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

City of Kenmore
City Council Regular Meeting Agenda
7:30 p.m., Monday, February 10, 2014
Kenmore City Hall, Council Chambers
18120 68th Ave. NE, Kenmore, WA 98028

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

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

II. ROLL CALL

III. FLAG SALUTE

IV. AGENDA APPROVAL

V. CITIZEN COMMENTS

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

VI. CONSENT AGENDA

A. Approve Check Nos. 29291 - 29357 in the Amount of $622,781.16 for the Period Ending January 17, 2014.
Checks for Approval

B. Approve Check Nos. 29358 - 29393 in the Amount of $276,948.97, and Electronically Transferred Payroll Funds Totaling $62,124.01, and Payroll Check No. 210978 in the Amount of $276.79 for the Period Ending January 17, 2014.
Checks for Approval

C. Approve Northshore Utility District Interlocal Agreement for 0057 Stormwater Project, Contract No. 14-C1244
Agenda Bill

D. Cancel Tuesday, February 18, 2014 City Council Regular (Holiday Schedule) Meeting

VII. PUBLIC HEARING

A. Public Hearing to Receive Public Testimony Regarding Ordinance No. 14-0373 - Northshore Utility District Franchise Agreement, Contract No. 13-C1241 - Rob Karlinsey, City Manager
Agenda Bill & Attachments

VIII. BUSINESS AGENDA

A. Approve Resolution No. 14-230 - Trust Fund Awards for A Regional Coalition for Housing (ARCH) Projects - Nancy Ousley, Assistant City Manager
Agenda Bill & Attachments

B. Approve A Regional Coalition for Housing (ARCH) 2014 Administrative Budget & Work Program - Nancy Ousley, Assistant City Manager
Agenda Bill & Attachments

C. Kenmore Business Incubator - Discussion of Considerations for City Support in 2015-2016 Biennium - Nancy Ousley, Assistant City Manager
Agenda Bill & Attachments

D. Adopt Ordinance No. 14-0375 - E-City Gov Alliance Revised Interlocal Agreement, Contract No. 14-C1251 - Nancy Ousley, Assistant City Manager
Agenda Bill & Attachments

IX. STAFF REPORT

X. COUNCILMEMBER REPORTS & COMMENTS

XI. COUNCILMEMBER INITIATIVES

XII. EXECUTIVE SESSION
Pursuant to RCW 42.30.110(1)(i), Potential Litigation

XIII. POSSIBLE ACTION RELATING TO EXECUTIVE SESSION

XIV. ADJOURNMENT

Upcoming Meetings:

February 17, 2014, Monday	City Hall Closed for the Presidents' Day Holiday	
February 18, 2014, Tuesday	City Council Regular (Holiday Schedule) Meeting CANCELED	
February 18, 2014, Tuesday	Planning Commission Regular Meeting	7:00 p.m.
February 24, 2014, Monday	City Council Regular Meeting	7:00 p.m.
March 3, 2014, Monday	City Council WCIA Training Workshop	7:00 p.m.

City of Kenmore
Voucher Certification and Approval

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the following claims, paid by checks 29291-29357 which total $622,781.16, are just, due and unpaid obligations against the City of Kenmore/King County/Washington, and that I am authorized to authenticate and certify to said claims.

1-21-14
City Manager Date

1/17/14
Finance Director Date

Check #	Vendor Name	Description	Check Amount
29291	NATIONWIDE FINANCIAL 401a	Payroll Entry	9,796.30
29292	NATIONWIDE RETIREMENT SOLUTIONS 457	Payroll Entry	250.00
29293	ICMA RETIREMENT TRUST 457 - 304745	Social Security Replacement Plan	2,834.81
29294	DRS 457	Deferred Comp Payroll Deduction	875.00
29295	CITY OF KENMORE FS	Flexible Spending Medical Plans	232.15
29296	BANK OF AMERICA 941	Payroll Taxes	13,188.17
29297	DEPARTMENT OF RETIREMENT SYSTEMS	WA State Retirement	12,051.90
29298	STATE OF FLORIDA DISBURSEMENT UNIT	Payroll Deduction	275.00
29299	BULGER SAFE & LOCK, INC.	Keys for Rhod. Park Restroom & Vehicle 316	30.71
29300	CENTER FOR HUMAN SERVICES	4th Qtr Human Svcs Prog 13-C1118	6,250.00
29301	CITY OF BELLEVUE	4th Qtr Human Svcs Pooled Program	13,763.00
29302	CITY OF LAKE FOREST PARK	Dec. Public Works/ Materials/ Equipment	78,733.02
29303	REPUBLIC SERVICES	Dec. Rhod. Park & City Hall Solid Waste Svc	842.24
29304	FRUHLING SAND & TOPSOIL	Debris Disposal from Downed Tree	140.00
29305	GEOENGINEERS INC	Prof. Services Kenmore Village	5,685.75
29306	CALPORTLAND COMPANY	Materials for Project @ 62nd/155th NE	650.37
29307	HOME DEPOT CREDIT SERVICES	Propane Bottle Refills	66.60
29308	INSLEE, BEST, DOEZIE & RYDER, P.S.	November & December Legal Services	50,648.78
29309	KING COUNTY FINANCE	Dec. Road Svcs/Signs/Traffic/Bridge/SWM	178,550.88
29310	KING COUNTY FINANCE	December Community Work Program	6,020.00
29311	KING COUNTY SHERIFF	Oct/Nov School District Police Overtime	20,034.02
29312	LIGHTHOUSE CONSULTING INC	Dec. IT Services & Software	3,553.44
29313	PENDLETON, MICHAEL	12/30/13 Council Retreat Consulting Svcs	1,473.20
29314	MR. T'S TROPHIES	Plaque for Councilmember Hensel	192.23
29315	NORTHSHORE FIRE DEPT	Dec. Fire Marshal Review	80.00
29316	NORTHSHORE SENIOR CENTER	4th Qtr 13-C1126 Human Svcs Program	5,500.00
29317	NORTHSHORE UTILITY DIST	Dec. Vehicle Fuel/Repair/Maintenance	2,398.08
29318	NORTHSHORE YMCA	4th Qtr 13-C1130 Human Svcs Program	1,625.00
29319	NORTHSHORE YOUTH & FAMILY SERVICES	4th Qtr 2013 13-C1128 Human Svcs Program	6,250.00

29320	OFFICE DEPOT	Toner/ Office Supplies	100.40
29321	PUGET SOUND ENERGY	12/3-12/31 Electric/Gas/Street Lights	5,260.81
29322	SEATTLE TIMES	December Legal Notices	1,147.78
29323	STATE AUDITOR'S OFFICE	November Audit Services for 2011 & 2012	1,469.27
29324	STEWART MACNICHOLS HARMELL, INC.	December Public Defender Service	8,500.00
29325	WA STATE CONSOLIDATED TECH SVCS	December ListServ	175.00
29326	WA STATE DEPT OF TRANSPORTATION	Aug. Project Costs - Signal Maintenance	2,468.50
29327	COLUMBIA RIDGE LANDFILL	Dec. Dump Fees	952.08
29328	ACF WEST INC	Sandbags	394.20
29329	SNOHOMISH COUNTY	Dec. Vactor Disposal Charges	208.00
29330	HARRIS, LESLIE	Tuition Reimbursement	2,500.00
29331	KONICA MINOLTA BUSINESS SOLUTIONS	Incubator Copier Oct.-Dec. Usage & Dec. Lease	221.09
29332	OUSLEY, NANCY	Aug. - Dec. Expense Reimbursement	182.92
29333	QUALITY BUSINESS SYSTEMS	11/1-12/1 1st Floor Xerox Copy Charges	951.60
29334	GREGORY, JOANNE	Reimbursement GFOA/Cell Data Plan/Mileage	426.60
29335	HERO HOUSE	Qtr 4 13-C1120 Human Svcs Program	350.00
29336	GAMETIME	Wood Fiber for Rhododendron Park	6,508.07
29337	GORDON THOMAS HONEYWELL	Dec. Government Affairs Consulting	3,540.33
29338	JRW ENTERPRISES	Repair Restroom Lock @ Rhod. Park	257.33
29339	TOWNE CENTRE HARDWARE	Public Works/ City Hall Supplies	165.28
29340	SARAH ROBERTS	Dec. 2013 Prosecution Services	10,302.00
29341	AM TEST, INC	Dec. Coliform Sampling	125.00
29342	SUSSMAN/PREJZA & CO, INC	Nov. Services - Wayfinding & Signage	624.76
29343	SNOHOMISH COUNTY TREASURER/ SHERIFF	December Jail Service Fees	15,298.92
29344	FRAUSE	Dec. Economic Development/Website	4,974.92
29345	OVERLEESE, KRISTEN	Verizon Data Pkg Reimburse. Oct. - Dec.	60.00
29346	INNOVAC	Vactor Services	1,759.12
29347	WEISBAND, BARRY	November & December Incubator	6,000.00
29348	UTILITIES UNDERGROUND LOCATION CTR	December Utility Locate Services	103.20
29349	BUENA VISTA SERVICES, INC.	Dec. Incubator Bldg. Janitorial Service	495.00
29350	WM. DICKSON CO.	Swamp Creek Demolition	3,054.84
29351	BRUNDAGE BONE CONCRETE PUMPING, INC	Small Works-Oremus Project Pipe Fill	901.74
29352	SUPERIOR NW TREE & SHRUB CARE, INC.	Tree Removal @ City Lot 6522 Bthl Way	685.59
29353	PERTEET INC.	December Professional Services 12-C1082	21,279.81
29354	PERTEET INC.	November Professional Services 12-C1082	16,442.73
29355	OSBORN CONSULTING INC.	November Consulting Services 12-C1081	57,192.44
29356	OSBORN CONSULTING INC.	December Consulting Services 12-C1081	19,236.59
29357	PERTEET INC.	October Professional Services 12-C1082	6,474.59
			$622,781.16

		TOTAL FOR 2013
A. GAUL CULLEY		1,205.06
A+ CONFERENCING		451.06
AA ASPHALTING, INC		11,291.64
AA PARTY RENTALS		1,447.37
AAA FLAG & BANNER MFG. CO., INC.		9,465.52
AAA PRINTING		192.10
ACF WEST INC		394.20
ACTION ENTERTAINMENT		790.00
ACTIVE SHOOTER TRAINING LLC		1,553.40
ADVANCE TESTING & SERVICE INC		540.00
AFLAC		5,506.80
AL KING, PE		711.75
ALCALDE & FAY		60,466.87
ALLIED WASTE SERVICES #172		1,682.74
ALLPLAY SYSTEMS LLC		91.98
ALPHAGRAPHICS US718		967.31
AM TEST, INC		2,275.00
AMERICAN GENERAL		6,178.02
AMERICAN PLANNING ASSOCIATION		1,990.00
AMERICAN PUBLIC WORKS ASSOCIATION		1,115.67
AMERICAN SOCIETY OF COMPOSERS		331.39
ANCHOR QEA, LLC		91,508.81
ARC - PACIFIC NORTHWEST		508.31
ARTS OF KENMORE		840.00
ASP, ANGELA		630.00
ASSOCIATED BOAT TRANSPORT		1,440.00
ASSOCIATED UNDERWATER SERVICES, INC		8,822.64
ASSOCIATION OF WA CITIES		15,549.34
AT HOME ARTIST MANAGEMENT, INC.		1,750.00
AURORA RENTS		3,349.59
AWC EMPLOYEE BENEFITS		459,166.12
BADGLEY'S LANDSCAPE LLC		2,491.13
BAKER, DAVID		3,589.12
BANANA ENTERPRISES, INC.		8,200.00
BANK OF AMERICA 941		362,469.21
BANNER BANK	BAKER	10,748.11
BANNER BANK	BH	5,848.57
BANNER BANK	CS	6,878.26
BANNER BANK	DB	3,736.64
BANNER BANK	JG	10,076.01
BANNER BANK	JGORDON	13,062.10
BANNER BANK	KENMORE	30,401.70
BANNER BANK	LD	4,644.17
BANNER BANK	NO	9,044.12
BANNER BANK	PS	2,430.20
BANNER BANK	ROGERS	6,606.09
BANNER BANK	VAN NESS	5,659.65

BARCLAY DEAN ARCHITECTUAL PRODUCTS	711.75
BASTYR UNIVERSITY	50,899.35
BEARCOM	70.08
BEEGEE TOLPA	700.00
BENT, DEBORAH A	26.00
BERK & ASSOCIATES	22,500.00
BINW	16,528.79
BIS	175.00
BLACKBAUD	5,204.11
BLACKLINE, INC.	43,615.60
BOB'S HEATING & AC	78.90
BONOMI, ANGELO	545.04
BOOGIE BROWN PRODUCTIONS, INC.	2,000.00
BOTELHO, PAULA	1,850.00
BRABEC, MARY	3,500.00
BRIEN, GAYLYNN	475.00
BROADCAST MUSIC, INC.	327.00
BROWN, ANDY	250.00
BUENA VISTA SERVICES, INC.	3,960.00
BULGER SAFE & LOCK, INC.	245.94
C. ANDERSON & CO.	930.75
CALPORTLAND COMPANY	1,037.19
CANTEEN REFRESHMENT SERVICES	2,626.28
CAPITAL ONE COMMERCIAL/ COSTCO	325.31
CARLSON, THOMAS G.	100.00
CASCADE PEST CONTROL	1,708.20
CEMEX	3,203.30
CENTER FOR HUMAN SERVICES	18,750.00
CHAMPION COURIER	51.53
CHICAGO TITLE	15,000.00
CHIEF LAW ENFORCEMENT SUPPLY	188.21
CITY OF BELLEVUE	141,721.91
CITY OF KENMORE	210.58
CITY OF KENMORE FS	6,580.08
CITY OF KENT	500.00
CITY OF LAKE FOREST PARK	765,882.18
CITY OF SHORELINE	2,075.28
CITYWORKS/ AZTECA SYSTEMS INC.	29,995.00
CLARITY SIGNS	5,861.16
CLOWNS UNLIMITED, INC.	2,805.30
COASTAL WEAR PRODUCTS INC	1,356.71
COASTWIDE LABORATORIES	9,814.40
CODE PUBLISHING COMPANY	3,825.36
COLUMBIA BANK	6,409.42
COLUMBIA RIDGE LANDFILL	7,924.53
COMCAST	3,141.41
CONNELLY, MARC	48.14
CONSOLIDATED PRESS	9,933.70
CONTOUR FENCE CO. INC.	2,011.52

CORNERSTONE ROOFING	101.32
CROWN PRODUCTS LLC	1,831.35
CSAT, LLC	500.00
CUES	12,537.75
CULLEY, AMBERLY	1,000.00
CURTIS, DR. MILTON	322.24
DAILY JOURNAL OF COMMERCE	1,257.40
DANSOUND INC	5,913.00
DAY WIRELESS SYSTEMS	1,448.82
DEPARTMENT OF ECOLOGY	11,331.52
DEPARTMENT OF LABOR AND INDUSTRIES	35,636.42
DEPARTMENT OF LICENSING	52.00
DEPARTMENT OF RETIREMENT SYSTEMS	290,412.73
DIGITAL REPROGRAPHICS SERVICES INC.	452.58
DRS 457	40,080.35
DUGAN, GERALD & GAIL	1,650.00
DURRANT, JEFF	855.58
EARTHCORPS	10,360.73
EASTSIDE TRANSP PARTNERSHIP	200.00
ECONOMIC DEV COUNCIL OF SEATTLE/KC	15,000.00
EFFICIENCY INC	987.69
EJ USA, INC.	1,549.96
EMERGENCY SERVICE COORDINATING AGCY	49,476.00
EMIL'S CONCRETE CONSTRUCTION CO.	2,589.68
ENTERPRISE SEATTLE	5,000.00
ENTERTAINMENT FIREWORKS INC	17,000.00
ENVIRONMENTAL SYSTEMS RESEARCH INST	4,779.00
ESA ADOLFSON	2,665.00
EVERGREEN FIRE AND SAFETY, INC.	135.51
EVERGREEN HEALTH	25.00
EVERGREEN PRINT SOLUTIONS	754.02
EVERGREEN SAFETY COUNCIL	175.00
EVER-MARK, LLC	1,165.88
FASTSIGNS	1,051.38
FAZZARI MARKETING	244.85
FERGUSON ENTERPRISES INC #1539	7,029.56
FINANCIAL CONSULTANTS INT'L INC	250.24
FIRE PROTECTION, INC	3,083.54
FIRST AMERICAN TITLE	9,142.60
FLEMINGS HOLIDAY LIGHTING LLC	5,496.59
FOLK, BRADFORD LEE	1,750.00
FOUR PARK AVENUE	363.07
FRAUSE	38,152.21
FRONTIER	40,537.53
FRUHLING SAND & TOPSOIL	1,801.99
G & H PRINTING	71.45
GAMETIME	5,779.30
GARMIRE IRON WORKS, INC.	6,958.73
GEODESIGN INC.	2,816.80

GEOENGINEERS INC	32,539.20
GLACIER PEAK CONSTRUCTION LLC	29,055.04
GOODSELL POWER EQUIPMENT #2 INC.	98.43
GORDON THOMAS HONEYWELL	39,769.64
GORDON, JENNIFER	174.02
GOVERNMENT FINANCE OFFICERS ASSOC	190.00
GRAINGER	60.07
GRAY & OSBORNE, INC	23,548.32
GREATER BOTHELL CHAMBER OF COMMERCE	595.00
GREGORY, JOANNE	806.65
H.W. LOCHNER, INC.	391,497.93
HAMBLETON RESOURCES, INC.	10,500.00
HAMILTON-LANE CONSULTING	1,000.00
HAMPSON, BRYAN	3,694.29
HANDY ANDY RENT-A-TOOL INC	134.40
HARBOR HISTORY MUSEUM	400.00
HARRIS & SMITH PUBLIC AFFAIRS	14,771.17
HARRIS COMPUTER SYSTEMS	6,832.20
HEBERT RESEARCH, INC.	8,788.00
HERO HOUSE	1,050.00
HESTON VISUAL ARTS	1,724.63
HOME DEPOT CREDIT SERVICES	2,455.45
HONEY BUCKET	881.13
HOPE HEALTH/IHAC	65.19
HOPELINK	34,312.50
HORIZON DISTRIBUTORS INC	512.45
HO'S PLUMBING COMPANY	33.34
HOVDE, RICHARD	106.21
HP'S SMOKEHOUSE BBQ	187.00
HWA GEOSCIENCES INC.	5,934.41
ICMA RETIREMENT TRUST 457 - 304745	67,322.50
iCOMPASS TECHNOLOGIES, INC.	8,120.00
INDEPENDENT STATIONERS	2,414.83
INGALLINAS BOX LUNCH	283.64
INNOVAC	41,231.85
INSLEE, BEST, DOEZIE & RYDER, P.S.	334,846.75
INTEGRA TELECOM	9,470.77
INTERNATIONAL CITY/CNTY MGMT ASSOC	2,285.02
INTERNATIONAL INST OF MUNI CLERKS	185.00
iWORQ SYSTEMS	4,800.00
JACOBS ENGINEERING GROUP	55,705.78
JAYMARC - AV	1,842.90
JBS INSTRUMENTS	1,052.00
JET CITY PRINTING	2,107.23
JOHN E. REID & ASSOCIATES	550.00
JOYCE ZIKER PARKINSON	67,309.82
JRW ENTERPRISES	2,250.23
JSH PROPERTIES, INC.	26,690.24
KARLINSEY, ROB	8,090.50

KAUBOY PRODUCTIONS LLC	550.00
KBA INC.	112,831.49
KCDA PURCHASING COOP	2,298.13
KEATING, BUCKLIN & MCCORMACK	1,519.90
KEEP POSTED INC	246.00
KENMORE AIR	337.50
KENMORE CAMERA	250.00
KENMORE COMMERCIAL LLC	34,697.00
KENMORE ELEMENTARY PTA	4,000.00
KENMORE SENIOR CENTER	5,500.00
KING COUNTY ANIMAL SVCS	5,775.00
KING COUNTY DISTRICT COURT	46,337.00
KING COUNTY FINANCE	688,168.76
KING COUNTY FINANCE W.L.R.D.	62,047.81
KING COUNTY FINANCE/ GIS	6,014.77
KING COUNTY MUNICIPAL CLERKS ASSOC	25.00
KING COUNTY OFFICE OF FINANCE	12,382.94
KING COUNTY RADIO COMM SERVICES	1,016.68
KING COUNTY RECORDER'S OFFICE	729.00
KING COUNTY SHERIFF	3,119,182.49
KING COUNTY SUPERIOR COURT CLERK	11,000.00
KING COUNTY TREASURY	37,566.63
KING COUNTY UTILITY COORDINATION CO	40.00
KING CTY DEPT OF PERMITTING/ENVIRON.	9.38
KONICA MINOLTA BUSINESS SOLUTIONS	4,498.91
KUSTOM SIGNALS, INC.	2,111.17
KVO INDUSTRIES, INC	365.00
LAMB, BARBARA	2,000.00
LANGUAGE LINE SERVICES, INC.	11.67
LIGHTHOUSE CONSULTING INC	46,264.12
LIGHTING GROUP NORTHWEST	3,095.13
LOU'S GLOVES, INC.	89.00
LOWE SABRA	250.00
MACLEOD RECKORD	7,529.00
MAIL FINANCE	3,009.12
MCALLISTER, TERESA	94.81
MEEHAN, NANCY	182.16
MILLER STEPHENS, MARY	15,000.00
MINZGHOR, NICHOLAS	740.26
MOBILE ELECTRICAL DISTRIBUTORS INC	104.65
MOBILE MINI, INC.	961.92
MORGAN SOUND INC	2,386.56
MR. T'S TROPHIES	844.58
NATIONAL BARRICADE CO	689.85
NATIONAL BUSINESS INCUBATION ASSOC.	525.00
NATIONAL CITIZEN SURVEY	9,025.00
NATIONAL IMPRINT CORPORATION	292.30
NATIONAL LEAGUE OF CITIES	3,038.00
NATIONAL LIFE OF VERMONT	2,818.68

NATIONWIDE FINANCIAL 401a	253,912.73
NATIONWIDE RETIREMENT SOLUTIONS 457	5,200.00
NEXTEL COMMUNICATIONS	885.09
NEXXPOST	300.76
NORTH COAST ELECTRIC	1,964.60
NORTH LAKE MARINA	1,520.51
NORTHSHORE FIRE DEPT	8,235.00
NORTHSHORE PARK & REC SERVICE AREA	1,360.00
NORTHSHORE ROTARY CLUB	256.00
NORTHSHORE SCHOOL DISTRICT	415.30
NORTHSHORE SENIOR CENTER	14,300.00
NORTHSHORE UTILITY DIST	85,294.67
NORTHSHORE YMCA	4,875.00
NORTHSHORE YOUTH & FAMILY SERVICES	18,750.00
NORTHWEST LANDSCAPE SERVICES	10,775.51
NORTHWEST MARINE TRADE ASSOCIATION	460.00
OFFICE CLEANING CREW	248.00
OFFICE DEPOT	2,411.36
OFFICE MAX	8,762.43
OFFICE TEAM	12,740.45
OLYMPIC ENVIRONMENTAL RESOURCES INC	42,072.30
OSBORN CONSULTING INC.	185,071.19
OTAK	17,956.91
OUSLEY, NANCY	915.55
OVERLEESE, KRISTEN	315.67
PACIFIC NORTHWEST WATERWAYS ASSOC	360.00
PACIFIC TOPSOILS	13,607.53
PART WORKS INC	774.93
PASSPORT TRAVEL AND TOURS	1,093.60
PATTY PAN GRILL	80.00
PAWS	7,095.00
PENDLETON, MICHAEL	8,101.07
PEOPLES STORAGE	2,254.50
PERSONAL BEST/ TOPHEALTH	395.54
PERTEET INC.	153,786.85
PETERSON, JANET	670.00
PETTY CASH CUSTODIAN	1,275.72
PHAM, NY THI	5,500.00
PHOTOTAINMENT	1,231.88
PHSI PURE WATER FINANCE	1,730.66
PICKLEBALL STUFF, LLC	384.00
PLANNING ASSOCIATION OF WASHINGTON	85.00
POTELCO, INC.	1,240.27
PRIMA PLUMBING	851.91
PROTECTION TECHNOLOGIES, INC	17,493.42
PRSA	307.00
PUBLIC HEALTH DEPT. OF KING COUNTY	100.00
PUGET SOUND BUSINESS JOURNAL	96.00
PUGET SOUND CLEAN AIR AGENCY	11,309.00

PUGET SOUND ENERGY	200,644.66
PUGET SOUND FINANCE OFFICERS ASSOC	100.00
PUGET SOUND REGIONAL COUNCIL	7,414.00
PURE WATER TECHNOLOGY OF PUGET SOUND	363.34
QUALITY BUSINESS SYSTEMS	6,005.39
RAZZ CONSTRUCTION	839,351.05
REPUBLIC SERVICES	7,646.50
RESULTS DRIVEN	8,000.00
RNR CONSULTING	36,772.00
ROAD CONSTRUCTION NW, INC.	133,956.77
ROD STEVENS	5,895.70
ROGERS, GLENN	125.32
ROLLABELS	37.15
SAFEWAY	84.00
SAFRIN, PATTY	695.01
SARAH ROBERTS	113,322.00
SAUVE, GAYLEN	300.00
SCHINDLER ELEVATOR CORPORATION	1,844.34
SCHNEE, CARLA	49.16
SCHWARZWALTER, MARK	90.00
SEATTLE TIMES	10,093.25
SEES TREES AND EXCAVATION INC	1,746.53
SELECT AIR SERVICES DBA GREENWOOD	119.19
SERGOVIA, CARLOS	1,650.00
SESAC	327.00
SHELTON, CINDY	249.88
SHRED-IT	594.00
SIGN UP, SIGN CO, INC	1,635.94
SITELINES	111.36
SKAGIT GARDENS	1,266.61
SMITH, BRENT	91.03
SMITH, JARRETT	150.00
SMS	2,934.51
SNOHOMISH COUNTY	11,627.00
SNOHOMISH COUNTY SHERIFF'S OFFICE	297,449.78
SNOHOMISH COUNTY TREASURER/ SHERIFF	33,804.59
SOUND CITIES ASSOC	11,767.00
SOUND LAW CENTER	12,631.50
SOUND PUBLISHING, INC.	8,612.91
SPATIAL DEVELOPMENT	1,945.00
SPERRY, LAURIE	126.23
SPINNAKER STRATEGIES	11,799.40
SPRAGUE PEST SOLUTIONS	406.51
ST EDWARD STATE PARK	11,180.94
ST OF WA DEPT OF FISH & WILDLIFE	300.00
STANSFIELD, CLAYTON	2,619.30
STARLIGHT CHILDRENS FOUNDATION	240.00
STATE AUDITOR'S OFFICE	28,365.31
STATE OF FLORIDA DISBURSEMENT UNIT	7,150.00

STATE OF WA DEPARTMENT OF LICENSING	116.00
STEWART MACNICHOLS HARMELL, INC.	59,370.00
SUNBELT	1,270.69
SUSSMAN/PREJZA & CO, INC	8,479.09
TACHTEVRENIDOU, PROMISE	7,605.79
TELESYSTEMS WEST	1,747.91
THE KIPLINGER LETTER	99.00
THE METALSMITHS	94.45
TIMEMARK INCORPORATED	274.09
TITAN OUTDOOR, LLC	1,352.39
TOPIA TECHNOLOGY/ BIS	36,940.00
TOTAL LANDSCAPE CORP	61,849.02
TOWN & COUNTRY FENCE, INC	416.10
TOWNE CENTRE HARDWARE	2,953.06
TRANE U.S. INC.	8,211.13
UNITED RENTALS NW, INC	579.81
UNITED STATES POSTMASTER	4,967.74
UNITED WAY OF KING COUNTY	3,562.00
UNIVERSAL FIELD SERVICES	11,130.43
UNIVERSITY OF WASHINGTON	1,654.00
UPS STORE	2,848.72
URBAN LAND INSTITUTE	225.00
US POSTAL SERVICE (HASLER)	4,211.60
UTILITIES UNDERGROUND LOCATION CTR	1,113.50
V2WORKS	202.50
VAN NESS, ALLAN	1,880.62
VERIZON WIRELESS	10,715.93
VIBRANT PLANTS INC	755.16
VIKING GRIDIRON CLUB	250.00
VOLGISTICS, INC	372.00
W.S.S.O. Advanced Training	500.00
WA ASPHALT PAVEMENT ASSOC.	180.00
WA ASSOC OF BUILDING OFFICIALS	128.09
WA ASSOC OF CODE ENFORCEMENT	305.00
WA CITIES INSURANCE AUTHORITY	161,086.00
WA FINANCE OFFICERS ASSOCIATION	575.00
WA GUARANTEED EDUCATION TUITION	1,290.00
WA RECREATION & PARK ASSOCIATION	104.00
WA STATE ASSOC OF PERMIT TECHNICIAN	130.00
WA STATE CONSOLIDATED TECH SVCS	1,225.00
WA STATE DEPARTMENT OF AGRICULTURE	33.00
WA STATE DEPT OF ENTERPRISE SVCS	6,057.54
WA STATE DEPT OF LABOR & INDUSTRIES	125.30
WA STATE DEPT OF TRANSPORTATION	25,532.37
WA TRUST FOR HISTORIC PRESERVATION	100.00
WAFFLE WAGON	45.00
WAGE WORKS	550.00
WALC INSTITUTE	2,579.97
WASHINGTON ENERGY SERVICES	28.14

WASHINGTON MUNICIPAL CLERKS ASSOC	75.00
WASHINGTON STATE DEPT OF INFO SERV	700.00
WASHINGTON STATE DEPT OF REVENUE	1,788.29
WASHINGTON STATE OFFICE CASH MGMT	843.00
WASHINGTON TREE SERVICE INC	1,423.50
WEINSTEIN AU	1,327.50
WEISBAND, BARRY	30,000.00
WELLS FARGO FINANCIAL	11,505.78
WELWEST CONSTRUCTION INC.	109,872.85
WESTERN ENTRANCE TECHNOLOGY	3,460.20
WILCOX, ROBERTA	933.84
WINTERBOURNE LANDSCAPE	2,168.12
WM. DICKSON CO.	58,041.97
WONDERLAND DEVELOPMENT	6,750.00
ZEP SALES AND SERVICE	865.49
ZONAR SYSTEMS	525.33
ZORNES, GARY	239.52
ZUMAR	3,563.12
TOTAL FOR 2013	11,926,701.97

City of Kenmore
Voucher Certification and Approval

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the following claims, paid by checks 29358-29393 which total $276,948.97, and electronically transferred payroll funds totalling $62,124.01, and payroll check #210978 in the amount of $276.79, are just, due and unpaid obligations against the City of Kenmore/King County/Washington, and that I am authorized to authenticate and certify to said claims.

City Manager 1-21-14
Date

Finance Director 1/21/14
Date

Check #	Vendor Name		Description	Check Amount
29358	ACTION ENTERTAINMENT		2/7/14 Kenmore Jr. High Dance - DJ	395.00
29359	ASSOCIATION OF WA CITIES		2014 Membership	14,389.00
29360	BAKER, DAVID		1/8-1/10/14 Mileage Reimbursement	120.96
29361	COASTWIDE LABORATORIES		Parks Restroom Supplies	252.98
29362	KING CTY EASTSIDE TRANSP PARTNERSH		2014 Dues	200.00
29363	EMERGENCY SERVICE COORDINATING AGCY		2014 Member Assessment	48,964.00
29364	MR. T'S TROPHIES		Re-do Engraving on Plaque	14.18
29365	PEOPLES STORAGE		Feb. Storage Unit Rent #C304	184.00
29366	SOUND CITIES ASSOC		2014 Annual Dues	11,850.97
29367	WA CITIES INSURANCE AUTHORITY		2014 Insurance Assessments	186,443.00
29368	WA FINANCE OFFICERS ASSOCIATION		2014 WFOA Membership Dues	150.00
29369	PART WORKS INC		Parks Restroom Repairs	511.44
29370	SEES TREES AND EXCAVATION INC		Tree Work Bordering NS Summit Park	700.80
29371	VAN NESS, ALLAN		Airfare Reimbursement for NLC	525.00
29372	ROGERS, GLENN		1/10-1/12/14 Mileage Reimbursement	64.96
29373	AMERICAN PUBLIC WORKS ASSOCIATION		2014 Dues - 5 Members	780.00
29374	SPERRY, LAURIE		Mileage Reimbursement - Retreat	63.84
29375	MAIL FINANCE		1/14/14-2/13/14 Postage Machine Lease	250.76
29376	BANNER BANK	LD	Supplies, Social Media Fees	208.78
29377	BANNER BANK	NO	Incubator Supplies/ Registration	817.14
29378	BANNER BANK	JG	Registration/ GFOA Conference	430.00
29379	TOPIA TECHNOLOGY/ BIS		January Website Hosting	200.00
29380	BANNER BANK	JGORDON	Rain Gear	76.60
29381	INTEGRA TELECOM		1/8-2/7/14 City Hall Phone Service	754.77
29382	WELLS FARGO FINANCIAL		January Xerox Machine Leases	1,359.69
29383	BANNER BANK	BH	Membership Renewals	120.00
29384	TRANE U.S. INC.		City Hall HVAC Preventative Maintenance	2,098.62
29385	SESAC		Annual Music License Fee for 2014	343.00

29386	SMITH, BRENT		Mileage Reimbursement for Retreat	68.32
29387	VERIZON WIRELESS		12/27/13-1/26/14 Cell Phones	921.55
29388	BANNER BANK	VAN NESS	NLC Conference Registration	450.00
29389	BANNER BANK	BAKER	Registration, Supplies	1,006.27
29390	BANNER BANK	ROGERS	NLC Conference Registration	450.00
29391	ALPHAGRAPHICS US718		Police Officer Business Cards	60.68
29392	INNOVAC		Vactor Services	522.85
29393	NORTHWEST LANDSCAPE SERVICES		SR 522 Landscaping - January	1,199.81
210978	NIGEL HERBIG		Payroll Check	276.79
1/10/2014	PAYROLL		Direct Deposit	62,124.01
				$ 339,349.77

THIS IS THE FIRST CHECK RUN FOR 2014. THERE IS NO PRIOR VENDOR ACTIVITY TO REPORT FOR 2014.

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Interlocal Agreement 14-C1244 between the City of Kenmore and Northshore Utility District to complete water and sanitary sewer work as part of the Tributary 0057 Channel Relocation project **Proposed Council Action/Motion:** Authorize the City Manager to execute Interlocal Agreement 14-C1244 with Northshore Utility District to complete water and sanitary sewer work as part of the Tributary 0057 Channel Relocation project	**For Council Meeting Agenda of:** 02/10/2014 **Department:** Engineering **Prepared by:** Kent Vaughan **Initial & Date** **Approved by Department Head:** KMO 1/28/14 **Approved by City Attorney:** via email **Approved by Finance Director:** [signature] 1/28/14 **Approved by City Manager:** [signature] **Exhibits/Attachments:**

Expenditure Required $25,000 (to be reimbursed by Northshore Utility District)	**Amount Budgeted** $0 See 'Fiscal Consideration' Below	**Appropriation Required** $0

INFORMATION/BACKGROUND:

City Project Description: The City's Tributary 0057 Channel Relocation project includes furnishing and installing a new 230-foot-long, 10' x 5' (interior dimensions) precast concrete box culvert with appurtenances across NE 170th Street at a location approximately 300 feet east of 72nd Avenue NE. The project will also remove the existing undersized sediment vault and pipe conveyance system within NE 170th Street right-of-way and will include wetland mitigation and other work. The Tributary 0057 Channel Relocation project is scheduled for construction this summer.

Northshore Utility District Component: The City project will require the relocation of the existing water main and protection of the existing sanitary sewer main in NE 170th Street right-of-way. Northshore Utility District has requested that their water and sewer work be incorporated into the City's project and administered through an interlocal agreement between the Northshore Utility District and City. All costs associated with the water and sewer work will be borne by Northshore Utility District, including proportional shares of mobilization, traffic control, and management costs.

FISCAL CONSIDERATION:

The 2013-14 biennial budget for Tributary 0057 Channel Relocation is $889,750. Approximately $23,500 (2.6%) has been expended to date to complete the design.

The District will reimburse the City for all costs associated with the water and sewer work. The estimated cost to Northshore Utility District for the water and sanitary sewer work is approximately $25,000.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Goal #12: To address watershed issues affecting the City.

City Council Business Agenda Item
City of Kenmore, WA

Subject: Northshore Utility District Franchise Agreement, Contract No. 13-C1241

Public Hearing:

Proposed Franchise Agreement with Northshore Utility District (NUD)

Proposed Council Action/Motion:

Hold a public hearing and consider an ordinance to adopt a Franchise Agreement for Water and Sewer Utilities with Northshore Utility District

For Council Meeting Agenda of: February 10, 2014

Department: City Manager's Office
Prepared by: Rob Karlinsey, City Manager

	Initial & Date
Approved by Department Head:	
Approved by City Attorney:	J.M. VIA email
Approved by Finance Director:	1-31-14
Approved by City Manager:	RK 1-31-14

Exhibits/Attachments: Ordinance 14-0373

Expenditure Required $0 Amount Budgeted $N/A Appropriation Required $0

INFORMATION/BACKGROUND:

Northshore Utility District (NUD) is the water and sewer utility service provider for the City of Kenmore. The City does not currently operate water and sewer utilities and instead grants NUD a franchise allowing NUD to construct, operate, and maintain its facilities in City right-of-way in order to provide utility service to Kenmore residents and businesses. The City's current franchise agreement with Northshore Utility District was adopted in 2003 and needs to be updated. Changes in State Law regarding the fire suppression costs of the water system are addressed in the proposed agreement. Clarifications in the franchise agreement regarding utility relocation notification and cost allocation are also addressed in the attached proposed franchise agreement.

The term of the franchise as well as termination provisions are proposed as follows (taken directly from Section 8 of the proposed franchise):

Section 8. Franchise Term. This Franchise is and shall remain in full force and effect from March 10, 2014 until December 31, 2016, provided that on January 1, 2017 and on January 1 every five (5) years thereafter, the term shall automatically be extended for an additional five (5) years, unless either NUD or the City gives the other party written notice of non-renewal prior to any such renewal date, in which case this Franchise shall terminate five (5) years after such renewal date. Notwithstanding the above, either party may terminate this agreement with five (5) years written notice at any time, provided that such notice cannot be given prior to January 1, 2017.

In addition, and in return for provisions in the agreement, a franchise fee, proposed at 5% of District net utility service revenue, is included in the proposed franchise agreement. A franchise fee is common in franchise agreements of this type and is needed to assist with the City's cost of administering the franchise and maintaining the infrastructure impacted by and needed to support the franchise. (see Fiscal Consideration below) The City also agrees not to assume the District's facilities and customers during the term of the franchise.

The proposed franchise fee and franchise agreement with NUD has been part of City Council discussions since 2012. In the fall of 2012, the proposed franchise fee was considered and discussed in City Council meetings during the 2013-2014 biennial budget study sessions. The public hearing for the 2013-2014 Biennial Budget was advertised in several locations, including the Seattle Times. The budget process, including City Council meeting dates, was advertised in advance through a press release and other media.

The intent to implement a franchise fee has been announced by the City several times, including the front page of the City-wide newsletter in the fourth quarter of 2012, and a centerfold article in the City-wide newsletter printed in the first quarter of 2013. The proposed franchise fee was included in the preliminary 2013-2014 biennial budget, including a discussion of the franchise fee in the City Manager's budget message. The proposed franchise fee is also part of and called out in the adopted and published 2013-2014 Biennial Budget.

The public hearing for this proposed franchise agreement with Northshore Utility District is scheduled for the February 10, 2014 regular City Council meeting and final consideration and potential adoption is scheduled for the February 24, 2014 regular City Council meeting.

FISCAL CONSIDERATION:

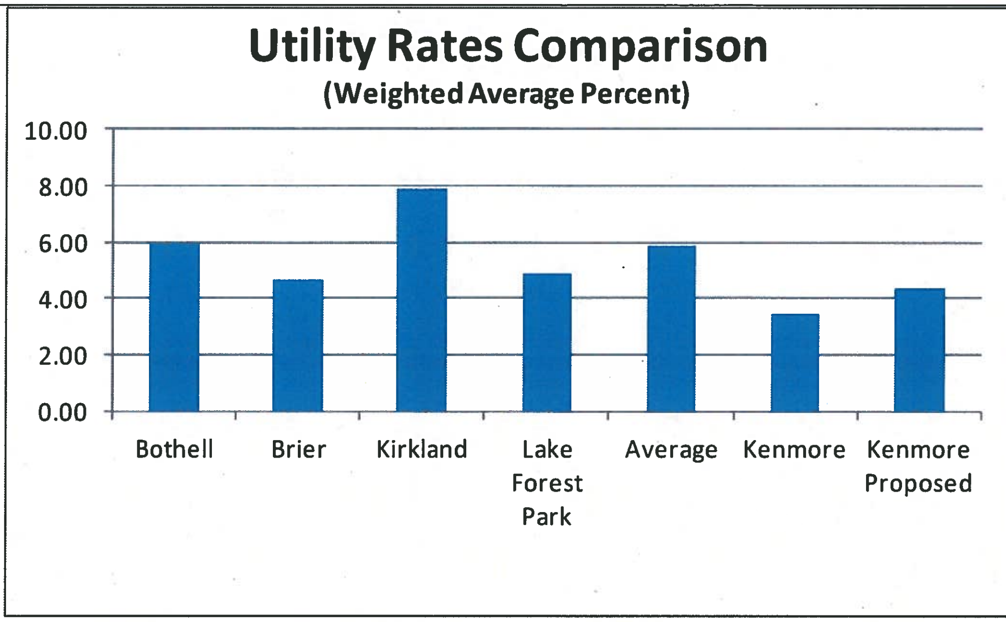
As stated in the City Manager's budget message submitted to the Council and the public in the fall of 2012, the NUD franchise agreement needs to address costs the City incurs for operating a franchise, including franchise administration costs and wear and tear on City infrastructure. To help recover these costs, a 5% franchise fee is included in the proposed new franchise agreement with NUD.

The City currently imposes no franchise fee or utility tax for water and sewer. In comparison to other cities, Kenmore's utility taxes and franchise fees, in total, are lower than the average of other cities (using data obtained in 2012 as part of the City Manager's 2013-2014 Biennial Budget message). The following table (2012 data) compares rates of the four cities that touch Kenmore's borders. The numbers in the table are combined utility tax and franchise fee percentages.

	Electric	Water	Sewer	Stormwater	Natural Gas	Phone	Cell Phone	Cable	Garbage	Weighted Average Utility Rate*
Bothell	6	10.15	5	0	6	6	6	5	6	5.93
Brier	6	0	0	0	6	6	6	5	6	4.65
Kirkland	6	13.38	10.5	7.5	6	6	6	11	10.5	7.88
Lake Forest Park	6	6	0	0	6	6	6	6	0	4.89
Average	6.00	7.38	3.88	1.88	6.00	6.00	6.00	6.75	5.63	5.84
Kenmore	4	0	0	0	4	6	6	5	0	3.50
Kenmore Proposed	4	5	5	0	4	6	6	5	0	4.38

The far right column is calculated using a weighted average formula, or index, that is based on the proportionate amount of revenue produced by each utility in Kenmore (for example, electric utility revenues are significantly higher than garbage revenues, and therefore the electric utility tax rate receives more weight in the formula).

Even with the proposed 5% water and sewer franchise fee, Kenmore's weighted average across all utilities will still be the lowest among its next-door neighbors. The weighted average percent comparison is illustrated in the following graph:

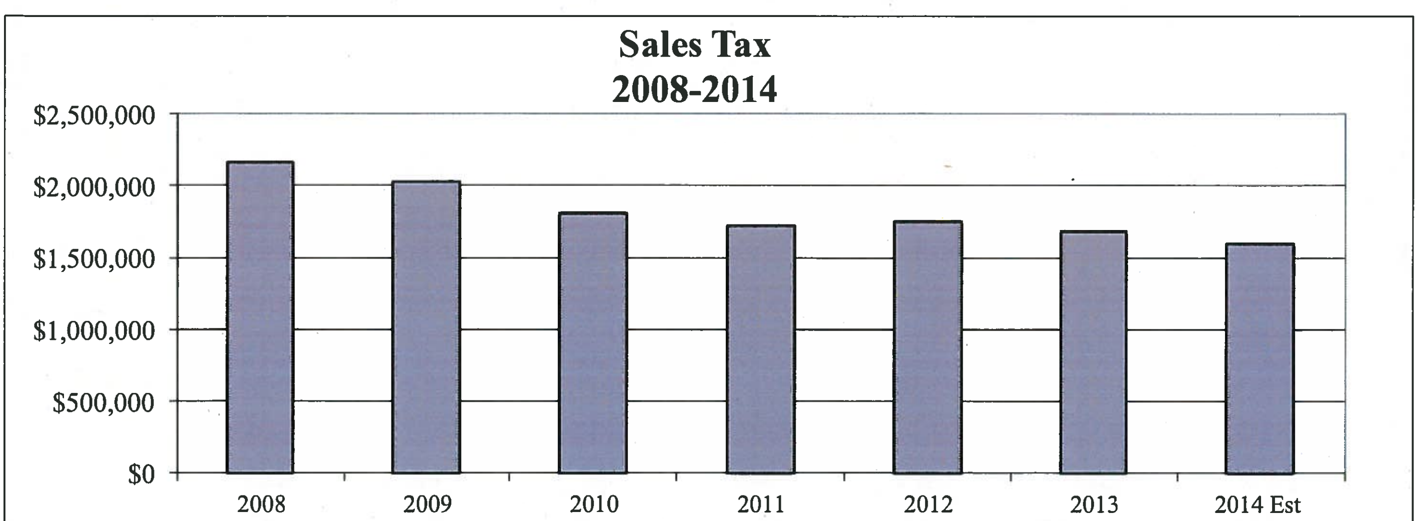


A 5% Franchise Fee with NUD for the water and sewer utilities will produce approximately $400,000 per year to the City. This fee will not be absorbed by NUD and will be passed on directly to the rate payers. Assuming a typical household water and sewer utility bill of $86.52 per month, a 5% franchise fee will cost an additional $4.33 per month or $51.96 per year.

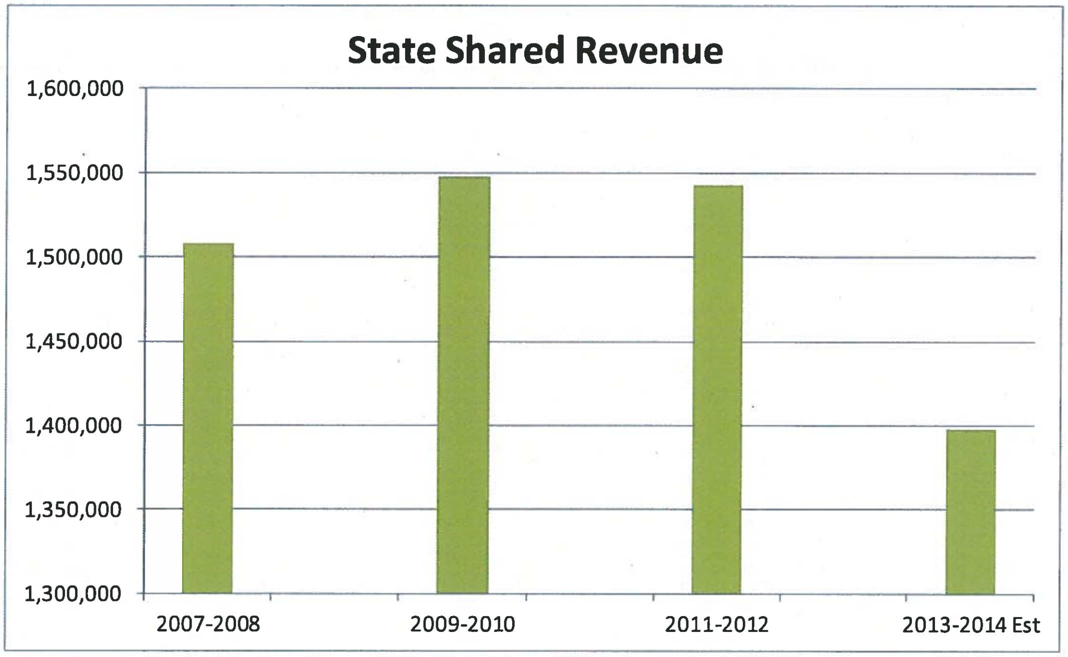
Revenue from the new franchise fee will help offset rising fixed costs (street maintenance contracts, fuel and material prices, street maintenance personnel, etc.) and declining revenues available for street maintenance and pavement preservation.

Over the past few years, a pressure point on the General Fund has been the Street Fund. For more than a decade, the Street Fund has been subsidized with a General Fund transfer each year. A General Fund subsidy of the Street Fund is typical in most cities. However, even with a steady subsidy from the General Fund, the Street Fund's ending balance has been declining.

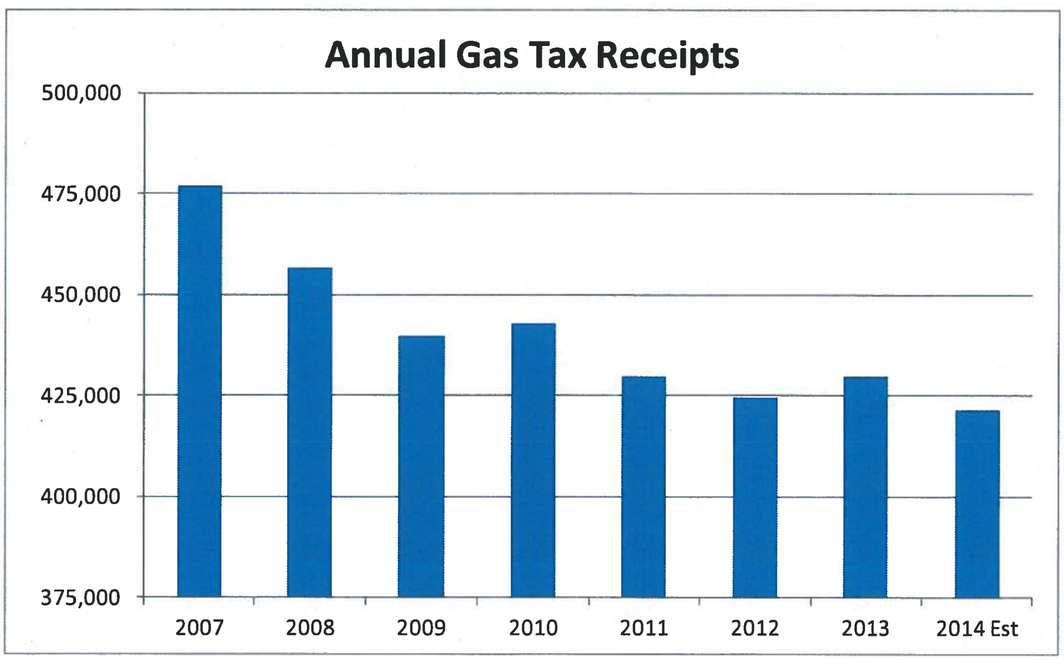
Meanwhile, the General Fund's ability to subsidize the Street Fund has been negatively impacted by the recession and changes in the way the State shares its revenues with cities. Kenmore's total General Fund revenues are still lower than pre-recession levels while some fixed costs have continued to rise. For example, sales tax, a significant revenue to the General Fund, remains lower compared to its pre-recession level, as shown in the following graph:



In addition, State shared-revenues (such as liquor tax/profits) to the General Fund will likely see a significant decline this biennium, shown as follows:



Gas Tax, which is deposited directly into the Street Fund, has also experienced a decline:



Rising costs of doing business, the Street Fund's declining fund balance, and the General Fund's decreased ability to subsidize the Street Fund create the need for new resources to the Street Fund. The proposed franchise fee, if adopted, would mitigate the Street Fund's declining fund balance and provide added resources to maintain the City's transportation infrastructure.

<u>COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED</u>:
Council Goal #1: Economic Development. Quality infrastructure is a key driver in economic development.

ORDINANCE NO. 14-0373

AN ORDINANCE OF THE CITY OF KENMORE GRANTING NORTHSHORE UTILITY DISTRICT, A WASHINGTON MUNICIPAL CORPORATION, THE RIGHT, PRIVILEGE, AUTHORITY AND FRANCHISE TO CONSTRUCT AND MAINTAIN, REPAIR, REPLACE, OPERATE IN, UPON, OVER, UNDER, ALONG AND ACROSS THE FRANCHISE AREA FOR PURPOSES OF PROVIDING WATER AND SEWER UTILITY SERVICES.

WHEREAS, Northshore Utility District, a Washington special purpose municipal corporation ("District") owns water and sewer facilities ("Facilities") located in the City of Kenmore, a Washington municipal code city ("City"), and portions of such Facilities are located within the City right-of-way as hereinafter defined; and

WHEREAS, RCW 35A.47.040 authorizes the City to grant non-exclusive franchises for the use of the public streets above and below the surface of the ground by publicly owned and operated water and sewer facilities; and

WHEREAS, the City and the District have prepared a replacement franchise to provide for the maintenance and operation of District Facilities located within the City right-of-way; and

WHEREAS, the Parties acknowledge the Washington State Supreme Court's ruling in Lane v. Seattle, 164 Wn. 2nd 875 (2008), that the cost of providing fire hydrants is a government responsibility, but the District is willing to accept the burden of fire hydrant costs in consideration of the terms and conditions set forth in this Franchise; and

WHEREAS, the Parties also acknowledge the Washington Supreme Court's ruling in Burns v. Seattle, 161 Wn. 2nd 129 (2007), wherein Seattle City Light ("SCL") entered into franchise agreements with certain cities and agreed to pay the cities a percent of SCL's revenues derived from retail power sales to SCL customers within such cities in consideration of the cities' agreement not to exercise their statutory authority to establish a competing municipal electrical utility during the term of the franchise; and the District is willing to pay the City a percent of the District's revenues derived from its retail water and sewer sales to District customers located within City's corporate limits in consideration of the City's agreement not to exercise, and to forebear, its statutory authority pursuant to Chapter 35.13A RCW to attempt to assume jurisdiction over the District or any District responsibilities, property, facilities, equipment or utility customers located within or without the City's corporate limits as described in Section 9(A).

NOW THEREFORE, City Council of the City of Kenmore do ordain as follows:

Section 1. Definitions. Where used in this franchise (the "Franchise") these terms have the following meanings:

(a) "District" means Northshore Utility District, a Washington municipal corporation, and its respective successors and assigns.

(b) "City" means the City of Kenmore, a municipal corporation of the State of Washington, and its respective successors and assigns.

(c) "Franchise" means this ordinance and any amendments or modifications hereto.

(d) "Franchise Area" means any, every and all of the roads, streets, avenues, alleys, highways and rights-of-way of the City as now laid out, platted, dedicated or improved in District's service area within the present corporate boundaries of the City, and as such corporate boundaries may be extended within the District's service area by annexation or otherwise. Franchise Area shall exclude areas covered by District easements within State Route 522 right-of-way which existed before City's acquisition or as identified in the "Settlement and Release Agreement – State Route 522 Easements" executed between City and District in 2013.

(e) "Facility" or "Facilities" means District's tanks, meters, pipes, mains, services, valves, blow-offs, vaults, risers, manholes, generators, electrical control panels, power meters, pressure reducing valves ("PRVs"), pump stations, lift stations, meter stations, lines, fire hydrants and all necessary or convenient facilities and appurtenances thereto, whether the same be located over or under ground, for the operation of District's water and sewer utility systems.

(f) "Fire Hydrants" or "Hydrants" means the installation, operation and maintenance of fire hydrants and related water system facilities and equipment for the delivery of water for fire suppression purposes, and the over-sizing of such water system facilities and equipment for the delivery of water for fire suppression purposes.

(g) "Ordinance" means this Ordinance No. 14-0373 which sets forth the terms and conditions of this Franchise.

(h) "Party" or "Parties" means the City or the District individually, or collectively as addressed in this Franchise.

(i) "Permittee" means a person who has been granted a permit by the Permitting Authority, and the District operating under Section 11 of this Franchise.

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

(k) "Revenue" means income from all sources. "Net Revenue" means utility service income, net of discounts and adjustments, received by the District from the sale of metered water and the provision of sanitary sewer service to direct retail customers whose connections to the

District's water and/or sewer systems are located within the City. Net Revenue shall not include: receipts for Franchise Fees, late fees; administrative charges; shut-off and reactivation fees; impact or mitigation fees; any type of connection charges, general facilities charges, or local facilities charges; local improvement district and utility local improvement district assessments and payments; grants; contributed assets (contributions in aid of construction); loans; income from legal settlements of any kind; income from telecommunication leases or licenses; income from real property or from real property sales; income from the sale of surplus equipment, fuel, tools, vehicles or provision of non-utility services to other parties; interest income; penalties; hydraulic-modeling fees; water or sewer system extension agreement fees and charges; income from street lights; labor, equipment and materials charges; or any other fees and charges not derived from the retail sales of water and sewer services.

Section 2. Franchise.

A. Facilities within Franchise Area. The City does hereby grant to District, subject to the terms and conditions in this Franchise, the right, privilege, authority and franchise to construct, support, attach, and connect Facilities between, maintain, repair, replace, enlarge, operate and use Facilities in, upon, over, under, along, through and across the Franchise Area for purposes of its water and sewer utility service pursuant to the District's authority set forth in Title 57 RCW.

B. Permission Required to Enter Onto Other City Property. Nothing contained in this Ordinance is to be construed as granting permission to District to go upon any other public place other than those types of public places specifically designated as the Franchise Area in this Ordinance. Permission to go upon any other property owned or controlled by the City not otherwise open to the general public must be sought on a case-by-case basis from the City.

C. Compliance with Laws and Regulations. At all times during the term of this Franchise, District shall fully comply with all applicable federal, state, and local laws and regulations.

Section 3. Non-interference of Facilities.

District's Facilities shall be located, relocated and maintained within the Franchise Area so as not to interfere with the free and safe passage of pedestrian and vehicular traffic and ingress or egress to or from the abutting property and in accordance with the laws of the State of Washington. Nothing herein shall preclude District from effecting temporary road closures as reasonably necessary during construction or maintenance of its Facilities provided District receives prior City approval, which shall not be unreasonably withheld. Whenever it is necessary for District, in the exercise of its rights under this Franchise, to make any excavation in the Franchise Area, District shall, upon completion of such excavation, restore the surface of the Franchise Area to the specifications required by the City of Kenmore's Standards for Street Design and Construction and in accordance with standards of general applicability imposed by the City by ordinance or administrative order.

A. If District should fail to leave any portion of any Franchise Area so excavated in a condition that meets the City's specifications per the Public Works Policies and Standards, then, subject to the foregoing sentence, the City may after notice of not less than ten (10) calendar days to District, which notice shall not be required in case of an emergency, order any and all work considered necessary to restore to a safe condition that portion of the Franchise Area so excavated, and District shall pay to the City the reasonable cost of such work; which shall include among other things the overhead expense of the City in obtaining completion of said work.

B. Any surface or subsurface failure occurring during the term of this Agreement and caused by any excavation or other activity by District, if determined by the City to be an imminent threat to public health and safety, shall be immediately repaired by the District to the City's specifications within one (1) day of notice by the City to the District to repair such failure, pursuant to traffic and pedestrian control plans as required by the City, prepared by the District and approved by the City; provided, in the event of a surface or subsurface failure the City determines is not an imminent threat to public health and safety, the District shall repair such failure within five (5) days of notice by the City to the District to repair such failure, pursuant to traffic and pedestrian control plans as required by the City, prepared by the District and approved by the City. If District fails to timely repair any failure as provided herein, then the City shall have the right to order all work necessary to restore the damaged area to a safe and acceptable condition and District shall pay the reasonable costs of such work to the City. The District shall be responsible to maintain traffic and pedestrian control until the failure is repaired at the District's sole cost and expense.

<u>Section 4. Relocation of Facilities</u>.

A. Both Parties agree that they serve the same citizens and desire to minimize costs to both Parties when construction takes place in the right-of-way. Whenever the City causes the grading or widening of any portion of the Franchise Area or undertakes construction of any storm drainage line, lighting, signalization, sidewalk improvement, pedestrian amenities, or other public street improvement [for purposes other than those described in section 4(B) below] ("City Project"), the City shall attempt to avoid the need for the relocation of the District's then existing Facilities wherever feasible. If such project does require the relocation of District's then existing Facilities within the Franchise Area, the City shall:

For the relocation of small facilities such as fire hydrants and blow off valves, the cost of relocation of which is estimated at less than $30,000, provide the District at least sixty (60) days written notice to require relocation. Provided, the City shall grant additional days when the District demonstrates that factors outside the District's control (e.g. obtaining a permit from WSDOT) prevent the District from relocating the facility within the sixty-day notice period.

For the relocation of facilities, the cost of relocation of which is estimated at $30,000 or greater:

i. Provide District, at least ninety (90) days prior to the commencement of such project, written notice that a project is expected to require relocation; provided, City may grant an extension up to 540 days depending on project complexity and permitting requirements, and

ii. Provide District with reasonable plans and specifications for such grading, widening, or construction and a proposed new location within the Franchise Area for District's Facilities.

iii. After receipt of such notice and such plans and specifications, District shall relocate such Facilities within the Franchise Area so as to accommodate such street and utility improvement project; provided, however, District may, within twenty (20) days after receipt of written notice requesting a relocation of its Facilities, submit to the City written alternatives to such relocations. The City shall within twenty (20) days after receipt of written alternatives to a required relocation from the District evaluate such alternatives and advise District in writing whether one or more of the alternatives is suitable to accommodate work that would otherwise necessitate relocation of the Facilities. If so requested by the City, District shall submit such additional information as is reasonably necessary to assist the City in making such evaluation. The City shall give each alternative full and fair consideration. In the event the City ultimately determines that there is no other reasonable or feasible alternative, then District shall relocate its Facilities as otherwise provided in this Section 4. The City shall cooperate with District to designate a substitute location for its Facilities within the Franchise Area. City will establish a date by which Facilities will be relocated, which date will be not less than ninety (90) days after the final written confirmation of the substitute or agreed upon new location for the District's Facilities; provided, City may grant an extension up to 500 days depending on project complexity and permitting requirements. District must finish relocation of each such Facility by the date so established.

All costs associated with the relocation of such Facilities existing within the present limits of the City shall be paid as follows:

(a) if the relocation occurs within six (6) years after District initially completed construction of such Facility, then the relocation shall be at the City's sole cost;

(b) if the relocation occurs more than six (6) years but within fifteen (15) years after District initially completed construction of such Facility, then the City shall pay fifty percent (50%) of the cost of such relocation and District shall pay the remaining fifty percent (50%); and

(c) if the relocation occurs more than fifteen (15) years after District initially completed construction of such Facility, then the relocation shall be at District's sole cost.

Provided, however, if the City requires the relocation of major Facilities defined as sewer force mains, supply stations, lift stations, pump stations or vault structures ("Major Facilities") to accommodate the completion of or as a result of a City Project, and these major facilities cannot reasonably be disconnected, relocated or removed and the relocation occurs: (i) within six (6) years after the District initially completed construction of such Major Facility, then the relocation shall be at the City's sole cost, or (ii) more than six (6) years and less than twenty (20) years after the District initially completed construction of such Major Facility, then the City shall pay fifty percent (50%) of the cost of the relocation and the District shall pay the remaining fifty percent (50%), or more than twenty (20) years after the District initially completed construction of such Major Facility, then relocation shall be at the District's sole cost.

For the purpose of planning, District and the City shall provide each other with a copy of their respective current adopted Capital Improvement Plan annually and upon request by the other Party.

B. Whenever any person or entity, other than the City, requires the relocation of District's Facilities to accommodate the work of such person or entity within the Franchise Area, or whenever the City requires the relocation of District's Facilities within the Franchise Area for the benefit of any person or entity other than the City, then District shall have the right as a condition of such relocation to require such person or entity to:

(i) make payment to District at a time and upon terms acceptable to District for any and all costs and expense incurred by District in the relocation of the affected Facilities; and

(ii) protect, defend, indemnify and save District harmless from any and all claims and demands made against it on account of injury or damage to the person or property of another arising out of or in conjunction with the relocation of the affected Facilities, to the extent such injury or damage is caused by the negligence or willful misconduct of the person or entity requesting the relocation of the affected Facilities or other negligence or willful misconduct of the agents, servants or employees of the person or entity requesting the relocation of the affected Facilities.

C. The Parties understand that where the City requires a third party to construct anything for the benefit of, and ownership by, the City, Section 4A shall apply.

D. This Section 4 shall govern all relocations of District's Facilities required in accordance with this Franchise. Any cost or expense in connection with the location or relocation of any Facilities existing under benefit of easement, or as stipulated under the "Settlement and Release Agreement – State Route 522 Easements" executed between City and District in 2013, or other rights not in the Franchise Area, shall be borne by the City subject to the provisions of Section 11.5.1 herein.

E. District recognizes the need for the City to maintain adequate width for installation and maintenance of utilities such as, but not limited to, storm drainage and telecommunication facilities. Thus, the City reserves the right to maintain reasonable clear zones within the public right-of-way for installation and maintenance of said utilities. The clear zones for each right-of-way segment shall be noted and conditioned with the issuance of each right-of-way permit. If adequate clear zones are unable to be achieved on a particular right-of-way, District shall locate in an alternate right-of-way, obtain easements from private property owners, or propose alternate construction methods, which maintain and/or enhance the existing clear zones, with costs for any such relocation being paid as set out in Section 4.A. above. Provided, City shall not require the relocation of then existing Facilities for the purposes of a change in clear zone or for the creation of adequate clear zones for the installations of another non-City user of the right-of-way in a non-City project, after the issuance of a right-of-way permit to District.

F. For the purpose of this Section 4, a project or improvement is considered to be a City Project [as described in 4(A) above] if: (a) it is permitted by the City; and (b) (i) the City is lead agency or (ii) the City pays over 50% of the project's cost.

G. Whenever the City causes the grading or widening of any portion of the Franchise Area or undertakes construction of any storm drainage line, lighting, signalization, sidewalk improvement, pedestrian amenities, or other public street improvement [for purposes other than those described in section 4(A) and (B) above] and such project does not require the relocation of District's then existing

Facilities within the Franchise Area, but the District Facilities within the Franchise Area are older than fifty (50) years, the District shall evaluate the affected Facilities for replacement at its sole cost and discretion.

Section 5. Indemnification.

A. District shall indemnify, defend and hold the City, its agents, officers, employees, volunteers and assigns harmless from and against any and all claims, demands, liability, loss, cost, damage or expense of any nature whatsoever, including all costs and attorney's fees, made against them on account of injury, sickness, death or damage to persons or property which is caused by or arises out of, in whole or in part, the willful, tortious or negligent acts, failures and/or omissions of District or its agents, servants, employees, contractors, subcontractors or assigns in the construction, operation or maintenance of Facilities or in exercising the rights granted District in this Franchise; provided, however, such indemnification shall not extend to injury or damage to the extent caused by the negligence or willful misconduct of the City, its agents, officers, employees, volunteers or assigns.

B. City shall indemnify, defend and hold the District, its agents, officers, employees, volunteers and assigns harmless from and against any and all claims, demands, liability, loss, cost, damage or expense of any nature whatsoever, including all costs and attorney's fees, made against them on account of injury, sickness, death or damage to persons or property which is caused by or arises out of, in whole or in part, the willful, tortious or negligent acts, failures and/or omissions of City or its agents, servants, employees, contractors, subcontractors or assigns in the City's performance, administration and operation of this Franchise or in exercising the rights granted City in this Franchise; provided, however, such indemnification shall not extend to injury or damage to the extent caused by the negligence or willful misconduct of the District, its agents, officers, employees, volunteers or assigns.

C. In the event any such claim or demand is presented to or filed with either Party, that Party shall promptly notify the other Party to this Franchise and the Party so notified shall have the right, at its election and at its sole cost and expense, to settle and compromise such claim or demand, or defend the same at its sole cost and expense, by attorneys of its own election.

Section 6. Default. If either Party shall fail to comply with any of the provisions of this Franchise, the other Party may serve upon the defaulting Party a written notice to so comply within ten (10) days. If the other Party is not in compliance with the terms of this Franchise after expiration of the ten (10) day period, the notifying Party shall institute the dispute resolution provisions provided for in Section 21(f) herein, provided if NUD is not in compliance with this Franchise after such ten (10) day period, the City may act to remedy the alleged violation and may charge the costs and expenses of such action to the District. The City shall also have the right to act without providing the District a ten (10) day notice in case of an emergency. If the Parties are unable to resolve disputes arising from or related to the performance of this Franchise through the dispute resolution provisions herein, both Parties shall have the right, upon thirty (30) days notice to the other Party, to terminate and declare the Franchise forfeited. The Parties shall also have the right to seek relief in a court of competent jurisdiction.

Section 7. Non-exclusive Franchise. This Franchise is not and shall not be deemed to be an exclusive franchise. This Franchise shall not in any manner prohibit the City from granting other and further franchises over, under, upon, along and across the Franchise Area, which do not interfere with District's rights under this Franchise. This Franchise shall not prohibit or prevent the City from using the Franchise Area or affect the jurisdiction of the City over the same or any part thereof.

Section 8. Franchise Term. This Franchise is and shall remain in full force and effect from March 10, 2014 until December 31, 2016, provided that on January 1, 2017 and on January 1 every five (5) years thereafter, the term shall automatically be extended for an additional five (5) years, unless either NUD or the City gives the other party written notice of non-renewal prior to any such renewal date, in which case this Franchise shall terminate five (5) years after such renewal date. Notwithstanding the above, either party may terminate this agreement with five (5) years written notice at any time, provided that such notice cannot be given prior to January 1, 2017.

Section 9. Consideration. As a part of this Franchise Agreement and in their respective proprietary capacity, City and District agree as follows:

A. Non-Assumption. In consideration of the District's acceptance of the burden to pay for hydrant costs as further provided in Section 9(B) herein, the District's waiver and release of any claim it may have for reimbursement from the City for hydrant costs incurred prior to the Effective Date of this Franchise as further provided in Section 9(C) herein, the District's payment of a Franchise Fee to the City as provided in Section 9(D), and the District's acceptance of the other terms and conditions of this Franchise, the City agrees not to exercise, and to forebear, its statutory authority pursuant to Chapter 35.13A RCW or other statutes to assume jurisdiction over the District or any District responsibilities, property, facilities, equipment or utility customers located within the City's corporate limits during any term of this Franchise.

B. Future Hydrant Costs. The District agrees to be responsible for the operation, maintenance and cost of Fire Hydrants within the Franchise Area, including costs for Fire Hydrant relocation as required pursuant to Section 4 herein, whether installed by the District or by third parties on behalf of the District.

Should a court of competent jurisdiction determine the City may not by contract transfer the City's responsibility to pay for the provision of Fire Hydrants to the District, or legislative action prevents the District from accepting responsibility for the cost to provide and maintain Fire Hydrants, the District's obligation to pay for Fire Hydrants under this Section 9 shall be terminated in accordance with and to the degree required to comply with such court or legislative action. In the event the District's obligation to pay for the provision and maintenance of Fire Hydrants is so terminated, both Parties shall have the right within ninety (90) days of any such court determination or legislative action to request amendments to this Franchise to take effect no sooner than the District's obligation to pay is terminated. In the event the Parties do not reach agreement on the amendment of the Franchise within one hundred eighty (180) days of a Party's request to amend the Franchise, this Franchise shall terminate without further action by the Parties, unless otherwise agreed to.

Notwithstanding the District's agreement to accept responsibility for Fire Hydrant costs as provided in this Section 9, the Parties acknowledge and agree the installation, operation, relocation, maintenance and payment for Fire Hydrants by the District is and shall continue to be a governmental function, and is not an activity of providing water for hire as defined in Title 80 RCW.

Nothing in this section prevents the City from transferring fire protection and fire suppression services to a fire protection district, regional fire authority or other governmental provider of such services.

C. Past Hydrant Costs. District agrees to waive any claim, demand and right against the City for, and shall release the City from, any obligation to pay or reimburse to District any fee, cost or expense incurred by District prior to the Effective Date of this Franchise to operate, maintain, pay for and provide Fire Hydrants and related water system facilities and equipment within the City. For the period of three (3) years following the Effective Date of this Franchise, the City agrees to indemnify and hold the District harmless from and against any claims, demands or lawsuits by or from District ratepayers to or against the District relating to the District's agreement herein to waive any claim, demand and right against the City for any obligation to pay or reimburse to the District any fee, cost or expense incurred by the District prior to the Effective Date of this Franchise to operate, maintain, pay for and provide Fire Hydrants and related water system facilities and equipment within the City.

D. Franchise Fee. District agrees to pay to the City an annual franchise fee equal to five per cent (5%) of Net Revenue generated and received from within City's corporate limits while this Franchise is in effect ("Franchise Fee"). The City reserves the right to unilaterally increase the Franchise Fee up to a maximum of ten per cent (10%) of Net Revenue at any time during the term of this Franchise, provided the City shall give the District at least fifteen (15) months advance written notice or 120 days prior to March 1 of the implementation year, whichever notice is shorter, of any such Franchise Fee increase made after January 1, 2015. The Franchise Fee shall be paid by District to the City each quarter. Fees for each calendar quarter shall be due thirty (30) days following the end of the calendar quarter. Should District be prevented by judicial or legislative action from paying any or all of the Franchise Fee, District shall be excused from paying that portion of the Franchise Fee. Should a court of competent jurisdiction declare, or a change in law make the Franchise Fee invalid, in whole or in part, or should a court of competent jurisdiction hold that the Franchise Fee is in violation of a pre-existing contractual obligation of District, then District's obligation to pay the Franchise Fee to the City under this Section shall be terminated in accordance with and to the degree required to comply with such court action. In the event the District's obligation to pay the Franchise Fee to the City is so terminated, both Parties shall have the right within ninety (90) days of any such court determination or legislative action to request amendments to this Franchise to take effect no sooner than the District's obligation to pay is terminated. In the event the Parties do not reach agreement on the amendment of the Franchise within one hundred eighty (180) days of a Party's request to amend the Franchise, this Franchise shall terminate without further action by the Parties. District agrees that the Franchise Fee established by this Section is appropriate and lawful, and District shall not be a party to or otherwise support legal or legislative action intended to result in judicial determinations or legislative action referred to above. City shall defend, indemnify and hold District harmless from and against any and all claims, suits, actions or liabilities (including costs and attorneys' fees) incurred or asserted against District directly or indirectly arising out of District's payment of the franchise fee as provided in this Franchise.

E. Utility Tax. In the event the City imposes a utility; business and occupation tax, public utility tax, privilege tax, excise tax or other tax (collectively "utility tax") upon District or indirectly upon its ratepayers based on District's revenues, or upon any other basis, District's Franchise Fee herein to the City shall be reduced by such a utility tax as the City may impose and District shall be obligated to pay only the statutorily defined tax liability in excess thereof. Provided, the Franchise Fee shall not go below zero percent.

F. The District shall have the right to recover the Franchise Fee from the District's ratepayers residing within the City and may identify the Franchise Fee as a separate billing item on utility customer's billings.

Section 10. Compliance With Codes And Regulations

A. The rights, privileges and authority herein granted are subject to and governed by this Franchise and all other applicable ordinances and codes of the City of Kenmore, as they now exist or may hereafter be amended. Nothing in this Franchise limits the City's lawful power to exercise its police power to protect the safety and welfare of the general public. Any location, relocation, erection or excavation by District shall be performed by District in accordance with applicable federal, state and city rules and regulations, including the City's Standards for Street Design and Construction, and any required permits, licenses or fees, and applicable safety standards then in effect or any Memorandum of Understanding with District.

B. In the event that any territory served by District is annexed to the City after the effective date of this Franchise, the first Franchise Fee for any annexed area shall be assessed starting with the next complete calendar quarter following the effective date of the annexation and paid to the City at the same time as the Franchise Fee for the Franchise Area is paid for that quarter.

Section 11. Right-of-Way Management.

11.1 Excavation. Whenever the District excavates in any right-of-way for the purpose of installation, construction, operation, maintenance, repair or relocation of its Facilities, it shall apply to the City for a permit to do so in accord with the ordinances and regulations of the City requiring permits to operate in City right-of-way. In no case shall any such work commence within any City right-of-way without a permit, except as otherwise provided in this Franchise and applicable City Ordinance. Work shall only be undertaken or performed in City arterial right-of-way and state highway between the hours of 9:00 a.m. and 3:00 p.m. unless otherwise approved by the City.

11.2 Restoration after Construction. The District shall, after any installation, construction, relocation, operation, maintenance or repair of Facilities within the Franchise Area, restore the right-of-way to at least the condition the same was in immediately prior to any such work. The District agrees to promptly complete all restoration work and to promptly repair any damage to the right-of-way caused by such work at its sole cost and expense. If it is determined the District has failed to restore the right-of-way in accordance with this Franchise and other applicable City regulations, the City shall provide the District with written notice including a description of the actions the City believes necessary to restore the right-of-way.

11.3 Bonding Requirement. The District, as a public agency, shall not be required to comply with the City's standard bonding requirement for working in the City's right-of-way.

11.4. Emergency Work, Permit Waiver. In the event of an emergency where any District Facilities located in the right-of-way are broken or damaged, or if the District's construction area for the District's Facilities is in a condition as to place health or safety of any person or property in imminent danger, the District shall immediately take any necessary emergency measures to repair, replace or remove its Facilities without first applying for and obtaining a permit as required by this Franchise, provided the District shall notify the City as soon as reasonably possible relative to such emergency activity and shall immediately obtain a permit for such activity if required by this Franchise or City Ordinance.

11.5 Permit Requirements and Exemptions

11.5.1 Any utility work undertaken or performed by the District within District easements located within the Franchise Area shall be subject to the terms and conditions of this Franchise, including required permits, traffic control and pedestrian safety plans, surface restoration requirements, and City construction requirements. Work in District easements shall not be subject to any Permit or Inspection Fees.

11.5.2 "Exempt Activities" shall be normal maintenance activities that do not disrupt the City road or traffic patterns in the City Right-of-Way. These types of activities do not require a Right-of-Way permit. Typical examples include the inspection, operation and maintenance of infrastructure components related to pipeline video inspections, flushing and cleaning of water/sewer mains and services, maintenance and inspection of control valves, meter vaults and pump stations, inspection and operation of air-vacs, valves, hydrants and blow-off's, raising or replacing meter vaults and pump stations, raising or replacement of meters, meter boxes, manholes, valve boxes and cleanouts. The City reserves the right to require the District to obtain a Right-of-Way Permit for any instance of "Exempt Activities" if the City determines that it causes substantial disruption to the normal road and traffic patterns.

11.5.3 The District shall not be required to obtain a City Right-of-Way Permit to undertake utility work when the City and the District are jointly undertaking a project in the Franchise Area and the District work is located within the City "work zone" for which the City has already approved a traffic control, pedestrian safety or other applicable plans.

11.6 Safety.

11.6.1 The District, in accordance with applicable federal, state, and local health and safety rules and regulations shall, at all times, employ ordinary care in the installation, maintenance, operation, and repair of facilities utilizing methods and devices commonly accepted for public water and sewer utility operations to prevent failures and accidents that are likely to cause property damage and personal injury, and shall accomplish work in a manner that will minimize interference with traffic and adjacent right-of-way.

11.6.2 All of the District's Facilities in the right-of-way shall be constructed and maintained in a safe and operational condition.

11.7 Dangerous Conditions, Authority for City to Abate. Subject to the terms and conditions of Section 3.B. herein, whenever Facilities or the operations of the District cause or contribute to a condition that appears to endanger any person or substantially impair the use or lateral support of the adjoining right-of-way, public or private property, the Director may immediately inform the District of the condition. The District will immediately evaluate the condition and if the District determines that a condition exists, that causes endangerment to the public or impairment of the right-of-way the District will immediately mitigate the condition at no cost to the City. The resolution of the dangerous condition requires approval of the District Manager and the Director before the work begins.

11.8 No Materials Storage in Right-of-Way. The District and its contractors, subcontractors and agents shall not store materials related to District activities in right-of-way without prior written City approval. In addition, the District and its contractors and subcontractors shall not park or store materials on private property without the prior consent of the private property owner.

Section 12. Planning Coordination.

12.1 Growth Management. The parties agree, as follows, to participate in the development of, and reasonable updates to, the each other's planning documents:

12.1.1 For the District's service within the City limits, the District will participate in a cooperative effort with the City to develop a Comprehensive Plan Utilities Element for the City's Comprehensive Plan that meets the requirements described in RCW 36.70A.070(4).

12.1.2 The District will participate in a cooperative effort with the City to ensure that the Utilities Element of the City's Comprehensive Plan is accurate as it relates to the District's operations and is updated to ensure continued relevance at reasonable intervals.

12.1.3 The District shall submit information related to the general location, proposed location, and capacity of all existing and proposed Facilities within the City as requested by the Director within a reasonable time, not exceeding sixty (60) days from receipt of a written request for such information, provided that such information is in the District's possession, or can be reasonably developed from the information in the District's possession within sixty (60) days.

12.1.4 The District shall update information provided to the City under this Section whenever there are major changes in the District's system plans for the City.

12.1.5 The City shall provide information relevant to the District's operations within a reasonable period of written request to assist the District in the development or update of its Comprehensive Water and Sewer System Plans, provided that such information is in the City's possession, or can be reasonably developed from the information in the City's possession.

12.2 System Development Information. The District and the City will each assign a representative whose responsibility shall be to coordinate planning for CIP projects including those that involve undergrounding. At a minimum, such coordination shall include the following:

12.2.1 By March 1st of each year, the District shall provide the City with a schedule of its planned capital improvements, which may affect the right-of-way for that year.

12.2.2 By March 1st of each year, the City shall provide the District with a schedule of its planned capital improvements which may affect the right-of-way for that year including but not limited to street overlays and repairs, storm drainage improvements and construction, and all other right-of-way activities that could affect the District's capital improvements and infrastructure.

12.2.3 The District shall meet with the City, other franchisees and users of the right-of-way, as necessary, to schedule and coordinate construction activities.

12.2.4 All construction locations, activities, and schedules shall be coordinated, to minimize public inconvenience, disruption, or damages.

12.3 Emergency Management. The City and the District agree to cooperate in emergency management planning, emergency operations response procedures, and recovery activity strategies, including identifying potential hazards and risks in the Facilities so that they can be either mitigated or minimized.

12.4 Maps and Records. Without charge to either party, the City and the District agree to provide each other with as-built plans, maps, and records that show the vertical and horizontal location of its facilities within the right-of-way, measured from the center line of the right-of-way, using a minimum scale of one inch equals one hundred feet (1"=100'). Maps shall be provided in Geographical Information System (GIS) or other digital electronic format used by the City or the District, and upon request, in hard copy plan form used by the City or the District.

Section 13. Location of Facilities and Equipment. With the exception of components that are traditionally installed above ground such as fire hydrants, blow-offs, vault lids, risers and utility markers, all Facilities and equipment to be installed within the Franchise Area shall be installed underground; provided, however, that such Facilities may be installed above ground if so authorized by the City, which authorization shall not be unreasonably withheld, conditioned or delayed, consistent with the provisions of the City's Land Use Code and applicable development pre-approved plans.

Section 14. Record of Installations and Service. With respect to excavations by District and the City within the Franchise Area, District and the City shall each comply with its respective obligations pursuant to Chapter 19.122 RCW and as such statute may be modified, amended and superseded, and any other applicable state law.

At the time of the District's acceptance of this Franchise as provided in Section 23 herein, District shall provide the City with the most recent update available of any plan(s) of potential improvements to its Facilities within the Franchise Area, and shall provide the City with any updates of such plan(s) when and as prepared by the District; provided, however, any such plan so submitted shall be for informational purposes within the Franchise Area, and shall not be construed as a proposal to undertake any specific improvements within the Franchise Area.

As-built drawings of the approximate location of any Facilities placed by District in any City street, alley, avenue, highway, easement, etc., shall be made available to the City within ten (10) working days of request.

Section 15. District Records. Upon thirty (30) days written notice to the District, the City shall have the right to inspect all District public records, including planning, operations, maintenance, construction, repair, and financial records relating to Facilities located within or proposed to be located within the Franchise Area, except for District public records which are exempt from public disclosure or privileged and confidential in accordance with applicable state law; provided this paragraph shall not be construed to waive the City's rights under Chapter 42.56 RCW.

Section 16. Shared Use of Excavations. District and the City shall exercise best efforts to coordinate construction work either may undertake within the Franchise Area so as to promote the orderly and expeditious performance and completion of such work as a whole. Such efforts shall include, at a minimum, reasonable and diligent efforts to keep the other party and other utilities within the Franchise Areas informed of its intent to undertake such construction work. District and the City shall further exercise best efforts to minimize any delay or hindrance to any construction work undertaken by themselves or other utilities within the Franchise Area.

If at any time, or from time to time, either District, the City, or another franchisee, shall cause excavations to be made within the Franchise Area, the party causing such excavation to be made shall afford the others, upon receipt of a written request to do so, an opportunity to use such excavation, provided that:

(a) Such joint use shall not unreasonably delay the work of the party causing the excavation to be made;

(b) Such joint use shall be arranged and accomplished on terms and conditions satisfactory to both parties. The parties shall each cooperate with other utilities in the Franchise Area to minimize hindrance or delay in construction.

The City reserves the right to require full-width overlay for five (5) years following a street overlay or improvement project. In addition and regardless of the time elapsed since a street overlay or improvement project has occurred, the City reserves the right to require the District to follow the same road and pavement restoration standards that other parties (developers, contractors, etc.) are required to follow. District shall be given written notice at ninety (90) days prior to the commencement of such project. Provided; City may grant an extension of an additional 270 days depending on project complexity and permitting requirements

The City reserves the right to require District to joint trench with other facilities if both parties are anticipating trenching within the same portion of the Franchise Area and provided that the terms of (a) and (b) above are met.

Section 17. Insurance. The District shall maintain a valid membership in the Washington Cities Insurance Authority ("WCIA") at all times during the terms of this Franchise. In the event the District plans to terminate its WCIA membership, it shall give the City at least ninety (90) days of written notice. Both Parties shall have the right within ninety (90) days of any such notice to request amendments to this Franchise for alternate insurance requirements. In the event the Parties do not reach agreement on the amendment of the Franchise within one hundred eighty (180) days of a Party's request to amend the Franchise, this Franchise shall terminate without further action by the Parties.

Section 18. Connection to Sewer Facilities Located in City Right-of-Way. The District and the City acknowledge the City's policies to require the connection to public sewer facilities of certain properties being developed or redeveloped within the City and that such properties receive sewer service from such public sewer facilities. The Parties shall work together to facilitate the connection of properties currently served by septic systems to District sewer facilities located within City right-of-way.

Section 19. Assignment. All of the provisions, conditions, and requirements herein contained shall be binding upon District, and no right, privilege, license or authorization granted to District hereunder may be assigned, delegated or otherwise transferred without the prior written authorization and approval of the City, which the City may not unreasonably withhold, condition or delay.

Section 20. Notice. Unless applicable law requires a different method of giving notice, any and all notices, demands or other communications required or desired to be given hereunder by any party (collectively, "notices") shall be in writing and shall be validly given or made to another party if delivered either personally or by Federal Express or other overnight delivery service of recognized standing, or if deposited in the United States Mail, certified, registered, or express mail with postage prepaid, or if sent by facsimile transmission with electronic confirmation. If such notice is personally delivered, it shall be conclusively deemed given at the time of such delivery. If such notice is delivered by Federal Express or other overnight delivery service of recognized standing, it shall be deemed given one (1) business day after the deposit thereof with such delivery service. If such notice is mailed as provided herein, such shall be deemed given three (3) business days after the deposit thereof in the United States Mail. If such notice is sent by facsimile transmission, it shall be deemed given at the time of the sender's receipt of electronic confirmation. Each such notice shall be deemed given only if properly addressed to the party to whom such notice is to be given as follows:

To City: City Manager
City of Kenmore
18120 68th Ave NE
Kenmore, WA 98028
Fax: (425) 481-3236

To District: General Manager
Northshore Utility District
6830 NE 185th St.
Kenmore, WA 98028
Fax:(425) 398-4435

Any Party hereto may change its address for the purpose of receiving notices as herein provided by a written notice given in the manner aforesaid to the other party hereto.

Section 21. Miscellaneous.

(a) Severability of Provisions. If any term, provision, condition or portion of this Franchise shall be held to be invalid, such invalidity shall not affect the validity of the remaining portions of this Franchise, which shall continue in full force and effect.

(b) Headings Not Binding. The headings of sections and paragraphs of this Franchise are for convenience of reference only and are not intended to restrict, affect, or be of any weight in the interpretation or construction of the provisions of such sections or paragraphs.

(c) District Payment of City Administrative Costs and Expenses. In addition to the Franchise Fee due under Section 9 (D) above, District shall be subject to all permit fees through the authority granted in this franchise ordinance or under the laws of the City. All time-based charges to the District shall to be billed in no greater than one-half hour increment with no minimum. In addition to the above, District shall promptly reimburse the City for any and all costs it reasonably incurs in response to any emergency involving District's Facilities.

(d) Abandoned Facilities. City shall have the right, but not the obligation, to take over ownership and control of Franchisee's Facilities in the Franchise Area, specifically including the water and sewer plant network, without compensation, if such Facilities are declared abandoned by resolution adopted by the District Board of Commissioners. Furthermore, the City is specifically interested in retaining abandoned water and sewer lines for use as conduit for communication purposes and District shall notify the City at least one hundred eighty (180) days prior to abandonment declaration of any water or sewer line. Should the City desire to take ownership and control of a water or sewer line proposed to be declared abandoned by the District, the District shall transfer ownership of the line to the City by bill of sale. Section 4 of this Franchise applies to abandoned facilities.

(e) Amendment. This Franchise may be amended only by written instrument, signed by both Parties, which specifically states that it is an amendment to this Franchise, and is approved and executed in accordance with the laws of the State of Washington. Without limiting the generality of the foregoing and with the exception of the agreement titled "Settlement and Release Agreement – State Route 522 Easements" executed in 2013 between City and District, this Franchise (including, without limitation, Section 5 above) shall govern and supersede and shall not be changed, modified, deleted, added to, supplemented or otherwise amended by any permit, approval, license, agreement or other document required by or obtained from the City in conjunction with the exercise (or failure to exercise) by District of any and all rights, benefits, privileges, obligations, or duties in and under this Franchise, unless such permit, approval, license, agreement or document specifically:

(i) references this Franchise; and

(ii) states that it supersedes this Franchise to the extent it contains terms and conditions which change, modify, delete, add to, supplement or otherwise amend the terms and conditions of this Franchise.

In the event of any conflict or inconsistency between the provisions of this Franchise and the provisions of any such permit, approval, license, agreement or other document that does not comply with subsections (i) and (ii) referenced immediately above, the provisions of this Franchise shall control.

(f) Alternate Dispute Resolution. If the Parties are unable to resolve disputes arising from the terms of this Franchise, prior to resorting to a court of competent jurisdiction, the Parties shall submit the dispute to mediation or other non-binding alternate dispute resolution process agreed to by the Parties. Unless otherwise agreed upon by the Parties or determined herein, the cost of that process shall be shared equally by the Parties.

(g) Governing Law/Venue. This Franchise shall be governed by the laws of the State of Washington. Any suit to enforce or relating to this Franchise shall only be filed in King County Superior Court, King County, Washington.

(h) Integration. This Franchise supersedes all previous Franchises between the Parties and constitutes the entire understanding and agreement between the Parties as to the subject matter herein and no other agreements or understandings, written or otherwise, shall be binding upon the Parties upon the approval and acceptance of this Franchise.

(i) Survival of Provisions. All of the provisions, conditions and requirements of Sections 3 Non-Interference of Facilities, 5 Indemnification, 9(C) Past Fire Hydrant Costs, 11.1 Excavation, 11.2 Restoration after Construction, and 11.7 Dangerous Conditions, Authority of City to Abate, of this Franchise shall be in addition to any and all other obligations and liabilities the District may have to the City in common law, by statute, or by contract, and shall survive the expiration or termination of this Franchise.

Section 22. Directions to City Clerk. The City Clerk is hereby authorized and directed to forward certified copies of this ordinance to the District as set forth in this ordinance. District shall have thirty (30) days from the receipt of the certified copy of this ordinance to accept in writing the terms of the Franchise granted to the District by this ordinance.

Section 23. District Acceptance of Franchise. District shall have no rights under this Franchise nor shall District be bound by the terms and conditions of this Franchise unless District shall, within thirty (30) days after the effective date of the ordinance, file with the City its written acceptance of this Franchise.

Section 24. Effective Date. This ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title, provided the terms and conditions of this ordinance shall not be binding on the City and the District unless the District Board of Commissioners within thirty (30) days of the effective date of this ordinance adopts a resolution accepting this Franchise, and the date of the adoption of such resolution by the District Board of Commissioners shall be the effective date ("Effective Date") of the Franchise.

Passed by majority vote of the Kenmore City Council in regular meeting this ___ day of __________, 2014.

Signed in authentication thereof this ___ day of __________, 2014.

____
Mayor

Attest:

____
City Clerk

Approved as to Form:

____
City Attorney

Business of the City Council
City of Kenmore, WA

Subject/Topic: Resolution 14-230 authorizing execution of documents necessary to fund housing projects recommended by A Regional Coalition for Housing (ARCH) Executive Board. **Proposed Council Action/Motion:** Council motion to approve Resolution 14-230	**For Council Meeting Agenda of:** 2/10/14 **Department:** Executive **Prepared by:** Debbie Bent, Community Development Director **Initial & Date** **Approved by Department Head:** NKO 16 Jan 2014 **Approved by City Attorney:** **Approved by Finance Director:** 1/21/14 **Approved by City Manager:** RDK **Exhibits/Attachments:** 1. Resolution 14-230 with Exhibit A, Memo dated 1/10/14 Fall 2013 Housing Trust Fund Recommendation, from the ARCH Executive Board

Expenditure Required $0	**Amount Budgeted** $100,000 in the general fund	**Appropriation Required** $0

INFORMATION/BACKGROUND: The City of Kenmore approved an Amended and Restated Interlocal Agreement with ARCH on 3/8/10 (Contract 10-C866) with an effective date of 7/1/10. One outcome of the Interlocal agreement was that the City of Bellevue would keep in trust and administer the accumulated funds annually set aside by the City of Kenmore.

The ARCH Executive Board Fall 2013 Housing Trust Fund recommendation (See Exhibit 1 of Attachment 1) includes funding for three projects, with a funding total of $1,300,000. The actual amount will depend on final action by City Councils. The City of Kenmore requested funding contribution is $99,452 to assist in funding Habitat for Humanity Sammamish Cottage Demonstration ($36,784), Providence/SRI Redmond Senior Apartments ($53,472) and Friends of Youth Extended Foster Care ($9,196). Staff recommends that Council approve Resolution 14-230 (Attachment 1) providing authorization for the duly appointed administering agency for ARCH (City of Bellevue) to execute all documents necessary to enter into agreements for the funding of affordable housing projects in the amount of $99,452 as recommended by the ARCH Executive Board, utilizing funds from the City's Housing Trust Fund.

This action has no budgetary impact as the funds have already been budgeted. The City's Housing Trust Fund cash balance at the end of 2013 (preliminary pending final year end accounting) is $149,152. There is also $30,162 committed to projects in development but not yet paid which would reduce the Trust Fund Balance to $118,000. The $99,452 funding contribution would be withdrawn from this balance. This balance does not include the City's 2014 $50,000 contribution committed in the adopted budget which has yet to be transferred to ARCH.

FISCAL CONSIDERATION: The City's adopted 2013-2014 biennial budget includes $100,000 in the General Fund as a commitment to the ARCH Housing Trust Fund.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED: Consistent with the ARCH Interlocal Agreement (Contract 10-C866). Consistent with adopted 2013-2014 budget.

CITY OF KENMORE
WASHINGTON
RESOLUTION NO. 14-230

A RESOLUTION authorizing the duly-appointed Administering agency for ARCH to execute all documents necessary to enter into Agreements for the funding of affordable housing projects, as recommended by the ARCH Executive Board, utilizing funds from the City's Housing Trust Fund.

WHEREAS, A Regional Coalition for Housing (ARCH) was created by interlocal agreement to help coordinate the efforts of Eastside cities to provide affordable housing; and

WHEREAS, the ARCH Executive Board has recommended that the City of Kenmore participate in the funding of certain affordable housing projects and programs hereinafter described; and

WHEREAS, the ARCH Executive Board has developed a number of recommended conditions to ensure that the City's affordable housing funds are used for their intended purpose and that projects maintain their affordability over time; and

WHEREAS, the City Council took action on March 8, 2010 approving the Amended and Restated Interlocal Agreement for ARCH; and

WHEREAS, the City Council desires to use $99,452 from City funds as designated below to finance the projects recommended by the ARCH Executive Board; now, therefore,

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

Section 1. The City Council authorizes the duly-appointed administering agency of ARCH pursuant to the Amended and Restated Interlocal Agreement for ARCH to execute all documents and take all necessary actions to enter into Agreements on behalf of the City with: Friends of Youth Extended Foster Care in an amount not to exceed $9,196; with Habitat Sammamish Cottage Demonstration Project in an amount not to exceed $36,784; and with Providence/SRI Redmond Senior Apartments in an amount not to exceed $53,472.

Section 2. The Agreements entered into pursuant to Section 1 of this resolution shall be funded in a combined amount not to exceed that set forth in Section 1. Such Agreements shall include terms and conditions to ensure that the City's funds are used for their intended purpose and that the project maintains its affordability over time. In determining what conditions should be included in the Agreements, the duly-appointed administering agency of ARCH shall be guided by the recommendations set forth in the ARCH Executive Board's memorandum of January 10, 2014, a copy of which is attached hereto as Exhibit A.

PASSED BY THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, AT A REGULAR MEETING THEREOF THIS 10th DAY OF FEBRUARY, 2014.

CITY OF KENMORE

____
Mayor David Baker

ATTEST/AUTHENTICATED:

____
Patty Safrin, City Clerk

ARCH
A Regional Coalition for Housing

Together Center Campus
16225 NE 87th Street, Suite A-3 ♦ Redmond, Washington 98052
(425) 861-3677 ♦Fax: (425) 861-4553 ♦ WEBSITE: www.archhousing.org

(DRAFT) MEMORANDUM

TO: City of Bellevue Council Members
City of Clyde Hill Council Members
Town of Hunts Point Council Members
City of Issaquah Council Members
City of Kenmore Council Members
City of Kirkland Council Members
City of Medina Council Members
City of Mercer Island Council Members
City of Newcastle Council Members
City of Redmond Council Members
City of Sammamish Council Members
City of Woodinville Council Members
Town of Yarrow Point Council Members

FROM: Kurt Triplett, Chair, and ARCH Executive Board

DATE: January 10, 2014

RE: Fall 2013 Housing Trust Fund (HTF) Recommendation

The ARCH Executive Board (EB) has completed its review of the five applications and two amendments for the Fall 2013 Housing Trust Fund round. In light of two likely preservation projects totaling 105 units, two projects on city-donated land, and a funding landscape at the County and State level that is most challenging, the EB recommends funding three projects currently. Recommendations total $1,300,000 as summarized in the attached table, Proposed Funding Sources. The actual amount will depend on final action by the City Councils.

Following is a summary of the applications, the EB recommendation and rationale, and proposed contract conditions for the three proposals recommended for funding at this time. Also enclosed is an economic summary for the three projects recommended for funding, leveraging charts, project summary table, and a summary of funded projects to date. It is noted that for two of the proposals, the EB is recommending funding levels greater than originally requested. There are several for these recommendations. First, overall State funding was decreased in the current biennium budget, and the State is using a prescribed list of projects with few priority projects located in East King County. Second, given the number of projects applying to the County, the County is unable to offset reductions in potential State funding. Therefore, for local projects to proceed they may need more local funding than has been typical in the past. Third, changes in federal guidelines have impacted how the County can make some of its funds available.

1. Friends of Youth Extended Foster Care

Funding Request:	$100,000 (Secured Grant) Plus 2 Section 8 Vouchers 10 beds
EB Recommendation:	$100,000 (Secured Grant) Plus 2 Section 8 Vouchers See attached Funding Chart for distribution of City Funds

Project Summary:

Friends of Youth is a local agency providing counseling and shelter to homeless youth and young adults. The application is for funding construction of two new single-family homes to serve youth in extended foster care on their campus in the Kingsgate neighborhood of Kirkland. This is in addition to the two homes funded in the prior round. The project will expand the safety net for youth aging out of traditional foster care, allowing young people up to age 21 referred through the foster care system and in need of enhanced services offered by Friends of Youth. Each home will house 5 young people and provide residential staff, specialized case managers, on-site mental health services, like skills classes, and employment and education support.

To participate in the Extended Foster Care program, youth must agree to actively work toward their GED, high school diploma, college degree, or vocational certificate or be enrolled in a program promoting employment or removing barriers to employment. Friends of Youth will provide the stability they need to reach these milestones and additional tutoring and mentoring support as needed.

Friends of Youth is purposely designing these new homes to create a shared living experience and home-like environment. The homes best meets the developmental needs of youth in Extended Foster Care by creating opportunities to build permanent connections with caring adults and peers and improving their emotional wellbeing through a positive and structured living environment.

Funding Rationale:

The EB supported the intent of this application for the following reasons:

- This project increases the number of extended foster care beds by 10 for young adults, which will be supported through State operating assistance.
- Developer is experienced and successful in serving this population. Provides special needs housing which is an area we are short of our long term goals.
- Developer has raised 67% of private funding towards the four component projects on the site along with the Teen Drop-In Center in Redmond. One foundation's pledge commitment for a substantial portion of funding for these homes has timing constraints.
- Location of project has access to public transportation, hospital, schools, library and employment opportunities nearby.
- Should operating support go away, these houses as designed could become income-restricted rental properties.

- Project is first Alternate on the State LEAP list, and thus able to access State funding.

Potential Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

1. The funding commitment shall be for twelve (12) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. ARCH staff will consider an extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion
2. Funds will be in the form of a secured grant with no repayment, so long as affordability and target population is maintained, and the service funds necessary to provide services to this population are available.
3. A covenant is recorded ensuring affordability for ten (10) beds for at least fifty (50) years at 30% AMI maximum income.
4. Funds shall be used by Friends of Youth toward construction, architecture, engineering, geotechnical, development and other consultant fees, insurance, permits, fees and hookups, development period utilities and accounting costs. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use.
5. Friends of Youth shall submit quarterly to ARCH updates on the progress of the Capital Campaign demonstrating active solicitation and amounts pledged and secured against campaign targets.
6. Prior to starting construction on individual buildings, the Agency shall provide evidence of commitment of all public and private funds to complete the building(s). **Friends of Youth** shall provide documentation of funds raised through the Friends of Youth capital campaign and/or a corporate guarantee approved by City staff prior to funding.
7. Reserves will be funded out of operations at $4,000 for the first year with an annual increase of 2.5% per year for replacement reserves and $3,500 for the first year with an annual increase of 2.5% per year for operating reserves.
8. The Agency shall submit an updated operating budget which demonstrates sufficient commitment of all public and private operating support in the project including Section 8 subsidy from the King County Housing Authority, and reimbursement rate for extended foster care. In the event that any operating support funding levels will be reduced, the Agency shall inform ARCH Staff about the impacts the proposed reduction will have on the budget and plan for services to clients, and what steps shall be taken to address the impacts. A new budget or services plan must be approved by the ARCH. In the event of loss of funding homes could be re-purposed as foster homes.
9. Friends of Youth shall continue with its outreach plan for the campus as submitted to ARCH with the prior award. The agency shall host an open house to inform neighbors of the new Extended Foster Care program.
10. Prior to release of funds, the Agency shall submit to ARCH staff for review and approval drafts of all documents related to the provision of services to residents and management of the property, including any licensing-related management and service provider plans. These documents shall at a minimum address: management procedures to address tenant needs;

services provided for or required of tenants; management and operation of the premises; community and neighbor relations procedures; a summary of ARCH's affordability requirements as well as annual monitoring procedure requirements.

2. Habitat Sammamish Cottage Demonstration Project

Funding Request:	\$200,000 (Secured Grant) 10 Homeownership Units
EB Recommendation:	\$400,000 (Secured Grant) See attached Funding Chart for distribution of City Funds

Project Summary:

Habitat for Humanity of Seattle King County proposes to build up to a 10 unit cottage development on city-donated surplus land on 228th Ave SE in Sammamish. There would be a mix of 2-bedroom, 3-bedroom units and 4-bedroom units ranging in size from 1,000 to 1,400 square feet. Half of the homes would be sold to households at less than 50% of area median income and half at 60%. One of the homes would be ADA (Americans with Disabilities Act) adaptable.

Habitat uses a land trust model. Habitat owns the land and sells the units built on the land. Habitat carries the mortgage at no-interest, and at resale holds the rights to purchase the unit or assign the right to purchase to a qualified buyer. Habitat also maintains a fund for such purchases if the need arises. If Habitat chooses not to buy then King County and ARCH then have that right to purchase or assign its right to a qualified buyer. In all cases, the price and the income for the buyer is restricted.

Proposed funding would help pay for the infrastructure. Habitat would use volunteers to construct the units, and each of the families selected to own homes would be required to perform at least 500 hours of sweat equity in the development of the homes. Habitat intends to start fundraising for the construction of the homes as soon as they break ground.

The EB recommends a funding amount larger than requested for several reasons. First, changes in federal regulations limit the ability for County funds to be used for infrastructure and more appropriate for home construction. Application for home construction needs to wait until closer to start of home construction. Second, the request for County funding was relatively large in order to help offset the project not being able to apply for State funding in this biennium. King County indicated it would be unable to make up all this difference, so requested a smaller request from Habitat in any future application. Third, in order for the project to proceed in a timely manner, Habitat indicated that with the level of proposed support, they would be able to private fundraise the balance of the infrastructure costs and maintain the current schedule.

Funding Rationale:

The EB supported the intent of this application for the following reasons:

- Provides ownership opportunity to low income families in a high cost area and is the first project funded through the ARCH Trust Fund located in Sammamish
- Would serve as a cottage demonstration project in the community
- City donated site to Habitat
- Convenient to shopping and schools
- Close to transit
- City donated the site

Potential Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo

Special Conditions:

1. The funding commitment shall continue for nine (9) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. ARCH staff will consider an extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. Commitment shall end if City terminates its contract with Habitat.
2. Habitat shall demonstrate having all available funding for all predevelopment and infrastructure work prior to release of funds. This shall include Habitat submitting updated cost estimates for infrastructure work along with engineered drawings and specifications for City staff to review for cost reasonableness.
3. Prior to starting construction on individual buildings, the Agency shall provide evidence that it has sufficient resources to complete the building.
4. Funds shall be used by Habitat toward infrastructure construction. Funds may not be used for any other purpose unless city staff has given written authorization for the alternate use.
5. The cumulative amount of other public funds from King County and the State awarded to this project shall not exceed $500.000. In the event more funds are awarded from these sources, the funding award from City funds will be reduced by the amount of funds awarded by the County and State in excess of $500,000 up to a maximum amount of $200,000. In the event city funds have already been dispersed in excess of the final loan amount, Habitat will reimburse any difference.
6. Funds will be in the form of a secured grant with no repayment, so long as affordability and target population is maintained. Repayment is required if the property is no longer used for its intended purpose.
7. A resale agreement is recorded ensuring affordability for each of the ten (10) homeownership units for families for at least 75 years. The units shall be affordable to and made available to families with incomes at or below 60% of median income, with the majority of units affordable and made available to families at or below 50% of median income. Form of resale agreements to ensure long term affordability will be submitted to City staff for their review and approval.
8. Submit a copy of proposed land trust and Homeowner Association documents. Homeowner Association documents must provide for ongoing maintenance of property and buildings and

set forth the ongoing role of Habitat in the operations and management of the property, as well as identify how the Homeowner Association's budgets decisions, including the use of Dues, will be controlled so that appropriate property management is assured throughout the duration of affordability.

9. Prior to the release of funds, prior to any marketing or screening of potential buyers, submit for review and approval a marketing and outreach plan setting forth Habitat's strategies for identifying potential homebuyers and that emphasizes identifying homebuyers with east King County association (e.g. current residency, employment, family). For example, local targeted marketing outreach to local business and community organizations.

3. Providence/SRI Redmond Senior Apartments

Funding Request: $100,000 (Deferred, Contingent Loan) plus 8 Section 8 Vouchers

74 units plus unrestricted manager's unit

EB Recommendation: $800,000 (Deferred, Contingent Loan) plus 8 Section 8 Vouchers
See attached Funding Chart for distribution of City Funds

Project Summary:

Providence Health and Services - Washington – a non-profit health care provider has been in the affordable housing business since 1985 and now owns 14 properties with 713 units of low-income housing in Washington. They were selected by the City of Redmond through an extensive RFP process, and are proposing a 75 unit new construction project for seniors. It is located across the street from the Redmond Library, municipal campus and Redmond Senior Center in Redmond on City-donated land (the city will hold a long-term nominal cost lease on the property). The site is also on the Rapid Ride transit line, and benefits from having medical, shopping and recreational facilities very nearby.

The proposed building is four levels of wood construction over structured below grade parking and ground floor community, amenity and commercial space. The commercial space, an 8,000 square foot PACE (Program for All-inclusive Care for the Elderly) Center, will be separate in ownership and operationally from the housing, but managed by Providence. The PACE center will serve the community at large.
The residential project is designed to serve seniors living independently, aged 62 or over, at 30%, 40% and 60% of Area Median Income (AMI). There shall be a 20% set aside for disabled elderly. Providence wants to set aside eight (8) of those units to serve frail elderly in concert with having the PACE center in the building.

The ground floor will have manager's unit, management offices, lobby/sitting area, coffee bar, community meeting rooms and dog wash area. These community spaces will be oriented towards the southern part of the site, where they connect with the existing downtown pedestrian trail system. The city adopted a reduced parking ratio for this project given its transit oriented/urban location and senior population. The facility will be designed according to Universal Design principles, allowing residents to age in place.

The EB recommends a higher level of funding than requested based on funding availability at the State and County as described previously.

Funding Rationale:

The EB supported the intent of this application for the following reasons:

- Experienced applicant.
- Financially strong development sponsor.

- Donated site by the City.
- Serves a range of lower income senior households.
- The project expands affordable residential development within the downtown.
- Site has access to transit, shopping and is near a major hospital/medical complex.
- Project leverages a substantial amount of Tax Credit equity.
- The PACE center provides services to the region's qualified seniors

Potential Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo

Special Conditions:

1. The funding commitment shall continue for eighteen (18) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to City staff no later than sixty (60) days prior to the expiration date. City staff will consider an extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion.
2. Funds shall be used by Providence toward infrastructure costs, impact and mitigation fees. Funds may not be used for any other purpose unless city staff has given written authorization for the alternate use.
3. Funds will be in the form of a deferred, contingent loan. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by City Staff. Based on the preliminary development budget, it is anticipated that loan payments will be based on a set repayment schedule, and begin after repayment of the deferred developer fee (approximately year 15), with 1% interest. The terms will also include a provision for the Agency to a deferment of a payment subject to approval by City staff, if certain conditions are met (e.g. low cash flow due to unexpected costs). Any deferred payment would be repaid from future cash flow or at the end of the amortization period.
4. Until such time as the any deferred developer fee structured into the sources is fully repaid, all cash flow after payment of operating expenses and debt service, shall be used to repay the deferred developer fee or go towards project reserves as approved by City Staff.
5. Submit for review and approval a management plan that includes types of services and programs that will be available for the residents, and how it integrates with the operation of the PACE center. The plan shall also address how parking will be managed on an ongoing basis, and shall also include management procedures to address tenant needs; services provided for or required of tenants; management and operation of the premises; targeted outreach to community and senior centers; a summary of ARCH's affordability requirements as well as annual monitoring procedure requirements.
6. Agency shall submit a marketing plan for approval by ARCH and City staff. The plan should include how the Agency will do local targeted marketing outreach to local business and community organizations such as senior and community centers.
7. A covenant is recorded ensuring affordability for at least 50 years, with affordability as shown in the following table. Affordability levels will be defined using the requirements for

tax credits, and utility costs will be based on King County Housing Authority allowances, unless otherwise approved by City Staff.

Affordability (Pct of Median Income)	Studio	One BR	Two BR	Total *
30%	**6**	**31**		**37****
40%		**16**	**4**	**20**
60%		**13**	**4**	**17**
Unrestricted (Mgr)			**1**	**1**
TOTAL	**6**	**60**	**9**	**75**

* Up to 20% of the units shall be set aside for seniors living with disabilities

** Up to 8 of the units can be Section 8 units. The final mix of studio and one bedroom units will be approved by City staff. Considerations in the determination of unit mix will be include overall need in the community, unit mix of existing federally assisted and Section 8 assisted housing for seniors in east King County, and Section 8 program requirements.
The project shall maintain project-based Section 8 funding for eight (8) units of senior housing so long as it is available. If Section 8 funding is no longer available, the City shall be notified at the earliest time the Owner knows Section 8 is/will no longer be available. The City and the Agency shall work with the other funders which maintain affordability requirements together to determine if the affordability requirements need to be adjusted for some or all of the previous Section 8 units, not to exceed 60% of median income in order to generate sufficient revenue to meet the project's required housing expenses and required debt service and other lender and investor provisions.

The following projects are not recommended for funding at this time, but are encouraged to reapply in a future funding round:

1. Community Homes 8

Funding Request: $125,000 (Secured Grant)
5 Beds

EB Recommendation: Not to fund at this time, but to have agency reapply in the next funding round

Project Summary:

Community Homes, Inc. (CHI) is proposing to acquire and remodel a home that will serve five (5) low-income aging adults with developmental disabilities. The group home setting accommodates those can no longer live in other settings. The community within the home allows them to live as independently as possible. A specific home will be identified once funding is committed. Criteria for selecting the particular property includes a minimum size of 2,500 square feet, the physical layout and ease of renovation of the house as well as neighborhood amenities such as sidewalks, access to stores, public services, transportation and recreation.

The residents will live in a shared living arrangement, along with a live-in care provider. Each tenant will have their own bedroom. Residents will share two bathrooms and a resident community living area with kitchen. If necessary, as in the case of prior homes, the existing garage may be converted to living space.

Rationale for not funding:

The EB supported the intent of this application for the following reasons:

- Serves aging developmentally disabled residents
- Provides housing for a population (Special Needs housing) that currently is below long term ARCH Trust Fund goals
- Property will have live in care provider supplemented by day staff
- Acquisitions to be done near transit and community amenities
- Developer has eighteen year track record with properties in King County and good reputation with funders and Department of Developmental Disabilities
- Private funding is a major portion of the sources. Agency will fundraise for capital funding

The EB supports the concept of the CHI proposal; but given current round funding constraints, it does not recommend making a funding recommendation at this time. The EB would welcome an application in the next round. This would also provide an opportunity for CHI to organize and begin their capital campaign. In the event CHI does provide an application to ARCH in the upcoming round, the application should provide a description of the capital campaign and progress to date.

2. Parkview Homes XI

Funding Request:	$175,300 (Secured Grant) 3 Beds
EB Recommendation:	Not to fund at this time, but to have agency reapply in the next funding round

Project Summary:

Parkview Services, a Shoreline-based non-profit organization which to date has done 158 beds in 53 properties in the region, with this project is proposing to develop three homes in two counties. The ARCH application is to help fund one of those homes, a Supportive Living Services Home in Newcastle, Bellevue or Redmond. For the East King County home they plan to acquire and remodel a three-bedroom house that will serve three (3) low-income individuals with developmental disabilities. A specific home will be identified once all funding is committed. Improvements will include remodeling to meet both Evergreen sustainability and ADA

(Americans with Disabilities Act) accessibility standards, and a monitored fire suppression system.

There currently is no site control. The house to be bought will be remodeled to include accessibility features necessary for the initial tenants and for future tenants. Parkview will be looking to acquire suitably laid out minimum 1,500 square foot rambler-style houses that can easily be modified for accessibility.

Rationale for not funding:

The EB supported the intent of this application for the following reasons:

- Serves neediest developmentally disabled residents by relying on referrals from the State DDA for new residents
- Provides housing for a population (Special Needs housing) that currently is below long term ARCH Trust Fund goals
- Property will have 24/7 non-resident care provider coverage
- Acquisitions to be done near transit and community amenities
- Developer has long track record with properties in King County and good reputation with funders and Developmental Disabilities Administration
- Is on the Department of Commerce Trust list in the special needs set aside as incorporated in the state capital budget.

The EB supports the concept of the Parkview proposal; but given current round funding constraints, it does not recommend making a funding recommendation at this time. The EB would welcome an application in the next round. This would also provide an opportunity for Parkview to identify and secure additional capital funds.

Standard Conditions applicable to all projects

1. The Applicant shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by city staff. If the Applicant is unable to adhere to the budgets, City or Administering Agency must be immediately notified and (a) new budget(s) shall be submitted by the Applicant for the City's approval. The City shall not unreasonably withhold its approval to (a) revised budget(s), so long as such new budget(s) does not materially adversely change the Project. This shall be a continuing obligation of the Applicant. Failure to adhere to the budgets, either original or as amended may result in withdrawal of the City's commitment of funds.
2. The Applicant shall submit evidence of funding commitments from all proposed public sources. In the event commitment of funds identified in the application cannot be secured in the time frame identified in the application, the Applicant shall immediately notify City or Administering Agency, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to City or Administering Agency's review and approval.
3. In the event federal funds are used, and to the extent applicable, federal guidelines must be met, including but not limited to: contractor solicitation, bidding and selection; wage rates;

and Endangered Species Act (ESA) requirements. CDBG funds may not be used to repay (bridge) acquisition finance costs.

4. The Applicant shall maintain documentation of any necessary land use approvals and permits required by the city where the homes are located.
5. Submit monitoring reports quarterly through completion of the project, and annually thereafter. Submit a final budget upon project completion. If applicable, submit initial tenant information as required by City or Administering Agency.

ARCH HOUSING TRUST FUND (HTF) APPLICATIONS 2013

Applicant	Funding Recommendation (Grant/Loan)	Housing Type/ # of units/ bdrms	Income Served	Project Location	Duration of benefit	Total cost per unit	HTF cost per affordable unit	Project completion
Friends of Youth Extended Foster Care Housing	Recommendation: $100,000 (Grant) Plus 2 Vouchers	New construction of two homes each housing 5 homeless young adults 10	10 @ 30%	13116 132nd St. Kirkland	50 Years	$109,862/bed	$10,000	Summer 2014
Habitat SKC Sammamish	Recommendation: $400,000 (Grant) Plus fee waivers	New Construction Homeownership 10	6@50% 4 @ 60%	2004 228th Ave SE, Sammamish	75 Years	$351,799 (Includes fair market value of donated labor and materials)	$40,000	Winter 2017
Providence/SRI Redmond Senior Apartments	Recommendation: $800,000 (Deferred Loan) Plus 8 Vouchers	New construction Senior rental housing in Downtown Redmond with 20% Frail Elderly set-aside 74 + 1 Mgr Unit	37 at 30% 20 at 40% 17 at 60% 1 mkt rate mgr unit (20% Disabled set aside)	8550 160th Ave NE, Redmond	50 Years	$265,780/ affordable unit	$10,811	Spring 2016
Community Homes, Inc. 8th Adult Family Home	Recommendation: $0	Acq/Rehab of Home for Developmentally Disabled 4	5 @ 30%	ARCH Sphere of Influence – Site to be determined	50 Years	$181,500/bed	$25,000	Spring 2015
Parkview Services DD Home	Recommendation: $0	Acq/Rehab of Home for Developmentally Disabled 3	3 @ 30%	ARCH Sphere of Influence – Site to be determined	50 Years	$176,336/bed	$58,433	Winter 2014

2013 HOUSING TRUST FUND: PROPOSED FUNDING SCOURCES

SOURCE		Habitat	Providence	FOY	TOTAL
		PROJECT			
Request		$ 200,000	$ 100,000	$ 100,000	$ 400,000
CAB Recommendation		$ 400,000	$ 800,000	$ 100,000	$ 1,300,000
Current Funding					
Sub-Regional CDBG			$ 200,000		$ 200,000
Bellevue					
	CDBG				$ -
	General Fund	$ 128,602	$ 100,000	$ 32,150	$ 260,752
Issaquah					
	General Fund	$ 39,416	$ 57,299	$ 9,854	$ 106,569
Kirkland					
	General Fund	$ 95,235	$ 138,443	$ 23,809	$ 257,486
Mercer Is.					
	General Fund	$ 6,512	$ 9,467	$ 1,628	$ 17,608
Redmond					
	General Fund	$ 64,862	$ 51,721	$ 16,215	$ 132,798
	CDBG *		$ 148,038		$ 148,038
Newcastle					
	General Fund	$ 8,744	$ 12,712	$ 2,186	$ 23,642
Kenmore					
	General Fund	$ 36,784	$ 53,472	$ 9,196	$ 99,452
Woodinville					
	General Fund	$ 4,104	$ 5,966	$ 1,026	$ 11,095
Sammamish					
	General Fund	$ 4,897	$ 7,118	$ 1,224	$ 13,239
Clyde Hill					
	General Fund	$ 4,881	$ 7,095	$ 1,220	$ 13,197
Medina					
	General Fund	$ 3,882	$ 5,643	$ 971	$ 10,496
Yarrow Point					
	General Fund	$ 1,268	$ 1,843	$ 317	$ 3,428
Hunts Point					
	General Fund	$ 814	$ 1,183	$ 203	$ 2,200
TOTAL		$ 400,000	$ 800,000	$ 100,000	$ 1,300,000
	CDBG	$ -	$ 348,038	$ -	$ 348,038
	General Fund	$ 400,000	$ 451,962	$ 100,000	$ 951,962

ARCH HOUSING TRUST FUND, 2013

Leveraging Funds - -

	Friends of Youth YYA Houses 3 and 4		Habitat Sammamish		Providence/SRI Redmond Senior Apts		TOTAL
City Land and Fee waiver			$453,540		$1,439,060		$1,892,600
New ARCH Request	$100,000		$400,000		$800,000		$1,300,000
ARCH TOTAL	$ 100,000	9%	$ 853,540	24%	$ 2,239,060	11%	$ 3,192,600
King County							
Prior KC Commitment							$0
HOF/HOME/CDBG	$200,000		$491,567		$1,734,944		$2,426,511
2060/2163							$0
Veterans/Human Services							$0
Other							$0
KC TOTAL	$ 200,000	18%	$ 491,567	14%	$ 1,734,944	9%	$2,426,511
Prior WA Commitment							$0
WA HAP							$0
WA HTF	$504,525						$504,525
WA HFC (Equity Fund)							$0
WSHFC Washington Works							$0
WA TOTAL	$ 504,525	46%	$ -	0%	$ -	0%	$504,525
Federal/HUD							$0
Section 811							$0
McKinney							$0
Other (VA Per Diem)							$0
FEDERAL TOTAL	$ -	0%	$ -	0%	$ -	0%	$0
Tax Credits		0%		0%	$13,662,294	69%	$13,662,294
Prior Tax Credit Commitment		0%		0%		0%	$0
TCAP		0%		0%		0%	$0
Bonds		0%		0%		0%	$0
Bank Loans		0%		0%	$1,702,169	9%	$1,702,169
Deferred Developer Fee		0%		0%	$329,221	2%	$329,221
Private	$294,094	27%	$2,172,884	62%		0%	$2,466,978
Other		0%		0%		0%	$0
TOTAL COST	$ 1,098,619	100%	$ 3,517,991	100%	$ 19,667,688	100%	$ 24,284,298

ECONOMIC SUMMARY: FRIENDS OF YOUTH – EXTENDED FOSTER CARE

1. Applicant/Description: FOY / Construction of two new homes each providing housing for 5 young adults in extended foster care

2. Project Location: 13116 NE 132nd Street, Kirkland

3. Financing Information:

Funding Source	Funding Amount	Commitment
ARCH	$100,000	Applied for Fall 2013
King County	$200,000	Committed 2013
Commerce Trust Fund	$504.524	Committed 2013
From Capital Campaign	$504,094	Underway
Owner Equity	$124,744	Committed
TOTAL	$1,098,618	

4. Development Budget:

ITEM	TOTAL	PER BED	HTF
Acquisition *	$124,744	$12,474	
Construction	$775,698	$77,570	$53,044
Design	$47,710	$4,7711	$8,500
Consultants	$42,189	$4,219	$4,100
Developer fee	$0	$0	
Finance costs	$11,161	$1,116	
Reserves	$25,000	$2,500	
Permits/Fees/Other	$72,116	$7,212	$34,356
TOTAL	$1,098,618	$109,862	$100,000

* Value of these lots, previously acquired by agency in the Youth Haven project (2011) and paid by FOY

5. Debt Service Coverage: Secured grant, no repayment if in compliance.

6. Security for City Funds:
- A recorded covenant to ensure affordability and use for targeted population for 50 years.
- A promissory note secured by a deed of trust. The promissory note will require repayment of the grant amount upon non-compliance with any of the funding conditions.

7. Rental Subsidy: Two Section 8 vouchers

ECONOMIC SUMMARY: HABITAT FOR HUMANITY SAMMAMISH COTTAGE DEMONSTRATION

1. Applicant/Description: Habitat for Humanity Seattle – King County / Construction of 10 units of affordable family ownership housing

2. Project Location: 2004 228th Ave, SE, Sammamish

3. Financing Information:

Funding Source	Funding Amount	Commitment
ARCH	$400,000	Applied for Fall 2013
Donated Land and Fee Waivers	$453,540	Land: Sammamish Council Action in 2012
King County	$491,567	To be applied for in 2014, for home construction
Habitat Capital	$406,496	Committed
In Kind/Private (primarily for home construction)	$1,766,388	To be secured
TOTAL	$3,517,991	

4. Development Budget:

ITEM	TOTAL	PER HOME	HTF
Acquisition	$400,000	$40,000	
Construction	$2,681,615	$268,162	$400,000
Design	$60,000	$6,000	
Consultants	$62,300	$6,230	
Developer fee	$0	$0	
Finance costs	$0	$0	
Reserves	$0	$0	
Permits/Fees/Other	$324,076	$32,408	
TOTAL	$3,517,991	$351,800	$400,000

5. Debt Service Coverage: Secured grant, no repayment if in compliance.

6. Security for City Funds:
- A recorded covenant for each unit to ensure affordability and use for targeted population for 75 years.
- A promissory note secured by a deed of trust. The promissory note will require repayment of the grant amount upon non-compliance with any of the funding conditions.

7. Rental Subsidy: None

ECONOMIC SUMMARY: PROVIDENCE/SRI REDMOND SENIOR APARTMENTS

1. Applicant/Description: Providence/SRI / Construction of 74 units of affordable senior rental housing, 1 manager unit, plus amenity spaces. Facility will include a PACE Center

2. Project Location: 8550 8550 160th Ave NE, Redmond

3. Financing Information:

Funding Source	Funding Amount	Commitment
ARCH	$800,000	Applied for Fall 2013
Donated Land (Long-term Lease)	$1,439,060	Redmond Council Action in 2013
King County	$1,734,944	$200,000 Contingent funds committed 2013, balance to be applied for in 2014
Commercial Loan	1,702,169	To be applied for
Deferred Developer Fee	$329,221	Committed
Tax Credit Equity	$13,662,294	To Apply for in 2014
TOTAL	$19,667,688	

4. Development Budget:

ITEM	TOTAL	PER UNIT	HTF
Acquisition	$1,461,676	$19,752	
Construction	13,256,895	$179,147	$100,000
Design	$794,970	$10,743	
Consultants	$209,988	$2,838	
Developer fee	$1,221,582	$16,508	
Finance costs	$1,158,042	$15,649	
Reserves	$341,847	$4,620	
Permits/Fees/Other	$1,222,688	$16,523	$700,000
TOTAL	$19.667,688	$265,780	

5. Debt Service Coverage: Deferred contingent loan. Repayment out of available cash flow, defer repayment to start year 18

6. Security for City Funds:
- A recorded covenant to ensure affordability and use for targeted population for 50 years.
- A promissory note secured by a deed of trust. The promissory note will require repayment of the grant amount upon non-compliance with any of the funding conditions.

7. Rental Subsidy: Two Section 8 vouchers

FIGURE 1
ARCH: EAST KING COUNTY TRUST FUND SUMMARY
LIST OF CONTRACTED PROJECTS FUNDED (1993 - Fall 2012)

Project	Location		Owner	Units/Beds	Funding	Pct of Total Allocation	Distribution Target
1. Family Housing							
Andrews Heights Apartments	Bellevue		Imagine Housing	24	$400,000		
Garden Grove Apartments	Bellevue		DASH	18	$180,000		
Overlake Townhomes	Bellevue		Habitat of EKC	10	$120,000		
Glendale Apartments	Bellevue		DASH	82	$300,000		
Wildwood Apartments	Bellevue		DASH	36	$270,000		
Somerset Gardents (Kona)	Bellevue		KC Housing Authority	198	$700,000		
Pacific Inn	Bellevue	*	Pacific Inn Assoc. *	118	$600,000		
Eastwood Square	Bellevue		Park Villa LLC	48	$600,000		
Chalet Apts	Bellevue		Imagine Housing	14	$163,333		
Andrew's Glen	Bellevue		Imagine Housing	10 /11	$387,500		
Bellevue Apartments	Bellevue	***	LIHI	45	$800,000		
YWCA Family Apartments	K.C. (Bellevue Sphere)		YWCA	12	$100,000		
Highland Gardens (Klahanie)	K.C. (Issaquah Sphere)		Imagine Housing	54	$291,281		
Crestline Apartments	K.C. (Kirkland Sphere)		Shelter Resources	22	$195,000		
Parkway Apartments	Redmond		KC Housing Authority	41	$100,000		
Habitat - Patterson	Redmond		Habitat of EKC **	24	$446,629		
Avon Villa Mobile Home Park	Redmond	**	MHCP **	93	$525,000		
Terrace Hills	Redmond		Imagine Housing	18	$442,000		
Village at Overlake Station	Redmond	**	KC Housing Authority **	308	$1,645,375		
Summerwood	Redmond		DASH	166	$1,187,265		
Coal Creek Terrace	Newcastle	**	Habitat of EKC **	12	$240,837		
RoseCrest (Talus)	Issaquah	**	Imagine Housing **	40	$918,846		
Mine Hill	Issaquah		Imagine Housing	28	$450,000		
Clark Street	Issaquah		Imagine Housing	30	$355,000		
Lauren Heights (Iss Highlands)	Issaquah	**	Imagine Housing/SRI **	45	$657,343		
Habitat Issaquah Highlands	Issaquah	***	Habitat of EKC **	10	$318,914		
Issaquah Family Village I	Issaquah	***	YWCA **	87	$4,382,584		
Issaquah Family Village II	Issaquah	***	YWCA **	47	$2,760,000		
Greenbrier Family Apts	Woodinville	**	DASH **	50	$286,892		
Plum Court	Kirkland		DASH	61 /66	$1,000,000		
Francis Village	Kirkland		Imagine Housing ***	15	$375,000		
South Kirkland Park n Ride	Kirkland	***	Imagine Housing ***	46	$752,294		
Copper Lantern	Kenmore	**	LIHI **	33	$452,321		
Homeowner Downpayment Loan	Various		KC/WSHFC/ARCH	87 est	$615,000		
SUB-TOTAL				**1,932**	**$23,018,414**	58.6%	(56%)
2. Senior Housing							
Cambridge Court	Bellevue		Resurrection Housing	20	$160,000		
Ashwood Court	Bellevue	*	DASH/Shelter Resources *	50	$1,070,000		
Evergreen Court (Assisted Living)	Bellevue		DASH/Shelter Resources	64 /84	$2,480,000		
Vasa Creek	K.C. (Bellevue Sphere)		Shelter Resources	50	$190,000		
Riverside Landing	Bothell	**	Shelter Resources **	50	$225,000		
Kirkland Plaza	Kirkland		Imagine Housing	24	$610,000		
Totem Lake Phase 2	Kirkland	***	Imagine Housing	80	$736,842		
Heron Landing	Kenmore		DASH/Shelter Resources	50	$65,000		
Ellsworth House Apts	Mercer Island		Imagine Housing	59	$900,000		
Greenbrier Sr Apts	Woodinville	**	DASH/Shelter Resources **	50	$196,192		
SUB-TOTAL				**497**	**$6,633,034**	16.9%	(19%)

FIGURE 1
ARCH: EAST KING COUNTY TRUST FUND SUMMARY
LIST OF CONTRACTED PROJECTS FUNDED (1993 - Fall 2012)

Project	Location		Owner	Units/Beds	Funding	Pct of Total Allocation	Distribution Target
3. Homeless/Transitional Housing							
Hopelink Place	Bellevue	**	Hopelink **	20	$500,000		
Chalet	Bellevue		Imagine Housing	4	$46,667		
Kensington Square	Bellevue		Housing at Crossroads	6	$250,000		
Andrew's Glen	Bellevue		Imagine Housing	30	$1,162,500		
Bellevue Apartments	Bellevue	***	LIHI	12	$200,000		
Sophia Place	Bellevue		Sophia Way	20	$250,000		
Dixie Price Transitional Housing	Redmond		Hopelink	4	$71,750		
Avondale Park	Redmond		Hopelink (EHA)	18	$280,000		
Avondale Park Redevelopment	Redmond	**	Hopelink (EHA) **	60	$1,502,469		
Petter Court	Kirkland		KITH	4	$100,000		
Francis Village	Kirkland		Imagine Housing	45	$1,125,000		
South Kirkland Park n Ride	Kirkland	***	Imagine Housing	12	$188,073		
Totem Lake Phase 2	Kirkland		Imagine Housing	15	$138,158		
Rose Crest (Talus)	Issaquah	**	Imagine Housing	10	$229,712		
Lauren Heights (Iss Highlands)	Issaquah	***	SRI **	5	$73,038		
Issaquah Family Village I	Issaquah	***	YWCA **	10	$503,745		
SUB-TOTAL				**257**	**$6,621,112**	16.8%	(13%)
4. Special Needs Housing							
My Friends Place	K.C.		EDVP	6 Beds	$65,000		
Stillwater	Redmond		Eastside Mental Health	19 Beds	$187,787		
Foster Care Home	Kirkland		Friends of Youth	4 Beds	$35,000		
FOY New Ground	Kirkland		Friends of Youth	6 Units	$250,000		
DD Group Home 7	Kirkland		Community Living	5 Beds	$100,000		
Youth Haven	Kirkland		Friends of Youth	10 Beds	$332,133		
FOY Transitional Housing	Kirkland		Friends of Youth	10 Beds	$240,000		
DD Group Home 4	Redmond		Community Living	5 Beds	$111,261		
DD Group Homes 5 & 6	Redmond/KC (Bothell)		Community Living	10 Beds	$250,000		
United Cerebral Palsy	Bellevue/Redmond		UCP	9 Beds	$25,000		
DD Group Home	Bellevue		Residence East	5 Beds	$40,000		
AIDS Housing	Bellevue/Kirkland		Aids Housing of WA.	10 Units	$130,000		
Harrington House	Bellevue		AHA/CCS	8 Beds	$290,209		
DD Group Home 3	Bellevue		Community Living	5 Beds	$21,000		
Parkview DD Condos III	Bellevue		Parkview	4	$200,000		
IERR DD Home	Issaquah		IERR	6 Beds	$50,209		
FFC DD Homes	NE KC		FFC	8 Beds	$300,000		
Oxford House	Bothell		Oxford/Compass Ctr.	8 Beds	$80,000		
Parkview DD Homes VI	Bothell/Bellevue		Parkview	6 Beds	$150,000		
FFC DD Home II	TBD		FFC	4 Beds	$168,737		
SUB-TOTAL				**148 Beds/Units**	**$3,026,336**	7.7%	(12%)
TOTAL				**2,834**	**$39,298,896**	**100.0%**	
					10%		

* Funded through Bellevue Downtown Program
** Also, includes in-kind contributions (e.g. land, fee waivers, infrastructure improvements)
*** Amount of Fee Waiver still to be finalized

Business of the City Council
City of Kenmore, WA

Subject/Topic: A Regional Coalition for Housing (ARCH) 2014 administrative budget and work program **Proposed Council Action/Motion:** Council motion authorizing approval of the ARCH 2014 administrative budget and work program	**For Council Meeting Agenda of:** 2/10/14 **Department:** Executive **Prepared by:** Debbie Bent, Community Development Director **Initial & Date** **Approved by Department Head:** NKa 16 Jan 2014 **Approved by City Attorney:** **Approved by Finance Director:** 1/21/14 **Approved by City Manager:** RJK **Exhibits/Attachments:** **1.** 2014 ARCH administrative budget **2.** 2014 ARCH work program

Expenditure Required: $25,596 **Amount Budgeted** $25,700 **Appropriation Required** $0

INFORMATION/BACKGROUND: A Regional Coalition for Housing (ARCH) is comprised of fifteen East King County cities and King County. Through the technical assistance to its members on housing policy and plan development and Housing Trust Fund investments, ARCH helps local jurisdictions meet the obligations of the Growth Management Act to provide for housing opportunities that are affordable to a wide range of household incomes. The City of Kenmore approved an Amended and Restated Interlocal Agreement with ARCH on 3/8/10 (Contract 10-C866) with an effective date of 7/1/10.

Under the terms of the ARCH Interlocal Agreement, each member jurisdiction must annually approve the ARCH Administrative Budget. Like other ARCH members, Kenmore contributes annually to ARCH to provide administrative and technical support for the organization's housing activities. The ARCH Executive Board has approved the Administrative Budget (see Attachment #1) and has forwarded to members for approval. This year's ARCH 2014 proposed administrative budget is $613,042, a 12.70% increase over the 2013 ARCH budget. Kenmore's share of the ARCH administrative budget is $25,956, a 1.53% increase compared to 2013. Staff recommends Council approves a motion approving the ARCH 2014 Administrative Budget.

Under the terms of the ARCH Interlocal Agreement, each member jurisdiction must annually approve the ARCH Work Program. The ARCH Executive Board has approved the 2014 Work Program (See Attachment #2) and forwarded to members for approval. Staff recommends that Council approves a motion approving the 2014 ARCH Work Program.

FISCAL CONSIDERATION: The City's adopted 2013-2014 biennial budget included $51,400 in the General Fund as a commitment to the ARCH administrative budget for 2013 and 2014. The City's contribution in 2013 was $25,564. The 2014 contribution of $25,596 is an increase of 1.53% over the 2013 contribution but still within the budgeted amount.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED: Consistent with the ARCH Interlocal Agreement (Contract 10-C866). Consistent with adopted 2013-2014 budget.

Attachment 1

2014 ARCH Administrative Budget

Final Jan 2014

I. ANNUAL OPERATING EXPENSES

Item	2013 Budget	2014 Budget	Change Budget	Percent Change
Staffing *				
Housing Mgr	$ 114,066	$ 115,304	$ 1,238	1.09%
Benefits	$ 34,340	$ 36,441	$ 2,101	6.12%
Housing Planner I	$ 98,284	$ 99,370	$ 1,086	1.10%
Benefits	$ 31,821	$ 33,772	$ 1,951	6.13%
Housing Planner II	$ 48,330	$ 85,484	$ 37,154	76.88%
Benefits	$ 17,394	$ 31,447	$ 14,052	80.79%
Clerk I	$ 69,472	$ 70,217	$ 745	1.07%
Benefits	$ 27,223	$ 28,889	$ 1,667	6.12%
Clerk II (.75 FTE)	$ 36,826	$ 37,219	$ 394	1.07%
Benefits	$ 22,012	$ 23,362	$ 1,350	6.13%
Sub-total	$ 499,768	$ 561,506	$ 61,738	12%
Rent	$ 15,750	$ 21,600	$ 5,850	37%
Utlities	Incl^	Incl^	Incl^	Incl^
Telephone	$ 3,200	$ 3,296	$ 96	3%
Operating				
Travel/Training	$ 2,000	$ 2,000	$ -	0%
Auto Mileage	$ 3,000	$ 3,150	$ 150	5%
Copier Costs	$ 2,000	$ 2,000	$ -	0%
Office Supplies	$ 2,000	$ 2,060	$ 60	3%
Office Equipment Service	$ 1,500	$ 1,500	$ -	0%
Fax/Postage	$ 1,200	$ 1,200	$ -	0%
Periodical/Membership	$ 3,700	$ 3,700	$ -	0%
Misc. (e.g. events,etc.)	$ 1,680	$ 1,680	$ -	0%
Insurance	$ 7,500	$ 8,700	$ 1,200	16%
Reorganization Admin	$ 650	$ 650	$ -	
Sub-total	$ 25,230	$ 26,640	$ 1,410	6%
TOTAL	$ 543,948	$ 613,042	$ 69,094	12.70%

* Actual salary increases based on Bellevue's approved Cost of Living Adjustment

III. ARCH ADMINISTRATIVE BUDGET: RESOURCE DISTRIBUTION

A. Cash Contributions		2013		2014	Change		Percent Change
Bellevue	$	-	$	-	$	-	
Bothell	$	40,128	$	45,176.24	$	5,047.96	
Issaquah	$	19,745	$	27,623.04	$	7,877.64	
King County	$	43,466	$	43,466.00	$	-	
Kirkland	$	68,853	$	81,456.31	$	12,603.46	
Mercer Island	$	29,882	$	29,882.38	$	-	
Newcastle	$	10,677	$	11,693.91	$	1,016.62	
Redmond	$	62,168	$	65,119.57	$	2,951.68	
Woodinville	$	12,366	$	12,883.74	$	518.15	
Beaux Arts Village	$	1,569	$	1,569	$	-	
Clyde Hill	$	2,905	$	3,210	$	305.59	
Hunts Point	$	1,569	$	1,569	$	-	
Medina	$	2,901	$	3,223	$	322.12	
Yarrow Point	$	1,569	$	1,569	$	-	
Sammamish	$	49,167	$	53,420	$	4,253.13	
Kenmore	$	25,564	$	25,956	$	391.88	
Other	$	7,088	$	-	$	(7,088.40)	
TOTAL	$	379,619	$	407,818	$	28,199.82	

B. In-Kind Contributions		2013		2014	Change		Percent Change
Bellevue	$	145,904	$	153,579	$	7,675	5.26%
TOTAL	$	145,904	$	153,579	$	7,675	

C. Total Contributions *							
Bellevue	$	145,904	$	153,579	$	7,675	5.26%
Bothell	$	40,128	$	45,176	$	5,047.96	12.58%
Issaquah	$	19,745	$	27,623	$	7,877.64	39.90%
King County	$	43,466	$	43,466	$	-	0.00%
Kirkland	$	68,853	$	81,456	$	12,603.46	18.30%
Mercer Island	$	29,882	$	29,882	$	-	0.00%
Newcastle	$	10,677	$	11,694	$	1,016.62	9.52%
Redmond	$	62,168	$	65,120	$	2,951.68	4.75%
Woodinville	$	12,366	$	12,884	$	518.15	4.19%
Beaux Arts Village	$	1,569	$	1,569	$	-	0.00%
Clyde Hill	$	2,905	$	3,210	$	305.59	10.52%
Hunts Point	$	1,569	$	1,569	$	-	0.00%
Medina	$	2,901	$	3,223	$	322.12	11.10%
Yarrow Point	$	1,569	$	1,569	$	-	0.00%
Sammamish	$	49,167	$	53,420	$	4,253.13	8.65%
Kenmore	$	25,564	$	25,956	$	391.88	1.53%
Other**	$	7,088	$	51,645	$	44,556.60	628.58%
TOTAL	$	525,523	$	613,042	$	87,519.76	16.65%
TOTAL COSTS	$	543,948	$	613,042	$	69,094.28	12.70%
BALANCE	$	(18,425)	$	0			

* Changes are disproportionate in order to realign contributions based on recent annexations and updated census population figures.

** ARCH administrative reserves and admin fees from Redmond Ridge East

Final 1-9-14

ARCH WORK PROGRAM: 2014

I. PROJECT ASSISTANCE

A. Oversight of Local Monetary Assistance

ARCH Trust Fund. Review applications and make recommendations for requests of local monetary funds through the ARCH Housing Trust Fund process. Includes helping to coordinate the application process and use of funds for various programs.

Objective: Allocation of $1,000,000 or more through the ARCH Housing Trust Fund Process, and create or preserve a minimum of 50 units.

For the 'Parity Program', provide updated annual information to members, and achieve the base line goal for levels of direct assistance.

Provide a variety of types of affordable housing and that meet other funding priorities as specified in the ARCH Trust Fund Criteria.

Centralized Trust Fund System. Monitor centralized trust fund process including:

- Produce regular monitoring reports for the ARCH Trust Fund account.
- Work with Administrating Agency (Bellevue) to prepare contracts and distribute funds for awarded projects.
- Monitor funded projects including evaluating performance and tracking loan payments. Includes monitoring for long term sustainability of previously funded projects and working with other funders in the initial overall review, and any follow up evaluation of individual projects.

Objective: Monitor ongoing financial activities of the ARCH Trust Fund account and provide updated information to members.

Develop sustainable strategies for the HTF to meet local housing goals and preserve publicly assisted affordable housing.

King County / State Funding Programs. Review and provide input to other funders for Eastside projects that apply for County (HOF, RAHP, HOME, etc) and State (Tax Credit, DOC) funds. Includes providing input to the King County Home Consortium on behalf of participating Eastside jurisdictions. Assist N/E consortium members with evaluating and making a recommendation to the County regarding CDBG allocations to affordable housing.

Objective: In consultation with County, local staff and housing providers, seek to have funds allocated on a countywide basis by the County and State allocated proportionately throughout the County including the ARCH Sphere of Influence.

B. Special Initiatives This includes a range of activities where ARCH staff assist local staff with specific projects. Activities can range from feasibility analysis, assisting with requests for proposals, to preparation of legal documents (e.g. contracts, covenants). Following are either existing initiatives or examples of initiatives likely to emerge:

Trust Fund Long Term Issues.
ARCH Trust Fund: Dedicated Funding Source. As follow up to the ARCH Workshops in 2007, explore and evaluate the feasibility of a dedicated funding source to supplement general fund contributions for the ARCH Trust Fund. In 2014 convene members to discuss background information collected, evaluate options and next steps. For any options selected for further consideration, follow up on next steps.

Surplus Property/Underdeveloped Property. Assist as needed member cities' evaluation of potentially surplus public property or underutilized private property (e.g. faith community properties) for suitability of affordable housing. Currently identified opportunities includes:

- Assist Kirkland with implementing local provisions (e.g. land use and multifamily tax exemption affordability requirements) associated with the South Kirkland Park n Ride.
- Assist Sammamish with making surplus city site available to Habitat for Humanity of East King County.
- Continue to assist Redmond staff with coordinating the development of the 160th site for senior affordable housing development in Downtown Redmond.
- Continue to explore opportunities for catalyst projects in transit oriented neighborhoods such as Bel-Red, Overlake and central Mercer Island that include affordable housing and other features that help implement neighborhood plan objectives.

As a subset of this item, convene members and other stakeholders to explore how to potentially work more proactively with faith based organizations to utilize their properties to assist with addressing affordable housing needs, especially for homeless populations. This includes supporting efforts by Eastside Human Services Forum, EHAC and cities to develop an East King county sub-regional strategic approach to winter shelter for homeless adults and families. This work will also include working with member cities and local services agencies to develop a long term strategy for providing winter shelter and assisting with implementing any adopted strategy.

Objective: Identify one or more specific sites in East King County to be made available for housing and member jurisdictions develop a long term strategy for addressing winter shelter for homeless persons and families.

Eastside Homebuyer Assistance Program.
Continue working with Washington State Housing Finance Commission to implement the third phase of the House Key Plus ARCH Down Payment Assistance Program.

Objective: Maintain operation of the Homebuyer Assistance Program and implement updates.

HUD Assisted Housing. Continue to monitor and actively pursue efforts to preserve existing HUD assisted affordable housing. Assist members with evaluating and supporting the Housing Authority's effort to preserve two federally assisted senior properties in East King County.

Objective: Preserve existing federally assisted affordable housing in East King County and prevent from converting to market rate housing.

II. HOUSING POLICY PLANNING

Work items in this section are grouped into the following basic areas of activity:

- Work with individual members on local planning efforts.
- Efforts coordinated through ARCH that benefit multiple members of ARCH.
- Track legislation that increases tools available to cities to create affordable housing.
- Participation in regional workgroups that impact local housing efforts.

A. Local Planning Activities

ARCH Housing Strategy Program. ARCH members have identified a number of Priority Housing Strategies as well as an ongoing education program for members, several of which can impact local planning efforts, including:

- Ongoing education of staffs and officials through Housing 101 Workshops for staffs and new local officials; updating information in the Housing 101 Workbook, annual study sessions with member councils to review current issues and activities and materials profiling current programs and housing trends.
- Assist cities that incorporate priority strategies into their local work program (e.g. property tax exemption program in mixed use zones, regulatory incentive programs, regulations to increase housing diversity (mixed use, innovative housing, housing emphasis zones). (Note: See Local Housing Efforts below for specific activities by members.)

Housing Background Information. On an annual basis, ARCH will continue to provide updated housing data information as available. This updated housing information will be incorporated into the education fliers and Housing 101 report used as part of the ongoing Housing Education Program. In 2014, conduct a Housing 101 workshop that will help assist member councils and planning commissions to prepare for updates to their Housing Elements and as applicable preparation and/or update to local housing strategy plans.

Objective: On a regular basis, conduct education sessions for new local officials and staffs on local housing conditions and programs (Housing 101 East King County, East King County Plan to End Homelessness), and hold annual discussion with member councils on recent housing trends and efforts.

Continue to keep member jurisdictions and the broader community aware of local housing conditions to assist in their efforts to evaluate current and future efforts to meet local housing objectives. Include research on recent housing trends, and responses to these trends.

Housing Needs Assessment. Members will need Housing Needs Assessments as part of their updates to their Comprehensive Plans. Working with ARCH members, ARCH has developed an overall needs assessment covering East King County. As an initial part of each member's update of their Comprehensive Plan, ARCH will supplement the overall needs assessment with localized information.

Objective: Assist with preparation of Housing Needs Assessment for all members, and to do so through a coordinated effort in behalf of all members.

Accessory Dwelling Units (ADUs). Several ARCH members have expressed interest in evaluating current ADU regulations and explore other ways to increase availability of ADUs. ARCH staff will assist with convening interested ARCH member cities to evaluate existing ADU regulations and determine ways to inform the broader community.

Impact Fee Waivers. In response to revisions of state law allowing impact fee waivers for affordable housing, support as needed ARCH member cities review and adoption of local legislation to implement state authority to grant impact fee waivers.

Local Housing Efforts. ARCH jurisdictions are updating land use, zoning and other codes in order to implement policies identified in their Comprehensive Plans. ARCH staff will continue to assist local staffs in these efforts. Following are specifically identified areas that ARCH will assist local staff with accomplishing. For the coming year, ARCH staff expects to spend time assisting members updating local Housing Elements.

Objective: Assist local staff with completion of the following updates of local codes and specific plans:

Bellevue

Assist City staff with update to Comprehensive Plan / Housing Element (including Housing Needs Assessment) and Housing Strategy Plan.

Assist City staff with developing and implementing administrative procedures for the Bel-Red land use incentive program.

Assist with Council evaluation of a Multifamily Tax Exemption program in the City. In the event Council provides direction to develop a program, assist City staff to develop code language for a program.

Assist in identifying opportunities for affordable housing and implementation of affordable housing strategies in identified East Link corridors and station areas where transit oriented housing and mixed income housing development is an important component of the initial planning work.

Assist in innovative housing ordinance for NB properties within the Newport Hills Commercial Center.

Assist in the "Downtown Livability" program's review of housing regulations and incentives.

Beaux Arts Village

Assist City staff with update to the Comprehensive Plan Housing Element.

Bothell

Assist city staff with update to Comprehensive Plan / Housing Element (including Housing Needs Assessment) and Housing Strategy Plan.

Assist city staff with review and update of existing Accessory Dwelling Units regulations.

Assist city staff with work related to affordable housing component of the city's LIFT program in their downtown areas. Includes assisting with any reporting requirements and potentially exploring additional opportunities for affordable housing on city owned properties in the downtown revitalization area.

Assist city staff with evaluating the updated state legislation regarding impact fee waivers for affordable housing, and explore potential revisions to local regulations related to impact fee waivers for affordable housing.

Clyde Hill

Assist City staff with update to the Comprehensive Plan Housing Element.

Assist City with rental of City's affordable rental unit.

Hunts Point

Assist City staff with update to the Comprehensive Plan Housing Element.

Issaquah

Assist City staff with update to Comprehensive Plan / Housing Element (including Housing Needs Assessment) and Housing Strategy Plan.

Central Issaquah Plan: Continue work with City staff to refine development standards and regulations related to the housing policies adopted in the Central Issaquah Plan.

Based on policy direction in Central Issaquah Plan, assist City staff with research and presentation to council related to establishing a Multifamily Tax Exemption program in Central Issaquah. If program is approved by Council, assist staff with establishing administrative procedures.

As needed, assist City staff with administration of the affordable housing provisions of the Lakeside and Rowley development agreements.

Issaquah Highlands: Mostly completed, but monitor the implementation of any remaining portions of the Issaquah Highlands affordable housing development agreement.

Kenmore

Assist City staff with update to Comprehensive Plan / Housing Element (including Housing Needs Assessment) and Housing Strategy Plan.

Assist in review of affordable housing regulations as needed for the City's commercial zoning work program for the Regional Business zone.

Consult and provide assistance to City staff on specific sites with affordable housing opportunities such as in the downtown and on city owned property.

Assist in developing administrative procedures for the City's adopted multi-family tax exemption program.

Kirkland

Assist City staff with update to Comprehensive Plan / Housing Element (including Housing Needs Assessment) and Housing Strategy Plan.

Continue to assist staff with local action related to the South Kirkland Park & Ride property (e.g. documentation to secure affordability requirements.)

Continue to assist with negotiating and administering the provision of affordable housing in developments required to provide affordable housing units pursuant to city regulations and/or using the optional multifamily tax exemption program.

Consult with city on TDR approaches and infrastructure financing tools for the Totem Lake Urban Center.

Assist City staff with housing issues that come before Council Planning and Economic Development Committee and resulting initiatives.

Assist City staff with affordable housing preservation efforts and initiatives.

Medina

Assist City staff with update to the Comprehensive Plan Housing Element.

Mercer Island

Assist City staff with completion of administrative procedures and documents associated with the land use incentive and tax exemption programs for Town Center.

Assist City staff with update to Comprehensive Plan / Housing Element (including Housing Needs Assessment) and Housing Strategy Plan.

Assist City staff with planning and if applicable, assist with implementation of a Transit-Oriented Development in the Town Center that includes affordable housing and commuter parking.

Newcastle

Assist City staff with update to Comprehensive Plan / Housing Element (including Housing Needs Assessment) and Housing Strategy Plan.

Assist with updating administrative procedures for city's updated affordable housing provisions based on any final revisions by Council. Assist with agreements for any project that would include an affordable housing requirement, including those related to the Community Business Center.

Assist staff with outreach effort related to ADUs.

Redmond

Continue to assist with negotiating and administering the provision of affordable housing in developments required to provide affordable housing units pursuant to city regulations.

Continue to assist staff with coordinating the development of the 160th site for senior affordable housing development in Downtown. (See Special Initiatives).

Assist with the creation of user guides for implementing housing requirements

Assist with the implementation of other high priority items identified in the Strategic Housing Plan, such as encouraging public/private partnerships to promote the development of affordable housing in urban centers.

Assist with pursuit of creative ways to implement the provisions for affordable housing in the Group Health Development Agreement including exploring ways to leverage other resources.

Assist with the promotion of affordable housing and other programs available to Redmond residents and developers, e.g., Accessory Dwelling Units (ADUs) (see above).

Assist with carrying out implementation strategies that result from the investigation of emerging housing markets and East Link Corridor housing strategies as described below under regional issues.

Assist City staff and Council with evaluating and, if appropriate, implementing a tax incentive program for affordable housing, as allowed under RCW 84.14.

Provide assistance as needed in updating neighborhood plans (e.g. Southeast Redmond) with respect to housing, including periodic attendance at Redmond Community Academy and CAC meetings to help identify housing issues and develop policy and regulatory responses.

As follow up to City's adoption of Section 8 anti-discrimination ordinance, assist with education outreach effort to landlords regarding Section 8 program. Potentially do in cooperation with other jurisdictions.

Sammamish

Assist City staff with update to Comprehensive Plan / Housing Element (including Housing Needs Assessment) and Housing Strategy Plan.

Assist City staff with making surplus site available to Habitat (see special initiatives).

Evaluate Strategy Plan to assess if work should commence on any medium priority strategies (e.g. Senior Housing opportunities).

Assist City staff with evaluating the updated state legislation regarding impact fee waivers for affordable housing, and explore potential revisions to local regulations related to impact fee waivers for affordable housing.

Assist City staff with new city code for homeless encampments.

Woodinville

Assist City staff with update to Comprehensive Plan / Housing Element (including Housing Needs Assessment) and Housing Strategy Plan.

Review and strengthening of affordable housing and accessory dwelling unit programs and regulations.

Assist City staff and Planning Commission with evaluating and developing incentives for affordable housing as provided for in the Downtown/Little Bear Creek Master Plan area.

Yarrow Point

Assist City staff with update to the Comprehensive Plan Housing Element.

Assist Planning Commission and Council with a review and potential update of current ADU regulations, and assist with effort to increase public awareness of local provisions.

King County See Regional/Planning Activities below.

Complete standard covenants, and monitor the implementation of the Northridge/Blakely Ridge and Redmond Ridge Phase II affordable housing development agreements. This includes monitoring annual progress toward achieving affordability goals; and providing information to developers on details about how the program is implemented.

General Assistance. In the past, there have been numerous situations where members have had requests for support on issues not explicitly listed in the Work Program. Requests range from technical clarifications, to assisting with negotiating agreements for specific development proposals, to more substantial assistance on unforeseen planning initiatives. ARCH sees this as a valuable service to its members and will continue to accommodate such requests to the extent they do not jeopardize active work program items.

B. Regional/Countywide Planning Activities

PSRC – HUD Sustainability Planning Grant (Growing Transit Communities (GTC)). PSRC in a partnership with public and private agencies from the Central Puget Sound region received a HUD Sustainable Communities Planning Grant. The formal grant work was completed at the end of 2013. Key products included a regional GTC strategy plan, analysis of development issues at several station areas along Eastlink, and a business plan for a land acquisition fund. In 2014 ARCH staff will assist member jurisdictions to evaluate and implement strategies relevant to their respective communities. Some specific activities for individual members are described above in the Local Housing Efforts section. One general area of activity could be to assist member cities with familiarizing the development community about housing opportunities in these areas.

Objective: Obtain information that is applicable to ARCH member cities' housing development efforts and assist with implementing strategies developed during the GTC process.

Countywide Planning Policies (CPP) for Affordable Housing. The Growth Management Planning Council adopted updated CPPs for housing. This also included several follow up work program items to begin implementation of some of the policies. ARCH staff will assist the regional work group on these follow up work program items (e.g. identifying and collecting key regional data for monitoring progress).

Legislative Items. ARCH staff will track state and federal legislative items that relate to affordable housing that could impact members' ability to address affordable housing. As needed, staff will report back to the Executive Board and members, and when directed coordinate with other organizations (e.g. AWC, Prosperity Partnership, WLIHA) to contact legislators regarding proposed legislation.

Committee to End Homelessness (CEH)/ Eastside Homeless Advisory Committee (EHAC). Anticipated work of the CEH in the coming year include continued coordinated allocation of resources, and initiating several specific proposals (e.g. shelters, addressing homelessness for veterans, families conversion process, and youth and young adults). Role for ARCH staff is expected to include participating in the CEH Funders group and its efforts to coordinate funding, and inform ARCH members and the general public of CEH/EHAC activities. Also continue to participate in efforts to implement homeless efforts within East King County through EHAC, including longer term solutions for winter shelters in East King County (see Special Initiatives).

Objective: Keep member jurisdictions informed of significant regional issues and pending legislation that could affect providing housing in East King County.

Ensure that perspectives of communities in East King County are addressed in regional housing activities, including the Committee to End Homelessness.

Have one or more specific local programs initiated as part of the 10 Year Plan to End Homelessness.

III. HOUSING PROGRAM IMPLEMENTATION

Monitoring Affordable Rental Housing. Administer ongoing compliance of affordability requirements. This includes affordable rental housing created through direct assistance (e.g. Trust Fund allocation, land donations) from member jurisdictions, and through land use incentives. Some Trust Fund projects also require monitoring of project cash flow related to loans made by jurisdictions to projects (see I. Project Assistance). One emerging issue is changing practices in payment of various utilities by residents. In 2014 one emphasis of monitoring will be to research this trend and making sure that permitted rent levels are appropriately accounting for what utilities are paid by residents.

Objective: Ensure projects are in compliance with affordability requirements which involve collecting annual reports from projects, screening information for compliance, and preparing summary reports for local staffs. To the extent possible this work shall:

- Minimize efforts by both owners and public jurisdictions.
- Coordinate ARCH's monitoring efforts with efforts by other funding sources such as using shared monitoring reports.
- Utilize similar documents and methods for monitoring developments throughout East King County.
- Ensure accurate records for affordable ownership units, including audit units for owner occupancy and proper recording of necessary documentation.
- Establish working relationship with other public organizations that can help assess how well properties are maintained and operated (e.g. code compliance, police, and schools).

<u>Monitoring Affordable Ownership Housing.</u> As more price restricted homes are created, monitoring of affordable ownership housing created through local land use regulations is becoming of increased importance. In addition, will continue to monitor general trends with ownership units, enforcement of covenant provisions (e.g. leasing homes, foreclosure), and as necessary evaluate and if warranted, complete revisions to the ownership covenants. One objective in the current year is to implement a process to regularly notify existing owners of the requirements of their affordability covenants. One other objective will be to consider updates to the covenants to account for any revisions to FHA guidelines. Also continue to maintain a list of households potentially interested in affordable ownership housing.

Objective: Oversee resale of affordable ownership homes. Address issues related to ongoing compliance with program requirements (e.g. leasing homes, foreclosures).

Complete revisions to the affordability covenant and administrative procedures to better protect against potential loss of long term affordability.

<u>Information for public on Affordable Housing.</u> Maintain lists of affordable housing in East King County (rental and ownership), and making that available as needed to people looking for affordable housing.

Objective: Maximize awareness of affordable housing opportunities in East King County through the ARCH web site, public flyers and other means to assist persons looking for affordable housing.

<u>Relocation Plans.</u> Assist as necessary with preparing relocation plans and coordinate monitoring procedures for developments required to prepare relocation plans pursuant to local or state funding requirements.

Objective: Maximize efforts to ensure that existing households are not unreasonably displaced as a result of the financing or development of new or existing housing.

IV. SUPPORT/EDUCATION/ADMINISTRATIVE ACTIVITIES

Education/Outreach. Education efforts should tie into efforts related to public outreach/input on regional housing issues (see Local Planning Activities). However, much of ARCH's outreach/education work will occur through work with individual members on local housing efforts. In addition to the Housing 101 workbook and related brochures, other outreach methods may include housing tours, a portfolio of successful projects, and short videos to be broadcast on local cable channels on local efforts.

Objective: Consistent with the Education program discussed at the ARCH Workshops, using input from the broader community, develop education tools to inform councils, staffs and the broader community of current housing conditions, and of successful efforts achieved in recent years.

Is a resource for members to assist with outreach and education activities on affordable housing associated with local planning efforts.

Conduct specific education events for ARCH member staff, commissioners and council members.

Create outreach tools/efforts that inform the broader community of affordable housing resources available to residents.

ARCH Web Site. Update on a regular basis information on the ARCH website, including information related to senior housing opportunities. Add new section to the website that provides more details and administrative materials for affordable incentive programs available through ARCH members and fair housing information.

Objective: Maintain the ARCH web site and update the community outreach portion by incorporating information from Housing 101 East King County, as well as updated annual information, and links to other sites with relevant housing information (e.g. CEH, HDC).

Make presentations, including housing tours, to at least 10 community organizations.

Media coverage on at least six topics related to affordable housing in East King County related to work done by Cities/ARCH and articles in local city newsletters.

Advice to Interested Groups. Provide short-term technical assistance to community groups, faith communities and developers interested in community housing efforts. Meet with groups and provide suggestions on ways they could become more involved.

Objective: Increase awareness of existing funding programs by potential users.

Increase opportunities of private developers and Realtors working in partnership with local communities on innovative/affordable housing.

Assist community based groups who want to provide housing information to the broader community by assisting with preparing background information.

Administrative Procedures. Maintain administrative procedures that efficiently provide services to both members of ARCH and community organizations utilizing programs administered through ARCH. Prepare quarterly budget performance and work program progress reports, including Trust Fund monitoring reports. Prepare the Annual Budget and Work Program. Work with Executive Board to develop multi-year strategy for the ARCH Administrative Budget. Staff the Executive and Citizen Advisory Boards.

Objective: Maintain a cost effective administrative budget for ARCH, and keep expenses within budget. Administrative costs should be equitably allocated among ARCH's members.

Maintain membership on the ARCH Citizen Advisory Board that includes broad geographic representation and wide range of housing and community perspectives.

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: **Kenmore Business Incubator: Considerations for City Support in 2015-2016 Biennium** **Proposed Council Action/Motion:** **Discussion and Possible Direction**	**For Council Meeting Agenda of: 10 Feb 2014** **Department: Executive** **Prepared by: Nancy Ousley** **Initial & Date** **Approved by Department Head:** NKO 26 JAN 2014 **Approved by City Attorney:** **Approved by Finance Director:** 1/28/14 **Approved by City Manager:** **Exhibits/Attachments:** 1. Staff Memo 2. Pilot Program Business Plan 3. 2012-2013 Status Reports and Presentation Material

Expenditure Required $	**Amount Budgeted** $238,000 in 2013-2014 Budget	**Appropriation Required** $

INFORMATION/BACKGROUND:

The Kenmore Business Incubator program began operations in February 2013 with an anchor tenant company and has completed one year of a two year pilot period. Staff has presented program updates to the Council over the past year and now begins a series of discussions to gauge the interest in continuing the program on past the two year pilot period, which will guide the preparation of the next biennial budget.

FISCAL CONSIDERATION:

Program expenditures for 2013 are well within the $238,000 budgeted in the Strategic Opportunities Fund. Staff and program consultant will also discuss the prospects for external funding.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Continue to Implement the Economic Development Strategy

KENMORE BY THE LAKE

City Of Kenmore, Washington

21 January 2014

TO: Rob Karlinsey, City Manager

FR: Nancy Ousley, Assistant City Manager NKO

RE: Kenmore Business Incubator

The Kenmore Business Incubator is now one year into the two year pilot period, and we are presenting considerations for a longer term program and City commitment for Council discussion. In doing so, we will discuss the experiences of this past year and a perspective from other programs in the industry. This initial discussion and subsequent sessions will help guide the Administration in preparing the proposed 2015-2016 Budget later this year.

Why did the City of Kenmore launch this program?

- Demonstrate the City's agility in seizing an opportunity with a start-up company as an anchor tenant
- Take advantage of the City's exceptional location in the midst of high tech employment centers, higher education institutions and proximity to both sides of Lake Washington
- Get recognition as a business – friendly city that values entrepreneurship
- Promote primary employers and start-up demographics
- Generate more daytime employment/office demand in downtown Kenmore to support bringing in additional food service and other businesses

Metrics Summary:

To date, we have received 25 inquiries on the Incubator program. We offer in person meetings with the Program Consultant and tours of the Incubator to interested businesses. We try to have the direct contact prior to programs submitting applications, because some conclude that this type of program is not the best fit for them or the timing is not right to join the program.

	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Companies	1/1*	3/2	3/3	4/3	4/	5/	5/	6/
Employees	5	10	13	15				
Mentoring sessions		2	6	19				
Media mentions		2	2	4				
Companies Graduating to Kenmore locations								
% of base rent offset	40	56	71	85				

*Goal/Actual

Budget and Expenditures to Date:

2013-2014 Budget= $238,000 **(Does not include program revenue)**

	2013	2014
Lease and Operations	$ 66,000	$ 72,000
Consulting Services	$ 36,000	$ 36,000
Equipment & Furniture	$ 16,000	$ 2,000
Miscellaneous	$ 5,000	$ 5,000
TOTAL	$123,000	$115,000

2013 Expenditures

	Jan 1-July 5	July 6-December 31	Total
Lease	$ 19,992	$ 15,436	$ 35,428
Equipment & Furniture	$ 23,712	$ 2,929	$ 26,641
Information Technology	$ 1,118	$ 3,975	$ 5,093
Consulting Services	$ 15,000	$ 21,000	$ 36,000
Utilities	$ 1,663	$ 2,413	$ 4,076
Maintenance	$ 3,119	$ 2,475	$ 5,594
Signage, Promotion	$ 2,868	$ 105	$ 2,973
Legal	$ 2,527	$ 0	$ 2,527
TOTAL	$ 69,999	$ 48,333	$118,332

2013 Program Revenue: **$16,462**

What happens after 2014?

We recommend that the City continue a commitment to this program in the next biennium, subject to budget and other considerations. The National Business Incubation Association (NBIA) reports that virtually all incubator programs require subsidies, often up to 7 years. Program participant rent and fees revenues are typically not sufficient to fully support programs.

What are issues to consider in proceeding with a post-pilot program?

- Physical Space and Location: We were fortunate to find a workable space in a prominent location with reasonable rent for the pilot phase of the program. A longer term program that has a good prospect of being sustainable needs additional space, preferably in a downtown location. The current location has 3000 square feet. An ideal space would be between 5000-10,000 square feet. If office space is constructed in the Kenmore Village project, the City could consider committing to lease space for the Incubator. We do not know of other prospects for attractive office space in downtown that will come on line any time soon.

  The current lease is three years (2013 through 2015), with the ability to terminate after two years with 90 days notice.

- Program Sector Emphasis: Focusing on technology start ups or other businesses that are compatible with professional office space is a reasonable direction. Lab space or commercial kitchen space is costly, and we have not detected as strong an interest or opportunity in those sectors. Bastyr students and graduates may gravitate more as service providers than developers of products, and this is a logical source of Incubator clients, certainly as part of the Natural Health Sciences Zone. We have had some interest from organizations and individuals in the fashion industry, and with adequate space there would be the opportunity to provide room for design and pattern development to that sector of businesses.

- Additional Service Options: Based on inquiries, we believe there is a strong interest in having co-working space in Kenmore. This is non-dedicated work or conference space that is suitable for home based businesses who want the option to work around other people from time to time or use conference space for occasional meetings. Co-working space could be incorporated into or adjacent to Incubator client space, assuming the Incubator moves to a larger space. It's assumed that co-working space businesses would not participate in mentoring or other business development services offered to the Incubator companies, but of course would be able to attend general business seminars offered in the community. Combining Incubator and co-working space could reduce the City subsidy amount, and could also provide a pipeline of potential Incubator applicants. An alternative to having co-working space in the Incubator is to work on recruiting a private operator of co-working space, such as Regus or HUB International, but those companies generally require well-appointed office space to attract users.

- Program Governance and Operation: according to the NBIA, in the US, 93% of business incubators operate as non-profits. Some options include:

    1. City operated program
    2. Private Non Profit Organization with or without City support
    3. University operated program
    4. Economic Development Organization operated
    5. Private sector operator (for profit)
    6. Private investment with equity position in companies (mostly for-profit model)

- Staffing Requirements: Current staff deployment is City lead .3-.4 FTE (.8 FTE during start-up) ; Consultant 20 hr./month minimum; misc. staff .1 FTE combined; janitorial contract; IT contract. For reference, NBIA notes that many programs have core program staff of 3 FTE (assuming 15,000-25,000 square foot facility and 15-35 companies). We anticipate minor, if any, change in staff costs if the program continues at the same facility in the next biennium, though the number of companies would likely increase.

- Funding Opportunities: Program staff are actively investigating and pursuing private foundation and other funding for a longer term program. The Program Consultant will submit letters of intent to apply to two private foundations this spring. Staff is also exploring sponsorship opportunities as an additional, albeit smaller, funding avenue.

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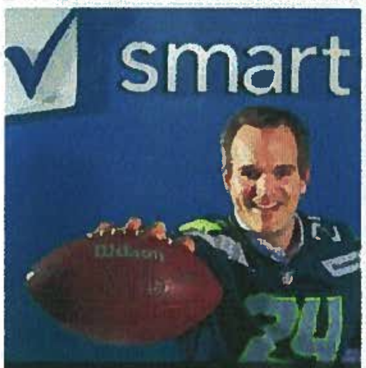
The list

FIND OUT WHICH CONVENTIONS PACK THE MOST ECONOMIC PUNCH.

- Conventions & Trade Shows. 18-21
- Hotels. 22-23
- Banquet & Meeting Facilities. 23-24

ONLINE ROOMS VS. HOTELS. 11-14



SUPER BOWL SUPPLIER. 3

WEAR YOUR APP

Seattle-area companies turn clothes into computers

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How to create an 18-story-tall light display for Seahawks fans. 7

Apprehension: T-Mobile workers fret. 6

Opportunity: Carbon fiber maker to expand. 8

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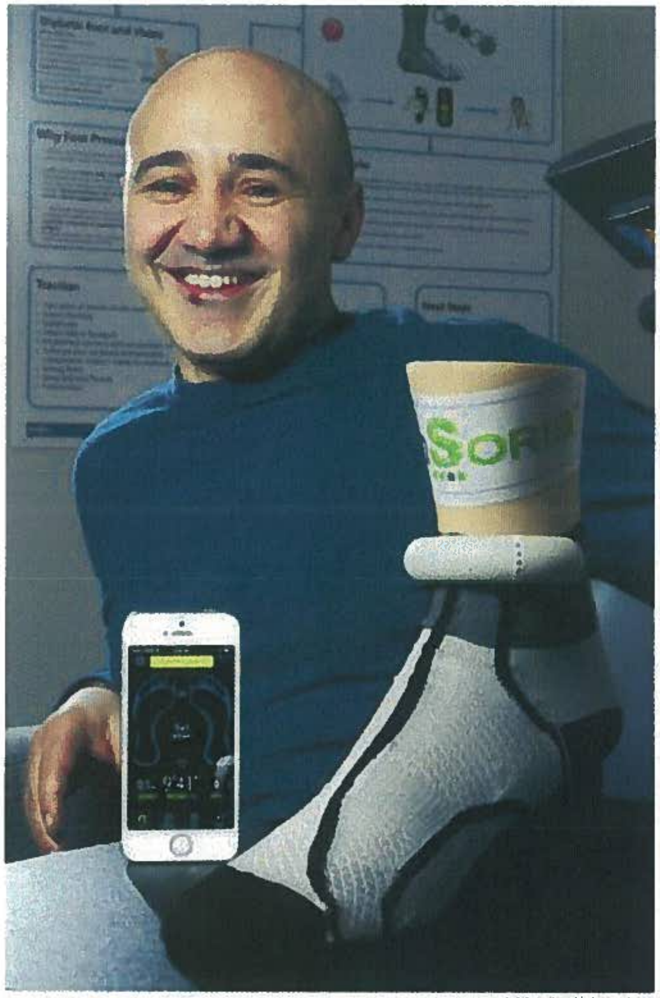
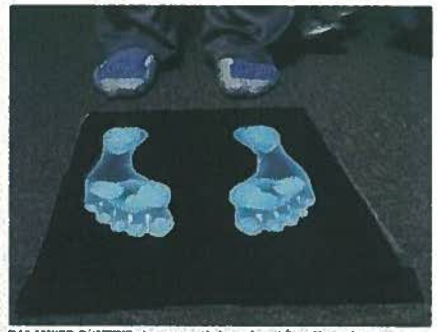


FEET FIRST: Mario Esposito, chief technology officer at Redmond startup Heapsylon, demonstrates the Sensoria SmartSock woven with "e-textile sensors" that can monitor the wearer's gait, balance and weight distribution with the help of the anklet and a mobile app that acts as a virtual coach. Plus, the socks can survive the washer and dryer.



BALANCED ROUTINE: A prototype balance board from Heapsylon can measure pressure points and help people with balance exercises. Since it's made of fabric, it can be rolled up and taken away.

FABRIC OF LIFE: Heapsylon's Sensoria Fitness sports bra and T-shirt, each $59, have built-in textile electrodes that are compatible with most heart rate monitors. "We can transform any existing garment into a smart garment," says Mario Esposito, Heapsylon's chief technology officer.

WEAR YOUR APP

Wearable technology on track to hit $19B annual revenue in 2019

By BRAD BROBERG
CONTRIBUTING WRITER

Fitness data from your socks? Contact lenses that check your blood sugar? Emails in your watch?

Welcome to wearable technology: clothes and accessories — even tattoos and implants — that interact with your smartphone. This fast-growing $1.4 billion-a-year industry, in which Seattle is well-represented, turns your apparel into computers.

Here's how it works: Sensors embedded in a wearable item collect information. A wireless connection such as Bluetooth transfers the data. A smartphone application manages it all via the cloud.

It sounds geeky, but what new breed of gadget didn't when introduced? Give wearables a little more time, and people may wonder how they lived without the added connectivity.

"It's still the first at bat in the first inning, but I don't think (wearable tech) is a gimmick," said Scott Jacobson, a managing director at Madrona Venture Partners in Seattle. "If you think about the time it took for almost everybody to have a smartphone ... wearable tech will get to the same scale much faster."

And as with smartphones, unintended

consequences are inevitable. A California court, for example, had to deal recently with a traffic citation against a driver who had been cited for wearing a Google Glass computer-in-eyeglass device.

Despite such distractions, worldwide spending on smart wearables is expected to grow to $19 billion in 2018, from an estimated $1.4 billion in 2013, according to market analysis by Juniper Research of the United Kingdom.

In addition to Google, big companies such as Nike (Nike FuelBand fitness bracelet) and Samsung (Galaxy Gear wristwatch) have already rolled out their first products. Others, including Apple and Microsoft, are expected to follow.

But it's not just big companies with wearable tech products that do everything from correcting poor posture to keeping parents informed of little Johnny's whereabouts. With so much opportunity for innovation, the sector is also fertile ground for emerging companies.

The Seattle area is well-positioned to be a player, Jacobson said. Amazon and Microsoft are leaders in cloud computing, which is how wearables gain their functionality.

In addition, the Ubiquitous Computing (UbiComp) research lab at the University of Washington is pushing the envelope of sensor technology, which is how many wearables collect their data.

And startups in the region already are finding ways to monetize real-time data (such as Seattle-based SNUPI Technologies, which just got $7.5 million in VC financing to roll out products that constantly watch such things as mold in people's homes).

It's not much of a stretch to get from tiny home sensors to the device that Google unveiled recently that uses a tiny glucose sensor and a wireless transmitter to track the blood sugar level of people with diabetes.

What's the device? A contact lens.

Batman and Robin

ConnecteDevice, creator of the Cookoo watch, is one of several companies already bringing wearable products to market. If your smartphone was Batman, the Cookoo watch would be Robin. Driven by the Cookoo Life app, this watch lets users know what's happening on their smartphone in real time without having to see it or reach for it.

The Cookoo watch beeps or vibrates and illuminates an icon to notify users of incoming calls and emails, Facebook messages and posts, Twitter mentions and more. All it takes is a quick glance at your wrist to stay in the loop.

"The Cookoo watch lets me focus on what's important right now while still being aware of what's going on in my connected world," said Peter Hauser, chief technology officer with ConnecteDevice, a Hong Kong based company with a research and development center in the Kenmore Business Incubator.

After launching the Cookoo watch in 2013, ConnecteDevice is introducing an upgraded version, the Cogito, in early 2014. The Cogito adds a micro-display that provides more information, such as caller ID. It also takes pictures and plays music.

Hauser declined to say how many Cookoo watches, priced at $130 and up, the company has sold. The Cogito will sell for $169.

While some other smart watches feature even more bells and whistles, ConnecteDevice wants its watches to be timepieces "first and foremost," Hauser said. The idea is to remain fashionable, not be clunky, and to avoid the need for frequent recharging while still giving users "a little bit extra," he said.

POWER WATCH: The Cookoo may look like an ordinary watch, but it has features such as Facebook check-in, call notification and location tagging. Its Hong Kong-based creator has a research and development center in Kenmore.

The quantified self

The realm of the quantified self – the growing trend of people collecting personal health data, tracking fitness activities and recording images of daily experiences – is a sweet spot for wearable tech.

Heapsylon is a Redmond startup that jumped feet first into this field with socks made from its proprietary Sensoria fabric, which is sensitive to biometric indicators. Smart sports bras and T-shirts are also about to hit the market, and a prototype shoe is in the works.

"We can transform any existing garment into a smart garment," said Mario Esposito, Heapsylon's chief technology officer.

The Sensoria sock is a pedometer on steroids. Transformed through chemistry, the fabric contains textile sensors that detect the amount of pressure applied by a person's foot.

Threads conduct a signal to an ankle bracelet that transmits the data to a smartphone app. The app displays speed and distance but also lets users know if their feet are striking the ground properly so they can adjust their style to prevent injury.

It's easy to see why the Sensoria sock might appeal to runners, but Esposito envisions a host of other applications ranging from helping golfers with balance and weight shift to monitoring blood circulation in the feet of diabetics.

Heapsylon, which doesn't disclose sales figures, recently struck a deal with British shoe company Vivobarefoot to sell its Sensoria socks alongside Vivo shoes. A set of four socks and one ankle bracelet is priced at $199. The sports bra and T-shirt, which are designed to capture heart and respiratory rates, are $59 each.

Heapsylon's goal is to introduce its Sensoria technology through a few signature products and then license the technology.

"Our plan," Esposito said, "is to become a platform company that provides the technology to large-scale manufacturers, but we still have to have a few products to display the potential."

CANDID CAMERAS: Body-worn videocameras made by Seattle-based Vievu can be used by police officers, factory and service workers, and people who want to film their lives. Images can be transmitted in real time

Cop-entrepreneur

Vievu is a Seattle company that makes body worn videocameras. Founded by former Seattle police officer Steve Ward in 2007, Vievu specializes in cameras for law enforcement. The company does not disclose sales figures, but Ward said Vievu cameras are used by more than 3,100 agencies in 15 countries.

New for 2014 is Vievu2, a body-worn camera for the mass market that transmits images to a smartphone in real time for storage or sharing via email or social networks.

"You don't have to stop and download anything because it's already where you want it: in the cloud," Ward said.

One of the other advantages of the palm size Vievu2 – price tag $349 – is that it can be worn unobtrusively on a belt, lapel, pocket or other places that bulkier cameras, which typically are mounted on headsets, don't fit, Ward said.

Ward said the primary market for the Vievu2 is the workplace, where a video recording can protect business owners and service providers such as plumbers and electricians from false claims of misconduct, negligence or damage.

The cameras could also be worn by manufacturing employees to ensure safety compliance and by private security guards to add a roving video feed to a surveillance network.

"It's not what we build, it's why we build it," Ward said.

"We're on a mission to remove liability from people's lives."

KENMORE BUSINESS INCUBATOR **November – December 2013**

BUSINESS PLAN FOR PILOT PERIOD 2013-2014

Mission/Objective: Capitalize on Kenmore's location and demographics to send the signal that Kenmore is Open for Business. Provide affordable work space and business mentoring services to start up businesses. Generate energy and acknowledgment that Kenmore is a desirable location for entrepreneurs and therefore grow primary industry jobs that will in turn demonstrate demand for office/commercial space and related services.

In particular, we believe there is substantial opportunity to increase local employment in the information technology field, given the number of tech workers who currently live in Kenmore and our location close to major tech employment centers and higher education institutions.

We also want to build on the tremendous resource of Bastyr University and the potential for new businesses that are drawn to this area because they want to be close to the main campus of Bastyr. The current facility may not be ideal for Bastyr candidates, but we will work with the university by offering "virtual" incubator services and business consultation during the pilot phase, and assess the type of services and facilities that fit the Bastyr /natural health sciences related new business as we look at a longer term model.

The Pilot Period provides the chance to get an Incubator program started on a manageable scale, while evaluating the market, structure and financial commitments of a longer term program.

Please note that the City instituted the pilot program on a fast track to take advantage of an opportunity and therefore did pursue the process of preparing a detailed business plan in advance of launching the pilot program. Depending on the guidance from the Council on post-pilot program support, a detailed Business Plan for a longer term program will be prepared.

Client Focus: As with most incubators,the client focus will be on primary industry companies in their startup phase. Primary industry means companies that export products (e.g. software; natural health supplements) out of Kenmore and import jobs and money into Kenmore. appropriate for the current office space. The initial tendency has been for for technology companies to occupy the space, but other uses are welcomed. Eligibility guidelines have been developed that outline the need to have good potential for success by demonstrating a strong market for product or services, and a realistic business plan. The Eligiblity Requirements are attached.

There currently is an anchor tenant in the first phase who intends to draw additional app developers into the facility. This tenant also has specific responsibilities for providing networking and marketing resources for the Incubator and its clients.

Typically, incubator companies are enrolled in programs from 1-2 years.

Organizational Structure (legal structure, governance): During the pilot period, the KBI is a City of Kenmore program. We are in the process of identifying Advisors and will convene an Advisory Group in spring 2014.

Services & Programs: In addition to weekly consultation on business plan, marketing and financial forecast with the Program Consultant, the KBI is offering consultation with mentors in the following areas:

- Financial Management/Tax Issues from CPA
- Legal: Intellectual Property and Business Law: Equinox
- Marketing: Basic Marketing and Social Media Marketing
- Branding: a Kenmore business is interested in assisting
- Preparing Presentations to Angel Investors

Experienced professionals are providing volunteer mentoring services, including some Kenmore residents and business people.

We are considering/planning to offer access to some or all of the programs to other Kenmore companies not in the incubator who are on wait list or have different facilities needs than what we can currently provide.

We are offering regular informal gathering opportunities for KBI companies, either Friday pizza, Tech Lunches and other chances for them to interact with each other. We are evaluating how much the companies use common areas such as the conference room or common "fireside " room in the current space.

Marketing, Public Relations and Client Recruitment Plan: Marketing through media, industry groups, website and social media. Frause is pitching a story on the KBI to business and technology publications. We have publicized when a company joins the Incubator and when they are recognized in competitions or publications (examples—Synch in TechFlash/PSBJ; ConnecteDevice in Walmart get to the shelf, Exato Game Studios award for best Indie game of 2013).

Open house(s): planned for March 2014

In addition to outreach to technology and natural health sciences sectors, we are currently working with Fashion Group International to establish business mentoring assistance, which could factor into non-resident offerings as described above or as KBI tenants.

We are actively working with Bastyr Director of Alumni Services and university leadership on encouraging Bastyr students, graduates and associates to apply to the Incubator.

We track the inquiries and status of contact with people who express an interest in the Incubator. To date, 25_ individuals have contacted us for information on the Incubator program.

Client Application/Selection/Graduation Process and Policies: Policies and application materials were developed in early 2013. We have recently amended policies to incorporate Digipen policy language on gaming content, and to specify in client agreement that they will make best efforts to locate in Kenmore post graduation. (this is currently in the Eligibility Requirements).

The typical sequence involves a person inquiring about the program first being directed to the City website for an overview of the program and application materials. The Program Consultant offers to meet with the person to get an idea of the stage of the business and provide additional information on the program, including a visit to the facility. The client then either completes the application or decides to wait or pass on the opportunity. We have received 3applications to date. Some people who inquire are already in well established businesses but are interested in renting space, others take time to decide what they want to do. We follow up with them to encourage them to apply and see if they need more information before applying.

When an application comes in, we review it and ask a volunteer mentor to review it as well before we accept an application and proceed with developing the program and sublease agreements. To date, no company/CEO that is currently in Kenmore has applied for the program, though one CEO is a former resident and another lives just outside the city limits.

The Graduation Requirements are attached, and focus on clients having achieved its go to market objectives; reached a level of financial success; exceeded the physical capacity of the Incubator; or have been involved as clients for more than two years.

Facility Requirements: There is little or no Class A office space in Kenmore, and this puts the program at a disadvantage. A downtown location is important, for visibility, access to transit and services, and for contributing to energizing the downtown.

We were fortunate to find 3,000 square feet of office space to lease at a favorable rate in a very visible downtown location, with a supportive Landlord. It has a good mix of private office space and larger rooms that accommodate work stations. The tenant improvements have been successful, but there are some down sides with the adjacencies to more industrial uses and traffic noise. Ideally we would have ADA accessible space (not the case now).

Some desirable incubator facility elements are present in the KBI space—the full kitchen is ideal. There is also a Conference room; informal gathering space; and flex small office for small meetings. We provide free WiFi for tenants and a printer/fax/scanner for a user fee. We have not added A/V equipment or land line telephone service. Clients report that they use skype for remote meetings. Other incubators do offer good conferencing equipment and conference rooms. We do offer access to City Hall meeting rooms (and the associated A/V access) to clients on the same basis as Kenmore residents and subject to the Meeting Room Policies.

We have learned that some type of on site recreation is desirable, particularly for tech tenants who want to retain their skilled staff.

We provide free parking (3 spaces adjacent to the building and parking in the Community Club lot) good transit and walk access. We have a secure building since we need to provide 24/7 access and there is no office staff on duty during business hours. We have not heard any issues from tenants, as they can arrange to let people in whenthey are expecting visitors. Having secure access also reduces interruptions to companies from drop in visitors or potential vendors.

We have a sign on the door that directs questions to City Hall. Secure, indoor bike storage would be ideal, but is not currently available.

Staffing: part time (20 hours per month base) consultant for client services and lining up mentors/classes for clients. There is no reception staff or regular City presence at the Incubator, other than consultation and other meetings. Janitorial services are contracted. The City's IT consultant provides services as needed. During the program start-up, about 80% of the Assistant City Manager time was devoted to KBI—this has leveled off at about 35%; Public Works/Finance staff and City Attorney's time was concentrated during start up phase and is now combined at .1 fte or less.

Budget: $238,000 was appropriated for the 2013-2014 Biennium. No client lease revenue was budgeted, and at this point about 85% of the base rent is offset by lease revenue.

According to NBIA sources, incubator services typically require subsidies for at least 5-7 years before they become self sufficient and/or private and non-profit sector entities replace initial public subsidies.

Post-Pilot Program: In Q1 2014 we intend to begin discussions with the Council on considerations for the program post 2014. These discussions will form the base for a longer term program business plan, which would be incorporated into recommendations for the 2015-2016 City Budget. Potential external funding sources will be identified, contacted and prioritized in the first quarter 2014, with the goal of commencing with submitting proposals in Q2.

Project Schedule and Implementation:

Council approves moving ahead with pilot program	Sept 2012
Lease executed for office space	Nov 2012
(lease commences Jan 2013)	
First tenant moves in	Feb 2013
Mentoring Program begins	Sept 2013

Reviews with Council

Evaluate elements for longer term program with Council Jan-Jun 2014

(business plan to be generated from these discussions)

Outreach to potential funders

Starting Q1 2014

Convene Advisory Committee Q1 2104

Recommendation to Council on post pilot program July 2014

Evaluation Criteria: # of companies/employees involved in program; favorable marketing/publicity about Kenmore; companies headquartered in Kenmore following graduation from the program; outside funding sources/grants obtained to support the incubator.

Considerations for Post Pilot Program to discuss with Council:

Governance Structure

Sector(s) to Market and effect on facility specs

Facility Needs and Availability

Client Mix: resident incubator clients/non resident incubator clients/ anchor tenant/ co-working space

Staffing

Budget Estimates

Potential for External Funding and relationship to program focus: foundations, government grants, equity partners, other

City Role and Investment; duration of City funding

Welcome to the Kenmore Business Incubator

It is our objective that as a client of the Kenmore Business Incubator (KBI) you will attain your goals for success. KBI will be integral to the establishment and growth of your new venture. The incubator is here to assist you. We encourage you to take advantage of the business and technical services and support afforded to the KBI incubator clients.

KBI is sponsored and managed through the City of Kenmore. Additional support is provided by a number of partner organizations that provide services and assistance to KBI clients.

The purpose of this handbook is to inform the clients and interested parties of the policies and procedures that are not delineated in the formal lease agreement. Further questions or requests for special services may be submitted to the City of Kenmore City Manager's Office at any time.

We welcome any thoughts and ideas on how KBI may better serve you.

Your success is our success!

Overview

The Kenmore Business Incubator is a pilot program launched by the City of Kenmore Washington in 2012 which offers helpful business l resources for entrepreneurs to launch and /or grow their new companies. The KBI fosters a climate for entrepreneurial activity and creates an infrastructure for early stage service and product based start-ups. These new companies will grow, create jobs and maintain strong ties to the local area economy, regional business development initiatives and be aware of national trends and opportunities. During the two year pilot period, the City plans to work with partners toward establishing a long term business incubator program.

The KBI's home is a 3,000 square foot suite of offices, conference room, open working space and convenient kitchen. The City of Kenmore has created a pilot business incubator that offers the following services and activities:

- Low cost office space convenient to transit, Burke-Gilman Trail and downtown business area
  - Provide technical business assistance to entrepreneurs and small businesses;
  - Facilitate access to the Puget Sound management professionals and academic community through corporations, educational institutions, successful entrepreneurs, and industry experts;
  - Create an entrepreneurial culture by providing continuous educational and business planning support to start and grow new companies and existing businesses in the City of Kenmore; and
  - The rental rates in the incubator are very affordable. Depending on the type of work area, monthly rental rates will range from $150-$350. As part of the rental rate, entrepreneurs receive the following benefits:
- Mentors and access to networking events
- 24/7 access and parking
- Secure, furnished office space
- Conference room and small meeting room
- Options for business mailbox address and shipping drop
- WiFi Internet connectivity, fax and printer
- Invitations to sponsored workshops and seminars
- kitchen / break room
- Listing on the City of Kenmore and KBI web site

If you are interested in becoming a KBI Business, please contact the City Manager's Office for an application by calling (425) 398-8900, or download an application from the City of Kenmore's website at www.kenmorewa.gov.

Kenmore Business Incubator (KBI)
Program Client Agreement

Each applicant will agree to the following items listed below to be considered as a KBI client. In addition to agreeing to these specific items, the KBI clients will be required to follow all relevant policies and procedures as established and set out by the City of Kenmore and its KBI.

1. Be an existing micro/small business, already legally established with relevant business documentation:
   a. Applicable business licenses/certifications
   b. Relevant Insurance
   c. Verification of Current Tax Return Filings (Personal or Corporate)
2. Submit a completed application.
3. Demonstrate ability to pay the on-site KBI rental fee, including one month security.
4. Agree to a background check to include financial, criminal, and references.
5. Participate in a personal interview.
6. Participate in the KBI orientation session.
7. Participate in workshops, seminars, mentoring sessions, and monthly progress review meetings.
8. Be well suited as a business to the incubator environment such as a start-up or transitioning home-based business.
9. Illustrate good potential for business advancement after a maximum of 2 years of Incubator support and in particular meet the graduation guidelines.
10. Following KBI tenure, agree to make best efforts to locate in Kenmore. Agree to be listed as a program participant/graduate.
11. Sign a Participant's Sublease Agreement

Agreed to:

____ ____________________

Client Signature Date

February 2013

Eligibility Requirements

In order to be eligible for consideration, an Incubator candidate should:

1. Be a new venture that is a for-profit business.
2. Have a product or service that can be commercialized within two years.
3. Be in the early stages of business development.
4. Demonstrate strong market for products or services.
5. Have potential for positive economic impact on the community through:
   - A technology, product or service deemed to have a high potential impact in the marketplace or community.
   - Potential for rapid company growth and the associated creation of new high paying jobs.
   - Positive impact on the tax base of local and state government.
6. If at all possible the company should plan to remain headquartered in Kenmore, and/or be willing to be listed as graduates/participants in the program.
7. The Founder/President/CEO/Director will be located in the incubator.
8. Have a basic business plan or a written description of the business, a market analysis, and a financial forecast.
9. Have a management team plan that demonstrates an ability to handle both the technical and managerial aspects of the business.
10. The management team is willing to seek and accept assistance from the KBI and its partners and service providers.
11. Be well-suited as a business to benefit from the KBI services, the business incubator environment, technical and business expertise.
12. Be compatible with other participants in order to maintain a productive environment for all participants.
13. Should not be in direct competition with other Incubator businesses
14. Agree to participate in the incubator's business assistance/networking programs and to cooperate in achieving the incubation program's mission.
15. Willingness to attend at least six (6) business incubation program educational seminars/workshops per year.

Client Review and Progress

Each KBI client will have a monthly review with the KBI and mentors. This is a regular progress review. KBI will post the reviews on the monthly calendar so that the date of each client review is public and easily accessible.

The client will produce a brief written update and be involved with in a collaborative discussion The report will detail overall progress with a focus on the preceding review period.

KBI Graduation Requirements

Prior to graduation, each KBI client needs to show that it has completed a comprehensive business plan. In addition, the client will have worked with an assigned mentor who provides the KBI with a positive assessment of the progress made by the clients and that the new venture has launched and has met its go-to-market objectives OR the client has sufficiently achieved its planning goals to implement go-to-market strategies.

More specifically, the client may graduate from the incubator when one or more of the following achievements have been met.

The new venture has launched and reaches annual sales of $1 million.

The company may have been acquired by a more established firm and can continue to foster its growth.

The startup receives a successful public or private stock offering of more than $250,000.

The new firm exceeds the capacity of the KBI.

The company is a client for more than two years.

Kenmore Business Incubator (KBI)

Rate Schedule

- One desk space with 24 hour access - $150 per month
- Separate Office (depending on space)-- $250/$300/$350 per month
- Security Deposit--$250 or the equivalent of one month's rent, whichever is greater

CITY OF KENMORE BUSINESS INCUBATOR PROGRAM APPLICATION

BUSINESS SUMMARY

The following questions are intended to provide a summary of your business. These questions should be answered and submitted to the City of Kenmore Business Incubator Program as part of the application as a tenant.

Please Note: The business information that you submit in response to this application will constitute a public record under the Public Records Act. Public records are subject to disclosure, unless an exemption under the Act applies. Please respond by submitting information that you would publicly disclose about your business/company. Please do not disclose information you consider to be confidential or proprietary.

1. **WHAT WE DO**

   Provide a description of the business, including the range of products and/or services offered. Describe the significant problem that your business solves for its customers in the market place.

2. **HOW WE DO IT – WHAT MAKES US UNIQUE**

   Describe the key factors that differentiate your business. How will you gain, sustain and grow a market position? What is your "unfair competitive advantage" that your competitors can not duplicate?

3. **WHO ARE OUR CUSTOMERS AND PARTNERS**

   Describe the market, the purchase decision makers in the market, the sales and distribution channel(s), and the sales cycle. Insure that the information is specific to *your* business opportunity vs. a generalization of the industry.

4. **HOW WE MAKE MONEY**

   Describe the revenue model for the business. Provide details of the primary revenue source and include others if needed.

5. **HOW LARGE IS THE MARKET OPPORTUNITY**

   What is the size of the specific market and how much can you expect to capture annually over the first THREE (3) years of operation. Please provide data annually.

6. **WHAT ARE THE COMPETING SOLUTIONS**

   Describe the alternative products and suppliers that offer your customers a solution. Describe how your solution is superior to the competition.

7. **WHEN WE EXPECT TO BE SUCCESSFUL and PROFITABLE**

   Describe the major milestones and challenges for developing the business.

8. **WHO WE ARE**

   Describe the principle participants in the business and the positions that need to be filled. What specific strengths and resources does your team bring to the opportunity? What makes you, as individuals, unique?

9. What services or support are you interested in/how do you think the incubator will help your business?

CITY OF KENMORE
BUSINESS INCUBATOR
PROGRAM APPLICATION

KENMORE BUSINESS INCUBATOR
GENERAL INFORMATION

Name of Business:

Principal Officer(s) and Titles:

Contact Information for Principal Officer/Person Completing this Application:

Name:

Address:

City: State: Zip Code:

Office Phone: Cell Phone:

Email Address:

Date Business was established:

Form of Business (LLC, S Corp., etc):

State and/or Federal ID:

Name(s) of company personnel proposed to occupy space in the Incubator:

1. ☐ US Citizen; ☐ Work Authorization; ☐ Neither

2. ☐ US Citizen; ☐ Work Authorization; ☐ Neither

3. ☐ US Citizen; ☐ Work Authorization; ☐ Neither

Have any company personnel been convicted of a felony or been incarcerated in the past seven years?

What type of space do you need in the incubator (work station, office, desk, etc)?

Requested Move-in Date:

Please provide two (2) business/professional references:

Name: Organization:
Phone: Email Address:

Name: Organization:
Phone: Email Address:

Return Application To: Nancy Ousley, City of Kenmore, 18120 68th Avenue NE, Kenmore, WA 98028

KENMORE BUSINESS INCUBATOR

FACILITY USE POLICIES AND INFORMATION

MARCH 2013

Note: These policies are subject to specific terms and provisions of Participant Sub Lease Agreement. The policies may be updated by the City as necessary during the Incubator pilot period. Participants shall provide a copy of these policies to each employee.

Access to the premises is available 24/7 via secure keypad. Each employee will be assigned an access code. This code should be kept confidential to each individual. The City will provide a "do not duplicate" hard key to each company CEO/director, but the hard key should not be used to enter the building unless the keypad is not functioning. Please advise the City of any personnel changes in your company so access codes can be updated.

No reception or public entry is available at the Kenmore Business Incubator (KBI). If you are expecting a visitor, please have them call your mobile phone when they arrive, and you should meet them at the door.

The facility is accessible by stairs, so is not ADA accessible.

Free parking is available to participants: 3 spaces on the property are assigned to KBI and are signed as reserved for the City of Kenmore; participants or their visitors should not park in other spaces on the property. In addition, 10-15 spaces are available in the Kenmore Community Club parking lot across 73rd Ave NE from KBI. Parking is available in the Community Club lot Monday through Thursday day and evening and Friday until 6 PM. (final arrangements in progress) Please place a provided KBI parking pass on your dash if you are parking in the Community Club lot. The City will make reasonable efforts to advise participants if the Community Club spaces are not available due to a scheduled event at the Community Club (provided the Community Club provides notice to the City). On-street parking is also available.

Free Wi Fi is available to participants: each company will have a password to the network

Printer/fax/copier/scanner—each company will have a user code and will be billed monthly for use. Participants need to provide paper for their copier/printer use. For printer/copier service issues, please call City Hall at 425.398.8900 and ask for Teresa McAllister or email her at tmcallister@kenmorewa.gov. Alternate contacts are Nicole Walsh, Brian Randall or Jennifer Gordon if Teresa is not available.

Conference Room and Small Meeting Room at KBI is available with sign up schedule.

City staff/consultant/janitorial staff will be at the facility on a frequent/regular basis

Participant CEO/company head/director is responsible for the actions of company personnel at the facility

Locked storage or individual offices may be available on request. The City and Landlord will also have keys to the spaces. Janitorial staff will need to have access to office spaces as well. There will be a replacement fee for lost keys. The City reserves the right to institute an additional fee for locked storage compartments.

Companies may schedule events/meetings at the space; the City must be notified of any planned events at least one week in advance, and the planned event is subject to City approval, particularly if other participants may be affected by the event. If the City schedules an event in the space, the City will make best efforts advise participants one week in advance and the City will seek to minimize any disruptions to participants.

Local Mail Service Options will be available to participants at their own cost. There is no mail delivery at the KBI.

Kitchen/Break Room: Aside from reasonable janitorial services, participants are responsible for cleaning up dishes, etc. after using the kitchen. Janitorial service is provided three times a week. See the Sublease Agreement for further details on facility maintenance responsibilities.

KBI participants will have access to reserving the Community Meeting Room at Kenmore City Hall at the Kenmore resident rate, subject to availability and room rental policies.

Furniture and Flooring: please do not slide furniture across the floor if you are moving it—pick it up. The wood floor will be scratched if you slide furniture on it, which may result in forfeit of your security deposit.

Service animals are the only animals allowed in the Incubator facility

No smoking, alcohol use, illegal drug use or illegal activities are allowed in the space

Please do not use candles or any other open flame in the KBI space

No additional signs on or around the premises or modifications to the space are allowed without the City's prior approval

QUESTIONS OR FACILITY CONCERNS DURING BUSINESS HOURS? Call City Hall at 425.398.8900 and ask for Nancy Ousley nousley@kenmorewa.gov Alternate contact is Jennifer Gordon.

FOR FACILITY IMMEDIATE ISSUES AFTER BUSINESS HOURS (EMERGENCIES): Call 206.296.8100

ATTACHMENT 3

KENMORE BUSINESS INCUBATOR REPORTS TO COUNCIL

DECEMBER 2013

(INCLUDING PRESENTATION TO SOUND CITIES ASSOCIATION)

JULY 2013

APRIL 2013

SEPTEMBER 2012

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: **Progress Report:** **Economic Development Strategy Implementation** **Proposed Council Action/Motion:** **Presentation and Discussion**	**For Council Meeting Agenda of: 9 December 2013** **Department: Executive** **Prepared by: Nancy Ousley** **Initial & Date** **Approved by Department Head:** ______ **Approved by City Attorney:** ______ **Approved by Finance Director:** 11/25/13 **Approved by City Manager:** **Exhibits/Attachments:** 1. Staff Memo 2. June 18, 2012 Agenda Package

Expenditure Required $n/a	**Amount Budgeted $144,900** 2013-2014 General Fund; $238,000 2013-2014 Strategic Opportunities Fund	**Appropriation Required $0**

INFORMATION/BACKGROUND:
Staff will report on activities undertaken in late 2012 and in 2013 to implement the Economic Development Strategy, which was adopted by the Council in 2009. Included in the report will be a focused discussion on the Kenmore Business Incubator pilot project.

FISCAL CONSIDERATION:
The City's Economic Development budget reflects an investment that is in keeping with the Council's #1 priority to implement the actions outlined in the 2009 Plan. The 2011-2012 Biennial Budget devoted a total of $29,800 for Economic Development.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Continue to Implement the Economic Development Plan

City Of Kenmore, Washington

November 25, 2013

TO: Rob Karlinsey, City Manager
FR: Nancy Ousley, Assistant City Manager
RE: Economic Development Strategy Implementation: Progress Report

The 2009 Economic Development Strategy outlined a five-year action plan, and our most recent full report to the Council was in June of 2012. This current report comes near the mid-point of the 2013-2014 Biennial Budget and it should be noted that the Council substantially increased the investment in Economic Development in the current budget. This is fitting since the Council #1 priority for 2013-2014 is Continue to Implement the Economic Development Plan.

The 2013-2014 Budget for Economic Development is $144,900 in the General Fund, along with $238,000 for the Pilot Business Incubator Program in the Strategic Opportunities Fund, for a total investment of $382,900. In contrast, the 2011-2012 Biennial Budget, which was developed during the Great Recession, allocated $24,800 to Economic Development.

The City Administration is proceeding with coherent leadership to improve the economic vitality of the City. We look forward to discussing the progress with the Council on December 9.

Priority Actions and Progress to Date:
The actions are arranged by the four major headings in the Economic Development Strategy and an additional section on the Kenmore Business Incubator.

Marketing and Promoting the Image of Kenmore:
Building from the foundation of identifying key messages in 2012, the City has embarked on a strategic media relations program with Frause Full Spectrum Communications. In addition to producing a media kit outlining demographics and priority initiatives of the City, our message has gotten out to a wider audience, particularly in regional business publications. The Wayfinding and Banner program continues to be implemented, and the design themes from that project are reflected in the media kit pieces.

The City website upgrade will debut in 2014, with user-friendly enhancements and a new look. We have connected on social media.

The City is taking opportunities to tell our Economic Development Story -- one example is the recent presentation and tour provided to elected officials from across the US who attended the National League of Cities annual conference.

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www.kenmorewa.gov

Stepping up on streetscape and park appearance also promotes Kenmore's image, and thanks to volunteer efforts, there is much progress to report. The recent Beautification Awards engages and recognizes local businesses and residents for doing their part to make their City more attractive.

Support Existing Businesses and Pursue Opportunities to Expand Employment:
The Council approved an Ordinance establishing a local Business Registration Program in 2013; this is a major step forward in connecting with local businesses and in turn informing the community of the opportunities to do business with their neighbors, as we will establish a Business Directory for businesses who are interested in being listed.

The Kenmore Business Alliance was formed this past year, a subcommittee of the Greater Bothell Chamber. The group is providing a vital connection and checking point to the local business community, even in its early stages. Recognizing Small Businesses in King County, we were proud that Kenmore Camera was named a finalist in the King County Executive Small Business Awards in late 2012. Their new expanded store will open soon in the heart of downtown Kenmore. The Planning Commission and City staff are working through the Regional Business Zone review, with the goal of increasing capacity for job growth in compatible areas.

Economic Gardening, providing helpful information for local businesses, began in a development stage in 2013 and will be launched after the City's new website is complete.

Our interest in pursuing business expansion in the natural health sciences area is strong, with Bastyr University as our largest employer. In partnership with the Economic Development Council of Seattle-King County (EDC) and Bastyr, we are executing the business plan that was developed for the Washington State Innovation Partnership Zone proposal in 2013. See page 6 of the attached EDC's "2014 Proposed Organization and Business Development Initiatives" report.

The City's Development Services process and streamlined development regulations continue to receive high marks for customer service and promoting a business-friendly approach for potential investors in the community. Worth noting is the Lean project recently undertaken by the City's Development Services Department, identifying numerous ways to further streamline and already well-performing permit processing operation.

The City continues to sponsor Business After Hours events and free educational seminars to local businesses.

Downtown Development:
Marketing the City-owned parcels in Kenmore Village was a major undertaking in 2012-2013. The strong response and number of credible offers for the two properties is a testament to the strengths of Kenmore as an exceptional development opportunity. We are now poised for substantial new residential and commercial development in downtown. The State Capital Budget has provided funding for the Town Green at Kenmore Village. The City also acquired a strategic parcel at 67th Avenue NE and SR 522 that is an important gateway to the Kenmore Village commercial area.

The streetscape improvements on NE 181st, such as banners and seasonal lighting on street trees, help define this area as a walkable and attractive business hub. This will continue to be enhanced as more development occurs. The recently installed "Support Local Business" banners were the brainchild of the KBA and add a strong message for our downtown.

Advancing the Community's connection to the waterfront:
This tremendous asset is getting more attention this year than it has perhaps since Cityhood. The City's work with Ecology and other agencies provided current data on the condition of lake sediments not only in the Kenmore Navigation Channel and other areas near the Lakepointe property, but at public access points such as Log Boom Park and the WA Department of Fish and Wildlife Boat Launch. The City is working closely with Kenmore Air, Northlake Marina and other water-dependent businesses on operational issues caused by sediment buildup, and continues to work actively at the federal level to get maintenance dredging of the Channel included in the US Army Corps of Engineers work program and budget.

The Administration has set the goal of seeing Lakepointe redevelopment proceed in the next few years and we are encouraged by the progress on this front, now that the economic conditions have improved.

Water-based recreation came to Log Boom Park this summer with businesses operating stand up paddleboard and kayak rentals and the new "sky boarding" phenomenon. The City is proceeding with plans to install floats at Log Boom pier and at Rhododendron Park for hand carried boat access (state/federal permit dependent). Other infrastructure improvements on the drawing board include a boardwalk and boat shed at Rhododendron Park and improvements to the WA Department of Fish and Wildlife Boat Launch, which the City is aiding by funding new restrooms.

The community is embracing this march to the lake and Sammamish River with proposed youth kayak programs and other activities that would be sponsored by local nonprofits. Amberly Gaul Culley's tremendous event celebrating the heritage of boat races on the Sammamish River has ignited interest and excitement from a variety of organizations around Puget Sound, and promises to be an annual attraction.

We are underscoring the excitement about new waterfront activities through our work with Frause to get stories in the media about these recreational opportunities.

Kenmore Business Incubator:
Though this project was not specifically mentioned in the 2009 Strategy, it is an important initiative in promoting new business development, marketing the City's image, and reaching out to existing businesses. We have seen media coverage on the companies and Incubator at the national and regional level, and through our media relations strategy, we are generating additional coverage—all of this introduces and reinforces the idea of Kenmore as a hub for innovation and startup companies.

There are currently three high tech businesses operating at the Incubator with a current census of 15 employees. Our Program Consultant Barry Weisband meets regularly with the businesses on business development issues and we have a roster of volunteer mentors who are providing their expertise in accounting, legal, and marketing to the companies. Volunteer mentors are also assisting with application review and program development.

As of November 8, 2013, the Incubator project had expenditures totaling $98,265 in 2013, so is on track to come in under the 2013 budget of $123,000. So far, lease revenue has offset those costs by nearly $12,000 as of November 8, 2013. At the December 9 briefing, we will provide updated budget information along with available data on the metrics that were identified in our July 2013 report to the Council.

In first quarter of 2014 staff will begin discussing considerations for a longer term program with the Council, in preparation for budget discussions for the 2015-2016 biennium.

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ECONOMIC DEVELOPMENT STRATEGY PROGRESS REPORT

December 9, 2013

Kenmore Business Incubator

- Building an entrepreneurial community
- Three companies currently in the Incubator
- 15 employees total
- Regular consultations on business plan formation and execution; marketing; financial projections

SYNCH

EGS

EXATO GAME STUDIOS

CONNECTEDEVICE LTD

KENMORE BY THE LAKE

Accelerated Start Up to Seize Opportunity

- Seven months from first internal discussion to Open for Business

- September 2012 — Council OK's 2 year pilot
- November 2012 — Council Approves Lease & Consultant Contract
- November 2012 — 2013-2014 Budget Adopted
- January 2013 — Tenant Improvements Done
- February 2013 — ConnecteDevice Signs Lease and Moves In

KENMORE BY THE LAKE

KENMORE
BY THE LAKE

Business Services

- Regular consultations on business plan formation and execution; marketing; financial projections
- Experienced mentors: legal; marketing; branding; accounting; management; making pitches to angel investors
- Informal networking among entrepreneurs
- Connections to other networking opportunities

Positive Messages

- Cookoo Watch on WalMart Video
- TechFlash Competition in Puget Sound Business Journal for Synch
- Mentors and Advisors Engaged
- Sound Cities Association Presentation
- Media Relations Interest

Walmart Get on the Shelf

Home

Home / Episode 4 / Cookoo Watch

Measures Summary

	2013				2014			
	Q1 March	Q2 June	Q3 Sept	Q4 Dec (to Dec 6)	Q1 March	Q2 June	Q3 Sept	Q4 Dec
companies	1/1	3/2	3/3	4/3	4/	5/	5/	6/
employees	5	10	13	15				
mentoring sessions		2	6	17				
% of base rent offset	40	56	71	85				

Companies enrolled: goal/actual
Note: Base rent increases in 2014

2013-2014 Project Budget
$238,000

	2013	2014
Lease & Operations	$ 66,000	$ 72,000
Consulting Services	$ 36,000	$ 36,000
Equipment & Furniture	$ 16,000	$ 2,000
Misc.	$ 5,000	$ 5,000
TOTAL	$123,000	$115,000

Does not include program revenue

2013 Expenditures to Dec 5 2013

	Jan 1-July 5	July 6-Dec 5	Total
Lease	$19,992	$12,155	$32,147
Furniture & Equipment	$23,712	$ 2,336	$26,048
Information Technology	$ 1,118	$ 3,630	$ 4,748
Consulting Services	$15,000	$15,000	$30,000
Utilities	$ 1,663	$ 1,640	$ 3,003
Maintenance	$ 3,119	$ 1,485	$ 4,604
Signage, Promotion, Printing	$ 2,868	$ 105	$ 2,973
Legal	$ 2,527	$ 0	$ 2,527
TOTAL	$69,999	$36,351	$106,350

2013 Revenue

- Revenue to December 5= $13,062
- Note that Base Rent increases in 2014 from $2125 to $2550

Next Steps

- Continue services and recruiting
- Open House 1st Quarter 2014
- Business Plan Review
- Assess Grants and Funding Opportunities
- Discussions with Council regarding considerations for longer term program, beginning in February 2014

City of Kenmore

KENMORE BUSINESS INCUBATOR

KENMORE BUSINESS INCUBATOR

Mayor David Baker Nancy Ousley Barry Weisband

SOUND CITIES ASSOCIATION
DECEMBER 2013

City of
Kenmore

City of
Kenmore

Kenmore Facts

- Population: 21,020
- Council/Manager Form of Government
- Incorporated 1998
- Full Time Employees: 29
- Special Districts/ Contract Services
- 2013-2014 Budget: $47,46,310
- Average Household Income: $94,000
- Education: 47% have 4-year degree
- Largest Employer: Bastyr University

City of
Kenmore

Economic Development Strategy

- Promote Kenmore's Image
- Support existing businesses and pursue opportunities to expand employment
- Create a vibrant, multi-use downtown
- Connect the community to the water

City of
Kenmore

Why Take the Lead

- Grow local business
- Take advantage of location and demographics
- Build entrepreneurial community and spirit
- Generate demand for new office development
- Reinforce the message that Kenmore is open for business

City of Kenmore

The Landscape

- Incubators
- Accelerators
- Co-working space
- Virtual incubators

City of
Kenmore

Incubator Key Features

- Low cost work space
- Assistance with business plan formation and execution
- Experienced business mentoring: Legal, Accounting, Marketing, Presenting to Angel Investors
- Opportunity to interact and learn from other startups
- Graduation criteria

City of
Kenmore

Incubators Come in Different Flavors

- Geared to different sectors

Governance Structures:

- Nonprofit
- For Profit
- University Related
- Government Sponsored
- Venture/Angel Governed
- Combinations

City of
Kenmore

Kenmore Pilot Incubator

- Seizing an opportunity
- Accelerated schedule: 7 months from first discussion to occupancy

September 2012 November 2012	City Council ok's 2-year pilot lease, Consultant contract approved
November 2012	2013-2014 budget adopted
January 2013	Tenant improvements done
February 2013	ConnecteDevice signs lease and moves in

City of
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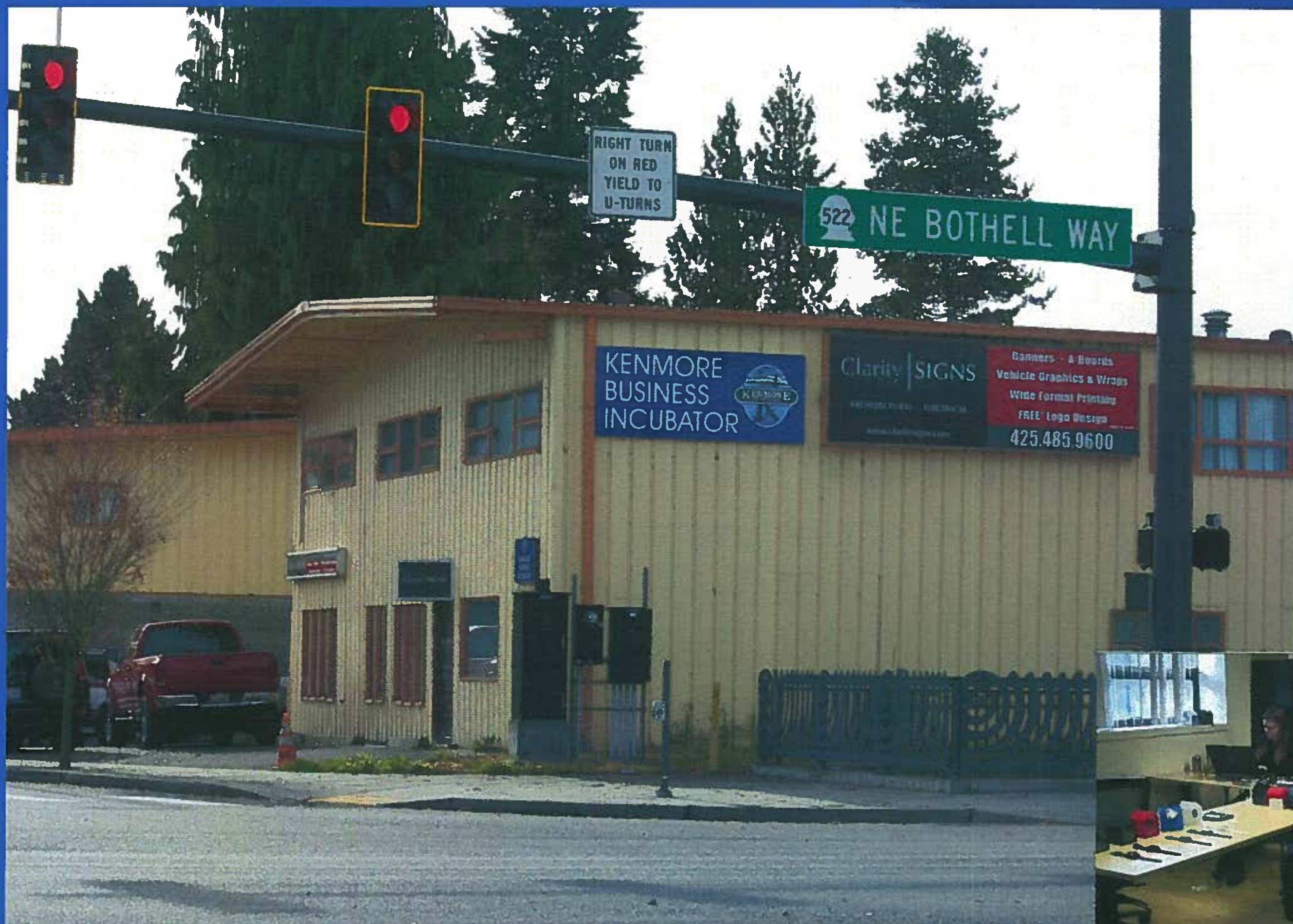

City of Kenmore

Current Companies

CONNECTEDEVICE LTD

SYNCH

EXATO GAME STUDIOS

- 15-17 TECH EMPLOYEES THAT HAD NOT WORKED IN KENMORE PREVIOUSLY

City of
Kenmore

Client Responsibilities

- Business Plan
- Good potential for growth
- Regular check-ins with consultant
- Mentoring participation
- Best efforts to locate in Kenmore after graduation
- Sign sublease

City of
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City of
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City of
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Facility, Staffing Considerations

- Location can contribute to downtown redevelopment
- Right size
- Accommodate 24/7 operation
- Facility features that match the sector
- Parking, transit access, bike storage
- Staffing Scenarios: Program Manager, Business/Mentor Expert, Facility Management, Reception

City of
Kenmore

Lessons Learned

- Be flexible in choosing program metrics
- Positive publicity and engagement of business mentors/volunteers
- Incubator subsidization is typically needed for several years
- Assessing the needs and feasibility for a longer term effort

City of
Kenmore

Resources

National Business Incubator Association

www.nbia.org

City of Kenmore

www.kenmorewa.gov

Mayor David Baker

Assistant City Manager Nancy Ousley

City of Kenmore

KENMORE BUSINESS INCUBATOR

KENMORE BUSINESS INCUBATOR

Mayor David Baker   Nancy Ousley   Barry Weisband

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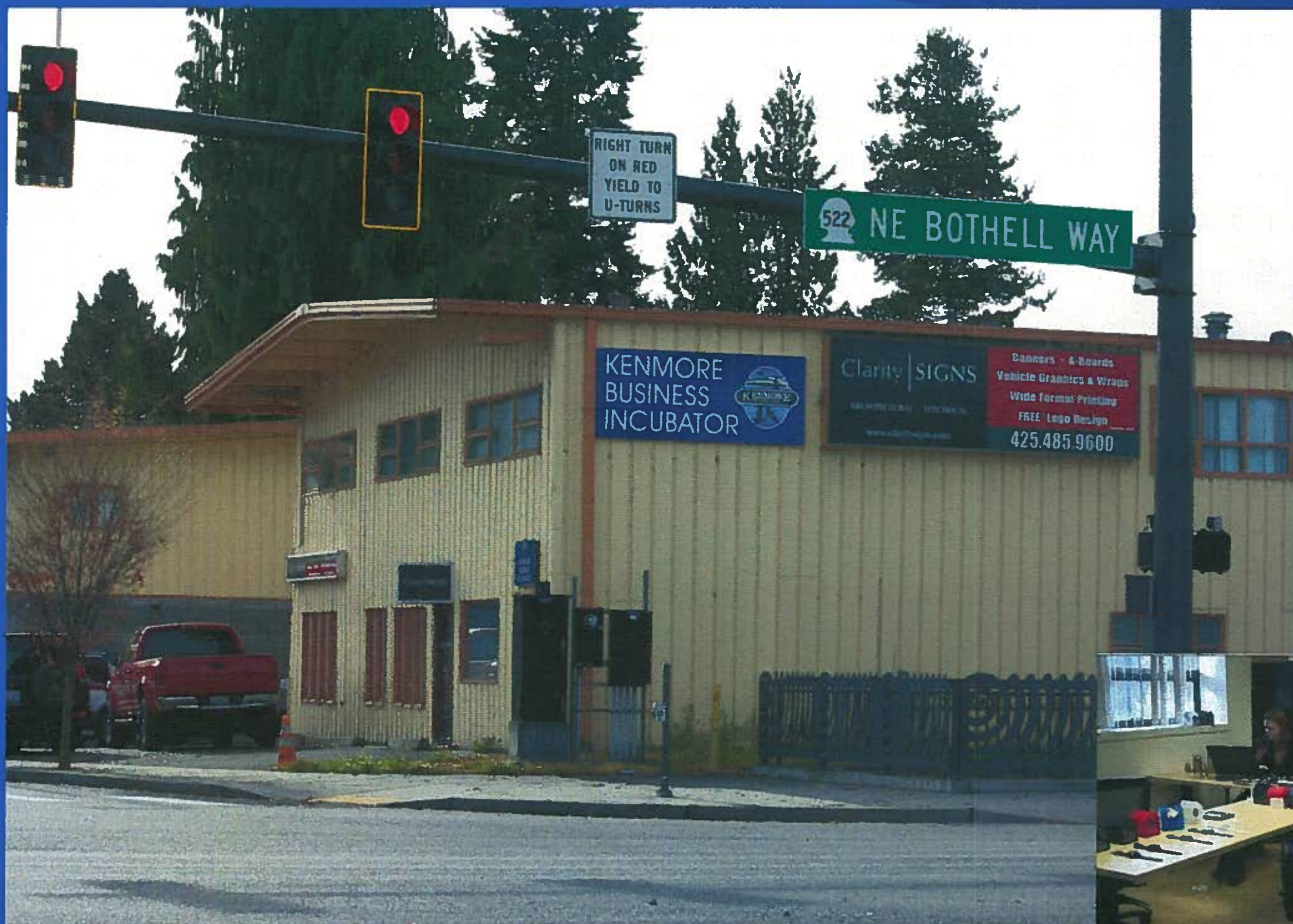

City of Kenmore

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Mayor David Baker

Assistant City Manager Nancy Ousley

City Of Kenmore, Washington

July 9, 2013

MEMO

TO: Mayor & City Council
Rob Karlinsey, City Manager

FR: Nancy Ousley, Assistant City Manager

RE: Kenmore Business Incubator Update

I am pleased to report that Exato Games Studio is the second company to join the Kenmore Business Incubator (KBI), as of June 1, 2013. Presently, ten technology employees are working in the Incubator space, and six months ago none of these individuals were working in Kenmore. The Incubator has a capacity for 12-15 dedicated workstations.

We have met with several interested companies in the last month and expect to see at least two applications. Through outreach to Bastyr, UW, Digipen, other incubator facilities and business associations, we are getting referrals and inquiries from businesses. We have also heard from a number of businesses who have noticed the prominent exterior signs on the incubator building.

The Kenmore Business Incubator pilot project had a "soft" opening February 2013 and had program elements in place to market the program and accept applications in April. Sending a clear message that Kenmore is "Open for Business" and an excellent business environment for early-stage, promising companies is a primary purpose for embarking on this pilot project. We saw the tremendous opportunities and prospects for tying into the community of technology professionals that live and/or work in the area, in addition to our proximity to higher educational institutions. The KBI offers a lower cost and convenient alternative to incubators in downtown Seattle and Eastside employment centers. We are also working closely with Bastyr University, as well as Digipen and the University of Washington, to market the Incubator to their students and alumnae.

Mentors are lined up to provide business development advice and educational sessions for participants. The KBI will launch a series of information sessions later this summer for program participants and will also continue to work with Fashion Group International members on business development, which will bring more businesses into the program.

The City has joined the National Business Incubation Association (NBIA) , which is the major industry organization for incubator programs, and many of the benchmarks and best practices we have identified for the KBI track with the NBIA.

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Now that the pilot incubator is up and running, we need to complete the development of a longer term business plan for the Kenmore Business Incubator, in order for the Administration to discuss options and recommendations with the Council in 2014, as the end of the two year pilot period approaches. The general outline of Kenmore's business incubator plan will be as follows:

Mission/Objective
Client Focus—what types of businesses
Organizational Structure (legal structure, governance)
Services & Programs (services for clients, identifying business assistance providers)
Marketing, Public Relations and Client Recruitment Plan
Client Application/Selection/Graduation Process and Policies
Facility Requirements
Staffing
Budget
Project Schedule and Implementation
Evaluation Criteria

Most of these items are in place, having been developed as part of the pilot program; they will be assessed and tailored to a longer term model. The business plan outline is recommended by the NBIA.

Metrics for Evaluating The Pilot Program

In our most recent report to the Council, the Council expressed interest in the metrics or benchmarks to assess the program. In evaluating the prospects for a longer term program, how will we know if the pilot program is successful and meeting the Council's expectations? The following set of measures will be incorporated in the longer term plan and will help track the KBI's progress.

Outputs:

# of program inquiries, and how did they hear about the KBI
# of applications
# of companies participating
# of employees working in participating companies
# of business development seminars presented for participants
# of individual consultations with participants
# of partner mentors engaged with the program
# of business seminars offered for general audiences
# of participant companies graduating
# of networking events sponsored: general and incubator-based
# of potential long term partners contacted (institutional, public, private)

Outcomes:

- Media stories or mentions on the Incubator / Kenmore as a good place for business

- Companies locating in Kenmore post graduation from the Incubator + FTE's (note, companies agree to make best efforts to locate in Kenmore in their program agreements)

- New businesses registered in Kenmore in similar classifications as KBI companies
- Demonstrated need for additional office space in Kenmore
- Commercial/office real estate investment/development/plans (# projects and sf of remodeled or new space)
- Multipliers tied to new businesses related to KBI locating in Kenmore

KBI Budget Update

The City Council appropriated $238,000 for the incubator project this biennium. During development of the incubator budget, the following expenditure categories were presented, with the expectation that some costs would be offset by user fees:

	2013	2014
Lease & Operations	$66,000	$72,000
Consultants	$36,000	$36,000
Equipment/Furniture	$16,000	$ 2,000
Misc.	$ 5,000	$ 5,000
Total	**$123,000**	**$115,000**

Program Expenditures and Revenue

From January through July 5, 2013, the incubator project expenditures were $69,999. Most of these costs are attributed to start up costs. Major expenditure categories are as follows:

Furniture & Equipment:	$ 23,712	($22,896 one-time costs; $816 on-going costs)
Information Technology:	$ 1,118	
Rent	$ 19,992	
Utilities	$ 1,663	
Signage, Printing	$ 2,868	
Consulting Services	$ 15,000	
Legal	$ 2,527	
Maintenance	$ 3,119	
Total	**$ 69,999**	

2012 Expenditures totaled $16,151 (Consulting $10,000; Security Deposit/Rent $4675; Legal $1476)
Year-to-date Revenues/ user rents equal $5601

In summary, we are pleased to report that the KBI is moving forward according to plan. The biggest challenges will be to: 1) attract outside funding and partners who can sustain the KBI beyond the City-initiated two-year pilot period 2) secure suitable space for a facility in Kenmore. More discussions and updates will develop as this project progresses.

In the meantime, the KBI is sending a clear message to the business community that we are open for business and that Kenmore is a viable and attractive place to start a new company.

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic:

Kenmore Business Incubator Report

For Council Meeting Agenda of: 15 April 2013

Department: Executive

Prepared by: Nancy Ousley

	Initial & Date
Approved by Department Head:	NKO 3 APR 2013
Approved by City Attorney:	
Approved by Finance Director:	
Approved by City Manager:	RJK 4/3

Proposed Council Action/Motion:

Report and Discussion

Exhibits/Attachments:

Program Material

Expenditure Required $0	Amount Budgeted $238,000 for 2013-2014	Appropriation Required $0

INFORMATION/BACKGROUND:
The Council authorized establishing a two year pilot Business Incubator Program in September 2012, and in November 2012 approved a lease contract for office space, a consultant contract and funding for the program in the 2013-2014 Budget. Staff and Program Consultant Barry Weisband will provide a status report to the Council on the Program start-up activities.

FISCAL CONSIDERATION:
The program expenditures to date are within budget, and sublease payments are offsetting some of the City funding. As more businesses participate, the offset amount should increase.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Continue to Implement the Economic Development Strategy

Welcome to the Kenmore Business Incubator

It is our objective that as a client of the Kenmore Business Incubator (KBI) you will attain your goals for success. KBI will be integral to the establishment and growth of your new venture. The incubator is here to assist you. We encourage you to take advantage of the business and technical services and support afforded to the KBI incubator clients.

KBI is sponsored and managed through the City of Kenmore. Additional support is provided by a number of partner organizations that provide services and assistance to KBI clients.

The purpose of this handbook is to inform the clients and interested parties of the policies and procedures that are not delineated in the formal lease agreement. Further questions or requests for special services may be submitted to the City of Kenmore City Manager's Office at any time.

We welcome any thoughts and ideas on how KBI may better serve you.

Your success is our success!

Overview

The Kenmore Business Incubator is a pilot program launched by the City of Kenmore Washington in 2012 which offers helpful business l resources for entrepreneurs to launch and /or grow their new companies. The KBI fosters a climate for entrepreneurial activity and creates an infrastructure for early stage service and product based start-ups. These new companies will grow, create jobs and maintain strong ties to the local area economy, regional business development initiatives and be aware of national trends and opportunities. During the two year pilot period, the City plans to work with partners toward establishing a long term business incubator program.

The KBI's home is a 3,000 square foot suite of offices, conference room, open working space and convenient kitchen. The City of Kenmore has created a pilot business incubator that offers the following services and activities:

- Low cost office space convenient to transit, Burke-Gilman Trail and downtown business area
  - Provide technical business assistance to entrepreneurs and small businesses;
  - Facilitate access to the Puget Sound management professionals and academic community through corporations, educational institutions, successful entrepreneurs, and industry experts;
  - Create an entrepreneurial culture by providing continuous educational and business planning support to start and grow new companies and existing businesses in the City of Kenmore; and
  - The rental rates in the incubator are very affordable. Depending on the type of work area, monthly rental rates will range from $150-$350. As part of the rental rate, entrepreneurs receive the following benefits:
- Mentors and access to networking events
- 24/7 access and parking
- Secure, furnished office space
- Conference room and small meeting room
- Options for business mailbox address and shipping drop
- WiFi Internet connectivity, fax and printer
- Invitations to sponsored workshops and seminars
- kitchen / break room
- Listing on the City of Kenmore and KBI web site

If you are interested in becoming a KBI Business, please contact the City Manager's Office for an application by calling (425) 398-8900, or download an application from the City of Kenmore's website at www.kenmorewa.gov.

Kenmore Business Incubator (KBI)
Program Client Agreement

Each applicant will agree to the following items listed below to be considered as a KBI client. In addition to agreeing to these specific items, the KBI clients will be required to follow all relevant policies and procedures as established and set out by the City of Kenmore and its KBI.

1. Be an existing micro/small business, already legally established with relevant business documentation:

    a. Applicable business licenses/certifications
    b. Relevant Insurance
    c. Verification of Current Tax Return Filings (Personal or Corporate)

2. Submit a completed application.

3. Demonstrate ability to pay the on-site KBI rental fee, including one month security.

4. Agree to a background check to include financial, criminal, and references.

5. Participate in a personal interview.

6. Participate in the KBI orientation session.

7. Participate in workshops, seminars, mentoring sessions, and monthly progress review meetings.

8. Be well suited as a business to the incubator environment such as a start-up or transitioning home-based business.

9. Illustrate good potential for business advancement after a maximum of 2 years of Incubator support and in particular meet the graduation guidelines.

10. Sign a Participant's Sublease Agreement

Agreed to:

____ ____________________

Client Signature Date

February 2013

Eligibility Requirements

In order to be eligible for consideration, an Incubator candidate should:

1. Be a new venture that is a for-profit business.
2. Have a product or service that can be commercialized within two years.
3. Be in the early stages of business development.
4. Demonstrate strong market for products or services.
5. Have potential for positive economic impact on the community through:
   - A technology, product or service deemed to have a high potential impact in the marketplace or community.
   - Potential for rapid company growth and the associated creation of new high paying jobs.
   - Positive impact on the tax base of local and state government.
6. If at all possible the company should plan to remain headquartered in Kenmore, and/or be willing to be listed as graduates/participants in the program.
7. The Founder/President/CEO/Director will be located in the incubator.
8. Have a basic business plan or a written description of the business, a market analysis, and a financial forecast.
9. Have a management team plan that demonstrates an ability to handle both the technical and managerial aspects of the business.
10. The management team is willing to seek and accept assistance from the KBI and its partners and service providers.
11. Be well-suited as a business to benefit from the KBI services, the business incubator environment, technical and business expertise.
12. Be compatible with other participants in order to maintain a productive environment for all participants.
13. Should not be in direct competition with other Incubator businesses
14. Agree to participate in the incubator's business assistance/networking programs and to cooperate in achieving the incubation program's mission.
15. Willingness to attend at least six (6) business incubation program educational seminars/workshops per year.

February 2013

Client Review and Progress

Each KBI client will have a monthly review with the KBI and mentors. This is a regular progress review. KBI will post the reviews on the monthly calendar so that the date of each client review is public and easily accessible.

The client will produce a brief written update and be involved with in a collaborative discussion The report will detail overall progress with a focus on the preceding review period.

KBI Graduation Requirements

Prior to graduation, each KBI client needs to show that it has completed a comprehensive business plan. In addition, the client will have worked with an assigned mentor who provides the KBI with a positive assessment of the progress made by the clients and that the new venture has launched and has met its go-to-market objectives OR the client has sufficiently achieved its planning goals to implement go-to-market strategies.

More specifically, the client may graduate from the incubator when one or more of the following achievements have been met.

The new venture has launched and reaches annual sales of $1 million.

The company may have been acquired by a more established firm and can continue to foster its growth.

The startup receives a successful public or private stock offering of more than $250,000.

The new firm exceeds the capacity of the KBI.

The company is a client for more than two years.

KENMORE BUSINESS INCUBATOR

STATUS REPORT

KENMORE CITY COUNCIL

APRIL 2013

A Look Behind Us and to the Future

September 2012	City Council authorizes proceeding with 2 year pilot project
November 2012	Lease approved
November 2012	Consultant Contract approved
November 2012	2012-2013 Budget Adopted
January 2013	Tenant Improvements Completed
February 2013	Furniture Installed
	First Tenant Signs Lease and Takes Occupancy

WHY and HOW KENMORE IS TAKING the LEAD

- Building An Entrepreneurial Community
- Recruiting Entrepreneurial/Start Up Businesses
- Providing Start Up Advisors
- Regular Educational Programs
- Availability of Experienced Business Mentoring
- Offering Low Cost Work Space
- Assistance with Business Plan Formation and Implementation
- Oversight and Review of Business Plan Progress
- Networking Opportunities

BUILDING PUBLIC/PRIVATE PARTNERSHIPS

Velocity Ventures

Founders Institute

Bastyr University

The Quality Factory

FGI – Fashion Group International

EXPECTATIONS FOR PARTICIPANTS

BUSINESS PLAN

REGULAR CHECK-INS WITH CONSULTANT, MENTORS AND ADVISORS

SEMINAR/MENTORING PARTICIPATION

BEST EFFORTS TO LOCATE IN KENMORE POST INCUBATOR

SO FAR WE HAVE LEARNED

Opportunity to Build a Unique Dynamic Business Development Resource

A Definite Need in the Community

Need for a Kenmore Business Registration Program

Focus on entrepreneurs who need consistent start up space vs. unscheduled walk-in space

NEXT STEPS

MARKETING THE PROGRAM

OPEN HOUSE

PROGRAM OPERATION

ASSESSING LONG TERM PROSPECTS FOR THE INCUBATOR


AUTO
PARTS

KENMORE BUSINESS INCUBATOR

KENMORE
BY THE LAKE

City Of Kenmore, Washington

5 September 2012

TO: Rob Karlinsey, City Manager

FR: Nancy Ousley, Assistant City Manager

RE: Business Incubator

The September 10, 2012 City Council meeting will feature a discussion on business incubators and a potential opportunity for the City to get involved with this activity. Barry Weisband, formerly the Director of University of Washington Bothell's Entrepreneurship Center, will participate in the presentation and discussion.

Business Incubators provide: Low cost shared work space with central office services such as: high speed internet, copying, conference areas, lab space, kitchen, reception; business training, consultation and mentor assistance; and access to business and technical advice and financial resources. Sometimes incubators are centered on specific industry clusters, such as technology, medical devices, or green building development. Incubators also provide networking opportunities with other companies, and they enable entrepreneurs to focus on their core product development in the first critical years of operation.

How do they work? Some business incubators are separate non-profit organizations with a board of directors and dedicated staff. Other partnership models have the management services contracted. Prospective tenants apply and are evaluated on the strength of their business plan and have access to the work space and services for a specified period of time, for example 2 years, in order to get started. In some cases, the entrepreneur needs to get licenses for the intellectual property of a new device or application, and the incubator management can assist in this process. Businesses graduate from the incubator and make way for new members. Along the way, businesses receive training and individual consultation on business management and planning. Often, local professional firms get involved to help train or perform services such as legal or financial accounting. Some incubators have "angel" investors for the operation itself or for the individual businesses.

What are some regional examples of business incubators? Auburn, Clallam County, Ellensburg, Tacoma are examples of public partnership incubators. As part of its Innovation Partnership Zone business plan, the City of Bothell plans an incubator focused on the medical device industry and recently received $500,000 in funding in the State Budget. Private incubators include Surf Incubator in downtown Seattle.

What are the benefits of having a business incubator for a community? Locating a business incubator in a community can promote activity in a commercial district and attract other new businesses through informal networks, particularly if commercial rents are affordable. Helping entrepreneurs launch a business venture helps job creation. Ancillary businesses can benefit from the business activity—shipping, office supplies, restaurants to name a few. It is ideal to involve mentors and services from the community, which is a good community-building element—this provides legal, accounting and other advice that is essential to getting a new business off the ground.

Previous Discussions with Bastyr and University of Washington Bothell (UWB): In 2011 City staff, Bastyr University leadership and UWB had preliminary discussions on partnering on a business incubator that would be geared toward UWB and Bastyr students or graduates. The City's primary role in that model would have been primarily focused on the physical space for the program, either in City-owned property or subsidizing commercial lease and/or tenant improvements. We have very recently reiterated this interest with Peter Eveland, Bastyr's new Chief of Staff, who is interested in pursuing further discussions. It is our understanding that UW Bothell is focused on other commercialization programs at this time.

Proposed Pilot: We have met with the owner of a start up company that is based in Kenmore that is interested in work space that would allow for application developers to work in proximity with the company. Another startup app developer has met with staff as well. Staff recommends soliciting a limited number of potential users for the pilot phase of the program. We have also identified some commercial office space in downtown Kenmore that could initially be used for this purpose. The benefit of starting now is the potential for other entrepreneurs in the technology field to put Kenmore on their list of hospitable and affordable locations for new ventures.

The pilot requires securing space and management resources to oversee the admission/graduation process and to arrange for mentorship and assistance in business operations. In order to continue past the pilot stage, we would need to form a clear business plan that would help the chances of securing funds for a longer term program.

Estimated Budget for Proposed Business Incubator Pilot: Preliminary estimated annual budget is $54,000-$62,000, which would cover rent, tenant improvements, utilities, and business consulting/management. Membership fees could contribute $6000 per year, assuming a $100 per desk monthly fee for 5 desks. Proportionate fees for utilities would be shared among the tenants. The General Fund would be the source for the remainder of the expenses.

Council Direction: Staff will ask for direction on proceeding with a City sponsored pilot program now and spend additional time developing a partnership with Bastyr or other entities to establish a post-pilot incubator in the 2014 timeframe.

Kenmore City Council
Incubator Planning Discussion

Nancy Ousley

Barry Weisband

September 10, 2012

Business Incubators

1. Why
2. What
3. Who
4. Where
5. How

WHY

1. Create and Launch New Ventures
2. Economic Development
3. Job Growth
4. Build Existing Business Opportunities
5. Education

WHAT

1. A Variety of Flavors
2. For Profit
3. Not For Profit
4. University Related
5. Government Sponsored
6. Venture/Angel Governed
7. Combinations

Who

1. Market
2. Funding Sources
3. Mentors
4. Sponsors

How

- Planning
- Space
- Resources
  - People
  - Financial
- Marketing
- Network

Where

- Demand
- Partners
- Financial
- Compatibility with Needs

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: **Ordinance No. 14-0375 Authorizing the City Manager to Execute a Revised and Restated Interlocal Agreement and Articles of Incorporation for the E City Gov Alliance**	**For Council Meeting Agenda of: 10 February 2014** **Department:** Executive **Prepared by:** Nancy Ousley, Asst. City Manager **Initial & Date** **Approved by Department Head:** NKO 29 Jan 2014 **Approved by City Attorney:** D.R. ✓ **Approved by Finance Director:** 1/30/14 **Approved by City Manager:** RJK
Proposed Council Action/Motion: **Adopt Ordinance No. 14-0375**	**Exhibits/Attachments:** 1. Proposed Ordinance No. 14-0375 with Attachments 2. Briefing Memo 3. Summary Chart of Amendments

Expenditure Required $0 | **Amount Budgeted** $51,510 for 2013-2014 | **Appropriation Required** $n/a

INFORMATION/BACKGROUND:

The ECityGov Alliance is an intergovernmental organization that was formed in 2002 to provide collaborative online services and programs. The City of Kenmore is one of the original nine member cities, and there are currently nine city members and a number of public agencies that are subscribers to Alliance programs. The Alliance programs are: My Building Permit.com; GovJobsToday.com; SharedProcurementPortal.com; MyParksandRecreation.com; NW Maps.net; and NWProperty.net.

The Executive Board of the Alliance has, as a result of nearly a year –long process of examining the programs and direction of the organization, developed a restated and amended Interlocal Agreement that clarifies operational practices and establishes the Alliance as a separate legal entity /non profit corporation as provided under state law. This step was anticipated in the existing Interlocal Agreement. The corporate status is similar to other interagency organizations in the region, such as NorCom. The nonprofit corporation status also provides improved legal protection to member cities.

The Executive Board worked with a consultant and legal team on the proposal. The City Attorney's Office has reviewed the proposed amendments to the Interlocal Agreement and Articles of Incorporation.

FISCAL CONSIDERATION:

The City's share of the 2014 Alliance budget is estimated at $17,000; any current member city who elects not to continue as a member remains responsible for its share of the 2014 Budget. There is minimal if any financial impact to member cities from the proposed Interlocal Agreement amendments.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Continue to Establish A Contemporary Information Technology Program

CITY OF KENMORE
WASHINGTON

ORDINANCE NO. 14-0375

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, AUTHORIZING THE CITY MANAGER TO SIGN AN AMENDED AND RESTATED INTERLOCAL AGREEMENT ESTABLISHING THE ECITYGOV ALLIANCE AND APPROVING OTHER ACTIONS RELATED THERETO; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City is party to an interlocal agreement establishing the eCityGov Alliance ("Alliance"), originally entered into in 2002 (the "Original Agreement'); and

WHEREAS, the Alliance was formed to provide for the joint development, oversight and delivery of regionally coordinated online public sector services; and

WHEREAS, the Original Agreement established the Alliance as a joint board and stated the intent of the Alliance to be formed as a separate legal entity; and

WHEREAS, the Alliance Board has recommended approval of an amended and restatated interlocal agreement (the "Amended Interlocal Agreement") which will reorganize the Alliance as a nonprofit corporation owned and controlled by the member cities, incorporate other changes to strengthen the operations of the Alliance, update various provisions of the Original Agreement, and ensure the Alliance maintains its current rights and responsibilities; and

WHEREAS, the Amended Interlocal Agreement will go into effect only if approved by cities representing not less than 88% of the population weighted votes of the Alliance executive board, and if any city not approving the Amended Interlocal Agreement terminates its participation in the Original Agreement before March 1, 2014; and

WHEREAS, the Amended Interlocal Agreement is authorized by the Interlocal Cooperation Act and the Nonprofit Miscellaneous and Mutual Corporations Act set forth in chapters 39.34 and 24.06, respectively, of the Revised Code of Washington; and

WHEREAS, reorganization of the Alliance as a nonprofit corporation per Ch. 24.06 RCW requires the adoption of Articles of Incorporation by the cities party to the Amended Interlocal Agreement;

NOW THEREFORE, in consideration of the promises and agreements contained in this Agreement and subject to the terms and conditions set forth, it is mutually understood and agreed by the parties as follows:

NOW, THEREFORE, be it resolved by the City Council of the City of Kenmore as follows:

Section 1. Approved and Authorized. The City Council approves the Amended and Restated Interlocal Agreement Establishing ECityGov Alliance, dated March 1, 2014, as set forth in Attachment A, attached hereto and incorporated by reference ("ILA"). The City Manager is hereby authorized and directed to execute on behalf of the City the ILA, and the Articles of Incorporation set forth in Attachment B, attached hereto and incorporated by reference, as may be revised to reflect the names of those cities approving these documents and otherwise substantially similar to Attachments A and B to this Ordinance.

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

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE ______DAY OF __________, 2014.

CITY OF KENMORE

____
David Baker, Mayor

Attest/Authenticated

____
Patty Safrin, City Clerk

Approved as to Form:

____
Rod P. Kaseguma, City Attorney

ATTACHMENTS:

A. Amended and Restated Interlocal Agreement Establishing eCityGov Alliance dated as of March 1, 2014.
B. Articles of Incorporation of eCityGov Alliance

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
ORDINANCE No. 14-0375
DATE OF PUBLICATION:
EFFECTIVE DATE:

AMENDED AND RESTATED INTERLOCAL AGREEMENT ESTABLISHING ECITYGOV ALLIANCE

THIS AGREEMENT, incorporating all exhibits hereto, is entered into as of March 1, 2014, by and between the municipal corporations organized under the laws of the State of Washington which are parties signatory to this Agreement (hereinafter referred to as the "Principals"), pursuant to the Interlocal Cooperation Act Ch. 39.34 RCW and has been authorized by the legislative body of each Principal.

RECITALS

WHEREAS, each of the Principals is a party to the Interlocal Agreement establishing eCityGov Alliance, originally executed in 2002, and later amended in 2005, 2007 and 2009 (collectively, the "Original Agreement"); and

WHEREAS, the eCityGov Alliance was formed to provide for the joint development, oversight and delivery of regionally coordinated online public sector services; and

WHEREAS, the Principals wish to strengthen and modify the governance and corporate structure of the Alliance and update other provisions of the Original Agreement, while ensuring the Alliance maintains all its current rights and responsibilities except as modified herein; and

WHEREAS, the Original Agreement established the Alliance as a joint board and stated the intent of the Alliance to be formed as a separate legal entity; and

WHEREAS, the creation of an intergovernmental entity and joint instrumentality in the form of a governmental nonprofit corporation whose members are Principals will enable each Principal to participate in the joint oversight and management of programs and services offered by the Alliance, will enable each Principal's use of these programs and services, provide economies of scale, create a mechanism for cross-agency collaboration, and provide more seamless public access to member agency services; and

WHEREAS, it is anticipated that additional government agencies will elect to join the Alliance over time, and that some may wish to do so as subscribers to the Alliance's services rather than as Principals; and

WHEREAS, this agreement is authorized by the Interlocal Cooperation Act and Nonprofit Corporation Act set forth in chapters 39.34 and 24.06, respectively, of the Revised Code of Washington;

AMENDED AND RESTATED INTERLOCAL AGREEMENT
ESTABLISHING ECITYGOV ALLIANCE

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City of Kenmore Contract No. 14-C1251

AMENDED AND RESTATED INTERLOCAL AGREEMENT ESTABLISHING ECITYGOV ALLIANCE

Version dated 1.24.14

NOW THEREFORE, in consideration of the promises and agreements contained in this Agreement and subject to the terms and conditions set forth, it is mutually understood and agreed by the parties as follows:

SECTION 1. REORGANIZATION OF ECITYGOV ALLIANCE AS A NONPROFIT CORPORATION.

The eCityGov Alliance ("Alliance") is reorganized as a nonprofit corporation under Chapter 24.06 RCW as authorized by the Interlocal Cooperation Act (Ch. 39.34 RCW), and as so reorganized the Alliance shall continue to have all rights and responsibilities assigned it by the Principals as contemplated and accomplished pursuant to the Original Agreement, including but not limited to the responsibility for developing, owning, operating and managing the Alliance programs and services on behalf of the Principals and its Subscribers. Nothing herein shall be deemed to prevent the Alliance from any further reorganization permitted by applicable law, including without limitation conversion to a municipal corporation.

SECTION 2. TERM OF AGREEMENT; REPLACEMENT OF ORIGINAL AGREEMENT.

This Agreement shall be of perpetual duration, subject to termination provisions contained herein. From and after its effective date, this Agreement replaces the Original Agreement which shall be of no further force or effect.

SECTION 3. DEFINITIONS.

a. Agreement. The "Agreement" is this interlocal agreement, as it may hereafter be amended or modified, together with all exhibits and appendices hereto, as they may hereafter be amended or modified.

b. Alliance. The "Alliance" is the eCityGov Alliance, restructured per this Agreement as a nonprofit corporation owned and governed by its member Principals.

c. Articles of Incorporation. The "Articles of Incorporation" or "Articles" are terms defining aspects of the Alliance corporate formation under RCW 39.34.030(3)(b) and consistent with RCW 24.06.025, as they may hereafter be amended by the Executive Board.

d. Board Member. A "Board Member" or "Executive Board Member" is the individual representing a Principal on the Executive Board or his/her designated alternate, and also includes any individual appointed to represent a Subscriber or Subscribers as a non-voting *ex officio* Board Member.

e. Bylaws. The "Bylaws" as adopted and amended from time to time by the Executive Board shall govern the operations of the Alliance Executive Board, Operations Board, and the officers thereof.

f. Executive Board. The "Executive Board" is the body described in Section 8 and shall be the governing body of the Alliance.

g. Executive Director. The "Executive Director" is the chief operating officer for the Alliance appointed by and serving at the pleasure of the Executive Board.

h. Fiscal Agent. The "Fiscal Agent" refers to that agency or government that holds and manages the Alliance's funds, and performs accounting and other services for the Alliance as required per separate contract between the Fiscal Agent and the Alliance, and in accordance with the requirements of Chapter 39.34 RCW.

i. Operations Board. The "Operations Board" is the committee described in Section 9.

j. Original Agreement. The "Original Agreement" is the Interlocal Agreement establishing the eCityGov Alliance, originally executed in 2002, and later amended in 2005, 2007 and 2009. The Cities of Bellevue, Bothell, Issaquah, Kenmore, Kirkland, Mercer Island, Snoqualmie, Sammamish and Woodinville remain party to the Original Agreement as of January 1, 2014.

k. Operations Policy. The "Operations Policy" is a separate document adopted by the Executive Board, as it may be amended from time to time, which describes how data will be shared between the Participants and the Alliance, and sets forth operating procedures and rules for the Alliance Programs and Services.

l. Participants. All Principals, and all Subscribers, as they may be so constituted from time to time, are collectively referred to as the "Participants," and individually referred to as a "Participant."

m. Population. "Population" is the residential population of a Principal, according to the most recent annual report issued by the State Office of Financial Management determining the population of each city for purposes of taxation and allocation of certain state shared revenues in the following calendar year, or, for Principals who are not cities, such other official federal or state agency report that the Board determines provides sufficiently equivalent information.

n. Programs and Services. The "Programs and Services" are online public programs and services operated or sponsored by the Alliance. As of the date of this Agreement, the Programs and Services are those described in Exhibit A. Programs and Services offered by the Alliance may be expanded as described in Section 6.d.

o. Principal. A "Principal" is a municipal corporation formed under the laws of the state of Washington which has accepted the terms of and is a party to this Agreement and has paid its share of initial costs as may be required by the Executive Board as a condition to becoming a Principal. Principals shall receive access to all Programs and Services offered by the Alliance, according to such terms and conditions as may be established by the Executive Board.

p. Program Committee. A "Program Committee" is a team of staff from Participant agencies tasked with developing proposals for, and assisting in the implementation of, Program Work Plans, under the guidance and direction of the Executive Director.

q. Program Work Plan. A "Program Work Plan" is a document describing the goals, staffing, milestones, budget and task list to accomplish a specified Program or Service within a specified period (typically a budget period). Program Work Plans shall be approved by the Executive Board per Section 7.n.

r. Representative. The term "Representative" refers to the individual representing a Principal or a Subscriber on the Operations Board, or his/her designated alternate.

s. Simple Majority Vote. A "Simple Majority Vote" of the Executive Board means the affirmative vote of a majority (more than 50%) of the votes present and voting, calculated by both Weighted Votes present and by number of the Executive Board Members present.

t. Subscriber. A "Subscriber" is a municipal corporation formed under the laws of Washington, or another corporation or entity which has agreed to pay the Alliance for services according to such terms and conditions as may be established by the Executive Board and evidenced by separate contract between the Alliance and such entity. A Principal may convert or be converted to Subscriber status as provided in Sections 10,13.d and 13.i, and a Subscriber that is formed as a municipal corporation under the laws of the state of Washington may convert to a Principal as described in Section 10.

u. Supermajority Vote. A "Supermajority Vote" means the affirmative vote of not less than sixty-six percent (66%) of the total Weighted Votes of the Executive Board, and not less than sixty-six percent (66%) of the total number of the Executive Board Members.

v. Weighted Vote. A "Weighted Vote" means a vote in which the vote of each Board Member representing a Principal is counted according to the proportional Population of each Principal in relationship to the total Population of all Principals.

SECTION 4. GUIDING PRINCIPLES.

It shall be the policy of the Alliance to adhere to the following principles to the best of its abilities and as is reasonably practical for the purposes of managing and operating the Alliance:

a. Cost sharing is equitable;

b. Risk is shared;

c. Mission is not diluted;

d. Focus is on providing strong and effective products;

e. Roles and responsibilities are clearly defined;

f. Benefit is clear and direct to Participants;

g. Control and flexibility is retained by Participants;

h. Business drives technology;

i. Decision making is transparent and efficient;

j. Innovation is supported; and

k. Effectiveness and efficiency of programs and services is periodically confirmed by Executive Board review and consideration of options.

SECTION 5. PURPOSES OF ALLIANCE.

The Alliance shall have the following purposes:

a. Create regionally coordinated portal(s) for the delivery of public sector services via the Internet.

b. Provide citizens and businesses a variety of services and information in a manner that is coordinated among participating jurisdictions, and efficiently integrated with internal operations.

c. Provide a forum for the sharing of resources in the development and deployment of future public sector services, forging partnerships with other public and private entities that seek to enhance services, information and business process, and create a mechanism for cross-boundary staff collaboration, training, and work coordination for Alliance services and products.

d. Create economies of scale among Participants, by coordinating and cooperating in joint purchasing, application development and other projects, from which Alliance Participants benefit.

SECTION 6. ALLIANCE SERVICES.

a. Generally. The Alliance has the responsibility to develop, own, operate, maintain, acquire and manage such Programs and Services as are currently provided by the Alliance, further described in Exhibit A and for managing the operations of the Alliance. It is expressly contemplated that this scope of services includes:

i. The implementation, operation and maintenance of replacement or upgrades of the Alliance Programs and Services as necessary or appropriate.

ii. The development and adoption of rules for access, use and maintenance of the Alliance by Participants and other users of Programs and Services.

iii. Any additional online public service Programs and Services as may be approved per Section 6.d.

iv. Other responsibilities reasonably necessary for the development, operation and maintenance of the Alliance.

v. Other related or ancillary services.

b. The Alliance is authorized to create and maintain a cooperative purchasing process, including but not limited to the creation of a small works roster and shared procurement portal. For so long as the Alliance maintains these operations, the Alliance shall be the lead agency for purposes of complying with the requirements of RCW 39.04.155, as it now exists or as hereafter amended and as authorized by RCW 39.34.030, as it exists now or as hereafter amended.

c. Limitation on Authority. The Alliance shall have no authority to set local policies, rates or charges, or take audit or enforcement action on behalf of any Participant.

d. Expansion of Scope of Services. As of the effective date of this Agreement, the Alliance offers those Programs and Services as described on Exhibit A. The Alliance may provide additional online public service Programs or Services only upon approval of a Supermajority Vote of the Executive Board.

e. Operating Policies and Rules for Use of Portal. In order to protect sensitive or confidential data, and assure the relationship between the Alliance and Participants remains fully functional and secure, the Executive Board shall adopt an Operations Policy. It is understood and agreed that the access and use of Alliance Programs and Services by any Principal or Subscriber is conditioned on that party's compliance with the Operations Policy. The Operations Policy will be regularly reviewed and updated by the Executive Board as necessary or appropriate.

f. Access by Principals to all Programs and Services. All Principals shall be entitled to use all Alliance Programs and Services, subject to the Principals compliance with the Operations Policy.

g. Requirement of Principals Use of Alliance Programs and Services. No Principal is required to use or deploy any Program or Service offered by the Alliance. Nothing in this Agreement shall be interpreted to preclude a Participant from using or deploying competing services or program similar in functionality to Alliance Programs and Services.

SECTION 7. ALLIANCE POWERS.

Through its Executive Board, the Alliance shall have all powers allowed by law for interlocal agencies created under RCW 39.34.030 and Chapter 24.06 RCW, as they now exist or may hereafter be amended, and as authorized, amended, or removed by the Executive Board, as provided for in this Agreement, and including but not limited to the following:

a. Recommend action to the legislative bodies of the Principals and to Subscribers;

b. Review and adopt budgets for the Alliance, and approve budget expenditures;

c. Establish policies for cost allocation and expenditures of budget items for the Alliance;

d. Review and adopt a personnel policy for the Alliance (if applicable);

e. Review and approve operating policies for the Alliance, its Programs and Services;

f. Establish a fund or special fund or funds as authorized by RCW 39.34.030 for the operation of the Alliance;

g. Conduct regular and special meetings as may be designated by the Executive Board consistent with the state Open Public Meetings Act (Ch. 42.30 RCW) as now or hereafter amended;

h. Maintain and manage records in accordance with the state Public Records Act (Ch. 42.56 RCW) as now or hereafter amended, and other applicable state and federal laws and regulations;

i. Determine what Programs and Services shall be offered through the Alliance and under what terms they shall be offered, consistent with Section 6;

j. Retain and terminate an Executive Director;

k. Appoint and terminate a Fiscal Agent to hold and manage the Alliance's funds;

l. Direct the Operations Board, to review and make recommendations and carry out such functions and responsibilities as the Board may expressly provide, or create new committees for such purposes;

m. Approve strategic plans;

n. Approve Program Work Plans and receive periodic briefings on progress in implementing same;

o. Approve the addition of new Principals and new Subscribers and the terms of their participation in the Alliance and receipt of Alliance Programs and Services;

p. Enter into agreements with third parties for goods and services necessary to fully implement the purposes of this Agreement;

q. Establish fees and charges for services provided to Participants or other parties, including but not limited to users of Alliance Programs and Services;

r. Direct and supervise the activities of any committee and any advisory board established by the Executive Board and the Executive Director;

s. Hear and resolve disputes between Participants and resolve change management issues that are not resolved at the Operations Board;

t. Accept loans or grants of funds from any federal, state, local or private agencies and receive and distribute such funds;

u. Receive all funds allocated to the Alliance by Participants;

v. Purchase, take, receive, lease, take by gift, or otherwise acquire, own, hold, improve, use and otherwise deal in and with real or personal property, or any interest therein, in the name of Alliance;

w. Sell, convey, lease, exchange, transfer, and otherwise dispose of all of its property and assets;

x. Sue and be sued, complain and defend, in all courts of competent jurisdiction in Alliance's name;

y. Make and alter bylaws for the administration and regulation of its affairs; and

z. Any and all other lawful acts necessary to further the Alliance's goals and purposes; and

aa. Except as expressly provided above, the Alliance shall not have the power or authority to issue debt in its own name.

The Alliance, as a joint instrumentality of its municipal corporation members under Chapter 39.34 RCW, shall have no powers or authority that is not held by Washington cities.

SECTION 8. EXECUTIVE BOARD: COMPOSITION AND OPERATION.

a. Composition. The Executive Board shall be composed of one (1) Board Member from each Principal. Such representatives are referred to as a Board Member or Executive Board Member. The Executive Board may, by Supermajority Vote, add one or more non-voting *ex officio* Board Members to represent a Subscriber or Subscribers.

b. Powers. The Executive Board shall have final decision making authority upon all policy issues and shall exercise the powers described in Section 7. The Executive Board may delegate responsibility for execution of Executive Board policies and directives and for day-to-day operational decision-making to the Executive Director, including the hiring and supervision of additional staff positions authorized by the Executive Board, subject to Section 12.

c. Qualifications to Serve on Executive Board. To serve on the Executive Board, as either a voting or non-voting Board Member, a person must be the appointing agency's Chief Executive Officer (e.g., for a Principal that is a city, the Mayor or City Manager, or equivalent), or their deputy or equivalent.

d. Conditions for Serving on Executive Board. All Executive Board Members and their alternates shall serve without compensation from the Alliance. However, the Alliance may pay for or reimburse Executive Board Members and alternates for reasonable out-of-pocket costs related to service on the Board.

e. Term of Office; Vacancies. Executive Board Members shall serve on the Executive Board for so long as they hold a position that qualifies them for the seat, unless the agency they represent elects to appoint another individual. Any vacancies shall be promptly filled by the appointing Principal.

i. Non-Voting Subscriber Representative(s) on Board. In the event the Board determines to add a Non-Voting Subscriber seat to the Board to represent more than one Subscriber, the Board shall determine the process to select and replace the Subscriber representative.

f. Alternates. Each Executive Board Member shall have a single alternate designated in writing. Alternates must be in a senior management position within their agency.

g. Quorum. A simple majority of the Board Members representing Principals (or their alternates) in number (excluding any Board Member which per Section 17 has given notice of withdrawal or which has been terminated by vote of the Executive Board) shall constitute a quorum of the Executive Board for purposes of taking action.

h. Voting. The Executive Board shall strive to operate by consensus. All Executive Board decisions on items not listed in Section 8.i shall require a Simple Majority Vote for approval. A Board Member may not split his or her vote on an issue. No voting by proxies or mail-in ballots is allowed. Voting by a designated Alternate is not considered a vote by proxy. A Board Member representing a Principal that has given notice of withdrawal or which has been terminated by vote of the Executive Board shall be authorized to cast votes at the Executive Board only on budget items to be implemented prior to the withdrawal or termination date

i. Items Requiring a Supermajority Vote for Approval:

i. Adoption or amendment of the Bylaws or amendment of the Articles of Incorporation.
ii. Admission of a new Principal.
iii. Creating a non-voting seat for a Subscriber or Subscribers on the Executive Board.
iv. Adding new Programs and Services.
v. Appointing or removing the Executive Director.
vi. Approving changes in the cost allocation consistent with Section 13.g to consider factors other than Population.
vii. Reinstatement of a Principal that had been converted to a Subscriber due to delinquency in making payments (See Section 13.i).
viii. Merger, consolidation, sale of all or substantially all assets of the Alliance (See Section 16).

ix. Amendment of the Agreement (except for those amendments requiring approval of all legislative bodies of the Principals per Section 18).

x. Termination or dissolution of the Alliance (See Section 19).

xi. Any other action actions requiring a Supermajority vote under Chapter 24.06 RCW.

j. Officers. The Executive Board shall have four officers, a Chair, Vice-Chair, Secretary and Treasurer. It will be the function of the Chair to preside at the meetings of the Executive Board. The Vice-Chair shall assume this role in absence of the Chair. At the first meeting of the Executive Board following the effective date of this Agreement, the officers shall be elected, and shall serve in this capacity through May 1, 2016, whereupon a new Chair and Vice-Chair shall be elected by the Executive Board. Biennially thereafter, the Executive Board shall elect a new Chair and Vice-Chair for two (2) year terms commencing each May 1. The Chair and Vice-Chair must be Board Members. In the event of a vacancy in the Chair position, the Vice-Chair shall assume the Chair for the balance of the term of the departed Chair. In the event of a vacancy in the Vice-Chair position, the Executive Board shall elect a new Vice-Chair to serve to the balance of the term of the departed Vice-Chair. An officer elected to fill the unexpired term of his or her predecessor shall not be precluded from serving one or more full annual terms of office following the end of such unexpired term. Any officer appointed by the Executive Board may be removed by vote of the Executive Board, with or without cause, in which event the Executive Board shall promptly elect a new officer who shall serve until the next regular officers' board term begins. The Executive Board may appoint persons other than Board Members of the Executive Board to serve as Secretary and Treasurer of the Alliance. The duties of all officers shall be further described in the Bylaws.

k. Staffing. The Executive Director shall assign agency staff to support the Executive Board as he or she deems appropriate.

l. Meetings. The Executive Board shall meet as often as it deems necessary and not less than once a year, at a time and place designated by the Chair of the Executive Board or by a majority of its Board Members. Not less than fourteen (14) days advance notice of regular meetings shall be given. Special meetings may be called by the Chair or any two (2) Board Members upon giving all other Board Members not less than ten (10) days prior notice. In an emergency, the Executive Board may dispense with written notice requirements for special meetings, but must, in good faith, implement best efforts to provide fair and reasonable notice to all Executive Board Members. Board Members (or alternates) may participate in meetings by telephone conference or equivalent means of voice communication. At all times the Executive Board shall comply with Ch. 42.30 RCW (Open Public Meetings Act).

m. Articles of Incorporation and Bylaws. Unless otherwise provided in the Articles and Bylaws or vote of the Executive Board, upon the request of any Board Member of the

Executive Board, Robert's Revised Rules of Order shall govern any proceeding of the Executive Board.

n. Consultation with Operations Board. It is the intent of this Agreement to seek the active participation and advice of Participants in the determination of Alliance policies and management. To the extent practicable, all items to come before the Executive Board shall have been previously subject to the review, comment and recommendation of the Operations Board and the Executive Board shall consider input from the Operations Board in its deliberations.

SECTION 9. OPERATIONS BOARD.

a. Role and Responsibilities. An Operations Board shall be established to provide advice and recommendations to the Executive Board. The Executive Board may determine to direct the Operations Board to perform specific responsibilities within parameters defined by the Executive Board. The Operations Board shall endeavor to promote interagency collaboration, cooperation and information sharing between Alliance Principals and Subscribers.

b. Membership. Membership of the Operations Board shall include one (1) Representative from each Principal, appointed by the Executive Board Member representing that Principal, plus such additional Subscriber Representatives as the Executive Board may determine. Each Principal shall appoint in writing a designated alternate to serve on the Operations Board in case of absence of the primary Representative.

c. Qualification to serve on Operations Board. Representatives and their alternates shall be staff from the Principal (or Subscriber) they represent, and have broad authority within their organization to coordinate internally and represent their agency on Operations Board matters. Persons serving on the Operations Board (or alternates) shall serve without compensation from the Alliance.

d. Officers, Voting, Meeting Rules. The officers, voting and meeting rules for the Operations Board shall be set forth in the Alliance Bylaws.

e. Staffing. The Operations Board shall be staffed by the Executive Director and such additional agency staffing as the Executive Director may deem appropriate.

SECTION 10. CONVERSION OF STATUS OF PRINCIPALS; ADDITION OF NEW PRINCIPALS OR SUBSCRIBERS.

a. Loss of Principal Status. As described in Sections 13.d and 13.i hereof, a Principal shall be converted to Subscriber for failure to approve its share of the budget or for delinquency in payment of charges and fees. On the date of such conversion, said former Principal shall:

i. lose its representation on the Executive Board;
ii. lose its right to receive a share of the Alliance assets upon dissolution of the Alliance;
iii. become subject to payment of charges and fees in accordance with the then applicable payment formula for Subscribers; and
iv. be bound by the terms of the then current Subscriber service contract.

The conversion of a Principal to Subscriber shall not discharge or relieve any Principal of its obligations to the Alliance or any other Participant.

b. Election to Convert to Subscriber: A Principal may elect to convert to Subscriber status effective the first day of the next budget period by giving notice of its intent to the Governing Board not less than nine (9) months in advance of such effective date. Such conversion shall be effective as proposed without further action of the Executive Board, barring any basis for terminating the Principal and action thereon by the Executive Board.

c. New Principals: Subject to the terms of subsection (i) below, a municipal corporation otherwise meeting the qualifications of a Principal in Section 3.o hereof may be admitted to the Alliance upon Supermajority Vote of the Executive Board and its approval and execution of a document confirming same. Similarly, a Subscriber may apply to the Executive Board to be converted to Principal status. As a condition of becoming a Principal, whether by conversion or new admission, the Executive Board may require payment or other contributions or actions by the new Principal as the Executive Board may deem appropriate, and may set such start date for service as it deems appropriate, it being the intention that the addition of new Principals shall not cause then-existing Principals or Subscribers to incur additional costs.

i. If accurate data on the Population of an agency otherwise qualified to be a Principal is not readily available to the satisfaction of the Board, then such agency may not be admitted as a Principal until and unless this Agreement is amended in order to provide a mechanism for the calculation of: (1) the Weighted Vote of such agency; and (2) the calculation of the cost allocation as between the agency and other Principals per Section 13.g. Such amendments must be approved by the legislative authorities of each Principal as required by Section 18.

d. New Subscribers. The determination of whether to accept Subscribers shall be made by the Executive Board in a manner similar, and subject to such terms and conditions, as that for accepting new Principals, it being the intention that the addition of new Subscribers shall not cause then-existing Principals or Subscribers to incur additional costs.

SECTION 11. STAFFING AND PROGRAM COMMITTEES.

a. Generally. The Alliance shall be staffed in such manner as the Executive Board determines, including but not limited to the use of loaned employees from Principals, consultants or other service providers, purchase of services from Principals or others, or hiring staff, or any combination of the foregoing.

b. Program Committees. As may be directed by the Executive Board, Participants shall designate staff to participate in Program Committees tasked with assisting the Executive Director in the development and implementation of Program Work Plans. Program Work Plans shall be submitted for Executive Board consideration, and implemented consistent with the conditions of Executive Board action.

c. Program Work Plan Implementation Disputes. Program Committees shall submit any unresolved Program Work Plan implementation disputes to the Operations Board for its decision. If the Operations Board is unable or fails to resolve a dispute in a timely manner, it shall be forwarded to the Executive Board for resolution.

SECTION 12. ALLIANCE EXECUTIVE DIRECTOR.

a. Alliance Executive Director Appointment, Responsibilities and Authority. The Executive Board shall be responsible for the appointment and termination of an Executive Director of the Alliance. The Executive Director shall:

i. Be responsible and report to the Executive Board and advise it from time to time on budget and other appropriate matters in order to fully implement the purposes of this Agreement;
ii. Develop and submit to the Executive Board a proposed budget, after seeking input on same from the Operations Board;
iii. Consult with the Operations Board regarding Alliance operations, Programs and Services;
iv. Administer the Alliance in its day-to-day operations consistent with the policies adopted by the Executive Board; and
v. Appoint persons to fill other staff positions, subject to confirmation by the Executive Board as the Board may require.

b. Qualifications, Retention, and Termination. The Executive Director shall have experience in technical, financial and administrative fields and his or her appointment shall be on the basis of merit only. The Executive Director is an "at will" position and may be terminated from his or her position as Executive Director upon the Supermajority Vote of the Executive Board, without cause. The Executive Board shall consult with the Operations Board in the evaluation and selection of the Executive Director.

c. Legal Counsel, Accountants and Auditors. Only the Executive Board shall be authorized to hire or retain legal counsel and independent accountants and auditors. Other consultants may be designated in such manner as the Executive Board may determine subject to Sections 7 and 8.

d. Contracts and Support Services. Subject to such additional requirements as may be set forth in the Bylaws, the Executive Director with advice of the Operations Board shall as necessary contract with appropriate local governments or other third parties for staff, supplies and services.

e. Fiscal Agent and Administrative Services. The Executive Board may contract with a Participant or Participants to provide Fiscal Agent and financial management services for the Alliance, including but not limited to records, payroll, accounting, purchasing and data processing.

SECTION 13. BUDGET; COST ALLOCATION; PAYMENT OF CHARGES: DELINQUENCIES; RESERVE FUNDS.

a. Budget Fiscal Year. The budget fiscal year shall be either the calendar year, or two calendar years as the Executive Board may determine. The "budget period" corresponds to the fiscal year or years so determined by the Board.

b. Budget Approval. The Executive Director shall develop the proposed operating budget in consultation with the Operations Committee. The Executive Director and Executive Board shall use best efforts to meet the scheduled budget dates set forth in this Section but failure to meet such dates shall not constitute a breach of this Agreement.

i. The Executive Director shall present a proposed budget to the Executive Board by no later than **June 15** prior to the commencement of the budget period, together with the Operation Committee's recommendations with respect to the proposed budget.

ii. By no later than **July 31**, the Executive Board shall (1) review and revise the draft budget as it deems appropriate; (2) approve the draft budget (including proposed charges to Participants and any user fees); and (3) forward the same to Principals. The approved draft budget, and all proposed fees and charges shall be forwarded to Subscribers no later than **September 15**.

iii. The final budget shall be adopted by vote of the Executive Board effective no later than **December 31** prior to commencement of the budget period, after receiving information as to:

1. which Subscribers will be continuing to contract with the Alliance; and

2. which Principals have or will approve their shares of the Alliance budget, based on action or information from such Principals received by the Alliance no later than **December 1**.

iv. Vote Required to Approve Budget. A Simple Majority Vote of the Executive Board is required to approve the draft and final budget.

c. Payment of Charges. The Executive Board shall determine the timing of payments by Participants.

d. Failure of a Principal to Approve Budget Share. Failure of a Principal to approve its share of the budget before the commencement of the budget period shall result in the Principal being converted to Subscriber status effective as of the first day of the budget period for which it did not approve its budget share.

e. Notification of Final Adopted Budget. Promptly following final adoption of the budget by the Executive Board, the Executive Director shall provide notice to all Principals and Subscribers as to the terms of the final adopted budget, including their share of Alliance costs, charges and fees, and the payment schedule.

f. Budget Modifications. Modifications to the budget shall be approved by a Simple Majority Vote of the Executive Board as necessary from time to time to account for changes in expenditures and revenues.

g. Cost Allocation. The costs of funding the approved Alliance budget, net of all estimated revenue chargeable to Subscribers and all other revenues, shall be generally allocated between all Principals based on their relative Population as compared to all other Principals. Nothing in this Agreement shall be construed to prohibit the Executive Board from including factors in addition to Principal Population or making other equitable adjustments in the cost allocation formulas, so long as the primary basis for allocation as between Principals remains Population, and any adjustment in the cost allocation formulas must be approved by a Supermajority Vote.

h. Subscriber Charges and User Fees. The Alliance shall impose such reasonable Subscriber charges as the Executive Board may determine, and may also impose user fees on others for use of Alliance Programs and Services, in order to recoup costs of Alliance operations, reserves and any other Alliance costs.

i. Delinquencies. Alliance policies and practices with respect to providing notice of, and charging interest on, late payments owing to the Alliance from Principals and Subscribers shall be established by action of the Executive Board, subject to Section 10. If such fees and interest penalties (if any), are not paid in full within 60 days of the original due date, then the Principal delinquent in payment of fees shall upon such 60th day be deemed immediately converted to the status of a Subscriber and subject to penalty as described in Section 10 A Principal that has been converted to Subscriber status per the preceding sentence may appeal to the Executive Board to be reinstated as a Principal, and approval of any such appeal shall require Supermajority Vote of the Executive Board. In the event a Principal converted to Subscriber status by non-payment of fees shall not have paid in full all fees and interest owing by six (6) months after the original due date, then the Executive Board may terminate provision of the Alliance's services to that former Principal. After one (1) year, the nonpaying former Principal shall be deemed to have withdrawn from this Agreement, but the termination of services shall not absolve the former Principal of its obligation to pay all fees and charges past due, together with any interest charges owing per Board policy.

j. Reserve Funds. The Executive Board may establish and fund reserve funds to support operations or capital investments for the Alliance, at levels the Executive Board determines to be appropriate.

k. Use of Funds. Consistent with any use imposed on particular funds by statute, ordinance, Board resolution, contract, this Agreement or the Bylaws, the Alliance may use any available funds for any purpose authorized by this Agreement in connection with an authorized project.

SECTION 14. FISCAL AGENT; RETAINED AUTHORITY AND RESPONSIBILITY OF PARTICIPANTS.

a. Fiscal Agent. The Alliance may have a lead administering agency, designated by the Executive Board, to carry out administrative functions and act as the Fiscal Agent for the Alliance. The Fiscal Agent, if any, will have all power and authority necessary or appropriate to: (i) deposit, manage and expend monies from Alliance funds in furtherance of the purposes of this Agreement; and (ii) carry out the provisions of any applicable service level agreement ("SLA") between Fiscal Agent and the Alliance. The Fiscal Agent may cease serving as the Fiscal Agent upon six months written notice to the Executive Board or as otherwise provided in the SLA.

b. Retained Authority and Responsibilities. Notwithstanding subsection 14.a above, each Participant shall retain the responsibility and authority for its operational departments and for such equipment and services as are required at its place of operation to connect to Alliance online Programs and Services, including but not limited to each Participant's computer and data systems managing processes. Each Participant shall also retain the responsibility and authority for managing and maintaining the security and privacy of all data that the Participant links to Alliance online Programs and Services. Inter-connecting equipment and services will not be included in Alliance budget and operational program, except as the Executive Board may determine.

SECTION 15. OWNERSHIP OF PROPERTY.

a. Ownership of Property. The Alliance's existing interests in real, personal and intellectual properties (collectively, "Alliance properties") are hereby assigned and transferred to the newly reorganized Alliance. By approving and executing this Agreement, each Principal, assigns and transfers any and all interest in Alliance properties to the Alliance, which will own and manage the Alliance properties pursuant to this Agreement.

b. Loaned Property. Notwithstanding the foregoing Section, if any Participant provides equipment or furnishings for Alliance use, the title to the same shall rest with the respective Participant unless that equipment or furnishing is acquired by the Alliance.

c. Data. Each Participant shall retain ownership of its own data and property that may be used in connection with Alliance Programs and Services or other Alliance operations.

d. License Rights to Alliance Intellectual Property. Each Principal has a license to use the Alliance intellectual property, for so long as each Principal remains a Principal member of the Alliance in good standing. This license right shall survive termination of this Agreement, for any Principal that is a party in good standing to the Agreement as of the date of termination of the Alliance. No Principal may use licensed Alliance intellectual properties in a manner that competes with the Alliance. Subscribers shall have such license rights to use Alliance intellectual property as may be prescribed by separate agreement between the Alliance and a Subscriber.

e. Intellectual Property Developed at Request and Expense of Alliance. Any software code or other intellectual property developed, created, or improved at the request and expense of the Alliance, including without limitation work undertaken by city or other Principal or Subscriber agency staff pursuant to a contract with the Alliance, is the property of the Alliance.

f. Work Product/Confidentiality. All work product including records, data, information, development notes, discs, magnetic media, files, designs, sketches, finished or unfinished documents or other documents, material or data created in performance of this Agreement is the property of the Alliance. All such work product shall be kept confidential by all the Principals and Subscribers and the Principal's and Subscriber's employees and agents and shall not be made available to any individual or organization by any Principal or Subscriber without the prior written consent of the Executive Board or unless required pursuant to court order, the Public Records Act or other applicable law.

SECTION 16. MERGER OR CONSOLIDATION, OR SALE OF ALL OR SUBSTANTIALLY ALL ASSETS.

Approval of the merger or consolidation of the Alliance with another entity, or the sale of all or substantially all assets of the Alliance, shall require a Supermajority Vote.

SECTION 17. WITHDRAWAL BY, OR TERMINATION OF, A PRINCIPAL.

a. Notice and Timing. Any Principal may withdraw its membership and terminate its participation in this Agreement by providing written notice to the Executive Board on or before December 31 in any year, and the Executive Board shall promptly inform all other Principals of such notice. That withdrawal shall become effective on the last day of the next calendar year.

b. Rights of departing Principal. Departing Principals shall have rights to copies of all data held by the Alliance relating specifically to the Principal. Any Principal withdrawing from the Alliance forfeits its interests in any of the property or intellectual property owned by the Alliance and any future revenues associated with Alliance products and/or services.

c. The termination and/or withdrawal of a Principal shall not discharge or relieve any Principal of its obligations to the Alliance or other Participants incurred prior to the effective date of the Principal's withdrawal. In particular but without limitation, a Principal converted to Subscriber status due to delinquency per Section 13.i. shall be obligated to pay its full allocation of the approved Alliance budget for the budget year in which the Principal was delinquent.

SECTION 18. AMENDMENT OF AGREEMENT.

This Agreement may be amended upon approval of a Supermajority Vote of the Executive Board except that any amendment affecting the following shall require consent of the legislative authorities of all Principals:

a. Expansion of the scope of services provided by the Alliance beyond the scope of expansion authorized in Section 6.d;
b. The terms and conditions of membership on the Executive Board;
c. Voting rights of Executive Board Members;
d. Powers of the Executive Board;

e. Principal contribution responsibilities inconsistent with Section 13.g;
f. Hold harmless and indemnification requirements;
g. Provisions regarding duration, termination or withdrawal; and
h. The conditions of this Section.

This Section shall not be construed to require legislative authority consent for the addition of a new Principal or agreement to serve an additional Subscriber, or to expand or contract the services purchased by any Principal or Subscriber or offered by the Alliance as authorized in Section 6.d.

SECTION 19. TERMINATION OF AGREEMENT; DISSOLUTION OF ALLIANCE.

a. Generally. This Agreement may be terminated upon the approval of a Supermajority Vote of the Executive Board. The termination shall be by direction of the Executive Board to wind up business by a date specified by the Executive Board, which date shall be at least one (1) year following the date of the vote to terminate. Upon the final termination date, this Agreement shall be fully terminated.

b. Distribution of Property on Termination of Agreement. Upon termination of this Agreement, all property acquired during the life of the Agreement remaining in ownership of the Alliance shall be disposed of in the following manner:

i. Real or Personal Property. All real or personal property purchased pursuant to this Agreement and all unexpended funds or reserve funds, net of all outstanding Alliance liabilities, shall be distributed to those Principals still participating in the Alliance on the day prior to the termination date and shall be apportioned between Principals based on the ratio that the average of each Principal's contributions to the operating budget over the preceding five (5) years bears to the total of all then remaining Principals' operating budget contributions paid during such five-year period. The Executive Board shall have the discretion to allocate the real or personal property and funds as it deems appropriate, and the apportionment, determined consistent with the preceding sentence, need not be exact.

ii. Intellectual Property Rights. Principals and Subscribers shall retain the right after termination of the Alliance to their respective specific data then held by the Alliance or its vendors. Upon termination of the Alliance, each Principal will be provided a then-current version of software and data templates (absent any confidential data) for any and all Alliance Programs or Services so that each Principal may continue its non-exclusive use of such Program or Service. Any use or sale of such software or data templates by any Principal after termination of the Alliance shall not limit or otherwise impact the rights of other Principals without their express consent. Notwithstanding the foregoing, the Executive Board may determine to sell intellectual property owned by the Alliance upon termination, in which case each Principal shall receive a share of the proceeds of sale consistent with the allocation described in subsection "i" above. Any such sale will not limit or otherwise impact the Principals' rights to use the software and data templates provided after termination of the Alliance. The terms of this subsection shall survive expiration or termination of the Agreement.

iii. Loaned Property. In the event of dissolution or termination of the Alliance, assigned or loaned assets shall be returned to the lending entity.

iv. Allocation of Liabilities. In the event outstanding liabilities of the Alliance exceed the value of personal and real property and funds on hand, all Principals shall contribute to retirement of those liabilities in the same manner as which they would share in the distribution of properties and funds per subsection "i" above.

c. Notwithstanding the foregoing, the Agreement may not be terminated if to do so would abrogate or otherwise impair any outstanding obligations of the Alliance, unless provision is made for those obligations.

SECTION 20. DISPUTE RESOLUTION.

a. Whenever any dispute arises between a Principal or the Principals or between the Principals and the Alliance (referred to collectively in this Section as the "parties") under this Agreement which is not resolved by routine meetings or communications, the parties agree to seek resolution of such dispute by the process described in this Section, which shall also be binding on Subscribers entering into new or amended contracts for service with the Alliance after the effective date of this Agreement. The terms of this provision shall not apply to disputes arising in connection with the implementation of Program Work Plans.

b. The parties shall seek in good faith to resolve any such dispute or concern by meeting, as soon as feasible. The meeting shall include the Chair of the Executive Board, the Executive Director, and a representative(s) of the Principal(s), if a Principal(s) is involved in the dispute, and/or a person designated by the Subscriber(s), if a Subscriber(s) is involved in the dispute.

c. If the parties do not come to an agreement on the dispute or concern, any party may request mediation through a process to be mutually agreed to in good faith between the parties within 30 days. The mediator(s) shall be mutually agreed upon and shall be skilled in the legal and business aspects of the subject matter of this Agreement. The parties shall share equally the costs of mediation and assume their own costs.

SECTION 21. INSURANCE.

The Executive Board, Executive Director, and Operations Board shall take such steps as are reasonably practicable to minimize the liability of the Participants, including but not limited to the utilization of sound business practice. The Executive Board shall determine which, if any, insurance policies may be reasonably practicably acquired to cover the operations of the Alliance and the activities of the parties pursuant to this Agreement (which may include Directors and Officers, Commercial General Liability, Auto, Workers' Compensation, Stop Gap/ Employer's Liability, errors and omissions, crime/ fidelity insurance, CyberRisk), and shall direct the acquisition of same.

SECTION 22. INDEMNIFICATION AND HOLD HARMLESS.

a. Provisions regarding the "Fiscal Agent" in this section shall apply when a Principal is acting as Fiscal Agent. In the event the Fiscal Agent appointed by the Executive Board is not a Principal or government agency, the agreement between the Alliance and the Fiscal Agent shall establish the applicable indemnification and hold harmless provisions.

b. Each Principal shall indemnify and hold other Principals, their officers, officials, employees, agents and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees and costs ("Damages"), arising out of that Principal's acts or omissions in connection with the performance of its obligations under this Agreement, except to the extent the injuries or damages are caused by another Principal.

c. Each Principal shall indemnify and hold the Alliance and its officers, officials, employees and volunteers harmless from any and all Damages arising out of that Principal's acts or omissions in connection with the performance of its obligations under this Agreement, except to the extent the injuries and damages are caused by the Alliance.

d. As provided in its Articles of Incorporation, the Alliance shall indemnify and hold each Principal its officers, officials, employees and volunteers harmless from any and all Damages arising out of the Alliance's acts or omissions in connection with the performance of its obligations under this Agreement, except to the extent the injuries and damages are caused by any Principal.

e. Subscribers entering into new or amended service contracts with the Alliance after the effective date of this Agreement shall be required to agree to indemnify and hold each Principal and the Alliance and the Fiscal Agent, their officers, officials, employees and volunteers harmless from any and all Damages arising out of the Subscriber's acts or omissions in connection with its use of the Alliance Programs and Services.

f. Further, the Alliance and each Principal shall indemnify, and hold the Fiscal Agent harmless from any and all Damages arising out of that Principal's or the Alliance's acts or omissions in connection with the performance of their respective obligations under this Agreement, except to the extent the injuries and damages are caused by the Fiscal Agent.

g. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of a party hereto and the Alliance, its officers, officials, employees, and volunteers, the party's liability hereunder shall be only to the extent of the party's negligence. It is further specifically and expressly understood that the indemnification provided in this Section constitutes each party's waiver of immunity under Industrial Insurance Title 51 RCW, solely for the purpose of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

h. Each party shall give the other parties proper notice as provided in Section 24, of any claim or suit coming within the purview of these indemnities. Termination of this Agreement, a Principal's withdrawal from the Alliance, or a Principal's conversion to Subscriber status (collectively for purposes of this subparagraph "Termination"), shall not affect the continuing obligations of each of the parties as indemnitors hereunder with respect to those indemnities and which shall have occurred prior to such Termination.

SECTION 23. INTERGOVERNMENTAL COOPERATION.

The Alliance shall cooperate with local, state and federal governmental agencies in order to maximize the utilization of any grant funds for equipment and operations and to enhance the effectiveness of the Alliance's operations and minimize costs of service delivery.

SECTION 24. NOTICE.

Notices required to be given to the Alliance under the terms of this Agreement shall be directed to the following unless all Principals are otherwise notified in writing:

Chair, Alliance Executive Board
c/o his/her Principal agency's address

Notices to Principals or Subscribers, Board Members or Representatives required hereunder may be given by mail, overnight delivery, facsimile or email (with confirmation of transmission), telegram, or personal delivery. Each Principal shall provide the Chair of the Alliance Executive Board written notice of the address for providing notice to said Principal. Any Principal wishing to change its mail or email address shall promptly notify the Chair of the Executive Board. Notice or other written communication shall be deemed to be delivered at the time when the same is postmarked in the mail or overnight delivery services, sent by facsimile or email (with confirmation of transmission), sent by telegram, or received by personal delivery.

SECTION 25. VENUE.

The venue for any action related to this Agreement shall be in the Superior Court in and for King County, Washington at Seattle, or if applicable, in Federal District Court, Western District of Washington.

SECTION 26. FILING.

As provided by RCW 39.34.040, this Agreement shall be filed prior to its entry in force with the King County Department of Executive Services Division of Records and Licensing Services, or its successor, Records and Elections, or, alternatively, listed by subject on a Principal's web site or other electronically retrievable public source.

SECTION 27. NO THIRD PARTY BENEFICIARIES.

There are no third-party beneficiaries to this Agreement. No person or entity other than a party to this Agreement shall have any rights hereunder or any authority to enforce its provisions, and any such rights or enforcement must be consistent with and subject to the terms of this Agreement.

SECTION 28. SEVERABILITY.

The invalidity or any clause, sentence, paragraph, subdivision, section or portion of this agreement shall not affect the validity of the remainder of the Agreement.

SECTION 29. RATIFICATION.

All prior acts taken by the Principals and the Alliance consistent with this Agreement are hereby ratified and confirmed.

SECTION 30. EXECUTION, COUNTERPARTS AND EFFECTIVE DATE.

This Agreement and any amendments thereto, shall be executed on behalf of each Principal by its duly authorized representative and pursuant to an appropriate motion, resolution or ordinance. This Agreement may be executed in any number of counterparts, each of which shall be an original, but those counterparts will constitute one and the same instrument. This Agreement shall be deemed adopted and effective as of March 1, 2014, subject to: (1) approval by the legislative bodies of Principals representing not less than 88% of the Weighted Votes of the Executive Board as of January 1, 2014; (2) withdrawal from the Original Agreement prior to March 1, 2014, by any city party to the Original Agreement declining to approve this Agreement, and (3) prior filing of the Agreement as required by Section 26.

IN WITNESS WHEREOF, this Agreement has been executed by each party on the dates set forth below.

CITY OF BELLEVUE

____
City Manager
Date:___________________________

Approved as to form
City Attorney

____

CITY OF BOTHELL

____
City Manager
Date: ___________________________

Approved as to form
City Attorney

____

CITY OF ISSAQUAH

____
Mayor
Date: ___________________________

Approved as to form
City Attorney

____

CITY OF KENMORE

____
City Manager
Date: ___________________________

Approved as to form
City Attorney

____

CITY OF KIRKLAND

____
City Manager
Date: __________________________

Approved as to form
City Attorney

____

CITY OF MERCER ISLAND

____
City Manager
Date: __________________________

Approved as to form
City Attorney

____

CITY OF SAMMAMISH

____
City Manager
Date: __________________________

Approved as to form
City Attorney

____

CITY OF SNOQUALMIE

____
Mayor
Date: __________________________

Approved as to form
City Attorney

____

CITY OF WOODINVILLE

____
City Manager
Date: __________________________

Approved as to form
City Attorney

____

Exhibit A
Current Scope of Alliance Programs and Services

As of the date of this Agreement, the Alliance offers the following Programs and Services for subscription by Principals and Subscribers:

MyBuildingPermit.com: Provides one-stop online development service applications, inspection scheduling, permit status information, and tip sheets for government agencies in the Puget Sound region. Services include online over-the-counter and plan review applications including building, clearing & grading, electrical, fire, land use, mechanical, plumbing, right-of-way, sign, utilities; construction tip sheets & checklists; online permit status & history; and online inspection scheduling.

MyParksandRecreation.com: A single online location for searching the region for parks, trails and facilities provided by participating City Principals and Subscribers. Includes search capabilities for parks, trails and facilities; find recreation classes and activities; online registration; and contact and sign-up information.

NWMaps.net: Gives access to map-based information quickly and visually. Provides information about where users live, might open a business, or spend leisure/recreational time. Includes interactive mapping tool; property and community information; public facilities, schools, parks, trails; and community demographic and zoning information.

NWProperty.net: Provides a comprehensive listing of commercial property for sale and lease, demographic reports, and public data. Includes the ability to find available commercial property; interactive mapping tool; business demographics; city-wide demographics; and property data and more.

SharedProcurementPortal.com: A regional website that consolidates procurement services, making it easy for government and businesses to work together. The shared procurement portal offers features including: business opportunities from the Alliance members posted to a consolidated board where vendors can view and respond; automatic email or fax notifications of the business opportunities by categories/commodities; ability to electronically submit bids or proposals to member agencies; vendor registration with multiple users, contacts, attachments, and applications; and the ability to receive award results/postings electronically.

GovJobsToday.com: Allows job-seekers to view and apply for public sector jobs, in the Puget Sound region, at one convenient location. Includes online job applications; regional government job listings; online review and screening; secure, on-line application status, and compensation and classification data.

ARTICLES OF INCORPORATION

OF

eCITYGOV ALLIANCE

The undersigned, in order to form a not for profit corporation under Chapter 24.06 of the Revised Code of Washington ("RCW"), and pursuant to Chapter 39.34 RCW, hereby sign and deliver the following Articles of Incorporation:

ARTICLE I — NAME

The name of this corporation is:

eCITYGOV ALLIANCE

ARTICLE II — DURATION

The period of duration of the eCITYGOV Alliance (the "ALLIANCE") is perpetual.

ARTICLE III — PURPOSES

ALLIANCE is organized on behalf of and as an instrumentality of its governmental members to carry out certain exclusively governmental activities and the purposes of the Amended and Restated Interlocal Agreement Establishing eCityGov Alliance (the "Interlocal Agreement") pursuant to the Interlocal Cooperation Act, Chapter 39.34 RCW. These purposes include developing, owning, operating and managing and maintaining online public service programs and services as further described in the Interlocal Agreement.

ARTICLE IV — PROHIBITED ACTIVITY

Notwithstanding any of the provisions of these Articles of Incorporation, the ALLIANCE shall not conduct or carry on activities not permitted to be conducted or carried on by an organization exempt from federal income tax under Sections 115 of the Internal Revenue Code or by an organization, contributions to which are deductible under Section 170(c)(2). No part of the net earnings of the ALLIANCE shall inure to the benefit of any director, officer or private individual. No substantial part of the activities of the ALLIANCE shall be devoted to the carrying on of propaganda, or otherwise attempting to influence legislation except as may be permitted by the Internal Revenue Code, and the ALLIANCE shall not participate in, or intervene in (including the publication or distribution of statements regarding) any political campaign on behalf of or in opposition to any candidate for public office. The ALLIANCE shall not have or issue shares of stock, shall not make any disbursement of income to its directors or officers, and shall not make loans to its officers or directors.

ARTICLE V — POWERS

In general, and subject to such limitations and conditions as are or may be prescribed by law, or in these Articles of Incorporation or in the ALLIANCE'S Bylaws or in the Interlocal Agreement, the ALLIANCE shall have all powers which now or hereafter are conferred under Chapters 24.06 and 39.34 RCW and other applicable law upon a corporation organized for the purposes set forth above, or are necessary or incidental to the powers so conferred, or are conducive to the attainment of the ALLIANCE's purposes.

ARTICLE VI — MEMBERS

Each Member of ALLIANCE must be a municipal corporation formed and existing under the laws of the state of Washington and meeting the other requirements described in the Interlocal Agreement. As used in these Articles, the term "Members" means "Principals" as defined in the Interlocal Agreement. The rights and responsibilities of the Members/Principals and the manner of their election, appointment, or admission to membership and termination of membership shall be as provided for in the Interlocal Agreement. The ALLIANCE shall have one class of Members/Principals, except that each Member/Principal may be treated as a separate class for calculating votes as provided for in the Interlocal Agreement.

ARTICLE VII — DISTRIBUTIONS UPON DISSOLUTION

No director, trustee or officer of the ALLIANCE, nor any private individual, shall be entitled to share in the distribution of any of the corporate assets upon dissolution of the ALLIANCE or the winding up of its affairs. Upon dissolution of the ALLIANCE, after paying, satisfying, and discharging, or making adequate provision therefor, of all liabilities and obligations of the ALLIANCE, and after returning, transferring, or conveying assets held by the ALLIANCE requiring return, transfer, or conveyance on condition of the dissolution, all remaining assets of the ALLIANCE shall be distributed by the Executive Board as provided for in the Interlocal Agreement.

ARTICLE VIII — DISSENTING MEMBERS

"Dissenting members," as that term is used in RCW 24.06.245 through 255, will be entitled to the rights and allocation of assets set forth in the Interlocal Agreement, but may be limited to "a return of less than the fair value" of their membership as that term is used in RCW 24.06.255.

ARTICLE IX — BYLAWS

Provisions for the regulation of the internal affairs of the ALLIANCE shall be set forth in the Bylaws of the ALLIANCE.

ARTICLE X — REGISTERED AGENT

The address of the initial registered office of the ALLIANCE is eCityGov Alliance, c/o City of Bellevue 450 100th Avenue, Bellevue WA 98004. The name and address of its initial registered agent is the City Clerk (or his/her designee), City of Bellevue, 450 110th Avenue N.E., Bellevue, WA 98004.

ARTICLE XI — DIRECTORS

The initial board of directors (referred to in the Interlocal Agreement as the "Executive Board") shall consist of nine (9) directors. The names and addresses of the persons who are to serve as initial directors are:

Brad Miyake, Interim City Manager
City of Bellevue
450 110th Avenue N.E.
Bellevue, WA 98004

Bob Stowe, City Manager
City of Bothell
18304 101st Avenue N.E.
Bothell, WA 98011

Bob Harrison, City Administrator
City of Issaquah
130 E. Sunset Way
Issaquah, WA 98027

Nancy Ousley, Assistant City Manager
City of Kenmore
18120 68th Ave. N.E.
Kenmore, WA 98028

Kurt Triplett, City Manager
City of Kirkland
123 Fifth Avenue

Kirkland, WA 98033-6189

Noel Treat, City Manager
City of Mercer Island
9611 S.E. 36th St.
Mercer Island, WA 98040

Lyman Howard, Deputy City Manager
City of Sammamish
801 228th Avenue. S.E.
Sammamish, WA 98075

Bob Larson, City Administrator
City of Snoqualmie
38624 S.E. River St.
Snoqualmie, WA 98065

Alexandra Sheeks, Assistant to the City Manager
City of Woodinville
17301 133rd Ave. N.E.
Woodinville, WA 98072

Directors may be removed as provided for in the Bylaws.

ARTICLE XII -- OFFICERS

The ALLIANCE shall have four officers, a President, Vice-President, Secretary and Treasurer. The President and Vice-President are referred to as the "Chair" and "Vice-Chair" respectively, in the Interlocal Agreement. The responsibilities of the officers shall be described in the ALLIANCE Bylaws.

ARTICLE XIII — INCORPORATORS

The names and addresses of the incorporators are:

1. City of Bellevue
   450 110th Avenue N.E.
   Bellevue, WA 98004

2. City of Bothell

18304 101st Avenue N.E.
Bothell, WA 98011

3. City of Issaquah
130 E. Sunset Way
Issaquah, WA 98027

4. City of Kenmore
18120 68th Ave. N.E.
Kenmore, WA 98028

5. City of Kirkland
123 Fifth Avenue
Kirkland, WA 98033-6189

6. City of Mercer Island
9611 S.E. 36th St.
Mercer Island, WA 98040

7. City of Sammamish
801 228th Avenue. S.E.
Sammamish, WA 98075

8. City of Snoqualmie
38624 S.E. River St.
Snoqualmie, WA 98065

9. City of Woodinville
17301 133rd Ave. N.E.
Woodinville, WA 98072

ARTICLE XIV — LIMITATION OF DIRECTOR LIABILITY

Except to the extent otherwise required by applicable law (as it exists on the date of the adoption of this Article or may be amended from time to time), a director of the ALLIANCE (a director is referred to as a "Member of the Executive Board" in the Interlocal Agreement) shall not be personally liable to the ALLIANCE for monetary damages for conduct as a director, except for liability of the director (i) for acts or omissions which involve intentional misconduct by the director or a knowing violation of law by the director, (ii) for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled, or (iii) for any act or omission occurring before the date when this provision becomes effective.

If the Washington Nonprofit Miscellaneous and Mutual Corporation Act (the "Act") is hereafter amended to expand or increase the power of the ALLIANCE to eliminate or limit the personal liability of directors, then, without any further requirement of action by the directors of the ALLIANCE, the liability of a director shall be eliminated or limited to the full extent permitted by the Act. No amendment to or repeal of this Article shall adversely affect any right of protection of any director of the ALLIANCE occurring after the date of the adoption of this Article and prior to such amendment or repeal.

ARTICLE XV — INDEMNIFICATION

Except as provided in Article XIV, the ALLIANCE shall indemnify any director and officer of the ALLIANCE who is involved in any capacity in a proceeding (as defined in RCW 23B.08.500, as presently in effect and as hereafter amended) by reason of the position held by such person or entity in the ALLIANCE to the full extent allowed by law, as presently in effect and as hereafter amended. By means of a resolution or of a contract specifically approved by the Board of Directors (referred to as the "Executive Board" in the Interlocal Agreement), the ALLIANCE may also indemnify an employee, or agent to such degree as the Board of Directors determines to be reasonable, appropriate, and consistent with applicable law and to be in the best interests of the ALLIANCE. Reasonable expenses incurred by a director or officer who is involved in any capacity in a proceeding by reason of the position held in the ALLIANCE, shall be advanced by the ALLIANCE to the full extent allowed by and on the conditions required by applicable law, as presently in effect and as hereafter amended.

The Board of Directors of the ALLIANCE shall have the right to designate the counsel who shall defend any person or entity who may be entitled to indemnification, to approve any settlement, and to approve in advance any expense. The rights conferred by or pursuant to this Article shall not be exclusive of any other rights that any person may have or acquire under any applicable law (as presently in effect and as hereafter amended), these Articles of Incorporation, the bylaws of the ALLIANCE, a vote of the Board of Directors of the ALLIANCE, or otherwise. No amendment to or repeal of this Article shall adversely affect any right of any director, officer, employee, or agent for events occurring after the date of the adoption of this Article and prior to such amendment or repeal.

The ALLIANCE shall also indemnify and hold harmless every Member/Principal, including, but not limited to that Member's/Principal's officers, directors, employees and agents from all claims, injuries, damages, losses or suits, including reasonable attorney fees and costs which arise out of acts and/or omissions of the ALLIANCE. To such degree as the board of directors/Executive Board determines to be reasonable, appropriate, and consistent with applicable law and to be in the best interests of the ALLIANCE, the ALLIANCE may also indemnify and hold harmless Subscribers, including, but not limited to that Subscriber's officers, directors, employees and agents from all claims, injuries damages, losses or suits, including reasonable attorney fees which arise out of acts and/or omissions of the ALLIANCE.

Nothing in these Articles of Incorporation may be interpreted as a waiver of sovereign immunity by any member.

Indemnification of directors and officers by the ALLIANCE shall be consistent with the terms of the Interlocal Agreement, the Act, the Interlocal Cooperation Act and other applicable law. In the event of any inconsistency between this Article and the Interlocal Agreement, the terms of the Interlocal Agreement shall control to the extent consistent with applicable law.

Notwithstanding any other provision of this Article, no indemnification shall be provided to any person if in the reasonable opinion of competent counsel, payment of such indemnification would cause the ALLIANCE to lose its exemption from federal income taxation.

DATED as of this 1st day of March, 2014.

INCORPORATORS:

INCORPORATOR: City of Bellevue

By: Brad Miyake, Interim City Manager

INCORPORATOR: City of Bothell

By: Bob Stowe, City Manager

INCORPORATOR: City Issaquah

By: Fred Butler, Mayor

INCORPORATOR: City of Kenmore

By: Rob Karlinsey City Manager

INCORPORATOR: City of Kirkland

By: Kurt Triplett, City Manager

INCORPORATOR: City of Mercer Island

By: Noel Treat, City Manager

INCORPORATOR: City of Sammamish

By: Ben Yazici, City Manager

INCORPORATOR: City of Snoqualmie

By: Matthew R. Larson, Mayor

INCORPORATOR: City of Woodinville

By: Bob Leahy, City Manager

City Of Kenmore, Washington

29 January 2014

TO: Rob Karlinsey, City Manager

FR: Nancy Ousley, Assistant City Manager NKO

Subject: AMENDED AND RESTATED INTERLOCAL AGREEMENT ESTABLISHING ECITYGOV ALLIANCE AND RELATED ARTICLES OF INCORPORATION

The Executive Board of the ECityGov Alliance has developed proposed revisions to the Interlocal Agreement for the Alliance that will implement direction that has been anticipated in the existing agreement to have the Alliance organized as a separate legal entity. Other operational clarifications are incorporated into the restated Interlocal Agreement as well. The City of Kenmore has been a member of the Alliance since 2002, when the Alliance was formed.

Recommendation:

> Approve an Amended and Restated Interlocal Agreement ("Amended and Restated ILA"), and related Articles of Incorporation, to reorganize the eCityGov Alliance ("Alliance") as a separate legal entity, specifically, a nonprofit corporation, while retaining the current governance structure, and making certain other updates and changes to the current Alliance interlocal agreement.

Rationale:

> The Alliance Executive Board has been working with a consultant and legal team on this effort for the last year. The Executive Board recommends approval of the Amended and Restated ILA and related Articles of Incorporation.
>
> The Alliance was created in 2002 for the purpose of developing, owning, operating and maintaining online public programs and services. The *current* Alliance interlocal agreement explicitly envisions the Alliance as a separate legal entity; however, technically the ILA needs to be amended to accomplish this. There are other important benefits of accomplishing the separate legal status: the intent in the existing interlocal agreement is that the Alliance own the intellectual property associated with its programs and services can be realized, and legal protections can be provided to the Alliance's member and subscriber agencies. Approval of the new ILA will accomplish

these things, as well as clarify a number of operational and other issues. The basic governance structures and current staffing structures will remain unchanged.

If the Council elects not to approve the Amended and Restated ILA: The Alliance Board has agreed to proceed with the Amended and Restated ILA if cities representing not less than 88% of the weighted votes of all cities party to the current interlocal agreement approve the new ILA (see Section 30 of the Amended and Restated ILA and Table 1 below); if this threshold is *not met*, the Alliance will continue *as is*. If the City does not wish to participate in the new ILA, and a sufficient number of other Cities do decide to approve the new ILA for it to go into effect, then in order to allow the other member cities to proceed, *the Council should direct staff to promptly file notice with the Alliance to terminate the City's participation in the current ILA effective prior to March 1, 2014*. Council should further direct staff *whether the City should remain a Subscriber to any eCityGov Alliance programs.* Note that the current Alliance interlocal agreement obligates the City to pay its share of the Alliance's 2014 budget even if the City terminates its participation as a member. The City's share of the 2014 budget is $17,000 (out of a total of $340,000 allocated to the member cities; cost allocation is based on the relative population of the City as compared to all other member cities.)

Threshold for approving the Amended and Restated ILA: As noted above, the Alliance Board has agreed to proceed with the Amended and Restated ILA if cities representing not less than 88% of the weighted votes of the cities party to the current interlocal agreement approve the new ILA. The weighted votes (and budget allocation) of the current Alliance member cities are set forth in the table below.

Table 1: 2014 Weighted Vote of Alliance Members

Alliance Member City	Population	% of Total Alliance Member Population / 2014 Weighted Vote
Bellevue	132,100	33%
Bothell	34,460	9%
Issaquah	32,130	8%
Kenmore	21,170	5%
Kirkland	81,730	21%
Mercer Island	22,720	6%
Sammamish	48,060	12%
Snoqualmie	11,700	3%
Woodinville	10,990	3%
TOTAL	**395,060**	**100.00%**

As also noted above, the 2014 Alliance budget will *not be affected* if some cities choose not to continue participation as Alliance members, but *future* Alliance budgets would be adjusted to reflect this change. Under the new ILA, cost allocation between member cities remains based on relative population.

Financial Impact:

The financial impact of this action is minimal. The agency created by the new ILA will be a government instrumentality, subject to the public records act and open public meetings act. No staffing changes are required or anticipated. There will be routine tax status and reporting filings for the agency to submit periodically. In addition, the agency must maintain separate books and accounts, and will be subject to a separate state audit as are other municipalities. If the Council elects to terminate participation in the Alliance by not approving the new ILA, the City will still be obligated to pay its share of the Alliance 2014 budget.

Background:

The Alliance was formed in 2002 as a joint board for the purpose of providing online public programs and services. There were nine original member cities: Bellevue, Bothell, Burien, Issaquah, Kenmore, Kirkland, Mercer Island, Sammamish and Woodinville. Since 2002, Burien has dropped out as a partner city, and Snoqualmie and Renton have joined as partners. In 2013, Renton gave notice that it wished to convert to subscriber status beginning in 2014, leaving nine partner cities. In addition, there are several dozen agencies, both public and private, that subscribe to various Alliance services.

The Alliance currently provides and maintains six online programs and services:

- MyBuildingPermit.com
- MyParksandRecreation.com
- NWMaps.net
- NWProperty.net
- SharedProcurementPortal.com
- GovJobsToday.com

These programs are summarized in Exhibit A to the ILA.

The original 2002 interlocal agreement forming the Alliance was substantially amended in 2005, with further minor amendments in 2007 and 2009 (as so amended, referred to as the "Original Agreement"). The Original Agreement states in part that "The Agency shall be created as a separate legal entity as authorized by RCW 39.34.030." The Alliance has been operating in many respects as a separate legal entity. However, since the Alliance was established, legal thinking has evolved in terms of how to accomplish "separate legal entity" status. There are a handful of options to accomplish this under the Interlocal Cooperation Act (Ch. 39.34 RCW): creating a partnership, a limited liability corporation or a nonprofit corporation. The nonprofit corporation form provides clarity in terms of decision making, flexibility to operate, and good legal protection to member cities. This corporate structure has been used by groups of municipalities many times in east King County and elsewhere around the state.

Under the proposed Amended and Restated Interlocal Agreement ("ILA"), the authorized scope of services that the Alliance will provide remains essentially as is in place today. In addition, the composition of the Board—one member from each city that is party to the ILA—remains unchanged.

What is different, in addition to formalizing the legal entity status? The Executive Board is recommending several adjustments and updates to the ILA. There are also some changes required by the state nonprofit corporation law (Ch. 24.06 RCW). The Executive Board initiated changes include:

(1) Clarifying the wording around the principles and purposes of the Alliance.
(2) Moving to a two-prong supermajority vote structure for certain major items, including but not limited to expansion of programs offered, adding new "Principals" (Principals are parties to the new ILA and have a seat on the Executive Board), or appointing or removing the Executive Director. A Supermajority Vote requires approval of not less than 66% in total number of board members and 66% in total Weighted Votes of all Board members. Weighted Votes are based on population. (Under the Original Agreement, all voting is weighted by population and there is no supermajority requirement.)
(3) Adopting a two-prong simple majority vote for routine items (approval by more than 50% of those present and voting, by both Weighted Vote and number of Board members).
(4) Clarifying that persons serving on the Executive Board must be their Principal agency's chief executive officer, or their deputy or equivalent.
(5) Making it possible for municipal corporations *other than cities* to join as Principals (provided there is readily available reports on their population by which to calculate votes and budget shares);
(6) Clarifying the budget approval process;
(7) Clarifying that the Executive Director reports to the Board, not the supporting Operations Board;
(8) Clarifying the provisions relating to ownership and use of intellectual property of the Alliance (all Principals have license rights to all the intellectual property of the Alliance) and how that property is distributed upon termination of the ILA.
(9) Allowing the ILA to be amended by supermajority vote of the *Executive Board* in certain minor situations;
(10) Updating the "boilerplate" sections of the ILA.

The nonprofit corporation act under which the Alliance is being reorganized also requires certain changes to the ILA, most notably: the termination, merger or consolidation of the agency, or sale of all or nearly all of its assets requires a Supermajority Vote.

<u>Articles of Incorporation</u>. One of the formal steps to reorganize the Alliance as a nonprofit corporation is the filing of Articles of Incorporation with the Washington Secretary of State. The Articles of Incorporation are summarized at Attachment 4. Like the ILA, the Articles must be approved by each City Council party to the ILA.

Summary of
Amended and Restated Interlocal Agreement ("Agreement") Establishing eCityGov Alliance and Articles of Incorporation of eCityGov Alliance

Interlocal Agreement

Sec.	Topic	Summary
1	Reorganization of eCityGov Alliance as a Nonprofit Corporation	The eCityGov Alliance ("Alliance") is a joint board operation which provides online public programs and services. The Alliance is being reorganized under authorization of the Interlocal Cooperation Act (Ch. 39.34 RCW) as a nonprofit corporation pursuant to Ch. 24.06 RCW. Once re-structured as a nonprofit corporation, the Alliance will be a separate legal entity that is a municipal instrumentality, subject to all the same limitations to which cities are subject under state law.
2	Term of Agreement	The Agreement will be of perpetual duration, and may be terminated as provided in the Agreement. (See section 19)
3.	Definitions	Among the key terms: "Participants" -- all Principals and all Subscribers. "Principals" – membership will be open to any municipal corporation (cities, counties, other municipal corporations formed under Washington law). All nine cities currently party to the original Alliance interlocal agreement are proposed to become Principals of the restructured Alliance: Bellevue, Bothell, Issaquah, Kenmore, Kirkland, Mercer Island, Sammamish, Snoqualmie, and Woodinville. (Renton moved to subscriber status at the end of 2013). "Programs and Services" are the online programs managed by the Alliance, including: • MyBuildingPermit.com • MyParksandRecreation.com • NWMaps.net • NWPorperty.net • Shared ProcurementPortal.com • GovJobsToday.com "Simple Majority Vote" requires approval of more than 50% of Board members present and voting, by both Weighted vote and by number of Board members. "Subscribers" –municipal corporations or other entities that contract for service from the Alliance. "Supermajority Vote" – Requires vote of not less than 66% of *all* members of the Executive Board in number AND not less than 66% by total Weighted Votes. "Weighted Vote" are votes counted by proportional population of each Principal.
4.	Guiding Principles	Guiding principles from the Original Agreement are included, with some minor revisions.
5.	Purposes of the Alliance	These are primarily from the Original Agreement, but the wording has been revised.

6.	Alliance Services	The Alliance will develop, own, operate, maintain and manage the Alliance's Programs and Services. The Alliance cannot set local policies, rates or charges, or take audit or enforcement action on behalf of Participants. The Alliance Executive Board will adopt Operating Policies for the Programs and Services; access and use by Participants to Programs and Services will be conditioned on compliance with the Operations Policy.
6.d	Additional Services	New online public programs and services may be added by the Alliance upon approval of a Supermajority Vote of the Executive Board.
7.	Alliance Powers	As a separate legal entity, the Alliance will have a full range of corporate powers (enter into contracts, sue and be sued, establish funds, buy and sell property, etc.) permissible under the Interlocal Cooperation Act and Ch. 29.06 RCW, but will not have the power to issue debt.
8.	Executive Board	The Executive Board is the governance board for the Alliance. It has final decision making authority on all issues, and exercises all powers of the Alliance. The Executive Board may delegate day to day responsibilities to the Alliance Executive Director, and can assign specific tasks to the Operations Board and other committees within defined parameters. The Executive Board will be composed of one (1) Board Member per Principal. The Board may by Supermajority Vote add one or more non-voting Board Members to represent a Subscriber or Subscribers Board Members must be the Chief Executive Officer of their agency, or their deputy or equivalent. Each Board Member may have one designated alternate, with qualifications as similar to the Board Member.
8.i	Supermajority Vote Items	Routine items require a simple majority of a quorum to pass. The following will require a Supermajority Vote: i. Adoption or amendment of the Bylaws or amendment of the Articles of Incorporation. ii. Admission of a new Principal. iii. Creating a non-voting seat for a Subscriber or Subscribers on the Executive Board. iv. Adding new Programs and Services. v. Appointing or removing the Executive Director. vi. Approving changes in the cost allocation consistent with Section 13.g to consider factors other than Population. vii. Reinstatement of a Principal that had been converted to a Subscriber due to delinquency in making payments (See Section 13.i).

		viii. Merger, consolidation, sale of all or substantially all assets of the Alliance (See Section 16). ix. Amendment of the Agreement (except for those amendments requiring approval of all legislative bodies of the Principals per Section 18). x. Termination or dissolution of the Alliance (See Section 19). xi. Any other action actions requiring a Supermajority vote under Chapter 24.06 RCW.
8.j	Board Officers	The Board will have 4 officers: President, Vice-President, Secretary and Treasurer. The Secretary and Treasurer functions may be performed by appointed staff; the Chair and Vice-Chair must be Board Members.
8.l	Meetings	The Executive Board will meet not less than once a year, and as often as it deems necessary. Open Public Meetings Act requirements apply to all meetings. Additional details about the Executive Board will be included in the Alliance Bylaws.
9.	Operations Board	The "Operations Board" will provide advice and recommendations to the Executive Board and may be tasked with specific responsibilities by the Board, within defined parameters. The Operations Board will have 1 member from each Principal, plus additional Subscriber representatives as the Executive Board may determine. Persons serving on the Operations Board must be staff from the agency they represent, and have broad authority within their organization to coordinate internally and represent their agency on Operations Board matters. Details about the operation of the Operations Board will be set forth in the Alliance Bylaws.
10.	Conversion of Status of Principals; Addition of New Principals or Subscribers	Principals will be converted to Subscriber status if they fail to approve their share of the budget, do not pay their share of the budget, or are delinquent in payment for 60 days. Conversion means the Principal loses its vote on the Executive Board, and its right to receive Alliance assets upon dissolution. A converted Principal will be subject to the then applicable fee formula for Subscribers. Principals may also elect to convert to Subscriber status on not less than 9 months' notice before the start of the next budget term (this option can only be exercised after the Initial Term.) The Executive Board at its discretion vote to add new Principals or Subscribers. Addition of a Principal requires a Supermajority Vote. Also, because cost allocation and Weighted Votes are

		based on Population, the ILA provides that if accurate data on the Population of an agency otherwise qualified to be a Principal is not readily available to the satisfaction of the Board, then such agency may not be admitted as a Principal until and unless this Agreement is amended in order to provide a mechanism for the calculation of: (1) the Weighted Vote of such agency; and (2) the calculation of the cost allocation as between the agency and other Principals. Such amendments must be approved by the legislative authorities of each Principal. Subscribers may request to be converted to Principals.
11.	Alliance Staffing	The Executive Board shall determine the means of staffing the Alliance—using loaned staff from Principal(s), hiring consultants or other service providers, hiring employees or any combination of means.
12	Alliance Executive Director	The Executive Board shall appoint an Executive Director who will be responsible for the day to day operation of the Alliance. The Executive Director will serve in an "at will" capacity. Only the Executive Board may approve selection of legal counsel, independent accountants and auditors.
13	Budget – Approval Process	The budget may be adopted on an annual or biennial calendar year basis. The Executive Director will present a proposed budget by June 15 to the Executive Board; the Executive Board will forward an approved draft budget to all Principals for their review by July 15. The final budget will be adopted by the Executive Board effective no later than December 31 after receiving information as to which Principals have approved their share of the budget in their individual city budgets, as well as information regarding continuing Subscriber interest. Budget approval requires a Simple Majority Vote.
13.g	Budget—Cost Allocation and Cost Recovery	Generally, costs of the Alliance net of Subscriber and other revenues, are allocated between all Principals based on their relative Population. If non-cities join as Principals, then the Board may make equitable adjustments to this allocation with Supermajority Vote approval, provided the primary basis for allocation shall remain population.
13.i	Delinquencies	If a Principal does not pay its charges when due, notice of delinquency is sent; if not cured within 60 days, the Principal is converted to a Subscriber. A converted Principal may appeal to the Executive Board for reinstatement (Supermajority Vote required). After 6 months nonpayment, service to the Principal may be halted. After 1 year, the nonpaying party is deemed to

		have withdrawn from the Agreement.
14.	Fiscal Agent; Retained Authority	The Alliance may have a lead administering agency to act as its Fiscal Agent (currently, this service is provided by Bellevue through a separate contract with the Alliance; this arrangement will continue). All Participating Cities retain authority for their operational departments and services and equipment connecting to the Alliance Programs and Services, and for management of security for all data that may be linked to the Alliance Programs and Services.
15.	Ownership of Property	Any existing interests in Alliance real, personal and intellectual properties are conveyed to the Alliance. Each Principal transfers any interest it has in Alliance properties to the Alliance. Each Participating City retains ownership of its data. Each Principal has a license to use the Alliance intellectual property for so long as it is a Principal in good standing, but may not use it in a manner that competes with the Alliance. The license right survives termination of the Agreement. Work product created in performance of the Agreement is property of the Alliance and will be kept confidential by all Participants, their employees and agents.
16.	Merger or Consolidation of Agency; Sale of all or substantially all assets	Requires approval by Supermajority Vote of Board.
17.	Withdrawal by, or Termination of, a Principal	A Principal can withdraw from the Agreement effective December 31 of a year, having given not less than 1 year's advance notice. Departing Principals have rights to their data. Termination does not discharge Principal's obligations to the Alliance or other participants. A Principal converted to Subscriber status due to delinquency is obligated to pay its full year of budget allocation.
18.	Amendment of Agreement	The Agreement can be amended by a Supermajority Vote of the Board, except for certain key items which can only be approved by the legislative bodies of all Principals—those key items include: a. Expansion of services beyond that contemplated in Section 6.d. b. Membership on Executive Board c. Powers of Executive Board d. Contribution Obligations inconsistent with Section 13.g. e. Changes to voting rights

		f. Hold Harmless/Indemnification g. Duration, termination, withdrawal from Agreement h. Conditions to Amend the Agreement. Addition of Principals or Subscribers, or adding/contracting services purchased by Participants or offered by the Alliance (beyond the scope of Section 6.d) does not require approval of Principals' legislative bodies.
19.	Termination of Agreement, Dissolution of Agency	Termination of Agreement and Dissolution of Agency requires a Supermajority Vote. Termination date will be at least 1 year following the date of the vote to terminate to allow for a wind-up of business. Agency real or personal property and liabilities (if any) will be allocated to Principals participating as of dissolution, based on ratio of their contributions to the preceding 5 years' operating budgets. Participants retain their rights to data after termination. Each Principal, upon termination, will receive a copy of software and data templates (absent any confidential data) so that they can continue to use Programs or Services on their own in a non-exclusive manner. Any sale of such software or data templates by a Principal cannot limit the rights of other Principals without their consent. Notwithstanding this, the Executive Board may sell the intellectual property by the Alliance, in which case each Principal will receive a share of proceeds consistent with the preceding paragraph (but such sale will not limit the Principals' rights to use the software and data templates.)
20.	Dispute Resolution	In event of disputes (between Principals or between Principal(s) and the Alliance), parties will first try to resolve issues by meeting together; if there is no agreement, a party may request mediation. Mediator must be mutually agreed and costs would be shared equally between the parties.
21.	Insurance	The Alliance will carry such insurance as the Executive Board determines is reasonably practicable to minimize liability of the Participants.
22.	Indemnification and Hold Harmless	Principal indemnify and hold harmless other Principals and the Alliance for damages arising out of their acts or omissions. The Alliance will indemnify and hold harmless Principals for damages arising out of its acts or omissions. Subscribers entering into new or amended service contracts with the Alliance after the date of the Agreement will be required to will indemnify and hold harmless Principals and the Alliance for damages arising out of their acts or omissions. The Fiscal Agent is indemnified for damages arising out of

		Principals or Alliances acts or omissions.
23 - 29	"Boilerplate" sections	Intergovernmental Cooperation; Notice; Venue; Filing; No Third Party Beneficiaries; Severability; Ratification;.
30	Effective Date	The Agreement is effective on March 1, 2014, subject to: 1. Approval by the legislative bodies of Principals representing not less than 88% of the Weighted Votes of the Executive Board as of January 1, 2014; 2. Withdrawal from the Original Agreement prior to March 1, 2014, by any city party to the Original Agreement declining to approve the new Agreement; and 3. Filing of the agreement as required by the Interlocal Cooperation Act.

Articles of Incorporation

Article	Subject	Summary
I	Name of Agency	eCityGov Alliance
II	Duration	Perpetual
III	Purposes	A governmental instrumentality to carry out activities per the ILA.
IV	Prohibited Activities	No actions that would violate requirements of Internal Revenue Code for nonprofit corporations.
V	Powers	As described in ILA, Chapters 24.06 and 39.34 RCW
VI	Members	The Principal Cities are "members" of the corporation
VII	Distributions upon Dissolution	No director or officers will receive corporate assets upon dissolution. Assets will be distributed per ILA to member cities.
VIII	Dissenting Members	Ensures that Alliance assets will be distributed per ILA.
IX	Bylaws	Will provide for additional detail on operations of the Alliance; these will be adopted by the Executive Board once the Alliance is restructured as a nonprofit corporation.
X	Registered Agent	For purposes of receiving legal notice; will initially be the Bellevue City Clerk
XI	Directors	Initial Board of directors identified (list will be edited to delete any member whose city does not approve the Agreement)
XII	Officers	There will be 4 officers: President, Vice- President, (referred to as Chair and Vice-Chair in ILA), Secretary and Treasurer.
XIII	Incorporators	The Cities approving the Agreement (list will be edited to delete any city that does not approve the Agreement).
XIV	Limitation of Director Liability	Directors (Executive Board members) not personally liable for their actions unless intentional misconduct, taking personal benefit to which they are not entitled.
XI	Indemnification	Consistent with the ILA and Interlocal Cooperation Act, the Agency indemnifies officers and directors and Principals. May also elect to indemnify subscribers.