying agent for the Bonds (the “Bond Registrar”).

The Bonds will mature December 1 of each year, commencing December 1, 2025, and will bear interest payable on June 1 and December 1 of each year, commencing June 1, 2025, until maturity or prior redemption. For as long as the Bonds remain in book-entry form, the Bond Registrar will remit principal and interest payments from the City to DTC, which will in turn remit these payments to its participants for subsequent disbursement to the Beneficial Owners. See “THE BONDS” and Appendix D—“DTC’s Book-Entry System.”

Maturity Dates, Principal Amounts, Interest Rates, Yields, Prices and CUSIP Numbers on Inside Front Cover

The City will use the proceeds of the Bonds to finance and/or reimburse the City for the costs of designing, constructing and equipping a new Public Works Operations Center, and to pay costs of issuing the Bonds. See “USE OF PROCEEDS.”

Certain of the Bonds are subject to redemption prior to their stated maturity dates. See “THE BONDS—Redemption.”

The Bonds are general obligations of the City payable from tax revenues of the City and other money, if any, lawfully available and provided by the City for such purpose. For as long as the Bonds are outstanding, the City has irrevocably pledged to include in its annual property tax levy amounts sufficient—together with other money lawfully available and provided therefor—to pay when due the principal of and interest on the Bonds, and that such levy will be within and as a part of the levy permitted by law to cities without assent of the voters. The City has irrevocably pledged its full faith, credit and resources for the annual levy and collection of such taxes and the prompt payment of such principal and interest. **The Bonds do not constitute a debt or indebtedness of the State or any political subdivision thereof other than the City.** See “THE BONDS—Security.”

The City has not designated the Bonds “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “LEGAL AND TAX INFORMATION—Tax Matters.”

When, as and if issued, the Bonds are subject to the approving legal opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel. See Appendix A—“Form of Bond Counsel Opinion.” The City expects the Bonds to be available for delivery through DTC’s facilities in New York, New York, or through the Bond Registrar on DTC’s behalf by Fast Automated Securities Transfer, on or about December 10, 2024 (the “Delivery Date”).

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.



* Preliminary, subject to change.

CITY OF KENMORE
LIMITED TAX GENERAL OBLIGATION BONDS, 2024
\$11,400,000*

MATURITY SCHEDULE

Due (December 1)*	Amount*	Interest Rate	Yield	Price	CUSIP† No. (489153)
2025	\$ 355,000	%	%	%	
2026	360,000				
2027	380,000				
2028	400,000				
2029	420,000				
2030	440,000				
2031	460,000				
2032	485,000				
2033	510,000				
2034	535,000				
2035	560,000				
2036	590,000				
2037	620,000				
2038	650,000				
2039	680,000				
2040	715,000				
2041	750,000				
2042	790,000				
2043	830,000				
2044	870,000				

* Preliminary, subject to change.

† CUSIP Global Services (“CGS”) has provided the CUSIP data herein. FactSet Research Systems Inc. manages CGS on behalf of the American Bankers Association. This Official Statement’s inclusion of CUSIP data is for convenience and reference only, and does not create a database or serve as a substitute for the CUSIP service. Neither the City, nor the Underwriter, nor their agents or counsel assume responsibility for the data’s accuracy.

CITY OF KENMORE
 18120 68th Ave NE
 Kenmore, Washington 98028
 (425) 398-8900
 www.kenmorewa.gov*

Mayor and Council Members

Nigel Herbig	Mayor
Melanie O’Cain	Deputy Mayor
Jon Culver	Councilmember
Nathan Loutsis	Councilmember
Joe Marshall	Councilmember
Valerie Sasson	Councilmember
Debra Srebnik	Councilmember

Administration

Robert Karlinsey	City Manager
Stephanie Lucash	Deputy City Manager
Melinda Merrell	Finance & Administration Director

Bond Counsel and Disclosure Counsel

Pacifica Law Group LLP
 Seattle, Washington

Bond Registrar

U.S. Bank Trust Company, National Association
 Seattle, Washington

* This inactive textual reference to the City’s website is not a hyperlink, and does not incorporate the City’s website by reference. The City’s website is not part of this Official Statement, and investors should not rely on information presented on the City’s website in determining whether to purchase the Bonds.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall any person sell the Bonds in any jurisdiction in which such an offer, solicitation or sale is unlawful. The City has not authorized any dealer, broker, sales representative, or other person to provide any information or make any representations regarding the Bonds except as contained in this Official Statement. Investors must not rely upon any such unauthorized information or representations.

The information in this Official Statement was compiled from City officials, employees, records and other sources the City considers reliable. While not guaranteed as to accuracy, the City believes such information is correct as of its date; however, the City makes no representation regarding the accuracy or completeness of Appendix A—“Form of Bond Counsel Opinion” or Appendix D—“DTC’s Book-Entry System,” which third parties have furnished. The information and opinions contained in this Official Statement speak only as of the date hereof, and are subject to change without notice. Neither this Official Statement’s delivery nor any sale hereunder shall, under any circumstances, imply that the information and opinions herein remain unchanged.

Inactive textual references to websites contained herein are not hyperlinks, and the Official Statement does not incorporate such websites by reference. Such websites are not part of this Official Statement, and investors should not rely on information presented on them in determining whether to purchase the Bonds.

This Official Statement’s presentation of certain historical information, including tables of receipts from taxes and other revenues, does not purport to indicate future or continuing trends in the City’s financial position or affairs. Past performance, as such financial and other information may reflect, will not necessarily continue or repeat into the future. Information in this Official Statement relating to debt and tax limitations is based upon existing statutory and constitutional provisions, which are subject to revision.

This Official Statement contains estimates, projections, forecasts, and other forward-looking statements not intended as statements of fact, and which investors should not interpret as such. “Estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar words and expressions may identify such statements. The City cannot and does not assure such statements’ accuracy or the outcomes described therein. Known and unknown risks, uncertainties and other factors may cause actual conditions or results to differ materially from those that such statements express or imply. These factors include: changes in regional, domestic and international political, social and economic conditions; federal, state and local statutory and regulatory initiatives; litigation; technological changes; seismic events; climate change, pandemics and other public health emergencies; and various other events, conditions and circumstances beyond the City’s control. All forward-looking statements in this Official Statement are expressly qualified in their entirety by the cautionary language herein. The City specifically disclaims any obligation to update or revise this Official Statement to reflect changes in expectations, events, conditions, or circumstances occurring after the date of this Official Statement.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Bond Ordinance (as defined herein) has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions in such statutes. No federal or state securities commission or regulator has passed upon the merits of the Bonds or this Official Statement’s completeness or accuracy. Any representation to the contrary may be a criminal offense.

The order and placement of materials in this Official Statement, including the appendices, do not reflect the relevance, materiality, or importance of such materials. Investors must consider this Official Statement, including the cover page and appendices, in its entirety. The Bonds are offered only by means of this entire Official Statement.

The City has “deemed final” this Preliminary Official Statement pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, except for the omission of information as to offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, and such other information that Rule 15c2-12 permits to be excluded.

TABLE OF CONTENTS

INTRODUCTION	1	Investments	21
THE BONDS	1	Historical Operating Results	22
Authorization	1	General Fund Budget	24
Security	1	CITY GENERAL INFORMATION	24
General Description	2	Governance	24
Registration and Payment	2	Labor Relations	25
Redemption	3	Response to COVID-19	25
Defeasance	4	Pensions	26
USE OF PROCEEDS	4	Risk Management	28
Purpose	4	INVESTMENT CONSIDERATIONS	29
Sources and Uses of Funds	5	Initiative and Referendum	29
CITY TAXING AUTHORITY	5	Limitations on Remedies; No Acceleration Upon	
General	5	Default	30
Property Tax Authority and Limitations	5	Bankruptcy	30
Current and Historical Property Tax Levy Data	8	Natural Disasters and Other Risks	30
Assessed Valuation	10	Climate Change; Sustainability	31
Property Tax Collection	11	Public Health	31
Additional City Fees and Taxes	12	Cybersecurity	31
GENERAL OBLIGATION DEBT	15	LEGAL AND TAX INFORMATION	32
Authorization of Debt	15	Tax Matters	32
Limits of Indebtedness	15	Litigation	33
Outstanding General Obligation Debt	16	Approval of Counsel	33
Debt Capacity Calculation	16	Potential Conflicts of Interest	33
Direct and Estimated Overlapping Debt	17	Continuing Disclosure Undertaking	34
Debt Service Requirements	19	ADDITIONAL INFORMATION	34
Future General Obligation Debt	19	Rating	34
Debt Payment Record	20	Underwriting	34
CITY FINANCIAL INFORMATION	20	Approval of Official Statement	34
Accounting, Reporting and Budgeting	20		
Appendix A—Form of Bond Counsel Opinion			
Appendix B—Form of Continuing Disclosure Certificate			
Appendix C—Demographic and Economic Information			
Appendix D—DTC’s Book-Entry System			
Appendix E—Audited Financial Statements for the City for the Fiscal Year Ended December 31, 2022			
Appendix F—Unaudited Financial Statements for the City for the Fiscal Year Ended December 31, 2023			

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OFFICIAL STATEMENT

CITY OF KENMORE LIMITED TAX GENERAL OBLIGATION BONDS, 2024 \$11,400,000*

INTRODUCTION

The City of Kenmore, Washington (the “City”), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington (the “State”), furnishes this Official Statement in connection with the offering of its Limited Tax General Obligation Bonds, 2024 (the “Bonds”). This Official Statement, which includes the cover page, the inside cover page and appendices, provides information concerning the City and the Bonds.

This Official Statement includes quotations, summaries, descriptions, and explanations from and regarding the Bonds, the City, the Bond Ordinance (as defined below), applicable laws, reports, instruments and other documents and texts. This information is neither comprehensive nor definitive, and is qualified in its entirety by reference to the underlying document or text that is the source thereof. Prospective investors should refer to such sources for full and complete statements of their provisions.

In preparing the projections in this Official Statement, the City has made or relied upon certain assumptions as to conditions that may occur in the future. Although the City believes these assumptions are reasonable for such purposes, they are contingent upon future events and conditions. To the extent actual future events or conditions differ from those assumed, the actual results will vary from those projected herein.

The purchase of the Bonds involves investment risk. Investors should carefully consider all of the information in this Official Statement, and confer with their tax and financial advisors when determining whether to purchase the Bonds. This Official Statement does not constitute a contract or agreement between the City and the purchasers or holders of any of the Bonds.

THE BONDS

Authorization

The City is issuing the Bonds pursuant to State law, including chapters 39.36 and 39.46 of the Revised Code of Washington, as amended (“RCW”), and Ordinance No. 23-0599 of the City, passed on December 4, 2023 (the “Bond Ordinance”). Unless otherwise defined in this Official Statement, capitalized terms herein have the meanings set forth in the Bond Ordinance, a copy of which is available from the City.

Security

The Bonds are general obligations of the City payable from tax revenues of the City and other money, if any, lawfully available and provided by the City for such purpose. For as long as the Bonds are outstanding, the City has irrevocably pledged to include in its annual property tax levy amounts sufficient, together with other money lawfully available and provided therefor, to pay when due the principal of and interest on the Bonds, and that such levy will be within and as a part of the levy permitted by law to cities without assent of the voters. The City has irrevocably pledged its full faith, credit and resources for the annual levy and collection of such taxes and the prompt payment of such principal and interest. For a summary of the City’s authority to levy and collect property and excise taxes and the legal restrictions thereon, see “CITY TAXING AUTHORITY.”

Subject to applicable laws, the City expects to apply other legally available funds to pay debt service on the Bonds, including revenues of the City’s surface water utility. The City has not pledged any such funds for this purpose, however.

The Bonds do not constitute a debt or indebtedness of King County (the “County”), the State or any other political subdivision other than the City. No debt service reserves or property secure the payment of debt service on the Bonds. Bond owners do not have a perfected security interest in, or an express statutory lien on, particular City revenues or assets.

* Preliminary, subject to change.

State law provides that the payment of general obligation bonds is enforceable in mandamus against the issuer. The rights and remedies of anyone seeking enforcement of the Bonds are subject to laws of bankruptcy and insolvency, to other laws affecting the rights and remedies of creditors, and to the exercise of judicial discretion. There is no express provision in State law regarding the priority of payment of debt service on general obligations incurred by a State municipality. See “INVESTMENT CONSIDERATIONS—Limitations on Remedies; No Acceleration Upon Default.”

General Description

The Bonds will be dated as of their Delivery Date, and will bear interest from such date (or from the most recent date upon which interest has been paid). Interest on the Bonds will be payable on June 1 and December 1 of each year, commencing June 1, 2025, until maturity or prior redemption, calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will bear interest at the rates, and will mature on the dates and in the amounts, set forth on the inside cover of this Official Statement.

Registration and Payment

Book-Entry System. The City will issue the Bonds as fully-registered securities. The Depository Trust Company (“DTC”) will act as securities depository for the Bonds, with the Bonds registered in the name of Cede & Co. as DTC’s nominee. Under DTC’s book-entry-only transfer system, purchasers (“Beneficial Owners”) may purchase Bonds through DTC broker-dealer participants, which will receive a credit in DTC’s records. Purchasers may purchase Bonds in denominations of \$5,000 or integral multiples thereof within a maturity. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds. See Appendix D—“DTC’s Book-Entry System.” For as long as Cede & Co. is the Registered Owner of the Bonds, references herein to the Registered Owners will mean Cede & Co. or its successor and will not mean the Beneficial Owners of the Bonds.

Bond Registrar. The City has adopted the system of registration for the Bonds approved, from time to time, by the State Finance Committee. Pursuant to chapter 43.80 RCW, the State Finance Committee designates one or more fiscal agencies for bonds issued within the State. U.S. Bank Trust Company, National Association, Seattle, Washington (the “Bond Registrar”) currently serves in this capacity. The Bond Registrar will authenticate the Bonds, and act as paying agent and registrar for the purpose of paying principal of and interest on the Bonds, recording the purchase, registration, exchange, transfer, and payment of the Bonds, and performing other obligations of the paying agent and registrar. No resignation or removal of the Bond Registrar shall become effective until the appointment of a successor Bond Registrar that has accepted the Bond Registrar’s duties.

Payments. To pay the principal of and interest on the Bonds when due, the City will remit money from the funds or accounts held under the Bond Ordinance for the purpose of paying debt service on the Bonds (the “Debt Service Fund”) to the Bond Registrar. For as long as the Bonds remain held in book-entry form, DTC’s operational arrangements will determine the manner of payment on the Bonds; under DTC’s book-entry system, the Bond Registrar will remit principal and interest payments from the City to DTC, which will in turn remit these payments to its participants for subsequent disbursement to the Beneficial Owners. See Appendix D—“DTC’s Book-Entry System.”

If DTC resigns as the securities depository and the City cannot retain a qualified successor, or if the City determines it is in the Beneficial Owners’ best interests to hold the Bonds in certificated form, the City will deliver a written request to the Bond Registrar, together with a supply of physical bonds, to issue certificated Bonds to the Beneficial Owners or their nominees in fully registered form. The Bond Registrar will then register the Bonds, and issue certificated Bonds to the Registered Owners in appropriate denominations. The Bond Registrar will thereafter pay interest on the Bonds by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date (as defined below). Upon the written request of a Registered Owner of more than \$1,000,000 of Bonds, received by the Bond Registrar at least by the Record Date, the Bond Registrar will make such interest payment by wire transfer to the account within the United States the Registered Owner designates. The Bond Registrar will pay principal of the Bonds upon the Registered Owners’ presentation and surrender of such Bonds at the Bond Registrar’s designated office. The Bond Ordinance defines “Record Date” as the Bond Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with this ordinance.

If the City provides insufficient funds to pay on the applicable payment date any Bond duly presented for payment, interest will continue to accrue on the unpaid principal thereof at the rate stated on the Bond until payment of such principal.

Transfer and Exchange. The Bond Registrar will register the transfer or exchange of Bonds as provided in the Bond Ordinance. Upon surrender of a Bond to the Bond Registrar, the Bond Registrar will cancel the surrendered Bond and authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity, and interest rate, in any authorized denomination. The Bond Registrar is not obligated to register the transfer of or to exchange any Bond after the Record Date for any interest payment, principal payment or redemption date.

Redemption*

*Optional Redemption.** The Bonds maturing on or prior to December 1, 20[] are not subject to redemption prior to their stated maturity date. The Bonds maturing on or after December 1, 20[] are subject to redemption at the option of the City, prior to their stated maturity dates, at any time on or after [] 1, 20[], as a whole or in part, at the price of par plus accrued interest, if any, to the date of redemption.

*[Mandatory Redemption.** The Bonds maturing on [] 1, 20[] are term bonds. Unless redeemed pursuant to the foregoing optional redemption provisions or purchased by the City, such Bonds are subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption on [] 1 of the following years in the following principal amounts:

Term Bonds Due [] 1, 20[]

<u>Year</u>	<u>Redemption Amount</u>
	\$

(1)

⁽¹⁾ Maturity.

To the extent the City redeems (other than in satisfaction of the mandatory sinking fund requirements) or purchases for cancellation any term bonds subject to mandatory redemption, the City may reduce the mandatory sinking fund requirement of such term bonds of the same maturity, in like aggregate principal amount for the year specified by the City.]

Selection of Bonds for Redemption. The City may redeem at any one time fewer than all of the Bonds having the same maturity. For as long as the Bonds remain held in book-entry form, DTC's operational arrangements will determine the selection of such Bonds for redemption. If a depository no longer holds the bonds in book-entry form, the Bond Registrar shall select by lot (or in such other manner as the Bond Registrar determines), in increments of \$5,000, the particular Bonds or portions of Bonds of such maturity for redemption. In the case of a Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as obtained by dividing the actual principal amount of such Bond by \$5,000. In the event the City redeems only a portion of a Bond's principal sum, upon surrender of such Bond at the Bond Registrar's designated office, the Bond Registrar will issue to the Registered Owner, without charge therefor, for the then-unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations authorized in the Bond Ordinance.

Notice of Redemption; Conditional Redemption; Rescission. For so long as the Bonds remain held in book-entry form, DTC's operational arrangements will determine the manner of providing notice of redemption. Neither the City nor the Bond Registrar will provide any notice of redemption to Beneficial Owners. Unless waived by the Registered Owner of any Bonds to be redeemed, the Bond Registrar (on the City's behalf) will mail a copy of an official notice of redemption to such Registered Owner, by first class mail, at least 20 days and not more than 60 days prior to the

* Preliminary, subject to change.

redemption date. The Bond Registrar will mail such notice to the Registered Owner's address on the Bond Register, or to such other address as the Registered Owner furnishes in writing to the Bond Registrar. Any notice of optional redemption with respect to the Bonds may be conditional, in which case the conditions shall be set forth therein.

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

Effect of Call for Redemption. If the City has provided (and neither rescinded nor revoked) a notice of redemption—or if the conditions set forth in a conditional notice of redemption have been satisfied or waived—the Bonds or portions of Bonds for which the City has provided such notice of redemption will, on the redemption date, become due and payable at the redemption price therein specified; if the Bond Registrar then holds sufficient funds to pay such Bonds or portions thereof at the redemption price, such Bonds or portions thereof will cease to bear interest from and after such date. Upon surrender of such Bonds for redemption in accordance with said notice, the Bond Registrar will pay the Bonds at the redemption price. Installments of interest due on or prior to the redemption date will be payable as provided in the Bond Ordinance. The Bond Registrar will cancel and not reissue all Bonds so redeemed.

Purchase. The City may purchase Bonds offered to the City at any time, at any price the City deems reasonable.

Defeasance

To effect the payment, retirement or redemption of any Bond, the City may (i) set aside in the Debt Service Fund (or in another special account) cash or noncallable Government Obligations (as defined below) or any combination thereof, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and (ii) irrevocably pledge and set aside such cash and/or noncallable Government Obligations for such purpose. The Bonds will then no longer be deemed outstanding, and the Bond Ordinance will no longer entitle the owner of the Bond to any lien, benefit or security except the right to receive payment of principal, premium, if any, and interest from the Debt Service Fund or such special account.

The Bond Ordinance defines "Government Obligations" as those obligations now or hereafter defined as such in chapter 39.53 RCW, constituting direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States.

USE OF PROCEEDS

Purpose

The City will use the proceeds of the Bonds to finance and/or reimburse the City for the costs of acquiring, designing, constructing, developing, improving, equipping and furnishing a new Public Works Operations Center, and to pay costs of issuing the Bonds.

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Sources and Uses of Funds

The following table sets forth the anticipated sources and uses of the Bond proceeds, rounded to the nearest dollar:

TABLE 1
SOURCES AND USES⁽¹⁾

Sources of Funds	
Par Amount of Bonds	\$
[Net] Original Issue Premium/Discount	
Total Sources of Funds	\$
Uses of Funds	
Deposit to Project Fund	\$
Issuance Costs ⁽²⁾	
Total Uses of Funds	\$

⁽¹⁾ Figures to be included in final Official Statement.

⁽²⁾ Includes underwriting, rating agency and legal fees, and other costs incurred in connection with the issuance of the Bonds and additional proceeds.

CITY TAXING AUTHORITY

General

The City has statutory authority to levy various taxes within its boundaries, including property taxes, sales and use taxes, real estate excise taxes, utility taxes, and other taxes. As discussed below, State law restricts the purposes to which local governments with such taxing authority (collectively, “taxing districts”) may apply certain tax revenues.

The City’s major sources of tax revenue are its retail sales and use taxes, regular property tax, excise taxes and utility taxes. The following table presents historical tax revenues for certain taxes deposited into the City’s General Fund. The General Fund is the City’s primary operating fund, accounting for all financial resources of the general government, except those accounted for in other funds such as proprietary and fiduciary funds.

TABLE 2
GENERAL FUND TAX REVENUE BY SOURCE

Taxes	2019	2020	2021	2022	2023⁽¹⁾
Property tax	\$ 5,050,864	\$ 5,279,129	\$ 5,347,981	\$ 5,433,595	\$ 5,658,274
Retail sales and use taxes ⁽²⁾	2,774,114	2,912,571	3,601,149	3,892,098	3,662,543
Utility taxes	1,029,975	998,345	933,661	1,210,618	2,169,684 ⁽³⁾
Other taxes and fees ⁽⁴⁾	846,616	754,733	855,814	974,915	1,009,738
Total	\$ 9,701,569	\$ 9,944,778	\$ 10,738,605	\$ 11,511,226	\$ 12,500,239

⁽¹⁾ Unaudited; preliminary and subject to change.

⁽²⁾ Includes revenue from the City’s “basic” and “optional” sales and use taxes. See “Additional City Fees and Taxes—Retail Sales and Use Taxes” below.

⁽³⁾ Increase in revenues from 2022 to 2023 attributable to implementation of new cable, solid waste, and surface water utility taxes, and a two percent increase in the City’s natural gas utility tax.

⁽⁴⁾ Includes revenue from the City’s business and occupation tax, gambling tax, criminal justice sales and use tax, and leasehold excise tax. See “Additional City Fees and Taxes” below.

Source: City of Kenmore’s audited financial statements for fiscal years 2019–2022 and unaudited financial statements for fiscal year 2023

Property Tax Authority and Limitations

Overview. The City has lawful authority to levy “regular property taxes,” which are subject to constitutional and statutory limitations as to rate and amount, and “excess property taxes,” which are not. Taxing districts ordinarily levy regular property taxes, which do not require voter approval, for general municipal purposes. Taxing districts may use the revenues from these levies to pay debt service on limited tax general obligation indebtedness, but State

law does not require taxing districts to prioritize such use. Subject to statutory limitations, taxing districts may also impose limited-purpose regular property tax levies, certain of which require voter approval. The Bonds are limited tax general obligation bonds of the City, payable from regular property taxes of the City and other funds legally available for such purpose.

In addition to regular property tax levies, taxing districts may levy excess property taxes to pay debt service on general obligation bonds issued for (a) capital purposes or (b) for any governmental purpose for one year. Prior to imposing any excess levy, a taxing district must obtain voter authorization at an election in which at least 40 percent of the number of those voting in the prior general election cast ballots, and at least 60 percent of those casting ballots vote to approve the levy. Taxing districts may also levy excess property taxes to prevent the impairment of a contract obligation, or when ordered to do so by a court of last resort.

To levy property taxes, the City first budgets or estimates, as part of its annual budgeting process, the total amount of property tax revenue the City will seek for the upcoming year. The City certifies this budget or estimate to the County Board of Commissioners. The County Board of Commissioners thereafter submits the City's certified levy amount request to the County Assessor (the "Assessor")—an elected official who maintains a list of the assessed value of all taxable property within the County (the "assessment roll"). See "—Assessed Valuation" below. The Assessor determines the rate for the City's levy by dividing the City's certified total levy amount by the assessed value of all taxable property within the City's boundaries. The Assessor then calculates each property owner's tax liability for the levy by multiplying the rate by the value of the parcels belonging to the taxpayer, and sets forth each taxpayer's liability on a "tax roll." As part of this process, the Assessor must confirm that the City's levy complies with constitutional and statutory limitations, reducing or eliminating levies as required by law. See "*Limitations on Regular Property Taxes*" below. Lastly, the Assessor conveys the tax roll to the County Treasurer (the "Treasurer"), who collects the levy on the City's behalf. See "—Property Tax Collection" below.

Uniformity Requirement and Exemptions. The State Constitution requires that taxing districts levy all property taxes at a uniform rate upon the same class of property within the taxing district's territorial limitations, and provides that all real estate constitutes a single class. As a result, all taxes imposed by a taxing district must be the same for properties with an equivalent fair market value. An exception applies for agricultural, timber, and open space land, which assessors value based on current use rather than fair market value.

The State Constitution exempts property of the United States, the State, counties, school districts and other local governments from taxation, and authorizes the State Legislature (the "Legislature") to exempt additional property. The Legislature has enacted exemptions for tribal properties, nonprofit schools and colleges, hospitals, and churches, among others, subject to conditions.

Limitations on Regular Property Taxes. A taxing district's authority to levy regular property taxes without voter approval for general municipal purposes, including the payment of debt service on limited tax general obligation indebtedness (such as the Bonds), is subject to rate and amount limitations as described below. The statutory and constitutional provisions containing these limitations are subject to revision under State law.

City Regular Levy Rates and Limitations. State law authorizes cities to impose a regular property tax levy of not to exceed \$3.375 per \$1,000 of assessed value for general city purposes. A city annexed to a library or fire district, or participating in a regional fire service protection authority may levy up to \$3.60 per \$1,000 of assessed value, less the actual regular levy rate or rates imposed by such library district, fire district, or regional fire service protection authority. In addition, if a city has a firefighters' pension fund, it may impose an additional levy of up to \$0.225 per \$1,000 of assessed value. Subject to statutory limitations, cities may also impose certain additional regular property tax levies for other specified purposes, including an emergency medical services levy, or a local improvement district guaranty fund.

The City's 2024 regular property tax levy rate reflects several of these adjustments. The City is currently annexed to the King County Rural Library District (the "Library District") and King County Fire Protection District No. 16 (the "Fire District"). Therefore, the City's regular property tax levy for 2024 may not exceed \$3.60 per \$1,000 of assessed value, less the actual regular levy rates imposed by such districts. For 2024, the Library District imposed a regular levy of \$0.25810 per \$1,000 of assessed value, and the Fire District imposed a regular levy of \$0.52419 per \$1,000 of assessed value. Accordingly, the City's maximum 2024 regular property tax levy rate is \$2.81771 per \$1,000 of assessed value. The City's regular property tax levy rate for 2024 is \$0.84848 per \$1,000 of assessed value. See "Current and Historical Property Tax Levy Data" below.

Aggregate Levy Rate Limitations. The State Constitution limits the aggregate regular property tax rate the State and all overlapping taxing districts (except port districts and public utility districts) may impose on any tax parcel to one percent of the property's true and fair value (\$10 per \$1,000 of assessed value). Within this limitation, the State's levy may not exceed \$3.60 per \$1,000 of assessed value, and the aggregate of all other taxing districts' regular levies may not exceed \$5.90 per \$1,000 of assessed value (the "\$5.90 limitation"); provided, the \$5.90 limitation does not apply to the following levies, as detailed in RCW 84.52.043: port district and public utility district levies; excess property tax levies; conservation futures levies; emergency medical care or emergency medical services levies; affordable housing levies; portions of metropolitan park district levies; ferry district levies; criminal justice levies; portions of fire protection district or regional fire authority levies; transit-related levies; portions of flood control zone levies; regional transit authority levies; and park and recreation district levies. This list of exceptions from the \$5.90 limitation is subject to revision by the Legislature.

If the aggregate levy rate for a tax parcel exceeds the limitations described above, the county assessor must reduce or eliminate levies imposed by the various taxing districts on such parcel until the parcel's aggregate levy rate complies with these limitations. RCW 84.52.010 prescribes the order of priority in which the assessor must reduce or eliminate these levies, starting with levies of "junior" taxing districts. The City is a "senior" taxing district, and its general purpose levies are typically protected from reduction or elimination prescribed by these provisions.

Because taxing districts are not coterminous, the aggregate regular property tax levy rate that applies to tax parcels within a single taxing district may vary. Since the levy rate within each taxing district must be uniform (as described above), any reduction to a taxing district's levy must apply throughout the entire taxing district, and not just to the affected parcel.

Maximum Amount Increase Limitation. In addition to levy rate limitations, State law limits the total amount by which a taxing district's levy may grow each year, known as a "levy lid." Per State law, the total dollar amount of regular property taxes a taxing district (excluding the State) may levy in any year may not exceed the highest amount the taxing district could lawfully levy in any year multiplied by the "limit factor," plus adjustments for increases in annual assessed value within the taxing district due to statutorily-defined factors such as new construction and property improvements. For taxing districts with a population of less than 10,000, the "limit factor" is 101 percent. For all other taxing districts (excluding the State), the "limit factor" is the lesser of 101 percent or 100 percent plus inflation; provided, if inflation drops below one percent, such a taxing district may increase its "limit factor" up to 101 percent, if approved by a majority plus one vote of the taxing district's governing body upon a finding of substantial need.

A taxing district may only exceed these limits through the use of "banked" levy capacity or a "levy lid lift." Banked levy capacity is the difference between the highest amount the taxing district could lawfully levy in a given year and the actual amount the taxing district levies. A taxing district with banked levy capacity may apply such capacity at a future date to exceed maximum levy amount limitations otherwise applicable. If a taxing district levies its highest lawful levy, it will not have any banked levy capacity. The City currently has \$273,940 of banked levy capacity.

A taxing district may also exceed the levy lid limitation applicable to regular property tax levies with the approval of a simple majority of voters, known as a "levy lid lift." Lid lifts permit the taxing district to exceed the limit factor for one year or for each year for up to six consecutive years. A multiple-year lid lift requires that the ballot proposition submitted to voters specify the limited purposes for which the taxing district will use the proposed annual increases, whereas a single-year lid lift does not. Lid lifts may be permanent—in which case the maximum levy in the final year of the lid lift becomes the base to calculate all future levy lids—or temporary, in which case the levy lid reverts to what it would have been if the lid lift never existed. A levy lid lift will not increase the levy if doing so would cause the taxing district's levy to exceed the applicable maximum rate limitations or the aggregate rate limitations described above. The City currently has no levy lid lifts in effect.

Relationship between Rate and Amount Limitations. As described above, State law limits regular levies by both rate and amount. Depending upon economic circumstances, a taxing district may be forced to levy taxes below the threshold of one limitation to avoid exceeding the other. For instance, if a taxing district's assessed values are increasing at a rate that exceeds the "limit factor," the levy lid will effectively cap the total dollar amounts the taxing district can levy. This will restrict growth in the taxing district's levy rate below the threshold allowable per the legal rate limitation. Conversely, if a taxing district's assessed values are decreasing or increasing at a rate below the "limit factor," the levy lid will not restrain the amount a taxing district can levy. However, as regular tax levy rates rise, the levy rate limitation may restrict growth in the taxing district's levy amount.

Tax Increment Financing. Chapter 39.114 RCW enables counties, cities and port districts, or any combination thereof (“sponsoring jurisdictions”) to designate tax increment areas, subject to conditions, and to use the tax allocation revenues to pay public improvement costs. A sponsoring jurisdiction may designate only two active, non-overlapping increment areas at any time, and the increment area (or combined areas) may not have an assessed value of more than \$200 million or more than 20 percent of the sponsoring jurisdiction’s total assessed value, whichever is less. Tax increment areas are subject to a 25-year sunset date.

Once a sponsoring jurisdiction forms an increment area, each taxing district will receive that portion of its regular property taxes produced by the rate of tax levied by or for the district on the assessed value of real property located within the increment area for taxes imposed in the year in which the increment area was designated. The sponsoring jurisdiction will also receive the amount derived from the regular property taxes levied by *or for* each taxing district on any increase in property values in the increment area after its formation. Accordingly, if a sponsoring jurisdiction forms an increment area, it will receive regular property taxes representing the increased assessed value within the increment area from its levy as well as the levy of overlapping taxing districts (other than State taxes and property taxes levied by port districts or public utility districts to the extent necessary for the payments of principal of and interest on general obligation debt).

Any of the City, the County, and/or the Port of Seattle (the “Port”) could form up to two increment areas and receive the property taxes allocated to a sponsoring jurisdiction (including taxes levied by or for other taxing districts). Neither the City, nor the Port, nor the County have currently designated a tax increment area.

Guaranty Fund Levies. Under State law, cities may form local improvement districts, which have authority to finance capital improvements within the district through assessments on properties benefiting from such improvements. Pursuant to chapter 35.54 RCW, cities with local improvement districts may impose a “local improvement guaranty fund” levy, the revenues of which secure such districts’ debts. Guaranty fund levies are subject to the constitutional one percent aggregate levy limitation described above, but not the \$5.90 limitation or the regular levy rate limitation applicable to cities. The amount of a guaranty fund levy in any given collection year may not exceed the greater of (i) 12 percent of the outstanding obligations guaranteed by the fund, or (ii) the total amount of delinquent assessments and interest accumulated on the delinquent assessments. The City does not currently levy for a guaranty fund.

Current and Historical Property Tax Levy Data

Several taxing districts overlap within the City. These taxing districts have statutory power to levy regular property taxes at the following rates, subject to the limitations provided by chapter 84.55 RCW, and to levy excess property taxes. For purposes of demonstration, the table below presents representative levy rates (regular and excess) for tax code area 1442, and the statutory levy authority of each type of overlapping district. Tax code area 1442 does not include all of the property within the City; additional taxing districts, not listed below, may currently levy taxes within the City or do so in the future.

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TABLE 3
STATUTORY REGULAR LEVY AUTHORITY AND
REPRESENTATIVE 2024 REGULAR AND EXCESS LEVY RATES
(Rates per \$1,000 of assessed value)

Taxing District	Statutory Regular Levy Authority	Regular Levy Rate	Excess Levy Rate	Aggregate Levy Rate
The County	\$ 1.80000 ⁽¹⁾	\$1.32679	\$0.01113	\$1.33792
The City	3.37500 ⁽²⁾	0.84848	0.15315	1.00163
The Fire District	1.50000	0.52419	0.12626	0.65045
Evergreen Hospital District	0.75000	0.15456	—	0.15456
The Library District	0.50000	0.25810	0.03065	0.28875
Emergency Medical Services	0.50000	0.22678	—	0.22678
Flood Control District	0.25000	0.07067	—	0.07067
The Port District	0.45000	0.10470	—	0.10470
Sound Transit	0.50000	0.16483	—	0.16483
Northshore Parks & Recreation	0.60000	0.02990	—	0.02990
State Schools Levy	3.60000 ⁽³⁾	2.51751	—	2.51751
Northshore School District	— ⁽⁴⁾	—	2.94196	2.94196
Total Representative Levy Rates ⁽⁵⁾		\$6.22651	\$3.26315	\$9.48966

(1) A county may increase its regular levy rate up to \$2.475 per \$1,000 of assessed value for general county purposes if (i) the total levies for both the county and road district within the county do not exceed \$4.05 per \$1,000 of assessed value, and (ii) no other taxing district has its levy reduced as a result of the increased county levy.

(2) A city annexed to a library or fire district, or participating in a regional fire service protection authority may levy up to \$3.60 per \$1,000 of assessed value, less the actual regular levy rate or rates imposed by such library district, fire district, or regional fire service protection authority. In addition, a city with a firefighters' pension fund may impose an additional levy of up to \$0.225 per \$1,000 of assessed value.

(3) The State Department of Revenue ("DOR") levies the state property tax for the support of the common schools. Due to varying assessment practices in State counties, the assessed value of property in a county may not equal 100 percent of the true and fair value of the property. To provide a uniform base upon which to impose the state property tax, the DOR equalizes the assessed values of the various counties to true and fair value.

(4) School districts in the State do not have regular levy authority.

(5) Totals may not foot due to rounding.

Source: King County Department of Assessments

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The following table sets forth the City's property tax levy rates (per \$1,000 of assessed value) and levy amounts for tax collection years 2020 through 2024.

TABLE 4
PROPERTY TAX LEVY RATES AND AMOUNTS⁽¹⁾

Tax Year	Regular Levy Rate	Excess Levy Rate	Total Levy Rate	Regular Levy Amount	Excess Levy Amount	Total Levy Amount
2024	\$0.84848	\$0.15315	\$1.00163	\$5,898,668	\$1,057,243	\$6,955,910
2023	0.69715	0.13132	0.82847	5,668,827	1,059,456	6,728,282
2022	0.88749	0.17274	1.06023	5,471,536	1,056,105	6,527,641
2021	1.01403	0.14879	1.16282	5,359,853	781,039	6,140,892
2020	1.00315	0.10043	1.10358	5,306,491	529,005	5,835,496

⁽¹⁾ Amounts levied for collection are subject to continued adjustments in accordance with tax appeal procedures, and may not match amounts included in the City's financial statements.

Source: King County Department of Assessments

Assessed Valuation

The Assessor is a County-level elected official whose primary duty is determining the value of all real and personal property subject to *ad valorem* taxation within the County, and compiling an assessment roll listing the assessed value of all such property. The State Department of Revenue ("DOR") has responsibility for valuing inter-county, interstate, and certain utility properties.

State law and DOR regulations prescribe and control the Assessor's duties and methods of determining value. The Assessor must assess all taxable real property within the County annually, and physically inspect such property at least once every six years. During the intervals between each physical inspection of real property, the Assessor adjusts the valuation of such property to its current true and fair values based upon market data and statistical analysis. The infrequency of on-site appraisals may lead to assessed valuations that lag market and other adjustments.

The Assessor must value all taxable real property at 100 percent of its true and fair market value, based on the highest and best use of the property. In determining true and fair value, the Assessor may consider: (1) sales of the appraised property or sales of comparable properties that occurred within five years of the assessment year; (2) cost, cost less depreciation, or reconstruction cost less depreciation; and/or (3) capitalization of income derived from prudent use of the property. Owners of taxable personal property—including certain machinery, equipment, and furniture—must submit to the Assessor a list of all such property in their ownership, possession, or control. Upon receipt of a personal property listing, the Assessor determines the property's true and fair value, and enters such value on the assessment roll.

A property owner may petition the County Board of Equalization for a change in the assessed value that the Assessor places upon the owner's property. Alternatively, a property owner may request that the State Board of Tax Appeals hear an appeal directly when the Assessor, the owner, and a majority of the County Board of Equalization agree a direct appeal is appropriate. The County Board of Equalization also has jurisdiction to equalize property values on its own initiative. Any taxpayer, taxing district, or the Assessor may appeal actions of the County Board of Equalization to the State Board of Tax Appeals.

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Trends in Assessed Value. The following table sets forth the City’s total taxable assessed value for tax collection years 2020 through 2024. The preliminary 2025 assessed value for the City is \$7,935,218,990, which would represent a 13 percent increase from 2024.

TABLE 5
TAXABLE ASSESSED VALUE

Year	Assessed Value	Percent Change
2024	\$ 7,022,607,024	(14.07)%
2023	8,172,634,880	31.77
2022	6,202,365,569	16.54
2021	5,322,258,745	(0.04)
2020	5,324,117,730	9.23 ⁽¹⁾

⁽¹⁾ Based on a 2019 assessed value of \$4,874,138,483.

Source: King County Department of Assessments

Principal Taxpayers. The following table lists the City’s largest property taxpayers, as measured by percentage of the City’s total taxable assessed value in 2024.

TABLE 6
LARGEST PROPERTY TAXPAYERS IN THE CITY (2024)

Taxpayer	Assessed Value (AV)	Percentage of Total AV
Thrive Communities	\$44,923,000	0.64%
MSPT XI LLC	37,746,000	0.54
NST Northshore LLC	36,010,000	0.51
Inglewood Forest LLC	24,413,000	0.35
Puget Sound Energy Electric and Gas	11,955,727	0.17
Cedar Park Properties LLC	19,090,400	0.27
Red Mortgage Capital Inc.	18,543,000	0.26
Regents Apartments LLC	18,257,000	0.26
EML5 LLC	14,693,400	0.21
Westcott Ventures LLC	14,080,000	0.20
Subtotal – 10 Largest Taxpayers	\$239,711,527	3.41%
All Other City Taxpayers	6,782,895,497	96.59
Total City Taxpayers	\$7,022,607,024	100.00%

Source: King County Department of Assessments

Property Tax Collection

Property Tax Collection Procedures. To levy property taxes, the City must submit to the County Board of Commissioners, by November 30, the total amount of property tax revenue the City seeks for the upcoming year. On or before the first Monday in December, the County Board of Commissioners must submit the City’s certified levy amount request to the Assessor. The Assessor thereafter determines the levy rate for the City by dividing the City’s certified total levy amount by the assessed value of all taxable property within the City’s boundaries, adjusting the levies as necessary to comply with constitutional and statutory limitations. The Assessor calculates each property owner’s tax liability by multiplying the City levy rate by the assessed value of the taxpayer’s parcel(s). On or before January 15, the Assessor must certify and deliver to the Treasurer the tax roll, which lists all taxpayers subject to property tax, the assessed value of their property, and the amounts for the Treasurer to collect from each taxpayer.

After receiving the tax roll, the Treasurer prepares annual statements of taxes due for each taxpayer, and sends the statements on or before March 15. The Treasurer thereafter collects and receives all taxes extended upon the tax roll. All taxes are due and payable April 30 of each year, but if the amount due from a taxpayer exceeds \$50, the taxpayer may pay one-half by April 30 and the balance by October 31. On or before the tenth day of each month, the Treasurer remits to the City its pro rata share of all taxes collected for the previous month.

Delinquent tax payments are subject to interest accruing at a rate of nine percent annually (0.75 percent monthly) for residential properties with four or fewer units, and 12 percent annually (one percent monthly) for all other properties. Interest on delinquent taxes is credited to the County's current expense fund. Delinquent taxpayers are also assessed penalties of up to 11 percent annually, credited to the account of the taxing district. These penalties do not apply to residential properties with four or fewer units. During a state of emergency declared by the Governor, the Treasurer may grant extensions of the due date of any taxes.

The following table presents the City's regular and excess property tax collection record for the current year to date and the preceding four years.

TABLE 7
REGULAR AND EXCESS PROPERTY TAX COLLECTION RECORD

Year	Amount Levied ⁽¹⁾	Tax Collected Year of Levy		Tax Collected as of August 31, 2024	
		Amount	Percent	Amount	Percent
2024 ⁽²⁾	\$6,955,694	\$3,652,798 ⁽²⁾	52.52% ⁽²⁾	\$3,652,798 ⁽²⁾	52.52% ⁽²⁾
2023	6,716,762	6,628,030	98.68	6,698,323	99.73
2022	6,507,580	6,419,756	98.65	6,499,864	99.88
2021	6,143,026	6,055,972	98.58	6,133,641	99.85
2020	5,831,024	5,745,683	98.54	5,827,923	99.95

⁽¹⁾ Reflects adjustments, refunds and nonpayment of taxes. The amount levied each year does not include supplements or cancellations of taxes or delinquent taxes collected in that year.

⁽²⁾ In process of collection.

Source: King County Finance and Business Operations—Treasury Operations

Property Tax Liens. Property taxes and all charges and expenses relating to the taxes constitute a statutory lien on the property taxed. The lien attaches to the property from and including January 1 in the year of the tax levy until the tax is paid. By law, the Treasurer may not commence foreclosure of a tax lien on real property until three years after the first delinquency.

The lien on property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation, except for federal civil judgment liens and the possible application of the State "homestead exemption" described below. A federal lien on personal property is senior to a local personal property tax lien if the federal lien is filed before the local tax is levied. In addition, a federal civil judgment lien (but not a federal tax lien) is senior to real property taxes imposed after the recording of the federal judgment lien.

The State's Homestead Law (chapter 6.13 RCW) provides that a judgment against the owner of a "homestead," meaning, property the owner uses as a residence, is a lien on the value of such property in excess of the greater of (a) \$125,000 or (b) the county median sale price of a single-family home in the preceding calendar year (the "homestead exemption"). Homesteads are exempt from attachment and execution or forced sale for the debts of the owner up to the exemption amount. The State's courts have not determined whether the homestead exemption applies to liens that secure property taxes. *See Algona v. Sharp*, 638 P.2d 627, 628, n. 3 (Wash. Ct. App. 1982) (holding that the homestead exemption prevents the forced sale of real property to satisfy a local improvement district assessment lien, but "express[ing] no opinion . . . as to the effect of a declaration of homestead against a lien for general taxes"). The United States Bankruptcy Court for the Western District of Washington has held that the exemption applies under these circumstances. *See In re Cunningham*, 163 B.R. 593, 596 (Bankr. W.D. Wash. 1994) ("In Washington, the homestead exemption is available against a surplus fund arising from a tax foreclosure sale."). The State Attorney General has taken the position that it does not. *See Wash. Att'y Gen. Op. 1996 No. 6*, at 5 (1996) ("the homestead exemption does not apply to debts for unpaid real property taxes").

Additional City Fees and Taxes

In addition to property taxes, the City has authority to impose various other taxes, fees, and charges, including those described below.

Surface Water Fees. The City's Surface Water Management ("SWM") Division manages the City's surface water system, which includes over 4,550 catch basins and manholes, 69 miles of drainage pipes, 13 miles of ditches, and over 200 flow control and water quality facilities. To fund these efforts, the City imposes a capital facilities charge

for new development and redevelopment, and imposes an annual service charge on all residential and non-residential parcels. The City anticipates applying a portion of the revenue from these surface water fees to the payment of debt service on the Bonds, but it has not pledged to do so.

As of 2024, the annual service charge for each residential parcel is \$298.84. Pursuant to Resolution No. 23-406 of the City Council adopted on November 20, 2023, this annual service charge will increase to \$525.66 by 2030. As of 2024, the service charge on non-residential parcels ranges from \$298.84 to \$5,528.46 per parcel depending on the parcel's amount of impervious surface. Pursuant to Resolution No. 23-406, this range will increase to \$525.66 to \$9,724 per parcel by 2030. The following table reflects collections of the City's surface water fees for 2019 through 2023:

TABLE 8
SURFACE WATER FEE REVENUE

	2019	2020	2021	2022	2023⁽¹⁾
Service charges	\$ 2,272,237	\$ 2,740,757	\$ 2,841,669	\$ 3,034,589	\$ 3,190,465
Capital facilities charges	24,500	194,600	264,200	336,000	212,942
Total	\$ 2,296,737	\$ 2,935,357	\$ 3,105,869	\$ 3,370,589	\$ 3,403,407

⁽¹⁾ Unaudited; preliminary and subject to change.

Real Estate Excise Tax. The City imposes real estate excise taxes ("REET") on each sale of real property at the rate of 0.25 percent of the selling price ("REET 1") plus an additional 0.25 percent of the selling price ("REET 2"), as authorized by RCW 82.46.010 and RCW 82.46.035. The City may use REET 1 revenues to finance public works projects identified in the City's Comprehensive Plan (including the Public Works Operations Center), housing relocation assistance, or certain maintenance expenses. The City may use REET 2 revenues to finance specified capital projects, or certain maintenance expenses, and, through January 1, 2026, affordable housing projects and facilities for those experiencing homelessness. Subject to conditions set forth in RCW 82.46.037, the City may use up to \$100,000 or 25 percent of its available REET 2 funds—whichever is greater, but not to exceed \$1 million per year—for the Public Works Operations Center.

The following table shows the City's historical REET 1 and REET 2 collections. As of September 20, 2024, year to date REET 1 and 2 collections were \$678,850 each (unaudited). For the same period in 2023, these values were \$735,050 each. The City anticipates applying a portion of its REET revenues to the payment of debt service on the Bonds, but it has not pledged to do so.

TABLE 9
REAL ESTATE EXCISE TAX REVENUE

	2019	2020	2021	2022	2023⁽¹⁾
REET 1	\$ 761,940	\$ 857,276	\$ 1,449,131	\$ 1,139,695	\$ 920,581
REET 2	761,940	857,256	1,449,131	1,139,695	920,581
Total ⁽²⁾	\$ 1,523,880	\$ 1,714,532	\$ 2,898,262	\$ 2,279,390	\$ 1,841,162

⁽¹⁾ Unaudited; preliminary and subject to change

⁽²⁾ Totals may not foot due to rounding.

Source: City of Kenmore

Retail Sales and Use Taxes. State law authorizes local governments (including the City) to levy various retail sales and use taxes. These include "basic" and "optional" sales and use taxes (which is among the City's largest sources of tax revenue), and other sales and use taxes that generate revenue for the City, as described in greater detail below.

Retail sales taxes apply to the sale of tangible personal property as well as specified services, including certain construction, installation and repair, and cleaning services. Retail sales taxes are "destination-based," meaning the location in which the customer receives the taxed merchandise or service (as opposed to the place of sale) generally determines which jurisdiction applies its local sales tax rate and receives the revenue generated therefrom.

"Use taxes" apply to the use of goods or certain services upon which the consumer has not paid sales tax, such as goods purchased out of state or through casual or isolated sales. The location in which the taxpayer makes the first

taxable use of an article of tangible property as a consumer—or takes or assumes control over the article of tangible property upon which a service was performed—determines which jurisdiction applies its local tax rate and receives the revenue generated therefrom. For data regarding historical retail sales subject to the City’s sales and use taxes, see Appendix C—“Demographic and Economic Information.”

Sellers must collect retail sales taxes from customers and remit such taxes to the DOR approximately once per month. Use taxes are payable by the consumer to DOR upon the consumer’s use of goods or services to which the tax applies. The DOR collects and distributes all retail sales and use tax revenue in the State, retaining one percent of all collections for administration costs. The DOR distributes sales and use tax revenues to local governments on a monthly basis, approximately two months after DOR’s collection of such taxes.

State law does not categorically exempt businesses, nonprofits or governmental entities from paying sales and use taxes. However, certain goods and services are exempt, including most personal and professional services, prescription drugs, groceries (excluding alcohol, tobacco and prepared foods), and motor vehicle fuel.

The total retail sales and use tax rate in the City is currently 10.2 percent, which includes: the State’s retail sales and use tax (6.5 percent); the City’s “basic” and “optional” sales and use taxes (1.0 percent); a regional transit authority sales and use tax (1.4 percent); and County-imposed sales and use taxes for public transportation (0.9 percent), criminal justice purposes (0.1 percent), housing and related services (0.1 percent), cultural access programs (0.1 percent), and mental health and chemical dependency purposes (0.1 percent). Certain of these taxes are further described below.

“Basic” and “Optional” Sales and Use Taxes. The City imposes a “basic” sales and use tax at a rate of 0.5 percent, and an additional “optional” sales and use tax at a rate of 0.5 percent, as authorized by RCW 82.14.030(1) and (2). Per State law, the City receives 85 percent of such taxes collected within the City, with the balance distributed to the County. The City deposits the revenues from these taxes into its General Fund and may apply these revenues to any lawful governmental purpose, including payment of debt service on debt obligations. The City has not pledged such revenues toward paying the Bonds, however.

Criminal Justice Sales and Use Tax. The County imposes a local sales and use tax of 0.1 percent for criminal justice purposes, as authorized by RCW 82.14.340. State law provides that the County receive 10 percent of the revenues generated by the tax, with the County and its cities (including the City) sharing the remainder on a per capita basis. Local governments may only apply such tax revenues to activities that substantially assist the criminal justice system, including domestic violence programs and construction of court and jail facilities. These tax revenues are not available to pay debt service on the Bonds.

Affordable and Supportive Housing Sales and Use Tax. On September 16, 2019, the City imposed an affordable and supportive housing sales and use tax at a rate of 0.0073 percent, as authorized by RCW 82.14.540. The City may use revenues generated by this tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, for the operations and maintenance costs of new units of affordable or supportive housing, and for providing rental assistance to tenants. The tax is a credit against the State’s sales and use tax, and will expire 20 years after the date of imposition. These tax revenues are not available to pay debt service on the Bonds.

Transportation Benefit District. In 2012, the City created a city-wide transportation benefit district (“TBD”) pursuant to chapter 36.73 RCW (the “Kenmore TBD”) to fund transportation maintenance and improvements. Pursuant to chapter 36.73 RCW and Ordinance No. 16-0424, the City has assumed the rights, powers, immunities, functions and obligations of the Kenmore TBD, including its authority to impose certain allowable taxes and fees. Acting through its assumed powers, the City imposes a TBD annual vehicle license registration fee of \$40.00 on all vehicles registered with the City.

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Utility Taxes. The City imposes a tax against the gross income of utilities operating within the City, as set forth in the following table:

TABLE 10
UTILITY TAX DETAIL

Utility	Maximum Rate⁽¹⁾	Current Rate
Telephone	6.0%	6.0%
Cellular phone	6.0	6.0
Electric	6.0	4.0
Natural gas	6.0	6.0
Cable	n/a ⁽²⁾	6.0
Solid waste	n/a	10.0
Surface water	n/a	6.0

⁽¹⁾ Maximum rate permitted under State law absent voter approval of a higher rate.

⁽²⁾ By law, tax rates on cable may not be unduly discriminatory.

Source: City of Kenmore

In addition to the foregoing, the City imposes franchise fees on cable television services and on Northshore Utility District, which provides water and sewer services within the City. The City imposes these fees—which are equal to five percent of gross revenues (less advertising)—for the right of private utilities to use City streets and other public properties.

Gambling Tax. Permitted gambling, regulated by the State Gambling Commission, includes card games, bingo and raffles, amusement games, and punchboards or pull tabs. The City taxes card games at a rate of 15 percent of gross receipts; bingo and raffles at a rate of 10 percent of gross receipts, less amount paid for prizes; amusement games at a rate of two percent of gross revenue, less amount paid for prizes; and punchboards or pull tabs at a rate of five percent of gross receipts.

Business and Occupation Tax. The City imposes a business and occupation tax upon heavy manufacturers. The tax is equal to 0.2 percent of the value of a manufacturer's products, including by-products, manufactured within the City.

Other Taxes and Licenses. In addition to those described above, the City levies various other limited-purpose taxes and fees, including a leasehold excise tax. The revenues generated by these taxes are not available for payment of the Bonds.

GENERAL OBLIGATION DEBT

Authorization of Debt

State law controls and limits the power of cities (including the City) to contract debt. The City must set forth all debt in accordance with detailed budget procedures, pay debts out of identifiable receipts and revenues, and balance its budget each fiscal year. It is unlawful for City officers and employees to incur liabilities in excess of budgetary appropriations.

In an emergency, the City Council may authorize indebtedness outside the current budget. The City must pay all expenditures for emergency purposes by warrants from any available money in the fund properly chargeable with such expenditures.

Limits of Indebtedness

State law limits the ability of cities (including the City) ability to incur non-voted, voted, and overall indebtedness beyond specified percentages of the assessed value of taxable property within the city.

Non-voted Debt. The City may, without voter approval, incur general obligation indebtedness (such as the Bonds) in an amount not to exceed 1.5 percent of the assessed value of all taxable property within the City. The City may also enter into financing leases and conditional sale contracts if the total principal component of the lease and contract payments—together with the other non-voted general obligation indebtedness of the City—does not exceed 1.5 percent of assessed value.

Voted Debt. Subject to voter approval, the City may incur unlimited tax general obligation indebtedness (such as unlimited tax general obligation bonds), in an amount not to exceed 2.5 percent of the assessed value of all taxable property within the City for general municipal purposes; 2.5 percent of assessed value for certain utility purposes and 2.5 percent of assessed value for open space, park facilities and capital facilities associated with economic development; provided, all such debt is subject to the aggregate limitations described below. To incur such debt and levy excess property taxes to pay debt service thereon, the City must obtain voter authorization at an election in which at least 40 percent of the number of those voting in the prior general election cast ballots, and at least 60 percent of those casting ballots vote to approve the indebtedness and excess levy.

Aggregate Debt Limitations. The combined non-voted and voted general obligation debt for general municipal purposes may not exceed 2.5 percent of the assessed value of all taxable property within the City. The total general obligation debt for all purposes may not exceed 7.5 percent of such assessed value.

Short-Term Obligations. Within the limitations above, the City may borrow money and issue short-term obligations in anticipation of revenues, taxes, grants or the sale of bonds (if the City Council or the voters, as applicable, have authorized the bonds), for any other lawful purpose. The City must repay short-term obligations issued in anticipation of tax receipts within six months from the end of the fiscal year of issuance.

Outstanding General Obligation Debt

Upon issuance of the Bonds, the City will have the following general obligation indebtedness outstanding.

**TABLE 11
OUTSTANDING GENERAL OBLIGATION DEBT**

	Date Incurred	Final Maturity	Initial Debt Amount	Principal Amount Outstanding
Limited Tax General Obligation (LTGO) Bonds				
LTGO Bond, 2022 ⁽¹⁾	05/24/22	05/30/44	\$6,600,000	\$ 6,320,848
The Bonds ⁽²⁾	12/10/24	12/01/44	11,400,000	11,400,000
Total Non-Voted LTGO Bond Debt ⁽²⁾				\$ 17,720,848
Other Non-Voted General Obligation Debt				
Public Works Trust Fund ("PWTF") Loan ⁽³⁾	06/01/18	06/01/38	\$1,500,000	\$ 1,309,756
State Certificates of Participation, Series 2021C	11/17/21	12/01/41	2,605,000	2,365,000
Total Other Non-Voted General Obligation Debt				\$ 3,674,756
Total Non-Voted General Obligation Debt ⁽²⁾				\$ 21,395,604
Unlimited Tax General Obligation (UTGO) Bonds				
UTGO Bonds, 2016	12/21/16	12/21/36	\$9,220,000	\$ 4,980,000
UTGO Bonds, 2021A	09/22/21	12/01/40	8,725,000	7,940,000
Total Voted General Obligation Debt				\$ 12,920,000
Total General Obligation Debt ⁽²⁾				\$ 34,315,604

⁽¹⁾ Evidences a loan from Banner Bank in an amount not to exceed \$6,660,000. The principal amount outstanding represents the amount drawn on the loan as of the Delivery Date.

⁽²⁾ Preliminary, subject to change.

⁽³⁾ The City began drawing on the PWTF Loan in 2020, and made a final draw in 2024. The total amount of the City's draws on the loan is \$1.5 million.

Source: City of Kenmore

Debt Capacity Calculation

The City may incur general obligation debt if, at the time it incurs such debt, the City has sufficient debt capacity. State law provides an exception to the City's statutory debt limitation if refinancing indebtedness does not increase the total amount of the City's indebtedness. In calculating its total amount of indebtedness outstanding, the City may deduct certain assets, including cash on hand and outstanding, uncollected taxes not delinquent for longer than six years; provided, however, that taxes levied for the current year and cash on hand received for the purpose of carrying

on City business for such current year may constitute an asset only as against indebtedness incurred during such current year and payable from such taxes or cash on hand. Reductions in the assessed value of property within the City have no effect on the validity of the City's then-outstanding debt or the City's ability to refund such debt.

The following table presents a calculation of the City's debt capacity based on the assessed value of taxable property within the City, plus timber assessed value, for tax collection year 2024, less the City's outstanding general obligation debt.

**TABLE 12
DEBT CAPACITY CALCULATION**

Assessed Value (2024 tax collection year) ⁽¹⁾	\$ 7,022,616,521
General Purposes	
Non-Voted Debt Capacity (1.5% of Assessed Value)	\$ 105,339,247
Less: Outstanding Non-Voted General Obligation Debt	(9,995,604)
Less: The Bonds ⁽²⁾	(11,400,000)
Remaining Non-Voted Debt Capacity ⁽²⁾	\$ 83,943,643
Total (Non-Voted and Voted) Debt Capacity (2.5% of Assessed Value)	\$ 175,565,413
Less: Outstanding Non-Voted General Obligation Debt	(9,995,604)
Less: The Bonds ⁽²⁾	(11,400,000)
Less: Outstanding Voted General Obligation Debt	(12,920,000)
Total Remaining Debt Capacity ⁽²⁾	\$ 141,249,809
Utility Purposes	
Debt Capacity (2.5% of Assessed Value)	\$ 175,565,413
Less: Outstanding Voted General Obligation Debt	(0)
Remaining Debt Capacity	\$ 175,565,413
Parks, Open Space and Economic Development Purposes	
Debt Capacity (2.5% of Assessed Value)	\$ 175,565,413
Less: Outstanding Voted General Obligation Debt	(0)
Remaining Debt Capacity	\$ 175,565,413

⁽¹⁾ Assessed value for purposes of calculating debt capacity. Equal to the assessed value of all taxable property within the City, plus timber assessed value (equal to \$9,497 in the 2024 tax collection year).

⁽²⁾ Preliminary, subject to change.

Source: City of Kenmore

Direct and Estimated Overlapping Debt

Several taxing districts—including the County, the Port, the Library District and the Fire District—impose taxes on property within all or a portion of the City. The following table sets forth the outstanding principal amount of general obligation debt incurred by these overlapping taxing districts, and the estimated portion of such debt applicable to property within the City, based on each district's proportion of assessed value that lies within the City (the "Overlapping Debt").

The City obtained information regarding the Overlapping Debt from the overlapping taxing districts and sources the City considers reliable, but has not independently verified the information's accuracy or completeness. Prospective investors should not rely upon such information as accurate or complete. The amounts described below relate only to general obligation bonds issued by the taxing districts, and may not reflect bank loans, leases, and other contracts that may constitute indebtedness under State law. The overlapping taxing districts may have issued additional general obligation debt since the dates indicated, and/or may anticipate future general obligation debt issuances.

The table below does not include obligations secured by a pledge of other revenues such as utility revenues, excise taxes, sales taxes, and/or motor vehicle excise taxes.

TABLE 13
ESTIMATED OVERLAPPING DEBT

Overlapping Taxing Districts	2024 Assessed Value	Percent Overlap	General Obligation Debt⁽¹⁾	Estimated Overlapping Debt
The County	\$833,036,264,377	0.84%	\$910,760,000	\$7,677,829
The Port ⁽²⁾	833,036,264,377	0.84	457,005,000	3,852,613
The Fire District	11,405,438,429	61.57	5,690,000	3,503,472
Evergreen Hospital District ⁽³⁾	138,806,590,028	5.06	284,935,000	14,414,806
The Library District	527,468,934,365	1.33	15,670,000	208,627
Lake Washington School District	99,301,523,232	<0.01	515,815,000	2,123
Northshore School District	31,058,842,213	22.61	709,810,000	160,483,336
Total			\$2,899,685,000	\$190,142,806

⁽¹⁾ General obligation debt outstanding as of August 31, 2024, unless otherwise noted.

⁽²⁾ As of July 9, 2024.

⁽³⁾ As of December 31, 2023.

Sources: King County Finance and Business Operations—Treasury Operations and Department of Assessments

The following table presents information regarding the City's outstanding principal amount of general obligation debt, including the Bonds (the "Direct Debt") and the estimated portion of the Overlapping Debt allocated to City residents.

TABLE 14
DIRECT AND OVERLAPPING DEBT

Total Assessed Value (2024 tax collection year)	\$7,022,607,024
City Population ⁽¹⁾	24,350
Debt Information	
Direct Debt (as set forth in Table 11) ⁽²⁾	\$34,315,604
Estimated Overlapping Debt (as set forth in Table 13)	190,142,806
Total Direct Debt and Overlapping Debt ⁽²⁾	\$224,458,410
Bonded Debt Ratios	
Direct Debt to Assessed Value ⁽²⁾	0.49%
Direct Debt and Overlapping Debt to Assessed Value ⁽²⁾	3.20%
Per Capita Assessed Value	\$288,403
Per Capita Direct Debt ⁽²⁾	\$1,409
Per Capital Total Direct and Overlapping Debt ⁽²⁾	\$9,218

⁽¹⁾ April 1, 2024 population estimate from the State Office of Financial Management.

⁽²⁾ Preliminary, subject to change.

Sources: City of Kenmore, King County Finance and Business Operations—Treasury Operations and Department of Assessments

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Debt Service Requirements

The following table provides the debt service schedule for certain of the City's outstanding limited tax general obligations (see Table 11) and the Bonds.

TABLE 15
LIMITED TAX GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Year ⁽³⁾	Outstanding LTGO Debt ⁽¹⁾		The Bonds ⁽²⁾		Total ⁽⁴⁾
	Principal	Interest	Principal	Interest	
2025	\$ 373,967	\$ 336,319	\$ 355,000	\$	\$
2026	383,866	322,022	360,000		
2027	393,849	307,307	380,000		
2028	403,918	292,169	400,000		
2029	414,074	276,606	420,000		
2030	424,319	260,616	440,000		
2031	439,655	244,194	460,000		
2032	450,083	227,088	485,000		
2033	460,604	209,546	510,000		
2034	471,221	191,562	535,000		
2035	486,935	173,135	560,000		
2036	497,747	154,011	590,000		
2037	513,659	134,436	620,000		
2038	529,673	114,157	650,000		
2039	545,792	93,171	680,000		
2040	557,015	71,474	715,000		
2041	573,346	49,312	750,000		
2042	379,786	26,431	790,000		
2043	386,338	13,329	830,000		
2044	--	--	870,000		
Total⁽⁴⁾	\$ 9,050,000	\$ 3,671,984	\$ 11,400,000	\$	\$

(1) Includes the City's outstanding LTGO Bond, 2022 and loan obligation related to the State Certificates of Participation, Series 2021C. Excludes the City's outstanding PWTf Loan. See Table 11.

(2) Preliminary, subject to change.

(3) Calendar year.

(4) Totals may not foot due to rounding.

Source: City of Kenmore

Future General Obligation Debt

The City is currently reviewing options related to the purchase of and improvements to approximately 15 acres of possible public park property located within the City on the shoreline of Lake Washington ("Lakepointe"). One option the City is exploring is seeking voter approval in 2025 or 2026 for the formation of a metropolitan park district, an independent taxing district that is legally separate from the City and has its own debt capacity. If voters approve the formation of such metropolitan park district, the district may issue debt to acquire the Lakepointe property. Any debt issued by the metropolitan park district would be an obligation of such district and not the City unless otherwise agreed to by the City. In the meantime, the City may issue a short-term bond anticipation note in the principal amount of approximately \$1 to \$2 million to pay for costs related to development, project design, and a purchase deposit for the Lakepointe property. Formation of a metropolitan park district requires City Council action and voter approval. The formation of such district and issuance of any debt related to the Lakepointe property is preliminary, subject to change. The City does not expect to issue any other general obligation debt in the next 24 months. The City periodically reviews its outstanding debt for refunding opportunities, and may refinance such debt as market conditions warrant.

Debt Payment Record

The City has at no time defaulted on the payment of debt service on outstanding bonds or other obligations when due.

CITY FINANCIAL INFORMATION

Accounting, Reporting and Budgeting

The State Auditor prescribes accounting and reporting systems and budgetary controls for all local governments in accordance with chapter 43.09 RCW. The City is subject to the requirements of all such systems and controls, and establishes procedures and records intended to reasonably assure safeguarding of assets and the reliability of financial reporting. The City's Finance & Administration Director maintains general supervision over financial transactions for all City funds.

Basis of Accounting and Measurement Focus. The City reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor under the authority of chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner: financial transactions are recognized on a cash basis of accounting; component units are required to be disclosed, but are not included in the financial statements; government-wide statements, as defined in GAAP, are not presented; all funds are presented, rather than a focus on major funds; the Schedule of Liabilities is required to be presented with the financial statements as supplementary information; supplementary information required by GAAP is not presented; and ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprise its cash and investments, revenues and expenditures. The City's resources are allocated to and accounted for in individual funds depending on their intended purpose.

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid. In accordance with State law, the City also recognizes expenditures paid during 20 days after the close of the fiscal year for claims incurred during the previous period. Purchases of fixed assets are expensed during the year of acquisition. There is no capitalization of fixed assets, nor allocation of depreciation expense.

Reporting and Auditing of City Finances. Within 150 days of the close of each fiscal year, the City must prepare, certify and file with the State Auditor a financial report covering the full period of such fiscal year. The report must conform to the State Auditor's prescribed methods and forms, and contain accurate statements (in summarized form) of all collections made or receipts received from all sources, all accounts due the public treasury but not collected, all expenditures for every purpose, and all public debt, among other items.

The State Auditor audits the financial statements of local governments (including the City) to provide an independent opinion on the financial statements and the results of operations and cash flows. The purpose of these audits is to determine whether a city's financial statements present a reliable, accurate picture of a government's finances. In addition, the State Auditor conducts an accountability audit of the City at least once every three years. The purpose of the accountability audit is to evaluate the City's financial condition and resources, to determine whether the City has complied with State law, the City's internal policies, and State Auditor requirements, and to assess the methods and accuracy of the City's accounts and reports.

The City's audited financial statements for the fiscal year ended December 31, 2022 are attached as Appendix E, and incorporated by reference into this Official Statement. The State Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on such financial statements, nor has the State Auditor performed any procedures related to this Official Statement.

The City's unaudited financial statements for the fiscal year ended December 31, 2023, attached as Appendix F, are preliminary and subject to change. The City expects the State Auditor to complete the audit of these financial statements in spring 2025, at which time the City will adopt the audited statements and post them on the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access system ("EMMA"). City officials anticipate the information in the audited statements will be consistent with the unaudited information presented in this Official Statement.

Budgetary Process. The City adopts biennial appropriated budgets at the fund level. The budget constitutes the legal authority for expenditures at that level. Biennial appropriations for all funds lapse at the end of the two-year fiscal period. Biennial appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The City Manager is authorized to transfer budgeted amounts between accounts within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

Investments

Investment Authority. The City may invest excess and inactive funds on an individual fund basis, or, unless otherwise restricted by law, commingle funds within a common investment portfolio for the mutual benefit of all participating funds. If the City commingles funds in a common investment portfolio, the City must apportion all income derived therefrom among the various participating funds or to the general or current expense fund.

Ordinances, resolutions, or covenants may prescribe how the City will invest funds derived from the sale of bonds or similar instruments of indebtedness. Per the Bond Ordinance, the City must obtain any investment of Bond proceeds at fair market value.

Chapter 39.59 RCW authorizes local governments to invest public funds in the following instruments: (1) bonds of the State or any local government in the State, (2) general obligation bonds of any other state or local government that have one of the three highest credit ratings of a nationally recognized rating agency, (3) registered warrants of a local government in the same county as the local government making the investment, (4) obligations of the U.S. government, its agencies and wholly owned corporations, or obligations issued or guaranteed by supranational institutions, provided, that at the time of investment, the United States government is the largest shareholder of such institution, (5) obligations of the Federal Home Loan Bank, Federal Land Bank and Fannie Mae, and obligations of other government-sponsored corporations whose obligations are or may become eligible as collateral for advances to member banks of the Federal Reserve System, (6) bankers' acceptances purchased on the secondary market, (7) commercial paper purchased on the secondary market, subject to State Investment Board policies, and (8) corporate notes purchased on the secondary market, subject to State Investment Board policies.

City Investments. The City's policy is to invest all temporary cash surpluses, with interest on these investments prorated to the various funds. The following table presents the City's deposits and investments as of December 31, 2022 and December 31, 2023.

TABLE 16
CASH AND INVESTMENTS⁽¹⁾

Type of Deposit or Investment	Deposits/investments as of 12/31/2022	Deposits/investments as of 12/31/2023
Bank deposits	\$6,282,082	\$5,782,029
Local Government Investment Pool	17,661,316	16,016,226
U.S. Government securities	6,563,118	7,996,434
Total	\$30,506,516	\$29,794,689

⁽¹⁾ Excludes deposits and investments the City holds on behalf of other entities.

Source: City of Kenmore

Local Government Investment Pool. As noted in the table above, the City voluntarily participates in the Local Government Investment Pool (the "LGIP"), an external investment pool operated by the State Treasurer. The pool is not rated or registered with the U.S. Securities and Exchange Commission (the "SEC"). Rather, the State Finance Committee oversees the LGIP, in accordance with chapter 43.250 RCW.

The State Treasurer manages the LGIP portfolio in a manner generally consistent with SEC-regulated Rule 2a-7 money market funds. The maximum final maturity of any security will not exceed 397 days (with exceptions for variable rate and floating securities and securities used in repurchase agreements); the weighted average maturity of the portfolio will not exceed 60 days; and the weighted average life of the portfolio will not exceed 120 days. Eligible investments include: (1) certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies; (2) state, county, municipal, or school district bonds of the State; (3) bankers' acceptances purchased on the secondary market; and (4) commercial paper or corporate notes purchased on the secondary market, provided such investments adhere to State Investment Board policies and procedures.

For the fiscal year ended June 30, 2023, the average balance in the LGIP portfolio was \$21.9 billion, invested on behalf of 631 participants. Participants may contribute and withdraw LGIP funds on a daily basis.

The State Treasurer prepares a financial report for the LGIP, available online at www.tre.wa.gov. Prospective investors should refer to this report, which this Official Statement does not incorporate by reference, for a full and complete account of the information therein.

Historical Operating Results

The following table presents General Fund financial information from the City's audited financial statements for the fiscal years ended December 31, 2018 through December 31, 2022, and unaudited financial statements for the fiscal year ended December 31, 2023 (preliminary and subject to change). The complete audited financial statements and accompanying notes are available from the City, and include additional information that may interpret, clarify or modify the data presented below.

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TABLE 17
COMPARATIVE GENERAL FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
(Fiscal Years Ended December 31)⁽¹⁾

	Audited					Unaudited
	2018	2019	2020	2021	2022	2023
Beginning Cash and Investments	\$ 7,459,609	\$ 8,412,926	\$ 7,575,242	\$6,993,952	\$9,390,411	\$ 6,837,141
Operating Revenues						
Taxes	9,182,828	9,701,569	9,944,778	10,738,605	11,511,226	12,500,239
Licenses and Permits	1,508,221	1,277,609	1,311,554	1,453,504	1,558,136	1,523,611
Intergovernmental Revenues	566,531	538,608	1,638,709	656,518	610,943	855,911
Charges for Goods and Services	643,647	624,470	1,025,764	704,847	729,214	1,128,209
Fines and Penalties	132,779	104,363	59,333	42,287	38,793	57,795
Miscellaneous Revenues	505,453	473,613	409,634	122,101	347,188	417,610
Total Operating Revenues	12,539,459	12,720,232	14,389,772	13,717,862	14,795,500	16,483,375
Operating Expenditures						
General Government	4,151,040	4,296,613	4,772,720	4,359,641	5,393,945	6,383,138
Public Safety	3,976,740	4,045,961	4,106,056	3,520,632	3,876,369	372,121 ⁽²⁾
Utilities and Transportation	601,705	407,518	312,469	422,304	667,405	602,586
Natural/Economic Environment	2,239,983	2,021,536	2,652,270	2,119,229	2,295,873	2,890,703
Culture and Recreation	604,921	355,171	358,979	414,948	660,926	534,871
Total Operating Expenditures	11,574,390	11,126,797	12,202,494	10,836,754	12,894,518	10,783,419
Net Operating Increase (Decrease)	965,069	1,593,435	2,187,278	2,881,108	1,900,982	5,699,956
Nonoperating Revenues						
Other Financing Sources	746,400	229,855	1,123,066	2,735,196	1,903,260	1,019,978
Nonoperating Expenditures						
Other Financing Uses ⁽³⁾	4,933	-	2,436,459	2,336,595	207,602	308,622
Capital Expenditures	174,130	678,442	175,220	100,308	3,910,411	127,831
Debt Service	-	-	-	-	47,984	-
Transfers-Out	579,089	1,982,529	1,279,955	782,942	2,191,515	428,000
Total Nonoperating Expenditures	758,152	2,660,971	3,891,634	3,219,845	6,357,512	864,453
Net Increase (Decrease) in Cash and Investments	953,318	(837,681)	(581,290)	2,396,459	(2,553,270)	5,855,481
Ending Cash and Investments						
Reserved	124,145	124,145	-	-	-	-
Unreserved	8,288,781	7,451,097	-	-	-	-
Restricted	-	-	947,623	996,224	1,041,882	1,005,143
Unassigned	-	-	6,046,329	8,394,187	5,795,259	11,687,486
Total Ending Cash and Investments	\$8,412,926	\$7,575,242	\$6,993,952	\$9,390,411	\$6,837,141	\$12,698,629

(1) For financial reporting purposes, this statement includes the General Fund, the Strategic Reserve Fund and the Strategic Opportunities Fund. Totals may not foot due to rounding.

(2) In 2023, the City used American Rescue Plan Act grant funds to pay for police services, which enabled the City to reallocate (on a one-time basis) General Fund revenues the City would otherwise apply to these annual expenditures.

(3) "Other Financing Uses" represent interfund loan activity. In 2020, the General Fund loaned \$2.3 million to the Sammamish Bridge Fund pending receipt of a grant. The loan was repaid in 2021.

Source: City of Kenmore audited financial statements for years ended December 31, 2018 through December 31, 2022, and unaudited financial statements for the fiscal year ended December 31, 2023 (preliminary and subject to change).

General Fund Budget

The City prepares biennial budgets, adjusted semiannually or as needed to reflect changes or updated projections. The following table presents the City's General Fund adopted and amended budgets for the 2024 fiscal year, as subject to adjustment.

TABLE 18
GENERAL FUND:
2024 ADOPTED AND AMENDED BUDGET

	<u>Adopted 2024 Budget</u>	<u>Amended 2024 Budget</u>
Beginning Fund Balance	\$4,118,854	\$9,732,274
Revenues		
Taxes	\$12,254,284	\$12,729,375
Licenses & Permits	1,401,164	1,574,900
Intergovernmental	685,079	698,344
Charges for Services	654,257	1,087,136
Fines and Penalties	3,939	5,100
Miscellaneous	927,116	1,198,903
Total Revenues	<u>\$15,925,839</u>	<u>\$17,293,758</u>
Total Revenues & Beginning Fund Balance	<u>\$20,044,693</u>	<u>\$27,026,032</u>
Expenditures		
City Council	\$206,284	\$175,000
City Clerk	492,100	550,000
City Manager	1,837,346	1,837,346
Finance and Administration	1,308,447	1,600,000
Legal	350,000	350,000
Human Resources	239,552	110,000
Transfers to Capital and Other Funds	1,040,546	1,630,000
Special Projects	-	350,000
Public Safety	4,956,350	4,956,350
Public Works	872,700	872,700
Community Development	1,039,345	1,039,345
Development Services	1,715,328	1,715,328
Environmental Services	-	225,000
Housing & Human Services	-	375,000
Public Works Maintenance	1,843,638	1,843,638
Total Expenditures	<u>\$15,901,636</u>	<u>\$17,629,707</u>
Ending Fund Balance	<u>\$4,143,057</u>	<u>\$9,396,325</u>

Source: City of Kenmore

CITY GENERAL INFORMATION

Governance

The City was incorporated in 1998, and operates under State laws applicable to a non-charter code city (Title 35A RCW). The City provides a range of municipal services authorized by State law, include public works, community development and general government. The City contracts with the King County Sheriff's Office for police services and other local governments from time to time for other services.

The City operates under the council-manager form of government, with seven elected councilmembers. Councilmembers serve staggered four-year terms. From among its members, the Council elects the Mayor who serves

a two-year term. Duties of the Council include, but are not limited to, adopting a comprehensive plan for the City, including a capital improvements plan, and adopting the budget, ordinances, and resolutions necessary to carry out the comprehensive plan. The Council holds regular and special meetings. All meetings are open to the public as provided by law and agenda items are prepared in advance.

The following are the Mayor and members of the City Council.

**TABLE 19
ELECTED OFFICIALS**

Name	Position	Term Expires (December 31)
Nigel Herbig	Mayor, Position 4	2025
Melanie O’Cain	Deputy Mayor, Position 1	2027
Joe Marshall	Councilmember, Position 2	2025
Valerie Sasson	Councilmember, Position 3	2027
Jon Culver	Councilmember, Position 5	2027
Debra Srebnik	Councilmember, Position 6	2025
Nathan Loutsis	Councilmember, Position 7	2027

Source: City of Kenmore

The Council appoints a City Manager, who has responsibility for planning, administering, directing, overseeing and evaluating the activities and operations of the City including public safety, community development, legal, public works (including parks and recreation) and administrative services. All City department directors report to the City Manager.

Brief résumés of key City staff follow:

Robert Karlinsey, City Manager. Mr. Karlinsey has 30 years of local government experience and has served as the City Manager for the City since 2012. Prior to joining the City, Mr. Karlinsey was the City Administrator for the City of Gig Harbor, Washington, where he served from 2007 to 2012. Mr. Karlinsey is a credentialed member of the International City/County Management Association. Mr. Karlinsey holds a Master’s Degree in Public Administration from the George W. Romney Institute of Public Service and Ethics at Brigham Young University.

Stephanie Lucash, Deputy City Manager. Ms. Lucash has over 30 years of municipal government experience including management and leadership positions at the Cities of Kenmore, Seattle, and Covington and King County. Ms. Lucash joined the City in 2021, where she oversees economic development and tourism, public safety and judicial branch functions, housing and human services, communications and community engagement, the city clerk, public records, and special projects. Ms. Lucash has a Master’s of Public Administration from the Evans School of Public Policy and Governance at the University of Washington.

Melinda Merrell, Director - Finance & Administration. Ms. Merrell has been a finance professional for over 25 years. Before coming to the City in 2023, Ms. Merrell served as the Finance Director for the City of Seattle Human Resources Department. Prior to that, Ms. Merrell worked for Renton Technical College; first, as the Director of Financial Services and then as the Vice President of Administration and Finance. Preceding her public sector service, Ms. Merrell worked in auditing and financial reporting for Coopers & Lybrand and Washington Mutual, respectively. Ms. Merrell holds a Bachelor’s Degree in Business Administration in Accounting from the University of North Florida.

Labor Relations

As of September 1, 2024, the City employed 52 full-time employees and 18 part-time/seasonal employees. There are currently no unions representing City employees.

Response to COVID-19

The COVID-19 pandemic was a significant event that has had significant effects on City and the region. Certain historical information in this Official Statement regarding the finances and operations of the City predate the outbreak of COVID-19, and should be considered in light of the effects the COVID-19 pandemic may have on the current and future finances and operations of the City and economy of the State.

The City began taking budget actions in early 2020 to manage the impacts of COVID-19. These actions included reduced discretionary expenditures in the General Fund. While the City anticipated and planned for a significant decrease in certain revenues, many of these expectations did not materialize. For instance, sales tax revenue in 2020 increased as compared to 2019, and sales tax revenue in 2021 increased by 23.6 percent compared to 2020. Sales tax revenue has since leveled off, but annual collections for 2023 are still 32 percent higher than in 2019.

In 2020, the City received approximately \$1.08 million in Federal Coronavirus Relief Funds, which the City used to assist local businesses and human service organizations, acquire personal protective equipment and purchase technology equipment for teleworking, among other uses.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act (“ARPA”), which provided \$350 billion to help states, counties, cities and tribal governments cover increased expenditures, replenish lost revenue and mitigate economic harm from the COVID-19 pandemic. The City received approximately \$6.4 million in total ARPA assistance, distributed in a 2021 tranche and a 2022 tranche. The City has used ARPA funds to support COVID-19 mitigation efforts, provide economic assistance to households and small businesses, support affordable housing development, provide resources for mental health counseling, and replace lost public sector revenue, as authorized by law.

Pensions

Overview. Substantially all of the City’s full-time and qualifying part-time employees participate in the following retirement systems administered by the State Department of Retirement Systems (“DRS”): the Public Employees’ Retirement System (“PERS”). A combination of sources fund each retirement system, including employer and employee contributions and investment returns, as further described below. While the Legislature has authority to establish and amend laws pertaining to the creation and administration of these retirement systems, employees have a contractual entitlement to system benefits.

The City has obtained or reproduced certain financial and actuarial information in this section from the City’s financial statements and from public reports of DRS and the Office of the State Actuary (the “State Actuary”). These reports include DRS’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024 (the “DRS 2024 ACFR”), available at www.drs.wa.gov, and the State Actuary’s 2023 Actuarial Valuation Report, as of June 30, 2023 (the “State Actuary’s 2023 Valuation”), available at <https://leg.wa.gov/osa/>. Prospective investors should refer to these reports, which this Official Statement does not incorporate by reference, for full and complete accounts of the data and findings therein.

Plan Descriptions. PERS is a cost-sharing, multiple-employer retirement system composed of three separate pension plans for membership purposes. PERS Plan 1 and Plan 2 are defined benefit plans. Plan 3 is a defined benefit plan with a defined contribution component. The defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund, and may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries. PERS participants who joined the system by September 30, 1977 are Plan 1 members. PERS participants who joined the system thereafter may choose between Plan 2 or Plan 3.

All PERS plans provide retirement benefits, calculated as a percentage of the member’s average final compensation or salary multiplied by the member’s years of service. Each plan also offers death and disability benefits. Benefit calculation methods and vesting and eligibility requirements vary by plan. Additional detail regarding each plan is available in the DRS 2024 ACFR.

Actuarial Funding of State Retirement Systems. To fund the retirement systems, the State relies upon contributions collected from plan participants and their employers. The State holds these contributions in a trust fund, which accumulate interest through investment earnings. *See “—Investments”* below. The goal of the State’s pension funding program is to accumulate assets sufficient to pay all plan benefits when due.

The State Actuary performs an annual valuation on asset, participant and plan information to determine the contribution rates required to achieve full funding of the retirement system plans. To perform this calculation, the State Actuary applies an actuarial cost method, an asset valuation method, and economic and demographic assumptions. The actuarial cost method allocates a plan’s costs (and contributions) over a member’s working career, and consists of two components: “normal cost” and “unfunded actuarial accrued liability.” “Normal cost” is the portion of the cost of projected benefits allocated to the current plan year, and “unfunded actuarial accrued liability” is the present value of benefits earned to date not covered by current plan assets (if any).

To limit volatility in contribution rates due to short-term market fluctuations, the State Actuary's valuation applies an asset valuation method that smooths (or defers recognition of) the difference between actual and expected annual investment returns over a period not to exceed eight years. The number of years over which the State Actuary smooths this difference depends on the magnitude of the gain or loss. The actuarial value of assets (the "AVA") that the State Actuary uses for annual valuation purposes is equal to the current market value of the assets (the "MVA") less the total deferred investment gains and losses at the valuation date. The AVA can never be less than 70 percent or greater than 130 percent of the MVA.

To estimate plan costs, the State Actuary relies upon actuarial assumptions as to the growth of projected pension benefits and the accumulation of plan assets. The State Actuary's 2023 Valuation assumes an annual investment rate of return of 7.00 percent, an annual salary growth rate of 3.25 percent per year, an annual inflation rate of 2.75 percent, and, for Plan 1 funding purposes, an annual plan membership growth rate of 1.00 percent. The valuation also incorporates demographic assumptions to model the behavior of plan members over the ensuing years. These assumptions include rates of mortality, retirement, and termination as developed in the State Actuary's 2013–2018 Demographic Experience Study. Additional information regarding these assumptions, the State Actuary's actuarial cost and asset valuation methods, and pension funding policies are available on the State Actuary's website (<https://leg.wa.gov/osa>), which this Official Statement does not incorporate by reference.

Contribution Rates and Amounts. In July of even-numbered years, the Pension Funding Council ("PFC") reviews and adopts system contribution rates based upon the State Actuary's valuation for the most recent odd-numbered year. In July 2024, the PFC adopted contribution rates for the 2025–27 biennium, based upon the State Actuary's 2023 Valuation. These rates are subject to revision or supplementation by the Legislature, the PFC or DRS, as prescribed by law.

The following table sets forth current employee and employer contribution rates in the 2023-2025 biennium for the PERS plans, calculated as a percentage of the member's reportable compensation, effective as of September 1, 2024. All employer rates include a 0.20 percent DRS administrative expense rate. In addition, PERS employer contribution rates include a contribution rate to amortize PERS Plan 1's unfunded actuarial accrued liability (or "UAAL"). This UAAL rate is 2.47 percent as of July 1, 2024.

TABLE 20
EMPLOYER AND EMPLOYEE PENSION CONTRIBUTION RATES

		<u>Employee</u>	<u>Employer</u>
PERS	Plan 1	6.00% ⁽¹⁾	9.11%
	Plan 2	6.36	9.11
	Plan 3	Variable ⁽²⁾	9.11

⁽¹⁾ State law fixes employee contribution rates for PERS Plan 1 at six percent.

⁽²⁾ Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The PERS Plan 3 employee contribution rates range between five and 15 percent.

Source: State Department of Retirement Services

In the year ended December 31, 2023, the City contributed \$196,568 (unaudited) to PERS Plan 1, and \$295,114 (unaudited) to PERS Plan 2/3. While the City's contributions in fiscal year 2023 represented its full statutorily required contribution to the PERS plans, any unfunded pension benefit obligations within the systems could result in higher contribution rates in the future.

Plan Funded Status. In addition to determining contribution rates, the State Actuary's annual valuation calculates each plan's funded status by comparing current plan assets, determined under an asset valuation method (see above), to the present value of future benefits earned to date (or "actuarial accrued liability") of plan members. Per the State Actuary's 2023 Valuation, the funded status of the PERS plans was as follows:

TABLE 21
FUNDED STATUS ON AN ACTUARIAL VALUE BASIS
(\$ in millions)

	PERS	
	Plan 1	Plan 2/3
Accrued Liability	\$10,701	\$60,245
Actuarial Value of Assets	8,561	58,592
Unfunded Accrued Liability	\$2,140	\$1,653
As of June 30,	Funded Ratio (%)	
2023	80	97
2022	75	97
2021	71	95
2020	69	98
2019	65	96

Source: State Actuary's 2023 Valuation

The following table presents the total and net pension liability (or asset) of each PERS plan as of June 30, 2024, and the City's proportionate share thereof.

TABLE 22
SCHEDULE OF NET PENSION LIABILITY⁽¹⁾
(\$ in thousands)

	PERS 1	PERS 2/3
Total Pension Liability ("TPL")	\$ 11,141,258	\$ 63,715,736
Fiduciary Net Position ("FNP")	9,364,420	67,012,309
Net Pension Liability (Asset) ("NPL")	1,776,838	(3,296,573)
FNP as Percentage of TPL	84.05%	105.17%
City's Plan Allocation Percentage	0.032406%	0.037993%
City's Proportionate Share of TPL	\$ 3,610	\$ 24,208
City's Proportionate Share of NPL	576	(1,252)

⁽¹⁾ Total pension liability determined based upon the State Actuary's 2023 Valuation, with the results rolled forward to June 30, 2024, applying the following actuarial assumptions, applied to all prior periods included in the measurement: 2.75 percent total economic inflation, 3.25 percent salary inflation (plus growth by service-based salary increases); and 7.00 percent investment rate of return.

Source: DRS 2024 ACFR and DRS "Participating Employer Financial Information for the Fiscal Year Ended June 30, 2024"

Investments. Per State law, the Washington State Investment Board (the "WSIB")—an independent, 15-member board of trustees—has investment management responsibility for the pension funds. The WSIB invests the retirement funds in the Commingled Trust Fund ("CTF"), a diversified pool of investments that consists of fixed income, public equity, private equity, real estate and tangible assets. For the fiscal year ended June 30, 2024, the CTF investments provided an 8.5 percent one-year, time-weighted rate of return, with a five-year annualized rate of return of 9.9 percent.

For additional information regarding the City's pension plans, see Note 8 of the City's audited financial statements for the year ended December 31, 2023, attached as Appendix E.

Risk Management

The City is a member of the Washington Cities Insurance Authority ("WCIA"). Utilizing chapter 48.62 RCW (self-insurance regulation) and chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has over 160 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security and privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall. An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an executive committee and appoints a treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the executive committee and is responsible for conducting the day-to-day operations of WCIA.

The City has liability coverage of \$20 million per occurrence. There have been no settlements in excess of the City's insurance in the past five years.

Under State law, the City may maintain its own self-insured workers compensation in lieu of participating in the State programs. The City self-insures for unemployment insurance. Expenditures from unemployment benefits have totaled \$5,248.94 since 2020.

INVESTMENT CONSIDERATIONS

Prospective purchasers evaluating an investment in the Bonds should consider the matters set forth below and all other information contained in this Official Statement. The following section does not purport to be a comprehensive list or description of all potential risks that, if realized, could adversely affect the payment or value of the Bonds. The order in which the Official Statement presents these factors does not convey or imply any judgment as to their relative importance.

Initiative and Referendum

State Initiative and Referendum. Under the State Constitution, voters may propose and enact legislation independent of the Legislature through the power of initiative, and approve or reject any law passed by the Legislature through the power of referendum. To qualify for submission to voters, a petition for an initiative must include the number of voter signatures equal to at least eight percent of the votes cast for governor at the preceding gubernatorial election; a petition for a referendum must include the number of voter signatures equal to at least four percent of such votes. Initiatives and referendums each require a simple majority of voters to pass.

The Legislature may not amend or repeal any law approved by initiative or referendum within two years of enactment except by a two-thirds vote of both houses of the Legislature. Voters may not amend the State Constitution through the initiative power.

In recent years, the number of initiatives and referenda filed in the State has increased, including initiatives affecting the taxing authority and other powers of local jurisdictions. The City cannot predict whether this trend will continue, whether any filed initiatives will receive the requisite signatures for certification to the ballot, whether voters will approve such initiatives, and, if challenged, whether courts will uphold them.

Local Initiative and Referendum. The City Code provides that City voters may initiate local legislation and code amendments, and modify existing legislation, through local powers of initiative and referendum. The City cannot predict when or if any such measures will be filed, or what the subject or effect of any such potential measure would be. Under State law, the Bond Ordinance may not be a proper subject for a referendum petition. In any event, the referendum period for the Bond Ordinance has expired, and no referendum was filed.

Limitations on Remedies; No Acceleration Upon Default

The Bond Ordinance does not enumerate events of default, specify remedies upon an event of default, or contain cross-default provisions. In the event of a default, Bond owners may pursue remedies permitted by State law, though obtaining such remedies may require expensive and protracted legal action, and may not fully protect the Bond owners' interests. Laws relating to bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization or other similar laws of general application affecting the rights of creditors, the application of equitable principles, and the exercise of judicial discretion may limit enforcement of Bond owners' rights and remedies. Concurrent with the issuance of the Bonds, Pacifica Law Group, as Bond Counsel, will deliver an opinion subject to these limitations. See Appendix A—"Form of Bond Counsel Opinion."

The Bonds are not subject to acceleration upon the occurrence of a default. The City is liable for principal and interest payments only as such payments become due. In the event of multiple payment defaults, Bond owners must bring separate actions for each payment not made, which may cause the interests of those holding earlier and later maturing Bonds to diverge.

Bankruptcy

State law provides that any taxing district in the State—including the City—may file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code"), and carry out a plan of readjustment as approved by federal court decree. Federal bankruptcy law does not permit creditors to initiate involuntary bankruptcy proceedings against municipalities, and generally affords federal bankruptcy courts broad discretion in bankruptcy cases. If the City were to become a debtor in a federal bankruptcy proceeding, Bond owners may be unable to exercise the remedies available under State law. Such proceedings could also be time-consuming and expensive, substantially delaying and/or reducing debt service payments on the Bonds.

Natural Disasters and Other Risks

The City is located in the seismically-active Puget Sound region, which features a number of active faults and lies along the Cascadia subduction zone—a 700-mile fault beneath the Pacific Ocean. In addition to frequent minor earthquakes, the Puget Sound region has experienced several major earthquakes in the past 50 years. These include a magnitude 6.8 earthquake in 2001 that reportedly caused more than \$2 billion in damage. The largest known earthquake in the region occurred in approximately 1700, with an estimated magnitude of 9.0. The Pacific Northwest Seismic Network estimates that an earthquake of this magnitude occurs in the region every 400 to 600 years; such an earthquake could cause extensive and even catastrophic damage within the City.

The Western United States, including the State, has also recently experienced an increase in major wildland fires causing extensive damage in certain areas and diminishing air quality. Other natural disasters, such as tsunamis, volcanic eruptions, landslides, winter storms, windstorms, flooding, and extreme heat are also possible in the region, and could impact the City. Climate change may intensify and increase the frequency of certain natural disasters and extreme weather events, such as drought, wildfires, floods and heatwaves. See "—Climate Change; Sustainability" below.

The loss of life and property damage that could result from a natural disaster or extreme weather event could have a material and adverse impact on the City. The City can give no assurance that the City's insurance reserves or proceeds

of insurance carried by the City, if any, would be sufficient, if available, to rebuild and reopen City facilities, or that City facilities or surrounding facilities and infrastructure could or would be rebuilt and reopened.

Climate Change; Sustainability

Long-term changes in climate and in the frequency, timing, and severity of extreme weather events pose risks to the City. Anticipated climate change impacts include more intense heavy rain events and summer heat events, lower and warmer summer stream flows, and an increased risk of flooding, drought, landslides, and wildfires. While the City cannot predict precisely how, when, and where specific climate impacts will occur, there have been and will be climate impacts on the City and the surrounding region, which may have a material impact on the City and its operations and finances.

The City considers the environmental impacts associated with climate change in its decision-making and has incorporated various elements and initiatives designed to address climate change into its policies and plans. In May 2022, the City Council adopted a Climate Action Plan (“CAP”). The CAP establishes actions the City and community can take to reduce greenhouse gas (“GHG”) emissions and reach carbon neutrality by 2050. The CAP also provides strategies to adapt to future climate change impacts. The strategies and actions in the CAP include five focus areas: Buildings & Energy, Transportation & Land Use, Consumption & Materials Management, Natural Systems and Water Resources, and Community Resilience & Well-being.

In February 2023, the City Council increased several taxes and fees (including its garbage utility tax, natural gas utility tax and vehicle license fee) to fund the CAP’s implementation, including the creation and installation of a new Climate Action Plan Program Manager position. City staff has also developed a work plan and budget to implement the CAP and move the City toward its climate goals. Staff has identified timelines for key actions and funding sources and has been providing regular status updates to the City Council. The City has secured several grants for this work and has plans to pursue more funding in addition to funds already secured from City sources.

Comprehensive Plan. The State’s Growth Management Act (“GMA”), codified in chapter 36.70A RCW, is the comprehensive land use planning framework for the State’s counties and cities. The GMA establishes land use and environmental protection requirements for all counties and cities in the State, and requires certain counties (and the cities within them) to adopt comprehensive land use plans that satisfy all of the GMA’s planning requirements. These comprehensive plans must contain statutorily-defined elements, including a transportation element, land use element, and capital facilities plan element, among others.

In 2023, the State Governor signed into law Engrossed Second Substitute House Bill 1181 (“ESSHB 1181”), which amends the GMA’s comprehensive plan element requirements in order to strengthen community resilience and reduce GHG emissions. Among other provisions, the new law mandates that all comprehensive plans include a new climate change and resilience element, which consists of resilience and GHG emissions reduction sub-elements. The resilience sub-element requires all planning jurisdictions to develop goals, programs and policies designed to address natural hazards created or aggravated by climate change, and to identify, protect, and enhance natural areas and communities to foster resilience to climate impacts. The GHG emissions reduction sub-element—which applies only to the State’s 11 most populous counties and their cities—requires jurisdictions to adopt actions to reduce overall GHG emissions and per capita vehicle miles traveled.

The City is subject to ESSHB 1181, including the resilience and GHG emissions reduction sub-elements described above. In order to comply with these requirements, the City has undertaken the efforts described above. In addition, in November 2023, the City Council adopted its Climate Action Element, which aligns with the requirements of ESSHB 1181. The 25-page document is a rich resource with details about the City’s strategies to reduce GHG emissions and a framework to guide the long-term implementation of mitigation and resilience actions.

Public Health

The City has provided information in this Official Statement to describe how the COVID-19 pandemic and related orders impacted the City’s finances and operations, and to describe actions the City took in response to these developments. Given trends in globalization, additional pandemics and other public health emergencies may occur with greater frequency and intensity in the future.

Cybersecurity

The City relies on a complex technology environment to conduct its operations. The City occasionally encounters minor cybersecurity incidents, such as device theft, malware infection and credential compromise, which cause small-

scale interruptions primarily affecting individuals. Responding to these incidents may draw City resources away from other work, thereby resulting in modest operational impacts. By contrast, a major cybersecurity breach could cause damage to City systems, material disruption to operations and services, data loss, exposure of protected/sensitive data, and/or result in stolen funds. Security breaches could also expose the City to litigation and other legal risks, which could cause the City to incur costs related to legal or regulatory claims. The cost to remedy damage caused by a cyberattack, or to protect against future attacks could be substantial. In the past five years, the City has not experienced any loss or major interruptions due to cybersecurity incidences.

The City's cyber liability insurance, provided by WCIA, covers a broad range of cybersecurity risks, including breach response services such as legal, forensic, and crisis management support, including public relations. First-party losses are covered, including business interruptions, system failures, security breaches, cyber extortion, and data recovery costs. The policy also provides protection for eCrime and fraud, data and network liability, regulatory defense and penalties, Payment Card Industry ("PCI") liabilities, and media liability. Additionally, the policy provides support to the City in recovering from security failures or privacy events that may compromise sensitive information. In addition, the City's information technology contractor provides cyber liability awareness employee training. The contractor follows a cyber-security prevention protocol and is in the process of proposing operational policies.

LEGAL AND TAX INFORMATION

Tax Matters

General. In the opinion of Bond Counsel, under existing law and subject to certain qualifications described below, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. The proposed form of opinion of Bond Counsel with respect to the Bonds to be delivered on the date of issuance of the Bonds is set forth in Appendix A.

The Code contains a number of requirements that apply to the Bonds, and the City has made certain representations and has covenanted to comply with each such requirement. Bond Counsel's opinion assumes the accuracy of the representations made by the City and is subject to the condition that the City comply with the above-referenced covenants. If the City fails to comply with such covenants or if the City's representations are inaccurate or incomplete, interest on the Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated herein, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

Original Issue Premium and Discount. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes.

Under the Code, original issue discount is treated as interest excluded from federal gross income to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under the federal alternative minimum tax.

Under the Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax consequences of owning such Bonds.

Post Issuance Matters. The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the City and its appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the City or the Owners to incur significant expense.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters and any pending or proposed legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Not Bank Qualified. The City has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

Litigation

There is no litigation pending or threatened questioning the validity of the Bonds or the power and authority of the City to issue the Bonds. There is no litigation pending or threatened that would materially affect the City's ability to meet debt service requirements on the Bonds.

Because of the nature of its activities, the City is subject to certain pending and threatened legal actions that arise in the ordinary course of business. Based on the information presently known, the City believes that the ultimate liability for any such legal actions will not be material to the City's financial position. The City can provide no assurances, however, as to the ultimate outcome with respect to any particular claim.

Approval of Counsel

Legal matters incident to the authorization, execution and delivery of the Bonds are subject to the unqualified approving legal opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel. The form of the opinion is included as Appendix A of this Official Statement.

Bond Counsel is also serving as Disclosure Counsel to the City in connection with the issuance of the Bonds. Any opinion or letter of Disclosure Counsel will be limited in scope and cannot be relied upon by investors.

Potential Conflicts of Interest

Some or all of the fees of the Bond Registrar, the Underwriter (as defined below), Disclosure Counsel and Bond Counsel are contingent upon the issuance and sale of the Bonds. From time to time, Bond Counsel and Disclosure

Counsel may serve as counsel to other parties involved with the Bonds with respect to transactions other than the issuance of the Bonds. None of the members of the City Council or other officers of the City have interests in the issuance of the Bonds that are prohibited by applicable law.

Continuing Disclosure Undertaking

Pursuant to a certificate the City will execute on or prior to the Delivery Date (a “Continuing Disclosure Certificate”), the City will covenant for the benefit of the holders and beneficial owners of the Bonds, pursuant to Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”), to provide certain financial information and operating data not later than the end of nine months after the end of each of the City’s fiscal years (presently, December 31), commencing in 2025 with the report for the fiscal year ended December 31, 2024, and to provide notices of the occurrence of certain enumerated events with respect to the Bonds. The information will be filed by or on behalf of the City with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. *See Appendix B—Form of Continuing Disclosure Certificate.*

Other Ongoing Disclosure Undertakings of the City. The City has previously entered into continuing disclosure undertakings in connection with various City financings under Rule 15c2-12 (the “Prior Undertakings”). During the last five years, the City failed to publish in a timely manner the annual financial information required by the Prior Undertakings for fiscal years 2021 through 2023, and the annual operating information required by the Prior Undertakings for fiscal years 2022 and 2023. The City also failed to file timely notice of its failure to publish such information on or before the dates specified in the Prior Undertakings. In addition, in 2021, the City failed to file timely notice of the incurrence of a financial obligation on or before the dates specified in the Prior Undertakings. As of the date hereof, the City has filed on EMMA the annual financial and operating information required by the Prior Undertakings.

ADDITIONAL INFORMATION

Rating

S&P Global Ratings has assigned the Bonds a rating of “AAA.” This rating reflects only the view of the rating agency, from whom investors may obtain an explanation of the rating’s significance. The City can provide no assurance that the rating agency will retain the rating for any given period, or will not revise downward, suspend or withdraw the rating if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating would likely have an adverse effect on the market price of the Bonds. Except as set forth in the Continuing Disclosure Certificate, the City has no obligation to take any action if the rating agency changes, suspends or withdraws the rating on the Bonds.

Underwriting

The Bonds are being purchased by D.A. Davidson & Co (the “Underwriter”), at a price of \$_____ pursuant to the terms of a Bond Purchase Agreement. The Bonds will be re-offered at a price of \$_____. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial offering prices set forth on the inside cover hereof, and such initial offering prices may be changed from time to time by the Underwriter.

Approval of Official Statement

At the time of delivery of the Bonds, one or more officials of the City will furnish a certificate stating that, to the best of such person’s knowledge, this Official Statement, as of its date and as of the Delivery Date of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading (however, the City will make no representation regarding Bond Counsel’s form of opinion or the information provided by or obtained from DTC).

The City has authorized the execution and distribution of this Official Statement.

CITY OF KENMORE

By: _____
Designated Representative

APPENDIX A

FORM OF BOND COUNSEL OPINION

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_____, 2024

City of Kenmore
Kenmore, Washington

Re: City of Kenmore, Washington
Limited Tax General Obligation Bonds, 2024—\$_____

To the Addressee:

We have acted as bond counsel to the City of Kenmore, Washington (the “City”), and have examined a certified transcript of the proceedings in the matter of the issuance by the City of its Limited Tax General Obligation Bonds, 2024 (the “Bonds”). The City is issuing the Bonds in the aggregate principal amount of not to exceed \$_____, pursuant to Ordinance No. 23-0599, passed by the City Council on December 4, 2023 (the “Bond Ordinance”). The City will use the proceeds of the Bonds to finance and/or reimburse the City for the costs of acquiring, designing, constructing, developing, improving, equipping and furnishing a new Public Works Operations Center, and to pay costs of issuing the Bonds. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Bond Ordinance.

The Bonds are subject to redemption prior to their stated maturities as provided in the Official Statement prepared in connection with the issuance of the Bonds. The City has not designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

Regarding questions of fact material to our opinion, we have relied upon the City’s representations in the Bond Ordinance and certified proceedings, and upon other certifications furnished to us, without verifying these representations and certifications by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been legally issued and constitute valid and binding general obligations of the City, except to the extent that the enforcement of the rights and remedies of the holders and owners of the Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. The Bond Ordinance is a legal, valid and binding obligation of the City, has been duly authorized, executed and delivered and is enforceable in accordance with its terms, except to the extent that enforcement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

3. Both principal of and interest on the Bonds are payable out of annual levies of *ad valorem* taxes to be made upon all of the taxable property within the City within and as a part of the regular property tax levy permitted to cities without a vote of the electorate, and in amounts that, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the City must comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all applicable requirements. Failure to comply with certain of such requirements with respect to the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto, or relating to the undertaking by the City to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PACIFICA LAW GROUP LLP

APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Certificate”) is executed and delivered by the City of Kenmore (the “City”) in connection with the issuance of its Limited Tax General Obligation Bonds, 2024 (the “Bonds”) pursuant to Ordinance No. 23-0599 of the City Council, passed on December 4, 2023 (the “Bond Ordinance”). Pursuant to the Bond Ordinance, the City hereby covenants and agrees as follows:

Section 1. Purpose of this Certificate. The City is executing and delivering this Certificate for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12.

Section 2. Definitions. In addition to the definitions in the Bond Ordinance, which apply to any capitalized term in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of clause (a) or (b) of this definition. The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” means the Municipal Securities Rulemaking Board.

“Official Statement” means the Official Statement prepared in connection with the issuance and delivery of the Bonds.

“Rule 15c2-12” means Rule 15c2-12, adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the U.S. Securities and Exchange Commission or any successor in functions thereto.

“Underwriter” means the original underwriter(s) of the Bonds, required to comply with Rule 15c2-12 in connection with offering the Bonds.

Section 3. Provision of Information.

(a) *Annual Financial Information.* The City agrees to provide or cause to be provided to the MSRB, on an annual basis, the following financial information and operating data for the prior fiscal year (commencing in 2025 for the fiscal year ending December 31, 2024):

- (1) Annual financial statements, which statements may or may not be audited, showing ending fund balances for the City’s General Fund, prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the Official Statement;
- (2) The assessed value of taxable property in the City;
- (3) Ad valorem taxes due and percentage of taxes collected by the City;
- (4) The City’s property tax levy rate per \$1,000 of assessed value; and
- (5) The City’s outstanding general obligation debt.

Items (2)–(5) shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above will be provided on or before the last day of the ninth month after the end of the City’s fiscal year. The City’s current fiscal year ends December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents available to the public on the MSRB’s internet website or filed with the SEC.

If not provided as part of the annual financial information discussed above, the City’s audited annual financial statements will be provided to the MSRB when and if available.

(b) *Listed Events.* The City agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of Bondholders, if material;
- (8) Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the City, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Section 4. Notification Upon Failure to Provide Financial Data. The City agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described above in Section 3(a) on or prior to the date set forth therein.

Section 5. EMMA; Format for Filings with the MSRB. Until otherwise designated by the MSRB or the SEC, any information or notices submitted to the MSRB in compliance with Rule 15c2-12 will be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org. All notices, financial information and operating data required by this undertaking to be provided to the MSRB will be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking will be accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination/Modification. The City's obligations to provide annual financial information and notices of listed events with respect to the Bonds will terminate upon the legal defeasance, prior redemption or payment in full of all such Bonds. Any provision of this undertaking will be null and void if the City (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of Rule 15c2-12 requiring such provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies the MSRB of such opinion and the cancellation of all or any portion of this undertaking.

Notwithstanding any other provision of this undertaking, the City may amend this undertaking, and any provision of this undertaking may be waived, in accordance with Rule, which, as currently interpreted by the SEC,

requires that (i) the amendment or waiver be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; (ii) the undertaking, as amended or waived, would have complied with the requirements of Rule at the time of the primary offering, after taking into account any amendments or interpretations of Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interests of holders of the Bonds, as determined either by parties unaffiliated with the City (such as bond counsel) or by the approving vote of holders of the Bonds.

In the event of any such amendment or waiver, the City will describe such amendment or waiver in the next annual report, and shall include a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event described above, and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Remedies. The right of any holder or beneficial owner of Bonds to enforce the provisions of this undertaking will be limited to a right to obtain specific enforcement of the City's obligations under this undertaking, and any failure by the City to comply with the provisions of the undertaking will not constitute an event of default with respect to the Bonds. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 8. Dissemination Agent. The Finance & Administration Director of the City, or such individual's designee, is designated to carry out this undertaking in accordance with Rule 15c2-12. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

DATED this ____ day of _____, 2024.

CITY OF KENMORE, WASHINGTON

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APPENDIX C

DEMOGRAPHIC AND ECONOMIC INFORMATION

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DEMOGRAPHIC AND ECONOMIC INFORMATION

The City of Kenmore (the “City”) is located in northeast King County, Washington (the “County”), approximately 13 miles north of the City of Seattle. The City is a bedroom community with a commercial base along the State Route 522 corridor. Businesses located in the City include Kenmore Air Harbor, the nation’s largest seaplane-only, commercial air facility, and Bastyr University, the City’s largest employer. With approximately 17,168 residents at the time of its incorporation in 1998, the City has now grown to approximately 24,350 residents.

Historical Population

The table below presents historical population data for the City, County, and State. Statistics for 2021 through 2024 are estimates.

**TABLE C-1
POPULATION**

Year	City of Kenmore	King County	State of Washington
2024	24,350	2,378,100	8,035,700
2023	24,230	2,347,800	7,951,150
2022	24,090	2,317,700	7,864,400
2021	24,050	2,287,050	7,766,975
2020	23,914	2,269,675	7,707,047

Source: Washington State Office of Financial Management

Economic Indicators

The tables below present economic data for the City, County and State.

**TABLE C-2
PER CAPITA INCOME**

Year	King County	State of Washington	United States
2022 ⁽¹⁾	\$ 113,819	\$ 75,332	\$ 65,470
2021	111,117	74,188	64,430
2020	99,372	67,674	59,153
2019	93,620	63,405	55,547
2018	87,809	59,827	53,309

⁽¹⁾ Most recent data available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

**TABLE C-3
PERSONAL INCOME
(\$ in thousands)**

Year	King County	State of Washington	United States
2022 ⁽¹⁾	\$ 258,004,537	\$ 586,520,188	\$ 21,820,248,000
2021	250,351,806	574,266,835	21,392,812,000
2020	225,981,347	522,713,789	19,609,985,000
2019	210,525,524	484,334,162	18,343,601,000
2018	195,612,556	451,609,165	17,514,402,000

⁽¹⁾ Most recent data available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

**TABLE C-4
KING COUNTY AND WASHINGTON STATE
LABOR FORCE AND EMPLOYMENT DATA**

King County	Annual Average					
	2024⁽¹⁾	2023	2022	2021	2020	2019
Civilian Labor Force	1,335,707	1,348,793	1,318,942	1,273,377	1,271,278	1,298,625
Employment	1,277,346	1,302,991	1,279,356	1,219,480	1,172,004	1,263,961
Unemployment	58,361	45,802	39,586	53,897	99,274	34,664
Unemployment Rate	4.4%	3.4%	3.0%	4.2%	7.8%	2.7%
Washington State						
Civilian Labor Force	4,009,264	4,025,762	3,969,967	3,869,163	3,891,363	3,960,885
Employment	3,786,623	3,860,883	3,806,848	3,667,123	3,560,168	3,794,004
Unemployment	222,641	164,879	163,119	202,040	331,195	166,881
Unemployment Rate	5.6%	4.1%	4.1%	5.2%	8.5%	4.2%

⁽¹⁾ Annual average through August 2024.

Source: Washington State Employment Security Department

The following table presents State-wide employment data, which includes major employers in the County.

**TABLE C-5
MAJOR EMPLOYERS**

Employer	No. of Employees
Amazon.com Inc. ⁽¹⁾	87,000
The Boeing Co. ⁽²⁾	66,797
Microsoft Corp.	55,119
Joint Base Lewis-McChord	54,025
University of Washington (Seattle)	53,305
Providence	46,000
Navy Region Northwest	37,000
Walmart Inc.	22,655
Costco Wholesale Corp.	21,500
Kroger Co.	21,000

⁽¹⁾ Amazon has announced plans to eliminate approximately 14,000 manager jobs by the end of the first quarter, 2025, without specifying the geographical locations.

⁽²⁾ On October 12, 2024, Boeing announced plans to lay off 10% of its total staff over the coming months, without specifying the geographical locations or positions that could be impacted. On September 12, 2024, machinists at Boeing voted to strike. On November 4, 2024, the machinists approved a contract offer from Boeing, ending the two-month strike.

Source: Puget Sound Business Journal Book of Lists, June 24, 2024

TABLE C-6
KING COUNTY AND STATE OF WASHINGTON
MEDIAN HOUSEHOLD INCOME

Year	King County	Washington State
2023 ⁽¹⁾	\$ 119,926	\$ 86,343
2022 ⁽²⁾	116,044	84,155
2021	110,351	80,319
2020	102,620	78,674
2019	102,338	72,297

⁽¹⁾ Projection. Most recent data available.

⁽²⁾ Preliminary estimate.

Source: Washington State Office of Financial Management

TABLE C-7
TAXABLE RETAIL SALES⁽¹⁾

Year	City of Kenmore	King County⁽²⁾
2024 ⁽³⁾	\$ 94,878,433	\$ 20,286,043,973
2023	409,960,686	88,080,125,666
2022	439,369,222	86,667,372,188
2021	399,401,715	78,440,949,141
2020	352,654,891	66,955,895,952

⁽¹⁾ Data does not reflect transactions subject to use tax.

⁽²⁾ Includes incorporated and unincorporated King County.

⁽³⁾ Preliminary, through the first quarter. For comparison purposes, taxable retail sales through the first quarter of 2023 for the City and the County were \$91,508,919 and \$20,427,825,565, respectively.

Source: Washington State Department of Revenue

TABLE C-8
HISTORICAL RESIDENTIAL BUILDING PERMITS AND VALUATIONS
(CITY OF KENMORE)

Year	Single-Family		Multi-Family	
	Total Units	Total Valuation	Total Units	Total Valuation
2024 ⁽¹⁾	32	\$ 14,800,542	65	\$ 18,625,797
2023	28	13,830,822	60	19,488,617
2022	103	32,429,363	0	0
2021	77	26,235,691	41	11,056,740
2020	39	16,810,206	0	0

⁽¹⁾ Through August 2024.

Source: U.S. Bureau of the Census.

TABLE C-9
NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (NOT SEASONALLY ADJUSTED)
KING COUNTY⁽¹⁾

NAICS INDUSTRY ⁽²⁾	Annual Average				
	2020	2021	2022	2023	2024 ⁽³⁾
Total Nonfarm	1,383,750	1,411,692	1,478,292	1,490,375	1,498,312
Total Private	1,211,875	1,241,750	1,312,050	1,318,908	1,313,850
Goods Producing	172,467	169,067	172,608	173,867	172,988
Mining and Logging	475	433	408	500	412
Construction	76,675	79,467	80,325	79,800	77,312
Manufacturing	95,267	89,158	91,858	93,575	95,262
Service Providing	1,211,283	1,242,625	1,305,683	1,316,508	1,325,325
Trade, Transportation, and Utilities	224,792	232,792	234,575	235,567	233,550
Information	127,817	134,250	141,275	136,250	128,875
Financial Activities	72,600	73,858	75,983	74,933	74,650
Professional and Business Services	286,650	297,142	324,717	317,292	311,138
Educational and Health Services	180,183	184,233	189,050	194,208	201,462
Leisure and Hospitality	100,675	104,833	125,867	137,483	140,450
Other Services	46,692	45,575	47,975	49,308	50,738
Government	171,875	169,942	166,242	171,467	184,462
Workers in Labor/Management Disputes	0	0	0	0	0

⁽¹⁾ Excludes proprietors, self-employed, members of the armed services, workers in private households, and agriculture. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month.

⁽²⁾ North American Industry Classification System.

⁽³⁾ Preliminary average through August 2024.

Source: Washington State Employment Security Department

APPENDIX D

DTC's BOOK-ENTRY SYSTEM

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DTC's BOOK-ENTRY SYSTEM

The City obtained the information in this section concerning the Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system from sources the City believes reliable, but the City takes no responsibility for the information's accuracy. Beneficial Owners (as hereinafter defined) should confirm the following information with DTC or the Participants (as hereinafter defined). For purposes of this section, references to "Issuer" mean the City, and references to "Agent" mean the Registrar. For purposes of this Official Statement, the term "Beneficial Owner" includes the person for whom the Participant acquires an interest in the Bonds.

THE DEPOSITORY TRUST COMPANY

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

(06-2013)

APPENDIX E

**AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

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Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Kenmore

For the period January 1, 2022 through December 31, 2022

Published April 30, 2024

Report No. 1034675



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**Office of the Washington State Auditor
Pat McCarthy**

April 30, 2024

Council
City of Kenmore
Kenmore, Washington

Report on Financial Statements

Please find attached our report on the City of Kenmore's financial statements.

We are issuing this report in order to provide information on the City's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

TABLE OF CONTENTS

Summary Schedule of Prior Audit Findings	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6
Independent Auditor's Report on the Financial Statements	9
Financial Section	13
About the State Auditor's Office	36



City of Kenmore, Washington

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

City of Kenmore January 1, 2022 through December 31, 2022

This schedule presents the status of findings reported in prior audit periods.

Audit Period: January 1, 2021 through December 31, 2021	Report Reference No.: 1032144	Finding Ref. No.: 2021-001	ALN(s): 21.027
Federal Program Name and Granting Agency: COVID-19 Coronavirus State and Local Recovery Funds – U.S. Department of the Treasury		Pass-Through Agency Name: N/A	
Finding Caption: The City lacked adequate internal controls for ensuring compliance with federal suspension and debarment requirements.			
Background: In 2021, the City spent \$816,284 in program funds to provide public health services. Our audit found the City did not have adequate controls and did not verify that one of its contractors was not suspended or debarred from participating in federal programs. The City did not obtain a written certification, insert a clause into the contract, or check SAM.gov to verify that the awarded contractor was not suspended or debarred. The City paid this contractor \$680,338 during fiscal year 2021. Without this verification, the City increases its risk of providing federal funds to contractors that are excluded from participating in federal programs. Any payments the City made to an ineligible party would be unallowable, and the federal grantor could potentially recover them. We subsequently verified the contractor was not suspended or debarred. Therefore, we are not questioning costs for these payments.			
Status of Corrective Action: (check one) ☒ Fully Corrected ☐ Partially Corrected ☐ Not Corrected ☐ Finding is considered no longer valid			

Corrective Action Taken:

Kenmore is committed to complying with all rules to ensure contractors are not debarred or suspended from doing business with the federal government. The City has added debarment language to our Requests for Proposals and staff check the US General Services Administration's System for Award Management at SAM.gov for suspension or debarment.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City of Kenmore January 1, 2022 through December 31, 2022

Council
City of Kenmore
Kenmore, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Kenmore, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated April 30, 2024.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

April 30, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Kenmore January 1, 2022 through December 31, 2022

Council
City of Kenmore
Kenmore, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Kenmore, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Kenmore, and its changes in cash and investments, for the year ended December 31, 2022, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Kenmore, as of December 31, 2022, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

April 30, 2024

FINANCIAL SECTION

City of Kenmore January 1, 2022 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022
Notes to the Financial Statements – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022

City of Kenmore
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

Page 253 of 356

		Total for All Funds (Memo Only)	001 General	101 Street	110 Public Arts
Beginning Cash and Investments					
308	Beginning Cash and Investments	34,078,051	9,390,411	2,055,930	118,609
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	15,190,149	11,511,226	-	-
320	Licenses and Permits	1,558,136	1,558,136	-	-
330	Intergovernmental Revenues	13,743,866	610,943	483,218	-
340	Charges for Goods and Services	5,203,696	729,214	190,735	-
350	Fines and Penalties	39,209	38,793	416	-
360	Miscellaneous Revenues	3,044,939	347,188	12,595	1,116
Total Revenues:		38,779,995	14,795,500	686,964	1,116
Expenditures					
510	General Government	5,922,932	5,393,945	-	-
520	Public Safety	3,876,369	3,876,369	-	-
530	Utilities	2,414,812	-	-	-
540	Transportation	2,431,781	667,405	1,632,504	-
550	Natural/Economic Environment	2,295,873	2,295,873	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	660,926	660,926	-	-
Total Expenditures:		17,602,693	12,894,518	1,632,504	-
Excess (Deficiency) Revenues over Expenditures:		21,177,302	1,900,982	(945,540)	1,116
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	2,707,688	-	-	-
397	Transfers-In	20,232,011	-	1,257,212	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	2,318,185	1,903,260	14,925	-
Total Other Increases in Fund Resources:		25,257,884	1,903,260	1,272,137	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	28,752,294	3,910,411	56,959	-
591-593, 599	Debt Service	1,414,534	47,984	-	-
597	Transfers-Out	20,232,011	2,191,515	55,000	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	2,257,602	207,602	-	-
Total Other Decreases in Fund Resources:		52,656,441	6,357,512	111,959	-
Increase (Decrease) in Cash and Investments:		(6,221,255)	(2,553,270)	214,638	1,116
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	21,371,002	1,041,882	2,270,568	119,725
50841	Committed	-	-	-	-
50851	Assigned	690,535	-	-	-
50891	Unassigned	5,795,259	5,795,259	-	-
Total Ending Cash and Investments		27,856,796	6,837,141	2,270,568	119,725

The accompanying notes are an integral part of this statement.

Page 14

XI. A. Public Works Operations Center Bond Issue Update, presented by Ci...

City of Kenmore
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

Page 254 of 356

		120 Park Impact	121 Transportation Impact	130 ARPA Fiscal Recovery	150 Transportation Benefit District
Beginning Cash and Investments					
308	Beginning Cash and Investments	847,948	2,070,267	2,407,456	146,007
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	351,585
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	3,226,889	-
340	Charges for Goods and Services	294,170	673,886	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	10,246	24,781	38,676	3,930
Total Revenues:		304,416	698,667	3,265,565	355,515
Expenditures					
510	General Government	-	-	528,687	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	528,687	-
Excess (Deficiency) Revenues over Expenditures:		304,416	698,667	2,736,878	355,515
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	231,202	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	231,202	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	8,820	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	1,057,433	2,640,107	-	350,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,057,433	2,640,107	8,820	350,000
Increase (Decrease) in Cash and Investments:		(753,017)	(1,710,238)	2,728,058	5,515
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	94,931	360,029	5,135,514	151,522
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		94,931	360,029	5,135,514	151,522

The accompanying notes are an integral part of this statement.

Page 15

XI. A. Public Works Operations Center Bond Issue Update, presented by Ci...

City of Kenmore
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

Page 255 of 356

		200 Debt Service Fund	300 Transportation Capital	301 REET	303 Park Capital
Beginning Cash and Investments					
308	Beginning Cash and Investments	184,915	827,269	4,115,529	469,989
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,047,948	-	2,279,390	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	2,090,309	-	2,219,167
340	Charges for Goods and Services	-	42,000	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	1,741,293	55,170	203,850
Total Revenues:		1,047,948	3,873,602	2,334,560	2,423,017
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	131,872	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	131,872	-	-
Excess (Deficiency) Revenues over Expenditures:		1,047,948	3,741,730	2,334,560	2,423,017
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	8,564,435	1,500,000	7,451,721
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	8,564,435	1,500,000	7,451,721
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	10,689,554	-	8,598,221
591-593, 599	Debt Service	1,056,150	-	-	-
597	Transfers-Out	-	-	4,999,020	141,634
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,056,150	10,689,554	4,999,020	8,739,855
Increase (Decrease) in Cash and Investments:		(8,202)	1,616,611	(1,164,460)	1,134,883
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	176,713	2,443,880	2,951,069	1,604,872
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		176,713	2,443,880	2,951,069	1,604,872

The accompanying notes are an integral part of this statement.

Page 16

XI. A. Public Works Operations Center Bond Issue Update, presented by Ci...

City of Kenmore
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

Page 256 of 356

		304 Walkways & Waterways Project	306 Sammamish Bridge	307 Public Works Shop Fund	401 Surface Water Management
Beginning Cash and Investments					
308	Beginning Cash and Investments	6,157,414	788,356	29,624	4,008,112
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	5,113,340	-	-
340	Charges for Goods and Services	-	-	-	3,034,589
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	158,316	62,503	-	379,531
Total Revenues:		158,316	5,175,843	-	3,414,120
Expenditures					
510	General Government	300	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	2,414,812
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		300	-	-	2,414,812
Excess (Deficiency) Revenues over Expenditures:		158,016	5,175,843	-	999,308
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	2,582,728	124,960
397	Transfers-In	-	737,007	318,000	172,434
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	400,000
Total Other Increases in Fund Resources:		-	737,007	2,900,728	697,394
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	4,352,869	182,061	938,873
591-593, 599	Debt Service	-	-	268,492	41,908
597	Transfers-Out	6,255,467	1,731,202	-	810,633
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	2,050,000	-
Total Other Decreases in Fund Resources:		6,255,467	6,084,071	2,500,553	1,791,414
Increase (Decrease) in Cash and Investments:		(6,097,451)	(171,221)	400,175	(94,712)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	59,963	617,135	429,799	3,913,400
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		59,963	617,135	429,799	3,913,400

The accompanying notes are an integral part of this statement.

Page 17

XI. A. Public Works Operations Center Bond Issue Update, presented by Ci...

City of Kenmore
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

Page 257 of 356

		501 Equipment Replacement
Beginning Cash and Investments		
308	Beginning Cash and Investments	460,215
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	239,102
350	Fines and Penalties	-
360	Miscellaneous Revenues	5,744
Total Revenues:		244,846
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		-
Excess (Deficiency) Revenues over Expenditures:		244,846
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-
Other Decreases in Fund Resources		
594-595	Capital Expenditures	14,526
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		14,526
Increase (Decrease) in Cash and Investments:		230,320
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	690,535
50891	Unassigned	-
Total Ending Cash and Investments		690,535

The accompanying notes are an integral part of this statement.

City of Kenmore
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		<u>Custodial</u>
308	Beginning Cash and Investments	6,052
388 & 588	Net Adjustments	-
310-390	Additions	370,676
510-590	Deductions	<u>370,676</u>
	Net Increase (Decrease) in Cash and Investments:	-
508	Ending Cash and Investments	6,052

The accompanying notes are an integral part of this statement.

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 259 of 356

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Kenmore was incorporated on August 31, 1998 and operates under the laws of the state of Washington applicable to an optional municipal code city with a council-manager form of government. The City of Kenmore is a general purpose government and provides public safety, development services, land use and planning, street maintenance and improvements, parks maintenance and improvements, and general administrative services.

The City of Kenmore reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. **Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprise its cash and investments, revenues and expenditures. The City's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following are the fund types used by the City of Kenmore:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the City of Kenmore. It accounts for all financial resources except those required or elected to be accounted for in another fund. The Strategic Reserve Fund was created to serve as the City's emergency reserve fund. The Strategic Opportunities Fund was created in 2013 to provide resources that would enable the City to make key investments or take advantage of strategic opportunities as they present themselves. These funds are combined with the General Fund for financial reporting purposes.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City of Kenmore. The City maintains the following Special Revenue Funds: the Street Fund, the Transportation Benefit District Fund, the Public Art Fund and the ARPA Fund.

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 260 of 356

Debt Service Funds

In 2017, the 2016 UTGO Debt Service Fund was created and accounts for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt related to the Walkways and Waterways Bond Issues of 2016 and 2021.

Capital Project Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets. The City maintains the following Capital Project Funds: Transportation Capital Fund, Park Impact Fee Fund, the Transportation Impact Fee Fund, the Real Estate Excise Tax Fund, Walkways & Waterways Bond Project Fund, the Sammamish Bridge Replacement Fund, the Park Capital Fund and the Public Works Shop Fund.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. The Surface Water Management Fund is an Enterprise Fund and includes the Surface Water Capital Fund and the Swamp Creek Basin Fund.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the City on a cost reimbursement basis. The Equipment Replacement Fund is an Internal Service Fund.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City of Kenmore in a trustee capacity or as a custodian on behalf of others.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law, the City of Kenmore also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

Purchases of fixed assets are expensed during the year of acquisition. There is no capitalization of fixed assets, nor allocation of depreciation expense.

C. Cash and Investments

See Note 3. Deposits and Investments.

D. Capital Assets

Capital assets are long-lived assets of the City with an initial individual cost of \$15,000, or more, and an estimated useful life in excess of two years. Capital assets are recorded as expenditures when purchased.

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 261 of 356

E. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated indefinitely and is payable at the rate of 1 hour of pay per 5 hours unused sick leave upon layoff or resignation in good status and at the rate of 1 hour of pay per 2 hours unused sick leave upon retirement or death, with a maximum amount of 720 paid hours. Payments are recognized as expenditures when paid. The projected December 31, 2022, liability for compensated absences is \$511,097.

F. Long-Term Debt

See Note 7, Long Term Debt

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by City Council ordinance. When expenditures that meet restrictions are incurred, the City of Kenmore intends to use the most restricted resources first.

The General Fund Balance includes restricted funds in the amount of \$1,041,882. This includes the amount of \$124,145 that was received on June 2, 2010 as proceeds from sale of jail property that is restricted per the Proceeds Distribution and Hold Harmless Agreement between the City of Kenmore and the City of Bellevue. These funds are to contribute to the cost of building secure capacity or contracting for secure capacity or building or contracting for alternative corrections facilities sufficient to enable the Contract Cities to meet the final step of the jail population reduction schedule. The balance of \$917,737 are Surety Cash Deposits that are being held by the City of Kenmore for projects that are currently being worked on in the City.

The Debt Service Fund includes restricted funds from property tax levy in the amount of \$176,713. This amount is to be used for payment of principal and interest on general obligation bonds issued in 2016 and 2021.

The Walkways & Waterways Project fund includes restricted funds from general obligation bond proceeds. The bond proceeds are to be used to pay for constructing, developing, equipping, upgrading, acquiring and improving arterial walkways and waterfront access in the City.

NOTE 2 – BUDGET COMPLIANCE

The City adopts biennial appropriated budgets for the funds listed in the table on the following page. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Biennial appropriations for all funds lapse at the end of the two-year fiscal period. Biennial appropriated budgets are adopted on the same basis of accounting as used for financial reporting. For the purpose of financial reporting, certain budgeted funds are rolled up to the applicable financial statement funds as follows:

Budgeted Funds	Financial Statement Funds
General Fund Strategic Reserve Fund Strategic Opportunities Fund Surety/Security Deposit Fund	General Fund
Surface Water Management Fund Surface Water Capital Fund Swamp Creek Basin Fund	Surface Water Management Fund

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 262 of 356

Interfund activity between funds combined for financial statement purposes has been eliminated.

The 2021-2022 biennial budgeted expenditures, as amended on November 22, 2021, and November 21, 2022, are as follows:

FUND	2021-2022 Adopted Biennium Budget	2021 Mid Biennium Amendment	2022 Mid Biennium Amendment	2021-2022 Amended Biennium Budget
General Fund	\$ 29,131,273	\$ 3,050,000	\$ 5,430,000	\$ 37,611,273
Street Fund	3,328,167	-	1,455,000	4,783,167
Public Art Fund	144,473	-	-	144,473
Transportation Benefit District	-	700,000	-	700,000
ARPA Fiscal Recovery Fund	-	1,570,900	300,000	1,870,900
2016 UTGO Debt Service Fund	1,581,100	-	256,900	1,838,000
Transportation Capital Fund	24,286,959	-	2,158,000	26,444,959
Real Estate Excise Tax Fund	6,301,961	1,638,161	110,000	8,050,122
Walkways & Waterways Project Fund	11,235,993	1,011,688	1,326,000	13,573,681
Park Capital Fund	8,549,948	4,990,149	530,368	14,070,465
Park Impact Fee Fund	829,412	-	280,368	1,109,780
Transportation Impact Fee fund	3,817,547	45,000	-	3,862,547
Sammamish River Bridge Fund	26,668,658	4,031,202	-	30,699,860
Public Works Shop fund	3,500,000	2,500,000	3,165,000	9,165,000
Surface Water Management Fund	12,385,411	35,564	133,000	12,553,975
Equipment Replacement Fund	448,456	-	-	448,456
TOTAL	\$ 132,209,358	\$ 19,572,664	\$ 15,144,636	\$ 166,926,658

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 263 of 356

The appropriated and actual expenditures for the legally adopted budgets were as follows:

FUND	2021-2022 Amended Biennium Budget	2021 Actual Expenditures	2022 Actual Expenditures	Variance
General Fund	\$ 37,611,273	\$ 14,056,599	\$ 19,252,030	\$ 4,302,644
Street Fund	4,783,167	1,369,216	1,744,460	1,669,491
Public Art Fund	144,473	36,110	-	108,363
Transportation Benefit District	700,000	350,000	350,000	-
ARPA Fiscal Recovery Fund	1,870,900	816,284	537,507	517,109
2016 UTGO Debt Service Fund	1,838,000	778,654	1,056,150	3,196
Transportation Capital Fund	26,444,959	13,083,940	10,821,426	2,539,593
Real Estate Excise Tax Fund	8,050,122	1,551,102	4,999,020	1,500,000
Walkways & Waterways Project Fund	13,573,681	7,317,896	6,255,767	18
Park Capital Fund	14,070,465	3,658,281	8,739,855	1,672,329
Park Impact Fee Fund	1,109,780	52,347	1,057,433	-
Transportation Impact Fee fund	3,862,547	1,222,440	2,640,107	-
Sammamish River Bridge Fund	30,699,860	19,203,470	6,084,071	5,412,319
Public Works Shop fund	9,165,000	5,895,424	2,500,553	769,023
Surface Water Management Fund	12,553,975	3,296,748	4,206,228	5,050,999
Equipment Replacement Fund	448,456	33,661	14,526	400,269
TOTAL	\$ 166,926,658	\$ 72,722,172	\$ 70,259,133	\$ 23,945,353

The City Manager is authorized to transfer budgeted amounts between accounts within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

NOTE 3 – DEPOSITS AND INVESTMENTS

Investments are reported at original cost. Deposits and investments by type as of December 31, 2022, are as follows:

Type of Deposit or Investment	City of Kenmore's own Deposits and Investments	Deposits & Investments held by City of Kenmore as an agent	Total
Bank Deposits	\$ 5,364,345	\$ 917,737	\$ 6,282,082
Local Government Investment Pool	17,661,316	-	17,661,316
U.S. Government Securities	6,563,118	-	6,563,118
Total	\$ 29,588,779	\$ 917,737	\$ 30,506,516

It is the City's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 264 of 356

Investments in the State Local Government Investment Pool (LGIP)

The City of Kenmore is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia Washington 98504-0200, online at www.tre.wa.gov.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, The City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the City or its agent in the City's name. As of December 31, 2022, there were no investments held by the City of Kenmore as an agent for other local governments, individuals, or private organizations.

NOTE 4 – PROPERTY TAXES

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed by electronic transfer to the City's bank account after the end of each month. Property tax revenues are recognized when cash is received by the City. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City's regular levy for 2022 was \$0.88749 per \$1,000 of an assessed valuation of \$6,165,203,507 (after exemptions) for a total regular levy of \$5,471,536.

In 2022, the City also levied \$0.17274 per \$1,000 for repayment of the Walkways & Waterways Bonds issued in December 2016 for a total additional levy of \$1,056,105.

NOTE 5 – INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activity during 2022:

Borrowing Fund	Lending Fund	Balance 1/1/2022	New Loans	Payments	Balance 12/31/2022
Public Works Shop Fund	General fund	\$1,000,000	\$0	\$450,000	\$550,000
Public Works Shop Fund	Strategic Opportunities Fund	\$1,200,000	\$0	\$1,200,000	\$0
Public Works Shop Fund	Surface Water Management Fund	\$400,000	\$0	\$400,000	\$0
Total		\$2,600,000	\$0	\$2,050,000	\$550,000

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 265 of 356

NOTE 6 – LEASES

During the year ended December 31, 2022, the City adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities.

The City leases one (1) copier from Canon Financial Services for \$266 per month under a 5-year lease agreement, which can be cancelled with 30 days' notice. The City leases the AV equipment located in the City Council Chambers from Huntington Finance.

The total amount paid for leases in 2022 was \$47,984. As of December 31, 2022, the future lease payments are as follows:

Year ended December 31	Total
2023	\$ 47,718
2024	45,323
2025	-
2026	-
2027	-

NOTE 7 – LONG TERM DEBT

General obligation bonds were issued in 2016 and are being repaid from a voter-approved excess property tax levy. The bonds were issued to pay for constructing, developing, equipping, upgrading, acquiring, and improving arterial walkways and waterfront access in the City and to pay for costs of issuance of the bonds. All principal and interest payments on this general obligation debt, beginning in 2017, are recorded as expenditures in a debt service fund.

On September 22, 2021, the City issued Unlimited Tax General Obligation Bonds 2021A in the amount of \$8,725,000 and Unlimited Tax General Obligation Bonds 2021B (Taxable) in the amount of \$195,000. These bonds were approved by the City's voters at an election held on November 8, 2016, which authorized up to \$19,750,000 in bonds to finance the cost of the construction of new sidewalks and pedestrian and bicycle safety improvements as well as waterfront access, viewpoints, walkways, facilities, open spaces, and natural habitats at City parks. The 2021 bonds were the second and final series with the first being the 2016 general obligation bonds mentioned above.

On June 1, 2018, the City entered a Public Works Board Construction Loan Contract with the Washington Public Works Board. The loan amount is \$1,500,000 and the drawdowns as of December 31, 2022, totaled \$636,362. The purpose of this loan is to replace an existing culvert along the east side of 61st Ave NE and intersects with NE 190th St. Time of performance is 60 months from execution date of the Contract to project completion.

In November 2021, the City entered a financing contract (lease) with the office of the State Treasurer and became a participant in the issuance of the State of Washington Certificates of Participation, Series 2021C. The participation amount received was \$2,605,000 and was used to reimburse the City for property acquisition for the future public works maintenance facility.

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 266 of 356

In 2022, the City entered a 22-year, Tax-Exempt Limited General Obligation Bond Purchase Agreement with Banner Bank. The principal amount of the Bond is not to exceed \$6,600,000. The first draw of \$2.6 million occurred in May 2022. The Bond proceeds are to fund the construction of the future public works maintenance facility and other capital expenditures.

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City of Kenmore and summarizes the City's debt transactions for year ended December 31, 2022.

Purpose	Maturity Range	Interest Rate	Issued Amount	Outstanding 12/31/2022
Unlimited Tax General Obligation Bonds - 2016	2017-2036	2% - 4%	\$ 9,220,000	\$ 5,610,000
Unlimited Tax General Obligation Bonds - 2021	2021-2040	3% - 4%	\$ 8,920,000	\$ 8,475,000
Public Works Trust Fund Loan	6/1/2038	1.66%	\$ 636,362	\$ 577,384
State of Washington Certificates of Participation Series 2021C	2021-2041	2.42%	\$ 2,605,000	\$ 2,530,000
Limited Tax General Obligation Bonds - 2022	2022-2043	3.45%	\$ 2,582,728	\$ 2,582,728

The debt service requirements for the 2016 Unlimited Tax General Obligation Bonds are as follows:

Year	Principal	Interest	Total
2023	\$ 310,000	\$ 218,100	\$ 528,100
2024	320,000	208,800	528,800
2025	330,000	199,200	529,200
2026	345,000	186,000	531,000
2027	360,000	172,200	532,200
2028-2032	2,020,000	633,600	2,653,600
2033-2036	1,925,000	196,200	2,121,200
Total	\$ 5,610,000	\$ 1,814,100	\$ 7,424,100

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 267 of 356

The debt service requirements for the 2021 Unlimited Tax General Obligation Bonds are as follows:

Year	Principal	Interest	Total
2023	\$ 265,000	\$ 266,400	\$ 531,400
2024	270,000	258,450	528,450
2025	275,000	250,350	525,350
2026	285,000	239,350	524,350
2027	295,000	230,800	525,800
2028-2032	1,645,000	984,300	2,629,300
2033-2037	2,455,000	704,100	3,159,100
2038-2040	2,985,000	180,900	3,165,900
Total	\$ 8,475,000	\$ 3,114,650	\$ 11,589,650

The debt service requirement for the City's portion of the State of Washington Certificates of Participation Series 2021C are as follows:

Year	Principal	Interest	Total
2023	\$ 80,000	\$ 126,500	\$ 206,500
2024	85,000	122,500	207,500
2025	90,000	118,250	208,250
2026	95,000	113,750	208,750
2027	100,000	109,000	209,000
2028-2032	585,000	464,750	1,049,750
2033-2037	745,000	303,000	1,048,000
2038-2041	750,000	95,750	845,750
Total	\$ 2,530,000	\$ 1,453,500	\$ 3,983,500

The debt service requirements for the 2022 Limited Tax General Obligation Bonds are as follows:

Year	Principal	Interest	Total
2023	\$ -	\$ 89,104	\$ 89,104
2024	91,798	89,104	180,902
2025	94,965	85,938	180,903
2026	98,242	82,660	180,902
2027	101,631	79,272	180,903
2028-2032	563,231	341,282	904,513
2033-2037	667,328	237,182	904,510
2038-2042	790,664	113,846	904,510
2043	174,869	6,034	180,903
Total	\$ 2,582,728	\$ 1,124,422	\$ 3,707,150

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 268 of 356

NOTE 8 – PENSION PLANS

State Sponsored Pension Plan

Substantially all City of Kenmore full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

As of June 30, 2022, the City of Kenmore's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	DRS-Schedule of Employer and Non-employer Allocations		DRS-Schedule of Collective Pension Liability Amounts	Ending Balance 12/31/2022
	Employer Contributions	Allocation Percentage		
PERS 1	\$ 37,111	0.006055%	2,784,367,000	\$ 168,593.42
PERS 1 UAAL	\$ 163,688	0.026709%	2,784,367,000	\$ 743,676.58
	\$ 200,799	<i>Total Net Pension Liability (Schedule 09)</i>		\$ 912,270.00
PERS 2 and 3	\$ 279,757	0.034823%	(3,708,781,000)	\$ (1,291,508.81)
		<i>Total Net Pension Assets</i>		\$ (1,291,508.81)

NOTE 9 – JOINT VENTURES AND RELATED PARTIES

A Regional Coalition for Housing

In November 1992, King County and the cities of Bellevue, Redmond, and Kirkland joined together to establish A Regional Coalition for Housing (ARCH). Since its inception, the Cities of Beau Arts Village, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, King County, Medina, Mercer Island, Newcastle, Sammamish, Woodinville, and Yarrow Point have joined ARCH.

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 269 of 356

The purpose of ARCH is to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing by combining public funding with private-sector resources. Operating funding is provided by the member cities. ARCH identifies and prioritizes projects which the member cities fund directly through their own grants, Community Development Block Grants, and HUD grants. ARCH is governed by an Executive Board composed of the chief executive officer from each member city. The Executive Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by an administrative staff and a Citizen Advisory Board.

Each member city is responsible for contributing operating revenues as determined from the ARCH annual budget. Contributions from the member cities are based on each member's population. The City of Kenmore's contribution was \$49,257 in 2022 (3.3 percent of the Coalition's \$1,490,462 administrative budget). The City's contribution to the Trust Fund was \$62,000.

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the Agreement, as amended, provides for distribution of the net position among members based on the percentage of the total annual contributions during the period of the Agreement paid by each member. The City's share of cash or investments is deemed immaterial and thus is not reflected in the financial statements. Budget monitoring information can be obtained from ARCH, c/o Lindsay Masters, 16305 NE 87th Street, Suite 119, Redmond, WA 98052.

eCityGov Alliance

On March 25, 2002, the City of Bellevue City Council unanimously adopted a resolution establishing the eCityGov Alliance between the City of Bellevue and the Cities of Bothell, Issaquah, Kenmore, Kirkland, Mercer Island, Sammamish and Snoqualmie. Since then, additional cities and agencies have joined. The Alliance establishes on-line services through a jointly operated internet portal called MyBuildingPermit.com or "MBP". In 2014 eCityGov Alliance became a non-profit corporation.

Expenditures consist of capital and operations costs as specified in the budget adopted by the eCityGov Alliance Executive Board, and Bellevue's administrative costs associated with performing duties as the Alliance's fiscal agent. Revenues consist of annual membership fees from the members of the eCityGov Alliance. The City of Kenmore paid membership dues of \$14,560 in 2022.

The interlocal agreement may be terminated if Principals holding at least 66% of the weighted vote of all of the Principals are in concurrence. Upon termination, all property acquired shall be disposed of as follows: (1) property contributed without charge by any member shall revert to the contributor; (2) all property purchased after the effective date of the interlocal agreement shall be distributed to the Principals based upon each Principal's proportional ownership interest at the time of the sale of the property. The City's share of assets is deemed immaterial and thus not reflected in the financial statements.

Budget monitoring information may be obtained from City of Bellevue, Information Technology Department, c/o Mollie Purcell, P.O. Box 90012, Bellevue, WA 98009-9012

Interlocal Agreement for Regional Emergency Management

An interlocal agreement for regional emergency management was entered into between the City of Kenmore, the City of Lake Forest Park, King County Fire District 16, and Northshore Utility District. The agreement established a joint operation called the Northshore Emergency Management Coalition (NEMC).

Lake Forest Park serves as the Lead Agency for the Parties and a decision-making body, called the NEMC Committee, governed and administered the agreement.

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 270 of 356

The current agreement, effective January 1, 2017, was negotiated and executed in December 2016. This agreement is for a three-year term and extends for twelve month periods unless one or more parties give notice of withdrawal to all parties at least six months prior to the end of the then current term. Kenmore's cost sharing responsibility is 30.75% or \$51,948 for 2022.

NOTE 10 - RISK MANAGEMENT

The City of Kenmore is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 166 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall. An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 271 of 356

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

The City of Kenmore has an in-house unemployment benefit program. Under Washington State law, the City may maintain its own self-insured workers compensation in lieu of participating in the State programs. The City self-insures for unemployment insurance. Expenditures from unemployment benefits has been \$249 since 2017.

NOTE 11 – OTHER FINANCING SOURCES OR USES

The City's "Other Financing Sources or Uses" consist of operating transfers in, operating transfers out, insurance recoveries, and sale of property. Operating transfers were made in accordance with the adopted biennial budget. The following table displays interfund transfers during 2022.

2022		2022	
Transfers From Fund:	Amount	Transfers To Fund:	Amount
General Fund	\$ 807,212	Street Fund	\$ 807,212
General Fund	30,800	Surface Water Management Fund	30,800
General Fund	1,333,503	Transportation Capital Fund	1,333,503
General Fund	20,000	Public Works Shop Fund	20,000
Street Fund	55,000	Public Works Shop Fund	55,000
Transportation Benefit District	350,000	Streets Fund	350,000
REET Fund	100,000	Street Fund	100,000
REET Fund	2,737,368	Transportation Capital Fund	2,737,368
REET Fund	1,554,739	Park Capital Fund	1,554,739
REET Fund	110,000	Public Works Shop Fund	110,000
REET Fund	496,913	Sammamish Bridge Replacement Fund	496,913
Walkways & Waterways Fund	4,372,010	Park Capital Fund	4,372,010
Walkways & Waterways Fund	1,883,457	Transportation Capital Fund	1,883,457
Park Capital Fund	141,634	Surface Water Management Fund	141,634
Park Impact Fee Fund	1,057,433	Park Capital Fund	1,057,433
Sammamish Bridge Replacement	1,500,000	REET Fund	1,500,000
Sammamish Bridge Replacement	231,202	Transportation Impact Fund	231,202
Surface Water Management Fund	195,094	Sammamish Bridge Replacement Fund	195,094
Surface Water Management Fund	133,000	Public Works Shop Fund	133,000
Surface Water Management Fund	15,000	Transportation Capital Fund	15,000
Surface Water Management Fund	467,539	Park Capital Fund	467,539
Transportation Impact Fund	45,000	Sammamish Bridge Replacement Fund	45,000
Transportation Impact Fund	2,595,107	Transportation Capital Fund	2,595,107
TOTAL	\$ 20,232,011	TOTAL	\$ 20,232,011

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 272 of 356

NOTE 12 – OTHER DISCLOSURES

Health and Welfare

The City of Kenmore is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2022, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-city entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2022, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate

CITY OF KENMORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022

Page 273 of 356

that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

Construction Commitments

The City had no significant liabilities outstanding for construction projects as of December 31, 2022.

**City of Kenmore
Schedule of Liabilities
For the Year Ended December 31, 2022**

Page 274 of 356

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	Banner Bank Limited Tax GO Bond	12/1/2043	-	2,582,728	-	2,582,728
251.12	Voted General Obligation Bond-2016	12/1/2036	5,915,000	-	305,000	5,610,000
251.12	Voted General Obligation Bond-2021	12/1/2040	8,725,000	-	250,000	8,475,000
263.96	State of Washington Certificates of Participation Series 2021C	12/1/2041	2,605,000	-	75,000	2,530,000
263.87	PW Trust Fund Loan	6/1/2038	486,857	124,960	34,434	577,383
Total General Obligation Debt/Liabilities:			17,731,857	2,707,688	664,434	19,775,111
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		468,189	42,908	-	511,097
264.30	Net Pension Liability		361,986	550,284	-	912,270
263.57	Photocopier Lease - 2nd Floor	3/31/2024	7,450	-	3,459	3,991
263.57	AV Equipment Lease	3/31/2024	133,576	-	44,525	89,051
Total Revenue and Other (non G.O.) Debt/Liabilities:			971,201	593,192	47,984	1,516,409
Total Liabilities:			18,703,058	3,300,880	712,418	21,291,520

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov

APPENDIX F

**UNAUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023**

The attached financial statements for fiscal year ended December 31, 2023 are unaudited, preliminary and subject to change.

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City of Kenmore
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

	Total for All Funds (Memo Only)	001 General Fund	101 Street Fund	105 Kape	110 Public Arts	120 Park Impact	121 Transportation Impact	130 ARPA	150 Transportation Benefit District	200 Debt Service Fund	300 Transportation Capital	301 REET	303 Park Capital	304 Walkways & Waterways Project	306 Sammamish Bridge Replacement	307 Public Works Shop Fund	401 Surface Water Management	501 Equipment Replacement
Beginning Cash and Investments																		
308 Beginning Cash and Investments	27,856,796	6,837,141	2,270,568	-	119,725	94,931	360,029	5,135,514	151,522	176,713	2,443,880	2,951,069	1,604,872	59,963	617,135	429,799	3,913,400	690,535
388 / 588 Net Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenues																		
310 Taxes	15,851,833	12,500,239	-	-	-	-	-	-	455,061	1,055,371	-	1,841,162	-	-	-	-	-	-
320 Licenses and Permits	1,523,611	1,523,611	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
330 Intergovernmental Revenues	4,799,675	855,911	477,336	-	-	-	-	-	-	-	1,891,390	-	307,956	-	1,112,082	-	155,000	-
340 Charges for Goods and Services	5,611,517	1,128,209	227,563	-	-	295,076	674,334	-	-	-	-	-	-	-	-	-	3,190,465	95,870
350 Fines and Penalties	276,238	57,795	-	218,443	-	-	-	-	-	-	-	-	-	-	-	-	-	-
360 Miscellaneous Revenues	2,026,576	417,610	62,723	-	3,983	19,344	49,491	-	15,459	-	556,783	180,703	22,650	330,974	830	-	340,297	25,729
Total Revenues:	30,089,450	16,483,375	767,622	218,443	3,983	314,420	723,825	-	470,520	1,055,371	2,448,173	2,021,865	330,606	330,974	1,112,912	-	3,685,762	121,599
Expenditures																		
510 General Government	6,813,235	6,383,138	-	-	-	-	-	428,178	-	-	-	-	-	-	1,919	-	-	-
520 Public Safety	5,062,314	372,121	-	84,073	-	-	-	4,606,120	-	-	-	-	-	-	-	-	-	-
530 Utilities	2,092,168	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,092,168	-
540 Transportation	3,618,211	602,586	1,528,898	113,134	-	-	-	-	-	-	1,373,593	-	-	-	-	-	-	-
550 Natural/Economic Environment	2,890,703	2,890,703	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
560 Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
570 Culture and Recreation	578,692	534,871	-	-	43,821	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures:	21,055,323	10,783,419	1,528,898	197,207	43,821	-	-	5,034,298	-	-	1,373,593	-	-	1,919	-	-	2,092,168	-
Excess (Deficiency) Revenues over Expenditures:	9,034,127	5,699,956	(761,276)	21,236	(39,838)	314,420	723,825	(5,034,298)	470,520	1,055,371	1,074,580	2,021,865	330,606	329,055	1,112,912	-	1,593,594	121,599
Other Increases in Fund Resources																		
391-393, 596 Debt Proceeds	26,002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,002	-
397 Transfers-In	4,458,442	748,095	850,000	-	-	-	-	-	-	-	2,143,913	-	201,725	-	-	514,709	-	-
395 Special or Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
381, 382, 389, 395, 398 Other Resources	279,580	271,883	7,697	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Increases in Fund Resources:	4,764,024	1,019,978	857,697	-	-	-	-	-	-	-	2,143,913	-	201,725	-	-	514,709	26,002	-
Other Decreases in Fund Resources																		
594-595 Capital Expenditures	8,481,830	127,831	20,524	-	-	-	-	332	-	-	3,037,408	-	1,151,941	-	1,044,318	219,105	2,847,482	32,889
591-593, 599 Debt Service	1,402,324	-	-	-	-	-	-	-	-	1,059,500	-	-	-	-	-	295,604	47,220	-
597 Transfers-Out	4,458,442	428,000	52,000	-	-	201,725	200,000	100,624	450,000	-	140,000	2,163,622	100,000	-	50,000	-	572,471	-
585 Special or Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
581, 582, 589 Other Uses	308,622	308,622	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Decreases in Fund Resources:	14,651,218	864,453	72,524	-	-	201,725	200,000	100,956	450,000	1,059,500	3,177,408	2,163,622	1,251,941	-	1,094,318	514,709	3,467,173	32,889
Increase (Decrease) in Cash and Investments:	(853,067)	5,855,481	23,897	21,236	(39,838)	112,695	523,825	(5,135,254)	20,520	(4,129)	41,085	(141,757)	(719,610)	329,055	18,584	-	(1,847,577)	88,710
Ending Cash and Investments																		
50921 Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50831 Restricted	14,537,003	1,005,143	2,294,464	21,236	79,887	207,625	883,853	260	172,042	172,584	2,484,966	2,809,311	885,263	389,017	635,730	429,799	2,065,823	-
50841 Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50851 Assigned	779,245	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	779,245
50891 Unassigned	11,687,486	11,687,486	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Ending Cash and Investments	27,003,734	12,692,629	2,294,464	21,236	79,887	207,625	883,853	260	172,042	172,584	2,484,966	2,809,311	885,263	389,017	635,730	429,799	2,065,823	779,245

November 13, 2024

City of Kenmore
18120 68th Avenue NE
P.O. Box 82607
Kenmore, WA 98028
Attention: Rob Karlinsey, City Manager

Re: **US\$11,400,000 Kenmore, Washington, Limited Tax General Obligation Bonds, Series 2024, dated: Date of delivery, due: December 01, 2044**

Dear Rob Karlinsey

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "AAA". S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements or to allow the Issuer to comply with its regulatory obligations) will become effective only after we have released the ratings on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable. Any such dissemination shall not be done in a manner that would serve as a substitute for any products and services containing S&P Global Ratings' intellectual property for which a fee is charged.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:

S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

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a division of Standard & Poor's Financial Services LLC

bc
enclosures

cc: **Maura Lentini, Senior Vice President**
D.A. Davidson Fixed Income Capital Markets

S&P Global Ratings
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Page 281 of 356

RatingsDirect®

Summary:

Kenmore, Washington; General Obligation

Primary Credit Analyst:

Brenea Gordon, Chicago +1 3122337048; brenea.gordon@spglobal.com

Secondary Contact:

Brian Phuvan, San Francisco + 1 (415) 371 5094; brian.phuvan@spglobal.com

Table Of Contents

Credit Highlights

Outlook

Summary:**Kenmore, Washington; General Obligation**

Credit Profile		
US\$11.4 mil ltd tax GO bnds ser 2024 due 12/01/2044		
<i>Long Term Rating</i>	AAA/Stable	New
Kenmore unlted tax GO bnds		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'AAA' long-term rating to Kenmore, Wash.'s \$11.4 million series 2024 limited-tax general obligation (GO) bonds, based on the application of its "Methodology For Rating U.S. Governments," published Sept. 9, 2024.
- At the same time, S&P Global Ratings affirmed its 'AAA' long-term rating on the city's outstanding unlimited-tax GO (UTGO) debt.
- The outlook is stable.

Security

The city's full faith, credit, and resources, including the obligation to levy ad valorem property taxes, secure the series 2024 limited-tax GO bonds. We rate the bonds on par with our view of the city's general creditworthiness given the fungibility of the city's resources and because pledged revenue is not subject to disproportionate risks relative to overall revenue. The city's outstanding UTGO bonds are secured by an unlimited ad valorem tax levy on all taxable property in the city.

Proceeds from the bonds will be used for the construction of a new public works operations center that will be completed in 2026.

Credit overview

The rating reflects our view of the city's growing economy, with incomes well above the national average, healthy cash reserves, and a favorable long-term liability profile. Although we view its use of cash accounting as a transparency weakness compared to similarly rated peers, we believe the city's robust budgeting practices, regular financial updates, and long-term planning provide significant credit uplift.

The city's budgetary performance has been relatively positive, supported by multiple revenue sources. Following a deficit in fiscal 2022 driven by capital outlay and a large interfund transfer, the city ended fiscal 2023 with positive operating results based on unaudited figures for the general fund. In fiscal 2023, general fund revenues primarily consisted of property taxes (45%), sales and use taxes (30%), utility taxes (17%), and other taxes (8%). The city implemented new tax rates for its utilities in 2023 to support future budget stability and various initiatives, including affordable housing and climate strategies. These rate increases were the first since 2013 and have been largely

supported by the community. The city used a portion of the \$6.4 million it received in pandemic-related stimulus funding to pay for some of its public safety expenditures, supporting the positive year-end results. Based on the city's most recent projections, fiscal 2024 will end with a small surplus in the general fund and future projections show relatively balanced results, which we believe are likely given historical budget performance.

Cash reserves have consistently been in excess of the city's policy of 20% of expenditures. Based on unaudited figures for fiscal 2023, the available fund balance was \$11.7 million, or 71% of revenues. The city plans to use some of its reserves for special projects, including economic development, real estate purchases, and climate action plans; however, we believe it will continue to maintain reserves in excess of its formal policy, with the city projecting that reserves will be sustained at over 40% through 2030.

Kenmore is a bedroom community located 12 miles northeast of downtown Seattle, with access to major companies including Microsoft, Boeing Co., and Amazon. The city's diversified tax base is supported by expanding residential and commercial markets, leading to average assessed value (AV) growth of 7% in the last five years, with the exception of 2024, when AV was reduced for single-family homes and interest rates were higher; however, we believe the city will have stable AV growth going forward.

Credit fundamentals supporting the 'AAA' rating include:

- Per capita gross county product and local income levels that serve as credit strengths. City officials note multiple residential developments that will come online in the near future.
- Healthy cash reserves and liquidity. The available fund balance includes reserves of \$2 million for one-time strategic opportunities. The city has privately placed debt that we do not consider a contingent liquidity risk.
- Management policies and practices that include robust budgeting with regular quarterly budget updates, financial forecasting, a six-year capital plan that is updated annually, formal policies for debt, investment management, and reserves, and cyber practices and policies that align with those of peers.
- Debt profile with manageable costs and moderate amortization. The city may issue short-term debt in 2025 or 2026 of \$1 million to \$2 million to fund park projects.
- Limited pressure from pension liabilities, with plans that are mostly well-funded.
- For more information on our institutional framework assessment for Washington municipalities, see "Institutional Framework Assessment: Washington Local Governments," published Sept. 10, 2024.

Environmental, social, and governance

We view the city as having an elevated environmental risk due to seismic activity, although this is mitigated, in our view, by strong state building codes and increased emergency preparedness. Social and governance factors are neutral in our analysis.

Rating above the Sovereign

The city's GO debt is eligible to be rated above the sovereign because we believe it can maintain positive credit characteristics relative to the U.S. in a stress scenario. Under our criteria "Ratings Above The Sovereign: Corporate And Government Ratings--Methodology And Assumptions," published Nov. 19, 2013, U.S. state and local governments are considered to have moderate sensitivity to country risk.

Outlook

The stable outlook reflects our view of the city's growing economy and healthy cash reserves, which we believe will support maintenance of its strong financial position.

Downside scenario

We could take negative rating action if the city were to experience consistent operational imbalances leading to a deterioration in available reserves or if its debt metrics become materially weaker.

Table 1

Kenmore, Washington--Credit summary	
Institutional framework (IF)	3
Individual credit profile (ICP)	1.32
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Debt and liabilities	1.25
Management	1.35

Table 2

Kenmore, Washington--Key credit metrics				
	Most recent	2022	2021	2020
Economy				
GCP per capita % of U.S.	249	249	246	238
County PCPI % of U.S.	172	172	171	168
Market value (\$000s)	7,935,219	6,202,366	5,322,259	5,324,118
Market value per capita (\$)	328,882	243,852	211,461	214,164
Top 10 taxpayers % of taxable value	3	--	4	--
County unemployment rate (%)	3.4	3.0	4.2	7.7
Local median household EBI % of U.S.	178	171	166	--
Local per capita EBI % of U.S.	185	171	162	--
Local population	24,350	25,435	25,169	24,860
Financial performance				
Operating fund revenues (\$000s)	--	14,796	13,718	14,390
Operating fund expenditures (\$000s)	--	16,853	10,937	12,377
Net transfers and other adjustments (\$000s)	--	(497)	(385)	(2,593)
Operating result (\$000s)	--	(2,554)	2,396	(580)
Operating result % of revenues	--	(17.3)	17.5	(4)
Operating result three-year average %	--	(1.3)	2.3	(1)
Reserves and liquidity				
Available reserves % of operating revenues	--	39.2	61.2	42.0
Available reserves (\$000s)	--	5,795	8,394	6,046

Table 2

Kenmore, Washington--Key credit metrics (cont.)				
Debt and liabilities				
Debt service cost % of revenues	3.9	3.9	1.6	1.8
Net direct debt per capita (\$)	1,448	781	705	258
Net direct debt (\$000s)	34,992	19,868	17,732	6,404
Direct debt 10-year amortization (%)	43.0	--	--	--
Pension and OPEB cost % of revenues	1	1	1	2
Net pension liabilities per capita (\$)	36	36	14	56
Combined net pension liabilities (\$000s)	912	912	361	1,400

GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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- **The Ordinance will authorize the City Manager and/or Finance Director to proceed with finalizing the bond issuance within certain parameters set out in the Ordinance.** Finance expects to close the financing for the project in 2024. The delegation expires after one year.
- **The bonds will be “limited tax general obligation” bonds.** This means that they are issued within the City’s non-voted debt limitation and will be backed by the City’s full faith and credit. As brought to Council earlier this year, the City will use REET and Surface Water Utility revenues to repay the bonds, which will be reflected in annual budget appropriations for debt service.
- **The maximum amount that may be issued is not more than \$12,800,000.** Finance expects that the final par amount of the bonds will be less than this, but the higher amount allows for adjustments for pricing the bonds based on market conditions. It targets a deposit of money to the project fund of approximately \$12.57 million, plus an estimated cushion sufficient to pay costs of issuing the bonds, such as payment to the underwriter, bond counsel, and rating agency, as well as costs of printing and posting disclosure documents and other related administrative expenses.
- **The Ordinance limits the borrowing cost.** Interest rates will be determined on the “pricing” date, based on bond market conditions on that date. If the true interest cost available on that date exceeds 6.5%, the finance department may not proceed without seeking additional authorization from the City Council. Based on today’s market conditions, finance would expect an interest rate just under 5.0%. However, the actual rates and true interest cost will be determined based on market conditions on the pricing date.
- **The maximum term of the financing will be 20 years.** The finance team expects to reserve the City’s right to refinance at lower rates after 10 years.

The total \$21.8 million total cost of the Public Works Operations Center is being financed by three debt instruments, two of which have already been approved and issued. The \$12,575,000 LTGO being discussed this evening is the third and final debt instrument for the City Council to approve. The three loans for the Public Works Operations Center are summarized in the following table:

Public Works Operations Center Sources and Uses of Funds are as follows:

PWOC Debt Sources and Uses

	Loan Amount	Interest Rate	Initial Term	1st payment	Annual Debt Service Payment
State Low Interest Loan	2,605,000	2.42%	20 yrs	6/1/2022	210,000
Banner Bank Loan	6,600,000	3.45%	20 yrs	12/1/2022	460,000
Councilmanic LTGO*	12,575,000	5.00%	20 yrs	TBD, 2024	1,130,000
Total					\$ 1,800,000

**LTGO interest rate and annual payment are estimates*

Annual Payment Funding Sources

REET	900,000
SWM	900,000
Total	\$ 1,800,000

City Council Priority or Budget Objective Being Addressed:

Public Works Operations provides services and support to the entire Kenmore community and supports and advances all of the following:

- 20 Year Vision Statement
- All City Council Priorities
- City of Kenmore Service Vision

CITY OF KENMORE, WASHINGTON

ORDINANCE NO. 23-0599

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF LIMITED TAX GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$12,800,000 TO FINANCE COSTS RELATED TO ACQUIRING, DESIGNING, CONSTRUCTING, DEVELOPING, IMPROVING, EQUIPPING AND FURNISHING A NEW PUBLIC WORKS OPERATIONS CENTER, AND TO PAY COSTS OF ISSUING THE BONDS; DELEGATING AUTHORITY TO APPROVE THE SALE AND FINAL TERMS OF THE BONDS; AND PROVIDING FOR OTHER MATTERS RELATING THERETO.

PASSED DECEMBER 4, 2023

PREPARED BY:

**PACIFICA LAW GROUP LLP
Seattle, Washington**

CITY OF KENMORE, WASHINGTON

ORDINANCE NO. 23-0599

TABLE OF CONTENTS*

	<u>Page</u>
Section 1. Definitions.....	1
Section 2. Findings; Authorization of the Project.....	4
Section 3. Authorization of Bonds and Bond Details	4
Section 4. Registration, Exchange and Payments	5
Section 5. Redemption Prior to Maturity and Purchase of Bonds	7
Section 6. Form of Bonds	9
Section 7. Execution of Bonds.....	10
Section 8. Application of Bond Proceeds; Project Fund.....	10
Section 9. Tax Covenants	10
Section 10. Debt Service Fund and Provision for Tax Levy Payments.....	11
Section 11. Defeasance	12
Section 12. Sale of Bonds	12
Section 13. Preliminary and Final Official Statements.....	14
Section 14. Undertaking to Provide Ongoing Disclosure	14
Section 15. Lost, Stolen or Destroyed Bonds	14
Section 16. Severability; Ratification	14
Section 17. Payments Due on Holidays.....	14
Section 18. Corrections by City Clerk	14
Section 19. Effective Date	15
Exhibit A: Form of Bond	

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CITY OF KENMORE, WASHINGTON

ORDINANCE NO. 23-0599

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF LIMITED TAX GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$12,800,000 TO FINANCE COSTS RELATED TO ACQUIRING, DESIGNING, CONSTRUCTING, DEVELOPING, IMPROVING, EQUIPPING AND FURNISHING A NEW PUBLIC WORKS OPERATIONS CENTER, AND TO PAY COSTS OF ISSUING THE BONDS; DELEGATING AUTHORITY TO APPROVE THE SALE AND FINAL TERMS OF THE BONDS; AND PROVIDING FOR OTHER MATTERS RELATING THERETO.

WHEREAS, the City Council (the “Council”) of the City of Kenmore, Washington (the “City”) has deemed it is in the best interest of the City to acquire, design, construct, develop, improve, equip and furnish a new Public Works Operations Center (the “Project”); and

WHEREAS, after due consideration the Council has determined that it is in the best interest of the City to authorize the issuance and sale of one or more series of limited tax general obligation bonds (the “Bonds”) to finance and/or reimburse the City for all or a portion of the costs of the Project, and to pay certain costs of the issuance of the Bonds; and

WHEREAS, this Council wishes to delegate authority to the Mayor, the City Manager and the Finance & Administrative Director, or such individual’s designee (each, a “Designated Representative”), for a limited time, to approve the interest rates, maturity dates, redemption terms and principal maturities for each series of Bonds, under such terms and conditions as set forth in this ordinance; and

WHEREAS, the City expects to receive a proposal from D.A. Davidson & Co. (the “Underwriter”) and now desires to issue and sell the bonds to the Underwriter as set forth herein;

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

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

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

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

Bond Purchase Contract means the contract for the purchase of any Bonds between the Underwriter and the City, authorized to be executed pursuant to Section 12 of this ordinance.

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

Bond Registrar means, initially, the fiscal agent of the State, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

Bonds mean the City's limited tax general obligation bonds, authorized to be issued pursuant to the terms of this ordinance.

City means the City of Kenmore, a municipal corporation duly organized and existing under the laws of the State.

City Attorney means the duly appointed City Attorney, or the successor of such office.

City Manager means the duly appointed City Manager, or the successor of such office.

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

Closing means the date of delivery of the Bonds to the Underwriter.

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

Continuing Disclosure Certificate means the written undertaking for the benefit of the owners and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

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

Debt Service Fund means the fund or account created pursuant to this ordinance for the purpose of paying debt service on the Bonds.

Designated Representative means the Mayor, the City Manager, and the Finance & Administration Director, or such individual's designee. The signature of one Designated Representative shall be sufficient to bind the City.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York.

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

Federal Tax Certificate means one or more certificates executed by a Designated Representative setting forth the requirements of the Code for maintaining the tax exemption of interest on any series of Tax-Exempt Bonds, and attachments thereto.

Finance & Administration Director means the duly appointed Finance & Administration Director of the City, or the successor of such office.

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

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

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

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

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

Project means the capital projects described in Section 2 of this ordinance.

Project Fund means the account created pursuant to Section 8 of this ordinance.

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

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

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

State means the State of Washington.

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

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

Underwriter means D.A. Davidson & Co., or its successors.

Section 2. Findings; Authorization of the Project. The Council hereby finds as follows:

(a) The City is classified as a noncharter code city operating under the mayor-council plan of government as set forth in chapter 35A.21 RCW, endowed with all the applicable rights, powers, privileges, duties and obligations of noncharter code cities as set forth in Title 35A RCW as the same now exists and including any and all supplements, amendments or other modifications of such title hereafter at any time enacted.

(b) The current location of the City's Public Works Operations is inefficient and inadequate to serve the growing needs of the City.

(c) In 2022, the City purchased property on 202nd Street next to Kenmore Middle School upon which it plans to construct a new Public Works Operations facility that will also allow for the expansion of City facilities to support the functions of the entire City.

(d) The City now desires to acquire, design, construct, develop, improve, equip and furnish a new Public Works Operations facility on the selected site (the "Project"). The Project is to be more fully described in the plans and specifications prepared by and filed with the City. The City does not have sufficient funds available to pay all of the cost of the Project.

(e) The cost of all necessary appraisals, negotiation, closing, architectural, engineering, financial, legal and other consulting services, inspection and testing, demolition, administrative and relocation expenses and other costs incurred in connection with the foregoing capital improvements shall be deemed a part of the capital costs of the Project. Such Project shall be complete with all necessary equipment and appurtenances. The City will determine the exact specifications for the Project, and the components thereof, as well as the timing, order and manner of completing the components of the Project.

Section 3. Authorization of Bonds and Bond Details. For the purpose of paying and/or reimbursing the City for all or a portion of the costs of the Project and paying costs of issuance,

the City is hereby authorized to issue and sell one or more series of limited tax general obligation bonds in an aggregate principal amount not to exceed \$12,800,000 (the “Bonds”). Notwithstanding anything in this ordinance to the contrary, the issuance of the Bonds shall be subject to satisfaction of the conditions set forth in Section 12 of this ordinance.

The Bonds of each series shall be general obligations of the City and shall be designated “City of Kenmore, Washington, Limited Tax General Obligation Bonds,” with the year and any additional series designation or other such designation as determined to be necessary by a Designated Representative. The Bonds shall be dated as of the date of Closing; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each, or any integral multiple thereof, within a maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; shall bear interest from their date payable on the dates and commencing as provided in the Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract, as approved and executed by a Designated Representative pursuant to Section 12 of this ordinance.

Section 4. Registration, Exchange and Payments.

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

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

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held in fully immobilized form by DTC acting as depository. The City has executed and delivered to DTC the Letter of Representations. Neither the City nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC

(or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held by a depository, DTC or its successor depository or its nominee shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Bond of each series maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except (a) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (b) to any substitute depository appointed by a Designated Representative pursuant to subsection (2) below or such substitute depository’s successor; or (c) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by a Designated Representative to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), a Designated Representative may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (a) or (b) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds together with a written request on behalf of a Designated Representative, issue a single new Bond for each maturity of that series then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of a Designated Representative.

(4) In the event that (a) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (b) a Designated Representative determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain physical bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held by a depository. A Designated Representative shall deliver a written request to the Bond Registrar, together with a supply of physical bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of a series together with a written request on behalf of a Designated Representative to the Bond

Registrar, new Bonds of such series shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

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

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

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

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

Section 5. Redemption or Prepayment Prior to Maturity; Purchase of Bonds.

(a) *Redemption or Prepayment of Bonds.* The Bonds of each series shall be subject to mandatory redemption to the extent, if any, as set forth in the Bond Purchase Contract and as

approved by a Designated Representative pursuant to Section 13. The Bonds of each series shall be subject to optional redemption and/or prepayment on the dates, at the prices and under the terms set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to Section 13.

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

(c) *Selection of Bonds for Redemption.* If the Bonds of a series are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held by a depository, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c).

Except as otherwise set forth in the Bond Purchase Contract, if the City redeems at any one time fewer than all of the Tax-Exempt Bonds of a series having the same maturity date, the particular Tax-Exempt Bonds or portions of Tax-Exempt Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000, and if the City redeems at any one time fewer than all of the Taxable Bonds of a series having the same maturity date, the particular Taxable Bonds or portions of Taxable Bonds of such maturity to be redeemed shall be selected on a pro rata pass through distribution of principal basis (or in such manner determined by the Bond Registrar or DTC, as applicable) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

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

All official notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) if fewer than all outstanding Bonds of such series are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (4) any conditions to redemption; (5) that (unless such

notice is conditional) on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (6) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Bond Registrar.

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

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

In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to the Continuing Disclosure Certificate and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

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

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

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

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

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

Section 8. Application of Bond Proceeds; Project Fund. The Finance & Administration Director is hereby authorized to create a fund or account (the "Project Fund"), and subaccounts therein as necessary, for the purposes set forth in this section. Proceeds of the Bonds, net of any Underwriter's discount and fees, shall be deposited in the Project Fund in the amounts specified in the closing memorandum prepared in connection with the issuance of the Bonds. Such proceeds shall be used to pay and/or reimburse the City for the costs of the Project and, unless otherwise provided by the City, to pay costs of issuance of the Bonds.

The Finance & Administration Director shall invest money in the Project Fund and the subaccounts contained therein in such obligations as may now or hereafter be permitted by law to cities of the State and which will mature prior to the date on which such money shall be needed, but only to the extent that the same are acquired and disposed of at Fair Market Value. Any remaining Bond proceeds (including interest earnings thereon) may be used for other capital projects of the City or shall be transferred to the Debt Service Fund for the applicable series of Bonds.

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

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

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

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

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

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

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

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

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

(i) *Bank Qualification.* A Designated Representative may designate the Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Code for investment by financial institutions if the City does not reasonably expect to issue more than \$10,000,000 of qualified tax-exempt obligations in the 2024 calendar year.

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

Section 10. Debt Service Fund and Provision for Tax Levy Payments. The City hereby authorizes the creation of one or more funds, and accounts held therein which may be one or more segregated accounts held within another fund, to be used for the payment of debt service on each

series of Bonds, designated as the “General Obligation 2024 Bond Debt Service Fund” or other such designation selected by the City (the “Debt Service Fund”). No later than the date each payment of principal of or interest on the Bonds becomes due, the City shall transmit sufficient funds, from the Debt Service Fund or from other legally available sources, to the Bond Registrar for the payment of such principal or interest. Money in the Debt Service Fund may be invested in legal investments for City funds, but only to the extent that the same are acquired and disposed of at Fair Market Value. Any interest or profit from the investment of such money shall be deposited in the Debt Service Fund.

The City hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax upon all the property within the City subject to taxation in an amount that will be sufficient, together with all other revenues and money of the City legally available for such purposes, to pay the principal of and interest on the Bonds as the same shall become due.

The City hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the regular property tax levy permitted to cities without a vote of the electorate, and that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same shall become due.

Section 11. Defeasance. In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Debt Service Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from the Debt Service Fund or such special account, and such Bond shall be deemed to be not outstanding under this ordinance. The City shall give written notice of defeasance of any Bonds of a series in accordance with the applicable Continuing Disclosure Certificate.

Section 12. Sale of Bonds.

(a) *Bond Sale.* The Bonds of each series shall be sold by negotiated public sale to the Underwriter pursuant to the terms of the Bond Purchase Contract. The City Council has determined that it would be in the best interest of the City to delegate to each Designated Representative for a limited time the authority (1) to authorize the Bonds to be issued in one or more series, (2) to approve the final interest rates, maturity dates, redemption terms and principal maturities for each series of Bonds, and (3) to designate the Bonds (or the Bonds of a series) as

Tax-Exempt or Taxable Bonds. Bonds may be issued pursuant to this ordinance at one time or from time to time as provided herein.

(b) *Sale Parameters.* Each Designated Representative is hereby authorized to approve the issuance of the Bonds in one or more series, to approve the final interest rates, maturity dates, redemption terms and principal maturities for each series of Bonds, and to designate the Bonds (or the Bonds of a series) as Tax-Exempt or Taxable Bonds in the manner provided hereafter so long as:

- (1) the aggregate principal amount (face amount) of all Bonds issued pursuant to this ordinance does not exceed \$12,800,000;
- (2) the final maturity date for each series of Bonds is no later than December 1, 2044;
- (3) the true interest cost for each series of Bonds does not exceed 6.50%;
- (4) the Bonds of each series are sold (in the aggregate) at a price not less than 98% and not more than 140%;
- (5) the coupon rate for each maturity of the Bonds of each series does not exceed 7.00%; and
- (6) the Bonds conform to all other terms of this ordinance.

Subject to the terms and conditions set forth in this section, each Designated Representative is hereby authorized to execute one or more Bond Purchase Contracts for the Bonds. Following the execution of a Bond Purchase Contract, a Designated Representative shall provide a report to the City Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section.

The authority granted to each Designated Representative by this Section 12 shall expire one year after the effective date of this ordinance. If a Bond Purchase Contract for the Bonds of a series has not been executed by such date, the authorization for the issuance of such series of Bonds shall be rescinded, and such Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the City Council. The ordinance re-authorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part (only with respect to the Bonds not issued) or may be in the form of an amendatory ordinance approving a purchase contract or establishing terms and conditions for the authority delegated under this section.

(c) *Delivery of Bonds; Documentation.* The proper officials of the City, including the City Clerk and each Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the purchaser thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Bond Purchase Contract. Such documents may include, but are not limited to, documents related to a municipal Bond insurance policy delivered by an insurer to insure the payment when due of the principal of and interest on all or a portion of the

Bonds as provided therein, if such insurance is determined by a Designated Representative to be in the best interest of the City.

Section 13. Preliminary and Final Official Statements. Each Designated Representative is hereby authorized to deem final the preliminary Official Statement(s) relating to any Bonds for the purposes of the Rule. Each Designated Representative is further authorized to approve for purposes of the Rule, on behalf of the City, the final Official Statement(s) relating to the issuance and sale of any Bonds and the distribution of the final Official Statement pursuant thereto with such changes, if any, as may be deemed to be appropriate.

Section 14. Undertaking to Provide Ongoing Disclosure. The City covenants to execute and deliver at the time of Closing of the Bonds a Continuing Disclosure Certificate. Each Designated Representative is hereby authorized to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery and sale of the Bonds with such terms and provisions as such Designated Representative deems appropriate and in the best interests of the City.

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

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

Section 17. Payments Due on Holidays. If an interest and/or principal payment date for the Bonds is not a business day, then payment shall be made on the next business day and no interest shall accrue for the intervening period.

Section 18. Corrections by Clerk. Upon approval of a Designated Representative, the City Attorney or Bond Counsel, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

Section 19. Effective Date. This ordinance shall take effect and be in force five days from and after its passage, approval, and publication, as required by law.

PASSED BY MAJORITY VOTE BY THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, AT A MEETING THEREOF THIS 4TH DAY OF DECEMBER, 2023.

CITY OF KENMORE:

APPROVED AS TO FORM:

Nivel Herbig, Mayor

Pacifica Law Group LLP, Bond Counsel

ATTEST/AUTHENTICATED:

Published: _____

Anastasiya Warhol, City Clerk

Effective: _____

Exhibit A

Form of Bond

[DTC LANGUAGE]

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

CITY OF KENMORE

LIMITED TAX GENERAL OBLIGATION BONDS, 2024 [(TAXABLE)]

INTEREST RATE: %

MATURITY DATE:

CUSIP NO.:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Kenmore, Washington (the “City”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____, 20____, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on _____ 1, 20____, and semiannually thereafter on the first days of each succeeding _____ and _____. Both principal of and interest on this bond are payable in lawful money of the United States of America. The fiscal agent of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the “Bond Registrar”). For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations (the “Letter of Representations”) from the City to DTC.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. 23-0599 duly passed by the City Council on December 4, 2023 (the “Bond Ordinance”). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond is one of an authorized issue of bonds of like date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$_____ and is issued pursuant to the Bond Ordinance to provide all or a part of the funds necessary to pay the cost of acquiring, designing, constructing, developing, improving, equipping and furnishing a Public Works Operations facility and paying costs of issuance.

The bonds of this issue [are/are not] subject to redemption prior to their stated maturities as provided in the Bond Purchase Contract.

The bonds of this issue are not “private activity bonds” as such term is defined in the Internal Revenue Code of 1986, as amended (the “Code”). The City has [not] designated the bonds of this issue as “qualified tax-exempt obligations” under Section 265(b) of the Code for investment by banks, thrift institutions and other financial institutions.

The City hereby irrevocably covenants and agrees with the owner of this bond that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to the City without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

Owners of the bonds of this issue do not have a security interest in particular revenues or assets of the City. This bond is not a debt or indebtedness of the State of Washington, or any political subdivision thereof other than the City.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is issued pursuant to the Constitution and laws of the State of Washington, and duly adopted ordinances of the City. This bond is transferable upon compliance with the conditions set forth in the Bond Ordinance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist and to have happened, been done and performed precedent to and in the issuance of this bond exist and have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Kenmore, Washington, has caused this bond to be executed by the manual or facsimile signatures of the Mayor and the City Clerk and the seal of the City to be imprinted, impressed or otherwise reproduced hereon as of this ____ day of _____, 20____.

[SEAL]

CITY OF KENMORE, WASHINGTON

By /s/ manual or facsimile
Mayor

ATTEST:

 /s/ manual or facsimile

City Clerk

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Limited Tax General Obligation Bonds, 2024 [(Taxable)], of the City of Kenmore, Washington, dated _____, 2024.

WASHINGTON STATE FISCAL AGENT,
as Bond Registrar

By _____

CERTIFICATE

I, the undersigned, City Clerk of the City Council of the City of Kenmore, Washington (the “City”), DO HEREBY CERTIFY:

1. The attached copy of Ordinance No. 23-0599 (the “Ordinance”) is a full, true and correct copy of an ordinance duly passed at a meeting of the City Council of the City on December 4, 2023 as that ordinance appears in the minute book of the City; and the Ordinance will be in full force and effect five (5) days after its passage and publication as provided by law;

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of the Ordinance; and that all other requirements and proceedings incident to the proper passage of the Ordinance have been fully fulfilled, carried out and otherwise observed; and

3. That the Ordinance has not been amended, supplemented or rescinded since its passage and is in full force and effect and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of December, 2023.

Anastasiya Warhol, City Clerk



Public Works Operations Center (PWOC)

Bond Issuance Presentation
December 4, 2023

Background

- From incorporation through 2018: Contract with Lake Forest Park for Public Works maintenance services
- Over time, the arrangement became unworkable and untenable:
 - Cost vs Value
 - Lack of local control; lack of ability to deploy resources to best serve our residents
 - Growth in both cities resulted in inability to meet both cities' needs

Background, continued

- In May of 2018, the City of Lake Forest Park gave notice to terminate the interlocal agreement
- On January 1, 2019, we went “in-house”: Immediate and dramatic change—a huge jump in quality, value, and level of service
- Temporary maintenance yard: The old Shell property
- Temporary operations: The backside of the Post Office building
- The search for a permanent site

Permanent Sight Search & Acquisition

- Comprehensive search
- Among the search criteria: size, location, cost, and “willing seller”
- Final selection: Acreage on 202nd next to Kenmore Middle School--\$6.1 million
- Rezone and Conditional Use Permit

Why do we need a Public Works Operations Center Now?

- Termination of the agreement with Lake Forest Park and the need to go in-house—*inevitable and long overdue*
- Inadequacy of the temporary location
- Accumulation of new infrastructure to maintain (both from City and private development projects)
- Increases in population served and customer service requests
- New programs to operate and support
- More state-mandated stormwater permit (NPDES) requirements

What's in a Public Works Operations Building?

- Turnout space for the maintenance workers to receive daily work orders, coordinate work, and produce daily logs and reports
- Water quality testing lab and equipment
- Lunch room and kitchen
- Locker rooms, restrooms, and showers
- Meeting space
- Equipment Storage
- Offices for Environmental Services, Parks & Recreation, and administrative support staff

Where are we in the process?

- Currently in design and permitting phase
- Finalize design and obtain permits in 2024
- Project out to bid in the second half of 2024
- Begin construction in 2025
- Completion: 2026

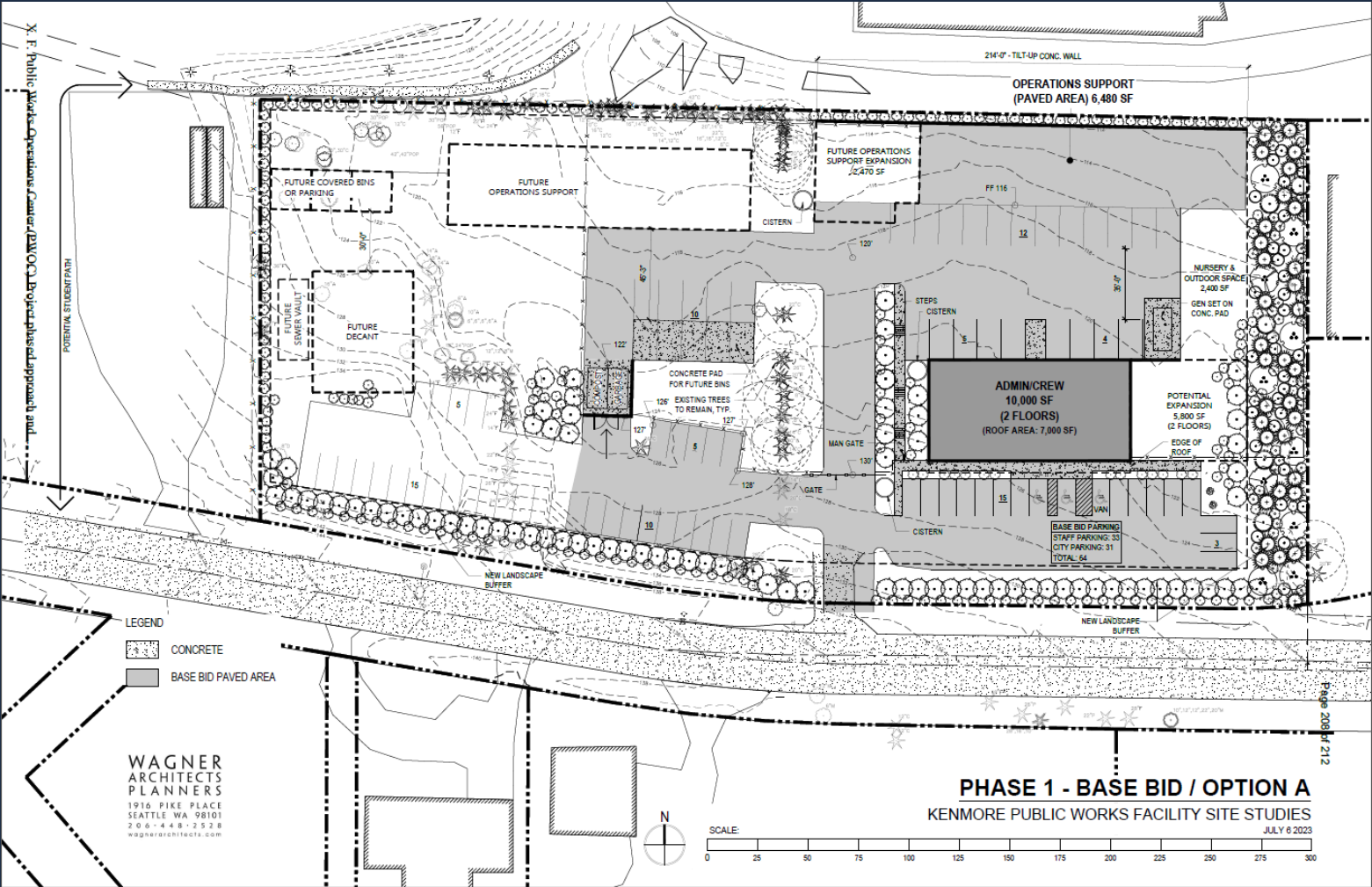
The Proposed Plan: A Phased Approach

- Responsive to Council's direction last year to reduce costs
- Instead of full build out now, construct the site in phases as we can afford it
- This first phase:
 - Develop about two-thirds of the site
 - Construct the operations building only
 - Include environmental elements, including cisterns, solar/solar-ready, EV charging, and low impact development methods and materials

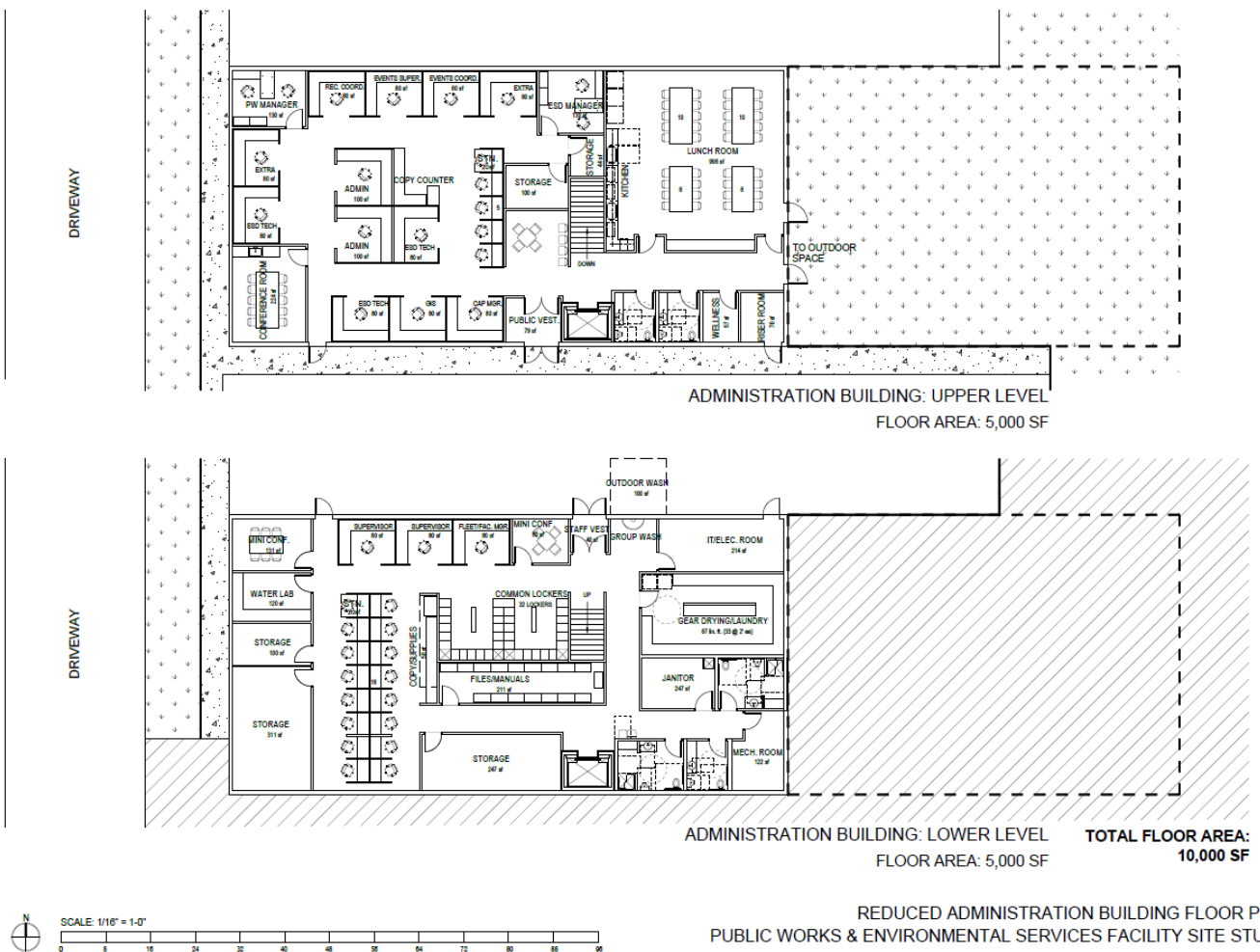
The Proposed Plan: What are we Sacrificing or Delaying?

- Shops buildings and vehicle storage bays. Will use containers and awnings for now
- Full build out of solar panels dependent on additional funding (grants)
- Covered material storage. Will use tarps instead
- Geothermal heating and cooling. Will install above-ground, energy efficient heat pumps instead
- Smaller operations building—room for future expansion
- Decant facility for filtering of street sweeping and vector waste—will continue to dispose of it in Cathcart.

Proposed Phase 1 Site Plan – Gray Shaded Area

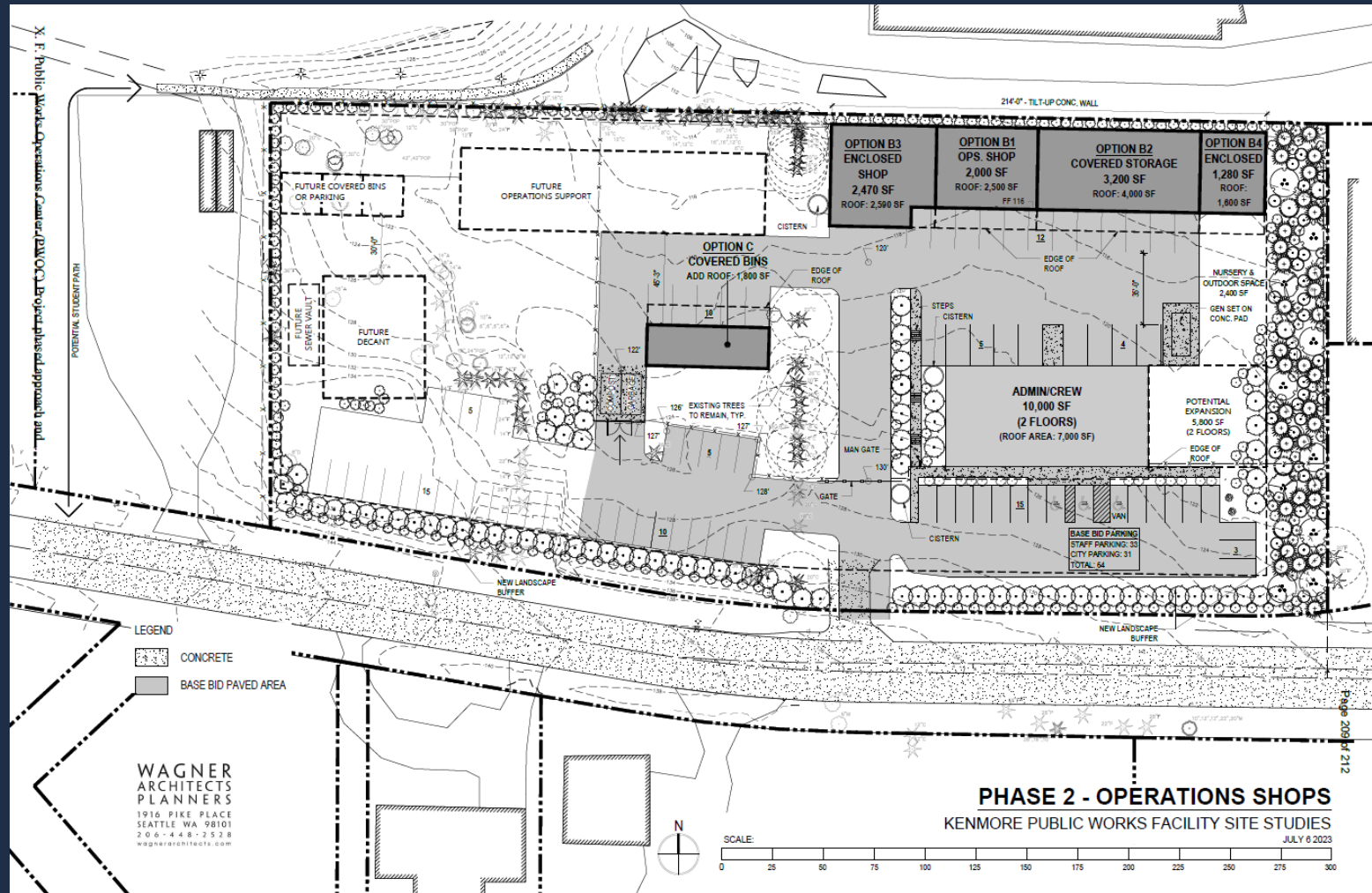


Operations Building Layout

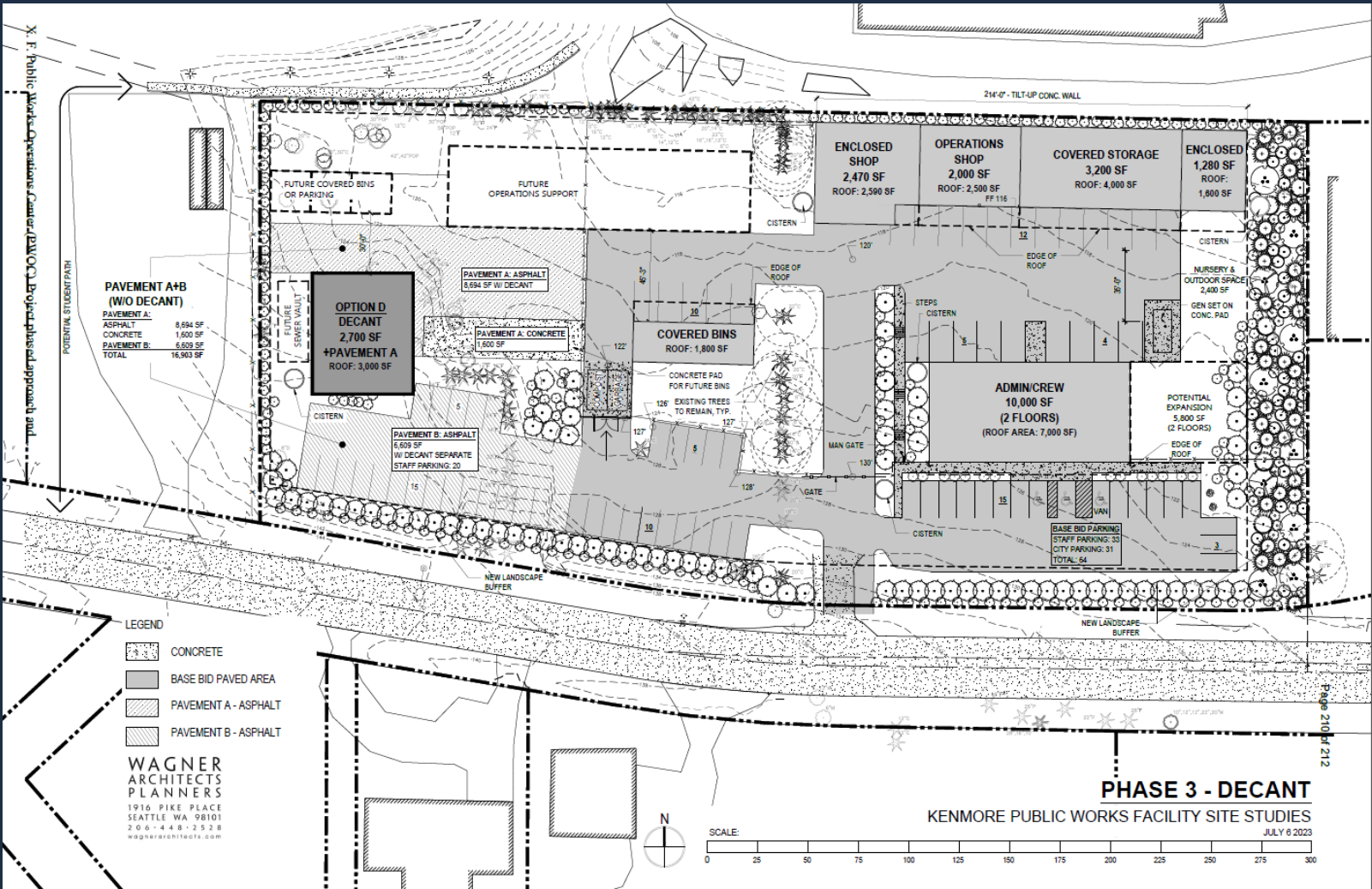


Page 211 of 212

Future Phase 2: Operations Shops



Future Phase 3 Decant



Conceptual Site View – Full Buildout



Conceptual Site View—Full Buildout



WAGNER
ARCHITECTS
PLANNERS
1916 PIKE PLACE
SEATTLE WA 98101
206-449-2528
wagnerarchitects.com

MASSING STUDY LOOKING SOUTHEAST - WITHOUT VEGETATION

PUBLIC WORKS & ENVIRONMENTAL SERVICES FACILITY SITE STUDIES

9



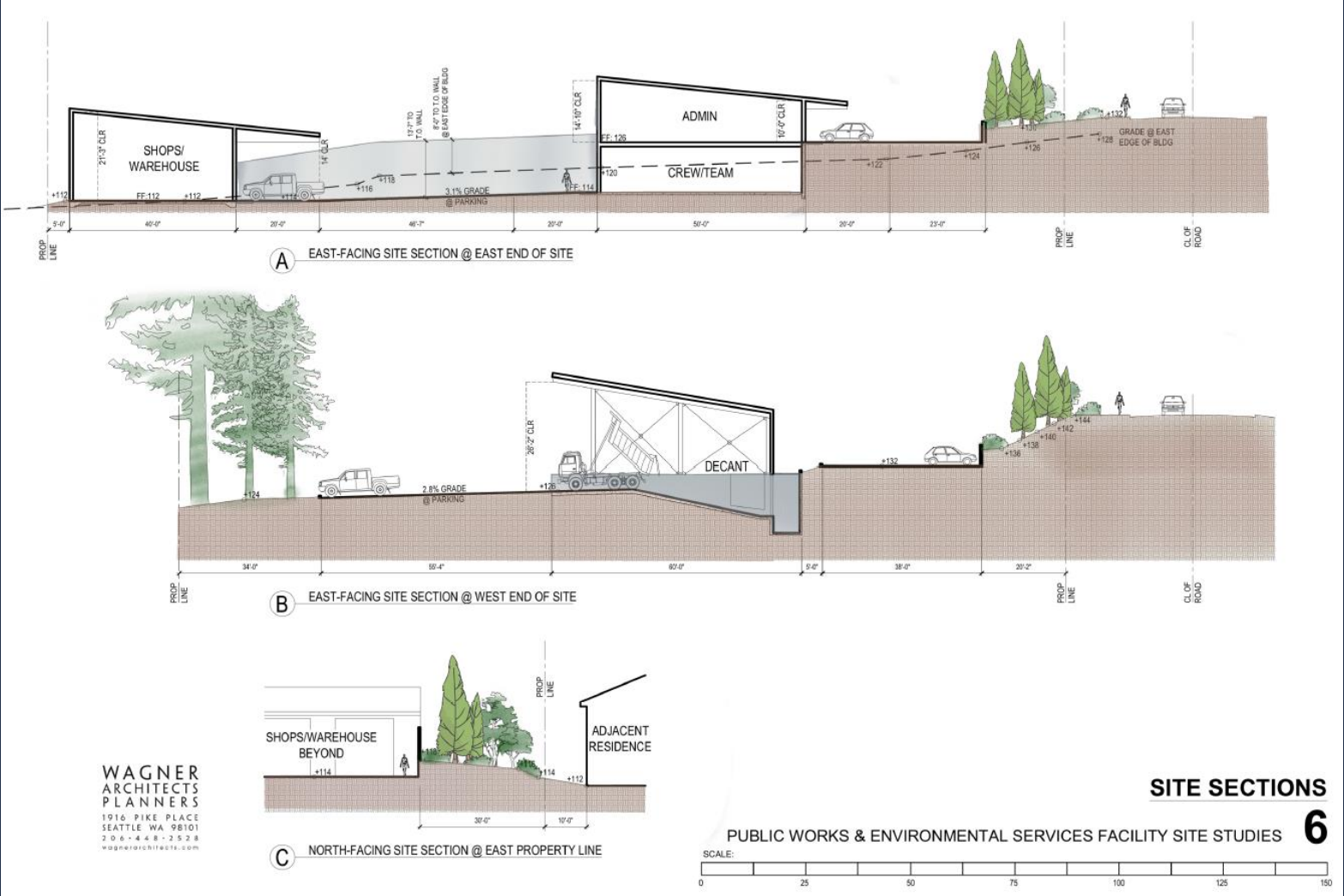
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MASSING STUDY LOOKING SOUTHEAST - WITH VEGETATION

PUBLIC WORKS & ENVIRONMENTAL SERVICES FACILITY SITE STUDIES

10

Conceptual Views at Elevation (full buildout)



Council Action Timeline

☑ July 24th

- Staff presented a reduced, phased approach to developing the PWOC site and a proposed budget update and funding strategy.
- To cut costs, the proposal deleted shop and storage buildings as well as the decant facility.
- The City Council supported the proposed phased approach and gave staff direction to move forward with Phase 1 with the funding plan as proposed.

Council Action Timeline

September 11th

- City Council adopted the Facilities Capital Improvement Plan; this included the PWOC project and funding plan which included a bond issue to be repaid with surface water utility revenue and REET revenue.

Council Action Timeline

☒ November 20th

- City Council adopted the new Surface Water Utility Rates which includes funding for the PWOC.
- Presentation, discussion and 1st reading of the PWOC Bond Ordinance

☐ December 4th

- PWOC Bond Ordinance Presentation, for adoption

Public Works Operations Center: In Summary

- Going in-house was long overdue and inevitable
- Dramatic jump in quality and level of service resulted from going in-house
- A Public Works Operations Center is essential for serving our residents and maintaining our infrastructure
- Current temporary site is woefully inadequate
- Increases in new infrastructure, population, service requests, programs, and NPDES requirements further reinforce the need for a Public Works Operations Center

Public Works Operations Center: In Summary

- Complies with the City Council's direction last year to cut project costs
- Takes a prudent approach to build only the first phase now
- Sacrifices significant project elements, including the shops buildings and storage bays
- Includes climate- and earth-friendly components
- Takes the long view and allows for future expansion for future generations

Public Works Operations Center: In Summary

Public Works Operations and Maintenance is one of the City's core functions and is a critical component to the host of essential services the City provides our diverse community. Our day-to-day operations often fly under the radar, but we are always there, 24 hours a day around the clock, 7 days a week – yes, even on holidays. Everything we do supports the Council's mission, vision, and priorities – no matter what they are or how often they change.

The services provided by Public Works Operations **touches every single person** within Kenmore's boundaries including, but not limited to:

- Those that call Kenmore home; as a resident or a business owner
- Individuals who are employed by a Kenmore business
- Kenmore's homeless population
- Children who attend Kenmore schools
- Patrons of Kenmore businesses
- Non-Kenmore businesses doing work in Kenmore
- People who come to enjoy our amazing parks or other public facilities like the Hangar or the Burke Gilman Trail
- Commuters simply passing through

Budget and Funding Strategy

Phase One Development Costs

Site Acquisition (2021)	\$ 6,100,000
Design, Permitting, Art, & Other Costs	\$ 3,356,849
Construction	\$11,869,008
10% Contingency	\$ 1,186,901
Total	\$22,512,758
Adopted Budget in the CIP	\$ 22,500,000
Additive Bid Alternates if Low Bid is Below Budget:	
Add Shops Building	\$ 1,728,452
Add Geothermal Heating	\$ 450,000

- Budget for Phase 1, including land acquisition: \$22.5 million
- Full buildout total cost to complete: \$35.6 million

Budget and Funding Strategy, continued

Funding Strategy in the Adopted CIP:

- \$22.5 million bond to be paid back over 20 years
- Estimated annual bond payment: \$1.8 million
- Revenue sources for annual bond payment:
 - Current (not new) Real Estate Excise Tax: \$900,00
 - Surface Water Utility Fee Revenue: \$900,000

Budget and Funding Strategy, continued

Real Estate Excise Tax (REET):

- \$2.2 million in annual revenue (conservative)
- Capital restricted: REET cannot be spent on operations—only on one-time capital
- After \$900k share of annual debt service payment, approximately \$1.3 million will still be available for other capital projects

Budget and Funding Strategy, continued

Surface Water Utility Fees:

- Proposed surface water utility rate changes presented for adoption Nov 20, includes PWOC funding
- \$900k share of annual debt service will result in a surface water utility fee increase of about \$75 per year per household (\$6.25 per month). The current household fee is \$249.03 per year.
- Exemption for low-income seniors and disabled residents

PWOC Debt Sources and Annual Payment

	Loan Amount/ Proceeds	Interest Rate	Initial Term	1st payment	Annual Debt Service Payment
State Low Interest Loan	3,325,048	2.42%	20 yrs	6/1/2022	210,000
Banner Bank Loan	6,600,000	3.45%	20 yrs	12/1/2022	460,000
Councilmanic LTGO*	12,575,000	5.00%	20 yrs	TBD, 2024	1,130,000
Total					\$ 1,800,000

**LTGO interest rate and annual payment are estimates*

Annual Payment Funding Sources

REET	900,000
SWM	900,000
Total	\$ 1,800,000

Limited Tax General Obligation (LTGO) Bonds for Public Works Operations Center

Parameters for issuance of LTGO Bonds

- Close and delivery of bond proceeds to occur by December 2024
- Bonds will be "limited tax general obligation" bonds which are backed by the City's full faith and credit and are issued within the City's non-voted debt limitation
- Maximum amount to be issued is not more than \$12,800,00
- Borrowing cost (true interest cost) may not exceed 6.5% without seeking additional authorization from Council



**Public Works Operating Facility Financing
Limited Tax General Obligation Bonds, 2024
*December 4, 2023***

Dave Trageser
Managing Director
Phone: (206) 903-8699
Cell: (206) 518-0675
Email: dtrageser@dadco.com

BOND MARKET INTEREST RATE TREND

**Bond Buyer Index
20-Year General Obligation Bonds
20 Year History**



- Municipal borrowing rates reached historic lows with the onset of the pandemic and Federal Reserve Action. Inflation (supply chain and labor issues) and recent Federal Reserve action have all contributed to the 2023 interest rate pressure.
- The Bond Buyer 20 index tracks the average yields of 20 general obligation municipal bonds. The average rating of the 20 bonds that make up the index are grade Aa2 (Moody's rating) or grade AA (S&P Global rating).

Source: The Bond Buyer



DAVIDSON

LIMITED TAX GENERAL OBLIGATION BOND

SOURCES AND USES OF FUNDS

City of Kenmore
LTGO Bonds, 2024
AAA, NBQ, Current Rates

Dated Date 06/01/2024
Delivery Date 06/01/2024

Sources:

Bond Proceeds:	
Par Amount	11,835,000.00
Premium	913,488.75
	12,748,488.75

Uses:

Project Fund Deposits:	
Project Fund	12,574,952.00
Cost of Issuance:	
Other Cost of Issuance	90,000.00
Delivery Date Expenses:	
Underwriter's Discount	82,845.00
Other Uses of Funds:	
Additional Proceeds	691.75
	12,748,488.75

LIMITED TAX GENERAL OBLIGATION BOND

Bond Debt Service			
City of Kenmore			
LTGO Bonds, 2024			
AAA, NBQ, Current Rates			
<i>Period Ending</i>	<i>Principal</i>	<i>Interest</i>	<i>Debt Service</i>
12/1/2024	185,000	295,875	480,875
12/1/2025	380,000	582,500	962,500
12/1/2026	400,000	563,500	963,500
12/1/2027	420,000	543,500	963,500
12/1/2028	440,000	522,500	962,500
12/1/2029	465,000	500,500	965,500
12/1/2030	485,000	477,250	962,250
12/1/2031	510,000	453,000	963,000
12/1/2032	535,000	427,500	962,500
12/1/2033	565,000	400,750	965,750
12/1/2034	590,000	372,500	962,500
12/1/2035	620,000	343,000	963,000
12/1/2036	655,000	312,000	967,000
12/1/2037	685,000	279,250	964,250
12/1/2038	720,000	245,000	965,000
12/1/2039	755,000	209,000	964,000
12/1/2040	795,000	171,250	966,250
12/1/2041	835,000	131,500	966,500
12/1/2042	875,000	89,750	964,750
12/1/2043	920,000	46,000	966,000
	11,835,000	6,966,125	18,801,125

HYPOTHETICAL SCHEDULE OF EVENTS

City of Kenmore, Washington
Limited Tax General Obligation Bonds, 2024
General Schedule of Events
(As of November 20, 2023)

Target Dates	Action
November 20	Council considers 1 st reading of Delegation Bond Ordinance
December 4	Council considers 2 nd reading/passage of Delegation Bond Ordinance
March 5	Bond/Disclosure Counsel coordinates with financing team on compiling disclosure information
March 17	Bond/Disclosure Counsel circulates draft Preliminary Official Statement (the "POS" for Review and comments
April 4	City and Underwriter provide comments to the draft POS
April 15	Due Diligence and S & P practice Teams call, and S & P rating presentation (via Teams)
April 30	Receive S & P rating
May 9	Release the POS, and begin marketing the Bonds to the prospective investors
May 18	Set the final interest rates for the Bonds, (based on comparable bond sales, spread to the MMD index, market conditions), approve Bond Purchase Contract
June 4	Closing and Delivery of Bond Proceeds. Dollar available for Project

* Subject to change.

Neither this material nor any of its contents may be disclosed, sold, or redistributed, electronically or otherwise, without prior written consent of Davidson Companies. The information presented herein is based on public information we believe to be reliable, prevailing market conditions, as well as our views at this point in time. We make no representation or warranty with respect to the accuracy or completeness of this material. Past performance is not necessarily indicative of future results. Davidson Companies does not assume any liability for any loss which may result from the reliance by any person upon such material. We make no representations regarding the legal, tax, regulatory, or accounting implications of entering into a Transaction.

Required Disclosure Pursuant to MSRB Rule G-23: An underwriter's primary role will be to purchase as principal, or arrange for the placement of the securities in a commercial arm's length transaction with the issuer, and may have financial and other interests that differ from those of the issuer. In its capacity as underwriter and not as financial advisor, an underwriter may provide incidental financial advisory services at the issuer's request, including advice regarding the structure, timing, terms and other similar matters concerning the issuance. However, an underwriter does not assume any financial advisory or fiduciary responsibilities with respect to the issuer.

Next Steps

- Dec 4 Council Meeting
 - Staff will present for adoption the final ordinance providing for delegation of authority to issue the LTGO bonds
- Staff will work with Dave Trageser, Managing Partner, D.A. Davidson & Co., as our Bond Underwriter (Investment Banker) and Deanna Gregory, Partner, Pacifica Law Group, as our Bond Counsel through delivery of the bonds

For comments and questions:

- Melinda Merrell
- Finance & Administration Director, Finance Department
 - mmerrell@kenmorewa.gov
 - 425 398 8900 (x6190)



**City Council Update: LTGO Bond Sale Results
Limited Tax General Obligation Bonds, 2024
*December 2, 2024***

Dave Trageser
Managing Director
Phone: (206) 903-8699
Cell: (206) 518-0675
Email: dtrageser@dadco.com

XI. A. Public Works Operations Center Bond Issue Update, presented by Ci... “AAA” S&P RATING

In preparation for the bond sale, the City had S&P conduct a rating review

1st review since 2021, and the first review under S&P’s new methodology, which is harsher on cash basis of accounting

S&P assigned a AAA rating, citing:

- growing economy
- healthy reserves
- favorable debt profile
- robust budgeting practices
- regular financial updates by management to the Council
- long-term financial planning

Kenmore is one of only 12 Washington cities rated AAA. (an additional 2 cities have a Aaa rating from S&P’s competitor, Moody’s).

BOND BUYER INDEX 20-YEAR HISTORY

**Bond Buyer Index
20-Year General Obligation Bonds
20 Year History**



- Municipal borrowing rates reached historic lows with the onset of the pandemic and Federal Reserve Action. Inflation (supply chain and labor issues) and recent Federal Reserve action have all contributed to the 2023 and 2024 interest rate pressure.
- The Bond Buyer 20 index tracks the average yields of 20 general obligation municipal bonds. The average rating of the 20 bonds that make up the index is grade Aa2 (Moody's rating) or grade AA (S&P Global rating).



LTGO BOND SOURCES AND USES OF FUNDS

City of Kenmore
LTGO Bonds, 2024
AAA, NBQ

Dated Date 12/10/2024
Delivery Date 12/10/2024

Sources:

Bond Proceeds:	
Par Amount	11,505,000.00
Premium	1,214,739.85
	12,719,739.85

Uses:

Project Fund Deposits:	
Project Fund	12,574,952.00
Cost of Issuance:	
Bond/Disclosure Counsel	44,000.00
S&P Rating	23,000.00
Dorsey	1,000.00
	68,000.00
Delivery Date Expenses:	
Underwriter's Discount	71,906.25
Other Uses of Funds:	
Additional Proceeds	4,881.60
	12,719,739.85

BOND ORDINANCE AUTHORIZED SALE PARAMETERS

	<u>Ordinance Parameters</u>	<u>Actual Results</u>
Aggregate Principal Amount	\$12,800,000	\$11,505,000
Final Maturity	12/1/2044	12/1/2044
True Interest Cost	6.50%	3.913159%
Bond sale price	between 98% and 140%	109.93365%
Coupon Rate	7%	5%
Delegation Period	through 12/13/2024	signed 11/26/24

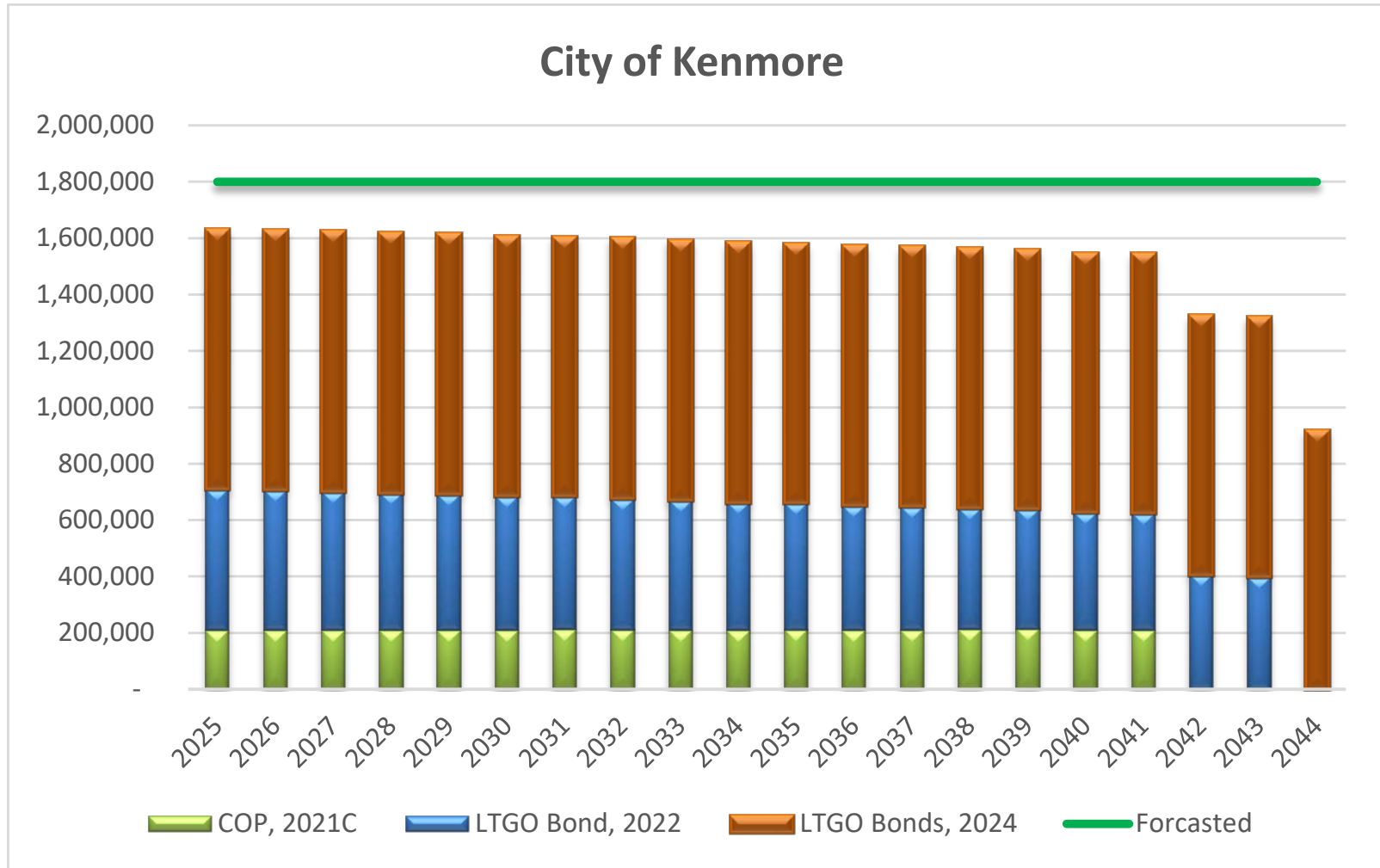
LTGO SEMI-ANNUAL DEBT SERVICE

City of Kenmore
LTGO Bonds, 2024
AAA, NBQ

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
06/01/2025			273,243.75	273,243.75	
12/01/2025	360,000	5.000%	287,625.00	647,625.00	920,868.75
06/01/2026			278,625.00	278,625.00	
12/01/2026	365,000	5.000%	278,625.00	643,625.00	922,250.00
06/01/2027			269,500.00	269,500.00	
12/01/2027	385,000	5.000%	269,500.00	654,500.00	924,000.00
06/01/2028			259,875.00	259,875.00	
12/01/2028	405,000	5.000%	259,875.00	664,875.00	924,750.00
06/01/2029			249,750.00	249,750.00	
12/01/2029	425,000	5.000%	249,750.00	674,750.00	924,500.00
06/01/2030			239,125.00	239,125.00	
12/01/2030	445,000	5.000%	239,125.00	684,125.00	923,250.00
06/01/2031			228,000.00	228,000.00	
12/01/2031	465,000	5.000%	228,000.00	693,000.00	921,000.00
06/01/2032			216,375.00	216,375.00	
12/01/2032	490,000	5.000%	216,375.00	706,375.00	922,750.00
06/01/2033			204,125.00	204,125.00	
12/01/2033	515,000	5.000%	204,125.00	719,125.00	923,250.00
06/01/2034			191,250.00	191,250.00	
12/01/2034	540,000	5.000%	191,250.00	731,250.00	922,500.00
06/01/2035			177,750.00	177,750.00	
12/01/2035	565,000	5.000%	177,750.00	742,750.00	920,500.00
06/01/2036			163,625.00	163,625.00	
12/01/2036	595,000	5.000%	163,625.00	758,625.00	922,250.00
06/01/2037			148,750.00	148,750.00	
12/01/2037	625,000	5.000%	148,750.00	773,750.00	922,500.00
06/01/2038			133,125.00	133,125.00	
12/01/2038	655,000	5.000%	133,125.00	788,125.00	921,250.00
06/01/2039			116,750.00	116,750.00	
12/01/2039	685,000	5.000%	116,750.00	801,750.00	918,500.00
06/01/2040			99,625.00	99,625.00	
12/01/2040	720,000	5.000%	99,625.00	819,625.00	919,250.00
06/01/2041			81,625.00	81,625.00	
12/01/2041	760,000	5.000%	81,625.00	841,625.00	923,250.00
06/01/2042			62,625.00	62,625.00	
12/01/2042	795,000	5.000%	62,625.00	857,625.00	920,250.00
06/01/2043			42,750.00	42,750.00	
12/01/2043	835,000	5.000%	42,750.00	877,750.00	920,500.00
06/01/2044			21,875.00	21,875.00	
12/01/2044	875,000	5.000%	21,875.00	896,875.00	918,750.00
	11,505,000		6,931,118.75	18,436,118.75	18,436,118.75



FORECASTED VS. ACTUAL TOTAL DEBT SERVICE



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