City of Kenmore

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
7:00 p.m., Monday, February 24, 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. CALL MEETING TO ORDER

II. ROLL CALL

III. FLAG SALUTE

IV. AGENDA APPROVAL

V. PROCLAMATION

A. National Kids to Parks Day Proclamation - Saturday, May 17, 2014
Proclamation

VI. 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.

VII. CONSENT AGENDA

A. Adopt Minutes for the January 13, January 27, and February 10, 2014 City Council Meetings
DRAFT 01 13 2014 Minutes
DRAFT 01 27 2014 Minutes
DRAFT 02 10 2014 Minutes

B. Approve Check Nos. 29394 - 29452 in the Amount of $179,410.86, and Electronically Transferred Payroll Funds Totaling $62,278.30, and Payroll Check No. 211017 in the Amount of $1,426.73 for the Period Ending January 31, 2014
Checks for Approval

C. Approve Check Nos. 29453 - 29541 in the Amount of $1,549,821.64, and Electronically Transferred Payroll Funds Totaling $63,454.55, and Payroll Check No. 211057 in the Amount of $1,427.13, and an Investment Purchase of $1,001,486.11 for the Period Ending February 14, 2014
Checks for Approval

VIII. BUSINESS AGENDA

A. Adopt Ordinance No. 14-0373, Northshore Utility District Franchise Agreement - Rob Karlinsey, City Manager
Agenda Bill & Attachment

B. Update on Low-Impact Development Design Project in Northlake Heights - Kris Overleese, Engineering & Environmental Services Director
Agenda Bill & Attachment

C. Motion to Initiate Enforcement Actions with Frontier Communications Related to Cable Television Franchise Agreement Requirements - Nancy Ousley, Assistant City Manager
Agenda Bill & Attachments

D. December 2013 Financial Report Presentation - Joanne Gregory, Finance & Administration Director
Agenda Bill & Attachment

E. 2013 Development Services Year-in-Review Presentation - Bryan Hampson, Development Services Director
Agenda Bill & Attachment

F. Adopt Ordinance No. 14-0376, Capital Improvement Program (CIP) Amendment: West Samm Bridge - Kris Overleese, Engineering & Environmental Services Director
Agenda Bill & Attachments
W Samm Bridge PowerPoint

IX. STAFF REPORT

X. COUNCILMEMBER REPORTS & COMMENTS

XI. COUNCILMEMBER INITIATIVES

XII. EXECUTIVE SESSION

Pursuant to RCW 42.30.110(1)(i), Potential Litigation and RCW 42.30.110(1)(b), Property Acquisition

XIII. POSSIBLE ACTION RELATING TO EXECUTIVE SESSION

XIV. ADJOURNMENT

Upcoming Meetings:

Monday, March 3, 2014	City Council Special Meeting	7:00 p.m.
Monday, March 4, 2014	Planning Commission Regular Meeting	7:00 p.m.
Monday, March 10, 2014	City Council Regular Meeting	7:00 p.m.
Thursday, March 13, 2014	Business Incubator Open House	4:30 - 7:30 p.m.
Monday, March 17, 2014	City Council Regular Meeting	7:00 p.m.
Tuesday, March 18, 2014	Planning Commission Regular Meeting	7:00 p.m.
Thursday, March 20, 2014	Business Plan Seminar	7:00 p.m.
Monday, March 24, 2014	City Council Regular Meeting	7:00 p.m.
Monday, March 31, 2014	City Council Special Mtg. w/ Fire District Board	7:00 p.m.

City of Kenmore, Washington
Proclamation

National Kids to Parks Day
Saturday, May 17, 2014

WHEREAS, May 17, 2014 is the fourth National Kids to Parks Day organized and launched by the National Park Trust; and

WHEREAS, National Kids to Parks Day empowers kids and encourages families to get outdoors and visit America's parks; and

WHEREAS, it is important to introduce a new generation to our nation's parks because of the decline in park attendance over the last decades; and

WHEREAS, we should encourage children to lead a more active lifestyle to combat the issues of childhood obesity, diabetes mellitus, hypertension and hypercholesterolemia; and

WHEREAS, National Kids to Parks Day is open to all children and adults across the country to encourage a large and diverse group of participants; and

WHEREAS, National Kids to Parks Day will broaden children's appreciation for nature and the outdoors,

WHEREAS, the City of Kenmore has been recognized by the national nonprofit organization KaBOOM! as a Playful City USA community; and

WHEREAS, the City of Kenmore features spectacular local and state parks and the Burke-Gilman Regional Trail,

NOW, THEREFORE, the Kenmore City Council does hereby proclaim to participate in National Kids to Parks Day. We urge residents of Kenmore to make time on Saturday, May 17th to take the children in their lives to a neighborhood, state or national park.

IN WITNESS WHEREOF, signed this 24th day of February, 2014.

Signed ___________________________
David Baker, Mayor

Attest ____________________________
Patty Safrin, City Clerk

City of Kenmore, Washington
City Council Regular & Special Joint Planning Commission Meeting Minutes
January 13, 2014

CALL TO ORDER – The regular meeting of the Kenmore City Council was called to order by Mayor David Baker at 7:01 p.m.

Councilmembers present: Mayor David Baker, Deputy Mayor Glenn Rogers and Councilmembers Brent Smith, Milton Curtis, Nigel Herbig and Allan Van Ness

Councilmembers excused: Councilmember Laurie Sperry

Staff present: Rob Karlinsey, City Manager; Nancy Ousley, Assistant City Manager; Joanne Gregory, Finance & Administration Director; Kris Overleese, Engineering & Environmental Services Director; Debbie Bent, Community Development Director; Bryan Hampson, Development Services Director; Lauri Anderson, Senior Planner; Rod Kaseguma, City Attorney; and Patty Safrin, City Clerk

FLAG SALUTE

Mayor Baker led the flag salute.

AGENDA APPROVAL

It was Council consensus to approve the agenda as submitted.

CITIZEN COMMENTS

Dave Crawford, 7534 NE 175th Street, Kenmore, was present to state his concern regarding the City's real estate transactions.

Mayor Baker thanked the citizen for his comments.

CONSENT AGENDA

Councilmember Rogers moved to approve the consent agenda as submitted. Mayor Baker seconded the motion to Adopt the Minutes for the November 25, 2013 Special & Regular Meeting, December 2, 2013 Special Meeting, and December 9, 2013 Regular Meeting; Receive and File the October 2013 and November 2013 Financial Reports; Authorize Acceptance of Surface Water Grant Funds from the Department of Ecology for SR 522 West A, Contract No. 14-C1245; Approve Contract No. 13-C1237 with Olympic Environmental Resources for 2014-2015 Recycling Event Project Management; and Cancel the City Council Regular Holiday Schedule Meeting for Tuesday, January 21, 2014. The motion passed unanimously.

PUBLIC HEARING

Public Hearing to Receive Public Testimony Regarding Ordinance No. 14-0372, Extending the Moratorium on Medical Cannabis Collective Gardens – Lauri Anderson, Senior Planner, was present to give a brief staff report explaining the background of this ordinance.

Mayor Baker opened the public hearing to receive public testimony on this issue at 7:08 p.m.

As there were no citizens wishing to testify, Mayor Baker closed the public hearing at 7:12 p.m.

BUSINESS AGENDA

Adopt Ordinance No. 14-0372, Extending the Moratorium on Medical Cannabis Collective Gardens – Lauri Anderson, Senior Planner, was available to answer any questions.

Councilmember Rogers moved to Adopt Ordinance No. 14-0372, Extending the Moratorium on Medical Cannabis Collective Gardens. Councilmember Van Ness seconded the motion. The motion passed 6-0.

Approve Contract No. 13-C1214 with HDR for SR 522 West A Design & Right-of-Way Services – Kris Overleese, Engineering & Environmental Services Director; Kent Vaughan, Senior Civil Engineer; and Paul Ferrier, Project Manager with HDR, were present to give a PowerPoint presentation detailing the SR 522 West A project design history; design, right-of-way and budget status of the project; and the project schedule. They were also available to answer any questions.

Councilmember Van Ness moved to Approve Contract No. 13-C1214 with HDR for SR 522 West A Design & Right-of-Way Services. Councilmember Curtis seconded the motion. The motion passed 6-0.

JOINT PLANNING COMMISSION AGENDA

Discussion of Preliminary Recommendations on the Vision and Permitted/Prohibited Uses in the Regional Business Zone (RBZ) – Debbie Bent, Community Development Director, and Lauri Anderson, Senior Planner, were present to provide a PowerPoint presentation and to answer any questions. The Planning Commission's work on the Regional Business Zone so far has been to refine the list of land uses, identify RBZ subareas, request and review a market study of the zone, consider economic development perspectives, and develop recommendations for prohibited uses in the RBZ. Senior Planner Anderson described the eight subareas, identified by the Commission as a way to look at the similarities and differences between the different areas, and the visions they established for each subarea. She also reviewed the Commission's recommendations for the RBZ and the next steps in the process.

The Planning Commissioners were present to provide further information on their recommendations and to answer any questions.

CITY COUNCILMEMBER REPORTS & COMMENTS

Councilmember Smith welcomed Councilmember Herbig to the City Council.

Councilmembers Curtis, Herbig and Van Ness commented on the City Council Retreat that took place over the weekend.

Mayor Baker reminded Council about the upcoming photo shoot. He stated that if the Council is in support of the King County car tab ballot initiative, he will attend a press conference tomorrow downtown with the County Executive. He distributed some information on the Northshore Nourishing Network, whose representative will be at the January 27th City Council meeting.

ADJOURNMENT

Mayor Baker adjourned the regular meeting at 9:22 p.m.

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David Baker, Mayor

ATTEST:

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Patty Safrin, City Clerk

City of Kenmore, Washington
City Council Regular Meeting
Minutes
January 27, 2014

CALL TO ORDER – The regular meeting of the Kenmore City Council was called to order by Mayor David Baker at 7:03 p.m.

Councilmembers present: Mayor David Baker, Deputy Mayor Glenn Rogers and Councilmembers Brent Smith, Milton Curtis, Nigel Herbig and Allan Van Ness

Councilmembers excused: Councilmember Sperry

Staff present: Rob Karlinsey, City Manager; Joanne Gregory, Finance & Administration Director; Kris Overleese, Engineering & Environmental Services Director; Debbie Bent, Community Development Director; Jennifer Gordon, Public Works Operations Manager; Lauri Anderson, Senior Planner; and Rod Kaseguma, City Attorney

FLAG SALUTE

Mayor Baker led the flag salute.

AGENDA APPROVAL

It was Council consensus to approve the agenda as submitted.

PRESENTATION

YMCA Nourishing Network – Julie Jacobson provided a PowerPoint presentation about the Nourishing Network and the work that they do. She indicated that the group would welcome any input from Councilmembers regarding what they hear from citizens about their needs and the barriers that may exist for them. She was also available to answer any questions.

CITIZEN COMMENTS

Andrew Harman, 12550 Aurora Avenue N, Seattle, was present representing the Northshore School District Transition Program for students with disabilities who are graduating from high school and transitioning into jobs. He would like the Council to explore the possibility of a City position being created which one of the Transition Program students could fill. He submitted a handout to the Council.

Eric Adman, 7815 NE 192nd Street, Kenmore, was present representing the SnoKing Watershed Council. He submitted a letter to the Council detailing some work that the group would like to do on behalf of the City. The group intends to submit one or more grant proposals to benefit salmon habitat in the City. He met with City Manager Karlinsey and Surface Water Program Manager Richard Sawyer this afternoon and noted that some of the proposals may require City matching funds. They would also like to sponsor a Watershed Forum to discuss Swamp Creek flooding and habitat issues and potential short- and long-term solutions.

Ken Smith, 15816 70th Avenue NE, Kenmore, was present to state his concern that a statement in the West Samm Bridge information is misleading.

Mayor Baker thanked the citizens for their comments.

CONSENT AGENDA

Councilmember Rogers moved to approve the consent agenda as submitted. Mayor Baker seconded the motion to Adopt the Minutes for the January 6, 2014 City Council Special Meeting; Approve Check Nos. 29240 - 29290 in the Amount of $141,596.73 and Electronically Transferred Payroll Funds Totaling $66,553.79 for the Period Ending January 6, 2014; Approve Contract No. 14-C1242 for Services with King County Community Work Program. The motion passed unanimously.

BUSINESS AGENDA

Approve Ordinance No. 14-0374, Load Limit Modification for the West Sammamish River Bridge – Kris Overleese, Engineering & Environmental Services Director, and Kevin Kim, Senior Project Engineer with Jacobs Engineering, were present to give a PowerPoint presentation. They were also available to answer any questions.

Director Overleese stated that they are asking Council to adopt an ordinance placing weight restrictions on the West Samm Bridge. She presented an overview of the history of the bridge and how the decision to make that recommendation was reached. She detailed what the restrictions would mean for various types of vehicles. She indicated that emergency vehicles would not be restricted in any way. The restrictions would be in place until such time as the bridge is either rehabbed or replaced.

Councilmember Van Ness moved to Adopt Ordinance No. 14-0374, Load Limit Modification for the West Sammamish River Bridge. Councilmember Curtis seconded the motion. The motion passed 6-0.

Approve 2014 Planning Commission Docket – Debbie Bent, Community Development Director, and Lauri Anderson, Senior Planner, were present to give a brief staff report. They were also available to answer any questions.

Senior Planner Anderson detailed the six docket items proposed for this year, including continuation of the Commercial Business Zone review, update of the Transportation Element of the Comprehensive Plan, the 2015 Comprehensive Plan Update, review of the Public and Semi-Public Zoning on both the former Fire District property and the former Police Station property, and consideration of a change in zoning for a private property owner to rezone his property in order to build a second house on the property. After looking at the request, staff felt that, given the other substantial issues in front of the Planning Commission for this year, they would not recommend pursuing this private request. Staff recommends all five of the other docket items go to the Planning Commission work program for 2014.

Councilmember Rogers moved to Approve the 2014 Planning Commission Docket. Councilmember Van Ness seconded the motion. The motion passed 6-0.

CITY COUNCILMEMBER REPORTS & COMMENTS

Mayor Baker stated that he received an letter asking cities to support the King County Council initiative to create a transportation benefit district**.** He stated that other cities are supporting the initiative, and that Kenmore will also. He reported on recent meetings in Olympia and upcoming meetings with the Muckleshoot Chair and the Army Corps of Engineers.

EXECUTIVE SESSION

Mayor Baker recessed the regular meeting to an executive session at 8:10 p.m. to discuss Property Acquisition, pursuant to RCW 42.30.110(1)(b), Property Disposition, pursuant to RCW 42.30.110(1)(c), and Potential Litigation, pursuant to RCW 42.30.110(1)(i). He stated that the executive session will last for approximately 20 minutes and that action may be taken when the meeting is reconvened.

City Council took a break from the executive session in order to hold the Transportation Benefit District Regular Board Meeting at 8:30 p.m.

At 8:45 p.m. Mayor Baker announced that the executive session would resume for approximately 45 minutes.

ADJOURNMENT

Mayor Baker adjourned the regular meeting at 10:00 p.m.

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David Baker, Mayor

ATTEST:

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Patty Safrin, City Clerk

City of Kenmore, Washington
City Council Regular Meeting
Minutes
February 10, 2014

CALL TO ORDER – The regular meeting of the Kenmore City Council was called to order by Mayor David Baker at 7:31 p.m.

Councilmembers present: Mayor David Baker, Deputy Mayor Glenn Rogers and Councilmembers Brent Smith, Laurie Sperry, Milton Curtis and Nigel Herbig

Councilmembers excused: Councilmember Allan Van Ness

Staff present: Rob Karlinsey, City Manager; Nancy Ousley, Assistant City Manager; Joanne Gregory, Finance & Administration Director; Kris Overleese, Engineering & Environmental Services Director; Debbie Bent, Community Development Director; Dawn Reitan, City Attorney; and Patty Safrin, City Clerk

FLAG SALUTE

Mayor Baker led the flag salute.

AGENDA APPROVAL

It was Council consensus to approve the agenda as submitted.

CITIZEN COMMENTS

Ann McBride, 3014 10th Avenue W, Seattle, was present as a board member from Friends of Youth and as a former Kenmore resident. She stated that she is proud that the City has elected to provide funding for an extended care facility so that foster care youths can continue to have housing until age 21.

Carl Michelman, 18023 62nd Avenue NE, Kenmore, was present to state his concern about the NUD franchise fee to be discussed at the public hearing this evening.

Ken Smith, 15816 70th Avenue NE, Kenmore, was present to state his concern about infrastructure, such as roads, bridges and sidewalks.

Dave Crawford, 7534 NE 175th Street, Kenmore, was present to state his concern about increased taxpayer expenses and City property acquisition.

Matthew Meadows, 18015 83rd Avenue NE, Kenmore, was present to state his concerns about the NUD franchise fee to be discussed at the public hearing this evening.

John Hendrickson, 5919 NE 202nd Lane, Kenmore, was present to state his concerns about City financing for road maintenance.

Mayor Baker thanked the citizens for their comments.

CONSENT AGENDA

Councilmember Rogers moved to approve the consent agenda as submitted. Councilmember Herbig seconded the motion to Approve Check Nos. 29291 - 29357 in the Amount of $622,781.16 for the Period Ending January 17, 2014; 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; Approve Northshore Utility District (NUD) Interlocal Agreement for 0057 Stormwater Project, Contract No. 14-C1244; and Cancel the Tuesday, February 18, 2014 City Council Regular Holiday Schedule Meeting. The motion passed unanimously.

PUBLIC HEARING

Public Hearing to Receive Public Testimony Regarding Ordinance No. 14-0373 – Northshore Utility District (NUD) Franchise Agreement, Contract No. 13-C1241 – Rob Karlinsey, City Manager, and John Milne, Attorney with Inslee, Best, Doezie & Ryder, were present to give a brief staff report. City Manager Karlinsey stated that this ordinance will be on the February 24th agenda for Council decision. He stated that the City grants NUD the right to perform services for the citizens and that over the ten years since the franchise agreement has been adopted there have been changes in State law, and other changes needed to be made in the contract as well. He detailed the key provisions of the agreement. He noted that currently the City has no franchise or utility fees and that, even with this fee, we will be at or below what the four surrounding cities pay in fees. They were also available to answer any questions.

Mayor Baker invited NUD Commissioner Wiggins, who was present in the audience, to come up to the speakers' table and speak. She stated that the change in the franchise agreement was carefully negotiated over a long period of time with City staff and Northshore Utility District staff. She also spoke about enforcement for nonpayment of bills.

Mayor Baker opened the public hearing to receive public testimony on this issue at 8:06 p.m.

The following citizens spoke:

Carl Michelman, 18023 62nd Avenue NE, Kenmore, was present to state his concern about the franchise fee.

Ken Smith, 15816 70th Avenue NE, Kenmore, was present to state his concern about lack of citizen involvement in the process.

Dave Crawford, 7534 NE 175th Street, Kenmore, was present to state his concern about the franchise fee.

Matthew Meadows, 18015 NE 83rd Avenue, Kenmore, was present to state his concern about the franchise fee.

John Hendrickson, 5919 NE 202nd Lane, Kenmore, was present to make several suggestions regarding the City budget and its uses.

As there was no further testimony, Mayor Baker closed the public hearing at 8:25 p.m.

BUSINESS AGENDA

Approve Resolution No. 14-230 – Trust Fund Awards for A Regional Coalition for Housing (ARCH) Projects - Debbie Bent, Community Development Director, and Arthur Sullivan, ARCH, were present to give a brief staff report. Director Bent detailed Kenmore's share of the trust fund request and the housing projects that would be supported by the funds. She also reviewed the City's ARCH funds and budget. They were also available to answer any questions.

Councilmember Curtis moved to Approve Resolution No. 14-230 – Trust Fund Awards for A Regional Coalition for Housing (ARCH) Projects. Councilmember Rogers seconded the motion. The motion passed 6-0.

Approve A Regional Coalition for Housing (ARCH) 2014 Administrative Budget & Work Program - Debbie Bent, Community Development Director, and Arthur Sullivan, ARCH, were present to review the Interlocal Agreement with ARCH and the administrative budget. They were also available to answer any questions.

Councilmember Rogers moved to Approve A Regional Coalition for Housing (ARCH) 2014 Administrative Budget & Work Program. Councilmember Smith seconded the motion. The motion passed 6-0.

Kenmore Business Incubator – Discussion of Consideration for City Support in 2015-2016 Biennium – Nancy Ousley, Assistant City Manager, and Barry Weisband, Business Incubator Consultant, were present to give a brief staff report. Assistant City Manager Ousley detailed the reasons for continuing the business incubator program and some of the ways that we know the program is successful. City Manager Karlinsey added that all three of our business incubator companies have been in the spotlight, which has provided good media exposure for the business incubator and the City. Mr. Weisband reviewed some of the services that are being provided to the business incubator, some of which also benefit other local entrepreneurs and businesses. They were also available to answer any questions.

Adopt Ordinance No. 14-0375 – ECityGov Alliance Revised Interlocal Agreement, Contract No. 14-C1251 – Nancy Ousley, Assistant City Manager, was present to give a brief staff report. She stated that the ECityGov Alliance has been in existence for some time now and that Kenmore was one of the original cities. This agreement reorganizes the corporate status of the organization into a nonprofit, which provides better legal protection for the cities. She noted that the agreement also clarifies the status of the intellectual properties of ECityGov programs, such as MyBuildingPermit.com, which would be shared by the member cities should the Alliance end. She was also available to answer any questions.

<u>Councilmember Curtis moved to Adopt Ordinance No. 14-0375 – ECityGov Alliance Revised Interlocal Agreement, Contract No. 14-C1251. Councilmember Sperry seconded the motion. The motion passed 6-0</u>.

STAFF REPORT

City Manager Karlinsey stated that 70% of the Kenmore Village development, the Spencer 68 apartments and Kenmore Camera, is doing very well, and the City is in discussions with a potential buyer for the remaining three acres. He reported on a recent King County City Managers' meeting at which one of the topics was human trafficking. He noted that he recently visited the Cemex plant and that they will provide data on complaints they have had as well as data on the health effects of exposure to asphalt. He will facilitate tours for any interested Councilmembers.

CITY COUNCILMEMBER REPORTS & COMMENTS

Mayor Baker reported on a meeting with the Army Corps of Engineers in Washington, DC, last week regarding getting the City on their schedule for dredging**.** Representative Del Bene wrote to the Corps urging them to do something, and Senator Cantwell sent a letter to the Corps recommending four dredging projects, including Kenmore's.

EXECUTIVE SESSION

Mayor Baker recessed the regular meeting to an executive session at 9:40 p.m. to discuss Potential Litigation, pursuant to RCW 42.30.110(1)(i). He stated that the executive session will last for approximately 20 minutes and that action may be taken when the meeting is reconvened.

Mayor Baker extended the executive session for 20 minutes at 10:00 p.m.

ADJOURNMENT

Mayor Baker adjourned the regular meeting at 10:20 p.m.

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David Baker, Mayor

ATTEST:

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Patty Safrin, City Clerk

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 29394-29452 which total $179,410.86, and electronically transferred payroll funds totalling $62,278.30, and payroll check #211017 in the amount of $1,426.73, 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.

2-5-14

City Manager Date

2/3/14

Finance Director Date

Check #	Vendor Name	Description	Check Amount
29394	NATIONWIDE FINANCIAL 401a	Social Security Replacement Plan	9,848.90
29395	NATIONWIDE RETIREMENT SOLUTIONS 457	Deferred Comp Payroll Deduction	250.00
29396	ICMA RETIREMENT TRUST 457 - 304745	Deferred Comp Payroll Deduction	2,892.81
29397	DRS 457	Deferred Comp Payroll Deduction	875.00
29398	AFLAC	Private Medical/ Disability Plans	512.27
29399	CITY OF KENMORE FS	Flexible Spending Medical Plans	232.15
29400	BANK OF AMERICA 941	Payroll Taxes	13,603.07
29401	WA GUARANTEED EDUCATION TUITION	WA Pre-Tax Education Plan	100.00
29402	DEPARTMENT OF RETIREMENT SYSTEMS	WA State Retirement	12,171.97
29403	DEPARTMENT OF LABOR AND INDUSTRIES	Worker's Compensation	1,662.06
29404	UNITED WAY OF KING COUNTY	Employee Charitable Contribution	456.00
29405	NATIONAL LIFE OF VERMONT	Life Insurance	234.89
29406	AMERICAN GENERAL	Life Insurance	435.06
29407	STATE OF FLORIDA DISBURSEMENT UNIT	Payroll Deduction	275.00
29408	DEPARTMENT OF LABOR AND INDUSTRIES	4th Qtr 2013 L&I Volunteer Hours	20.04
29409	WILDCLIFFE MANOR, LLC	Temporary Construction Easement	8,000.00
29410	KING COUNTY RECORDER'S OFFICE	Temp Const/Right of Entry Agreements	232.00
29411	BAKER, DAVID	1/14-1/27 Mileage Reimbursement	204.96
29412	BASTYR UNIVERSITY	2014 Rent for Athletic Fields 09-C824	50,000.00
29413	CASCADE PEST CONTROL	Rhododendron Park Pest Control	142.35
29414	CITY OF BELLEVUE	Qtr 4 2013 MyBuildingPermit.com	3,773.01
29415	CITY OF SHORELINE	Oct-Dec Jail Van Use & 2013 PD Facility Chg	640.40
29416	COASTWIDE LABORATORIES	Snow/Ice Melt for City Hall	48.23
29417	FIRST AMERICAN TITLE	SR522 West A ROW Parcel 13	230.00
29418	FIRST AMERICAN TITLE	SR522 West A ROW Parcel 14	154.00
29419	FIRST AMERICAN TITLE	Easement Title Search 15012 Juanita Dr.	492.75
29420	FIRST AMERICAN TITLE	Easement Title Search 15000 Juanita Dr.	492.75
29421	KING COUNTY ANIMAL SVCS	Pet Licenses & Renewals - January	280.00

29422	KING COUNTY FINANCE	Dec. Guarding/Adult/Juvenile Detention Svcs	18,491.96
29423	NORTHSHORE UTILITY DIST	11/15-1/15 Utility Bills	778.83
29424	OFFICE DEPOT	Office Supplies/ Footrest	141.88
29425	PUGET SOUND ENERGY	12/13-1/13 Electricity/Street/Traffic Lights	10,767.58
29426	PUGET SOUND FINANCE OFFICERS ASSOC	Annual Dues	50.00
29427	CEMEX	Pothole Repair Materials	36.68
29428	TOTAL LANDSCAPE CORP	Jan. City Hall/Parks/Park & Ride Landscaping	5,462.51
29429	WA CITIES INSURANCE AUTHORITY	Notary Bond for Nancy Meehan	50.00
29430	BANNER BANK CS	Meeting Supplies	159.70
29431	JOHN E. REID & ASSOCIATES	Police Interview/Interrogation Training	420.00
29432	CURTIS, DR. MILTON	1/10/14 Mileage Reimbursement	67.76
29433	BANNER BANK KENMORE	Economic Dev., Supplies, Web Services	413.66
29434	BANNER BANK KENMORE	Meals, Supplies, Recycling	567.04
29435	UNIVERSAL FIELD SERVICES	Dec. Svcs - SR522 West A ROW 13-C1217	7,606.95
29436	SHRED-IT	1/8/14 Shredding Service	49.50
29437	ALCALDE & FAY	12/15-1/15 Gov't Affairs Consulting	5,000.00
29438	COASTAL WEAR PRODUCTS INC	Street Sweeper Broom	1,356.71
29439	COMCAST	City Hall & Incubator Bldg Internet	303.94
29440	iWORQ SYSTEMS	Feb 2014 - Jan 2015 Permit Mgmt Software	1,000.00
29441	PAWS	December Animal Sheltering Services	660.00
29442	INDEPENDENT STATIONERS	Foot Rests/Ergonomics/Office Supplies	255.57
29443	CANTEEN REFRESHMENT SERVICES	Coffee Supplies	194.40
29444	JOYCE ZIKER PARKINSON	Dec. 2013 Lk WA Sediment & K.V. Legal Svcs	1,050.00
29445	STATE OF WA DEPT. OF LICENSING	Notary Renewal - Nancy Meehan	30.00
29446	WAGE WORKS	December Administrative Fee	50.00
29447	KARLINSEY, ROB	Retreat Mileage Reimbursement	67.20
29448	KENMORE COMMERCIAL LLC	Feb. Lease Payment - Incubator Bldg.	3,281.00
29449	INNOVAC	1/13 Drainage Svcs - Vactor Maintenance	670.14
29450	OLYMPUS PURSUITS/ SHAWN JOHNSON	Refund Deposit for Tree Lot Rental	600.00
29451	PUGET SOUND CLEAN AIR AGENCY	2014 Clean Air Assessment	11,500.00
29452	ANDERSON, LAURI	Exp Reimb Emergency Preparadness Training	68.18
211017	NICOLE WALSH	Payroll Check	1,426.73
1/24/2014	PAYROLL	Direct Deposit	62,278.30
			$243,115.89

ACTION ENTERTAINMENT		395.00
ALPHAGRAPHICS US718		60.68
AMERICAN PUBLIC WORKS ASSOCIATION		780.00
ASSOCIATION OF WA CITIES		14,389.00
BAKER, DAVID		120.96
BANNER BANK	BAKER	1,006.27
BANNER BANK	BH	120.00
BANNER BANK	JG	430.00
BANNER BANK	JGORDON	76.60
BANNER BANK	LD	208.78
BANNER BANK	NO	817.14
BANNER BANK	ROGERS	450.00
BANNER BANK	VAN NESS	450.00
COASTWIDE LABORATORIES		252.98
EMERGENCY SERVICE COORDINATING AGCY		48,964.00
INNOVAC		522.85
INTEGRA TELECOM		754.77
KING CTY EASTSIDE TRANSP PARTNERSH		200.00
MAIL FINANCE		250.76
MR. T'S TROPHIES		14.18
NORTHWEST LANDSCAPE SERVICES		1,199.81
PART WORKS INC		511.44
PEOPLES STORAGE		184.00
ROGERS, GLENN		64.96
SEES TREES AND EXCAVATION INC		700.80
SESAC		343.00
SMITH, BRENT		68.32
SOUND CITIES ASSOC		11,850.97
SPERRY, LAURIE		63.84
TOPIA TECHNOLOGY/ BIS		200.00
TRANE U.S. INC.		2,098.62
VAN NESS, ALLAN		525.00
VERIZON WIRELESS		921.55
WA CITIES INSURANCE AUTHORITY		186,443.00
WA FINANCE OFFICERS ASSOCIATION		150.00
WELLS FARGO FINANCIAL		1,359.69
		$276,948.97

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 29453-29541 which total $1,549,821.64, electronically transferred payroll funds totalling $63,454.55, payroll check #211057 in the amount of $1,427.13 and an Investment Purchase of $1,001,486.11 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 2-14-14 Date

Finance Director 2-14-14 Date

Check #	Vendor Name	Description	Check Amount
29453	AWC EMPLOYEE BENEFITS	Employee Health Insurance	37,768.67
29454	NATIONWIDE FINANCIAL 401a	Social Security Replacement Plan	9,868.12
29455	NATIONWIDE RETIREMENT SOLUTIONS 457	Deferred Comp Payroll Deduction	250.00
29456	ICMA RETIREMENT TRUST 457 - 304745	Deferred Comp Payroll Deduction	2,892.81
29457	DRS 457	Deferred Comp Payroll Deduction	875.00
29458	CITY OF KENMORE FS	Flexible Plan Medical/Dependent Care	232.15
29459	BANK OF AMERICA 941	Payroll Taxes	13,818.32
29460	DEPARTMENT OF RETIREMENT SYSTEMS	WA State Retirement	12,240.59
29461	STATE OF FLORIDA DISBURSEMENT UNIT	Payroll Deduction	275.00
29462	VOID	VOID	-
29463	CITY OF KENMORE	Investment Purchase	988,899.41
29464	BAKER, DAVID	1/28-2/11/14 Expense Reimburse,ent	220.32
29465	CITY OF BELLEVUE	2014 Partner Fee MyBuildingPermit.com	18,261.00
29466	CITY OF LAKE FOREST PARK	Jan. Public Works Svcs/Equip/Materials	70,431.99
29467	COASTWIDE LABORATORIES	City Hall Maintenance Supplies	411.01
29468	REPUBLIC SERVICES	Jan. City Hall & Rhod. Park Solid Waste	848.98
29469	FERGUSON ENTERPRISES INC #1539	Drainage Materials/ Tools	658.84
29470	FRUHLING SAND & TOPSOIL	ROW Materials/ Dumping Fees	151.45
29471	GEOENGINEERS INC	Jan. Professional Svcs - Kenmore Village	2,969.25
29472	HOME DEPOT CREDIT SERVICES	Concrete for Repair @ 67th/SR522	10.91
29473	HOPELINK	Qtr 4 13-C1122 Human Svcs Programs	11,437.50
29474	KING COUNTY FINANCE	Jan Road Svcs/Signs/Traffic/Banners	8,076.53
29475	KING COUNTY FINANCE	2013 Voter Registration Costs	37,632.28
29476	SOUND PUBLISHING, INC.	Dec. Advertising Kenmore Reporter	691.04
29477	KING COUNTY SHERIFF	Dec. Kenmore Schools/Officer Overtime	3,080.29
29478	KUSTOM SIGNALS, INC.	Police Dept. ProLaser 4	2,729.84
29479	PENDLETON, MICHAEL	City Council Retreat Consulting Svcs	3,253.14
29480	NORTHSHORE FIRE DEPT	January Fire Marshal Plan Review	400.00
29481	NORTHSHORE SENIOR CENTER	Qtr 3 & 4 Human Svcs/ Transportation	3,300.00

29482	NORTHSHORE UTILITY DIST		Jan. Vehicle Maint/Fuel & Utility Bills	5,412.36
29483	OFFICE DEPOT		Office & Breakroom Supplies	511.87
29484	PACIFIC TOPSOILS		Vegetation Disposal/Materials	1,877.92
29485	PUGET SOUND ENERGY		Electricity/Gas/Signals/Street Lights	13,033.33
29486	CEMEX		Asphalt/Roadway/Drainage Materials	271.02
29487	SEATTLE TIMES		January Legal Notices	543.79
29488	WA STATE CONSOLIDATED TECH SVCS		January ListServ Fee	175.00
29489	COLUMBIA RIDGE LANDFILL		Jan. Sweeper Debris Disposal	739.61
29490	WONDERLAND DEVELOPMENT		Qtr 4 13-C1129 Human Services Program	2,250.00
29491	VAN NESS, ALLAN		1/11-16 Mileage Reimbursement	49.84
29492	THE KIPLINGER LETTER		Publication Renewal 2/28/14	99.00
29493	KING COUNTY RECORDER'S OFFICE		Recording & Copy Charges	81.00
29494	SNOHOMISH COUNTY		January Vactor Waste Disposal	832.00
29495	MAIL FINANCE		2/14-3/13 Postage Machine Lease	250.76
29496	KONICA MINOLTA BUSINESS SOLUTIONS		Jan Business Incubator Copier Chgs	209.32
29497	BANNER BANK	CS	Supplies, Equipment Calibration	254.56
29498	BANNER BANK	DB	Registration/ Lodging/ Mtg Exp	972.95
29499	BANNER BANK	NO	Registration/ Membership/ Mtg Exp	281.75
29500	QUALITY BUSINESS SYSTEMS		10/12/13-1/11/14 Upstairs Xerox Copier	497.57
29501	NORTHSHORE ROTARY CLUB		Quarterly Dues & Meals	202.00
29502	BANNER BANK	JG	Supplies, Volunteer Background Checks	170.57
29503	BANNER BANK	KENMORE	Supplies, Forms, Laptop	984.75
29504	BANNER BANK	KENMORE	Training, Dues, Supplies, Retreat	3,230.61
29505	A+ CONFERENCING		Nav. Channel Conference Call 1/31/14	10.89
29506	BANNER BANK	JGORDON	W. Samm. Bridge Cleaning Materials	3,729.30
29507	KENMORE ELEMENTARY PTA		Qtr 4 13-C1125 Social Svcs Crisis Support	2,000.00
29508	GORDON THOMAS HONEYWELL		Jan. Govt. Affairs Consulting	3,680.40
29509	TOWNE CENTRE HARDWARE		January Public Wks Materials Purchased	203.45
29510	SARAH ROBERTS		January Prosecution Services	10,302.00
29511	SCHWARZWALTER, MARK		Exam Registration	180.00
29512	PHSI PURE WATER FINANCE		Incubator Filtered Water 1/14-2/13	50.31
29513	FRONTIER		1/28-2/27 City Hall & Elevator Phone	977.48
29514	WELLS FARGO FINANCIAL		2/10-3/9 1st Floor Xerox Lease	803.43
29515	SNOHOMISH COUNTY TREASURER/ SHERIFF		Jail Service Fees - January	9,602.14
29516	SNOHOMISH COUNTY SHERIFF'S OFFICE		Inmate Medical Billing - January	55.69
29517	BANNER BANK	BH	Supplies, Ladder, Energy Codes Book	527.15
29518	SHARAM FAMILY		Release of Maint & Defect Agreement	3,484.30
29519	COLUMBIA BANK		NS Summit Pk Retainage/Road Const. NW	8,443.34
29520	GOVERNMENTAL ACCT STANDARDS BOARD		Annual Subscription	225.00
29521	VERIZON WIRELESS		Cell Phones/I-Pad Chgs 1/27-2/26	917.87
29522	BANNER BANK	VAN NESS	WA DC Lodging -Lobby Trip & Parking	702.68
29523	BANNER BANK	ROGERS	WA DC Lodging - Lobby Trip	688.68
29524	ST OF WA DEPT OF FISH & WILDLIFE		Permit for Beaver Dam Removal	150.00
29525	KARLINSEY, ROB		1/28-1/29 Olympia AWC Reimbursement	460.88
29526	GOODSELL POWER EQUIPMENT #2 INC.		Blades for Edger	26.21
29527	INNOVAC		Vactor Services	1,382.17
29528	WEISBAND, BARRY		Jan. 2014 Incubator Consulting	3,000.00
29529	UTILITIES UNDERGROUND LOCATION CTR		January Utility Locates	132.87
29530	BUENA VISTA SERVICES, INC.		Jan. Incubator Bldg. Janitorial	495.00

29531	NORTHWEST LANDSCAPE SERVICES	Feb. SR522 Landscape Ma[illegible]	1,199.81
29532	BRIEN, GAYLYNN	Nov. Sales Tax Data Management	50.00
29533	ROAD CONSTRUCTION NW, INC.	Pymt #2 NS Summit Park Work	75,765.67
29534	ROAD CONSTRUCTION NW, INC.	Pymt #3 Jan. 2014 NS Summit Park	100,700.21
29535	TRINITY CONTRACTORS, INC.	PE #1 68th Ave Sidewalk 13-C1232	45,746.57
29536	WINDOW CLEANING & MORE	City Hall Window Cleaning	2,400.00
29537	CLK CONSTRUCTION LLC	13-C1218 City Hall Electrical Work	3,045.62
29538	CLK CONSTRUCTION LLC	13-C1218 Senior Ctr Electrical Work	125.86
29539	CUNNINGHAM, ED	Beaver Trapping/Relocation Svc	250.00
29540	MULVIHILL, MARJORIE	Facility Rental Deposit Refund	250.00
29541	NEW PIG	Materials for W. Samm. Bridge	3,440.64
211057	NICOLE WALSH	Payroll Check	1,427.13
2/7/2014	PAYROLL	Direct Deposit	63,454.55
			$ 1,614,703.32

2014 PRIOR VENDOR ACTIVITY		TOTAL FOR 2014
ACTION ENTERTAINMENT		395.00
AFLAC		512.27
ALCALDE & FAY		5,000.00
ALPHAGRAPHICS US718		60.68
AMERICAN GENERAL		435.06
AMERICAN PUBLIC WORKS ASSOCIATION		780.00
ANDERSON, LAURI		68.18
ASSOCIATION OF WA CITIES		14,389.00
BAKER, DAVID		325.92
BANK OF AMERICA 941		13,603.07
BANNER BANK	BAKER	1,006.27
BANNER BANK	BH	120.00
BANNER BANK	CS	159.70
BANNER BANK	JG	430.00
BANNER BANK	JGORDON	76.60
BANNER BANK	KENMORE	980.70
BANNER BANK	LD	208.78
BANNER BANK	NO	817.14
BANNER BANK	ROGERS	450.00
BANNER BANK	VAN NESS	450.00
BASTYR UNIVERSITY		50,000.00
CANTEEN REFRESHMENT SERVICES		194.40
CASCADE PEST CONTROL		142.35
CEMEX		36.68
CITY OF BELLEVUE		3,773.01
CITY OF KENMORE FS		232.15
CITY OF SHORELINE		640.40
COASTAL WEAR PRODUCTS INC		1,356.71
COASTWIDE LABORATORIES		301.21
COMCAST		303.94
CURTIS, DR. MILTON		67.76
DEPARTMENT OF LABOR AND INDUSTRIES		1,682.10
DEPARTMENT OF RETIREMENT SYSTEMS	WA State Retirement	12,171.97
DRS 457		875.00
EMERGENCY SERVICE COORDINATING AGCY		48,964.00
FIRST AMERICAN TITLE		1,369.50
ICMA RETIREMENT TRUST 457 - 304745		2,892.81
INDEPENDENT STATIONERS		255.57
INNOVAC		1,192.99
INTEGRA TELECOM		754.77
iWORQ SYSTEMS		1,000.00
JOHN E. REID & ASSOCIATES		420.00
JOYCE ZIKER PARKINSON		1,050.00
KARLINSEY, ROB		67.20
KENMORE COMMERCIAL LLC		3,281.00
KING COUNTY ANIMAL SVCS		280.00
KING COUNTY FINANCE		18,491.96

KING COUNTY RECORDER'S OFFICE	232.00
KING CTY EASTSIDE TRANSP PARTNERSH	200.00
MAIL FINANCE	250.76
MR. T'S TROPHIES	14.18
NATIONAL LIFE OF VERMONT	234.89
NATIONWIDE FINANCIAL 401a	9,848.90
NATIONWIDE RETIREMENT SOLUTIONS 457	250.00
NORTHSHORE UTILITY DIST	778.83
NORTHWEST LANDSCAPE SERVICES	1,199.81
OFFICE DEPOT	141.88
OLYMPUS PURSUITS/ SHAWN JOHNSON	600.00
PART WORKS INC	511.44
PAWS	660.00
PEOPLES STORAGE	184.00
PUGET SOUND CLEAN AIR AGENCY	11,500.00
PUGET SOUND ENERGY	10,767.58
PUGET SOUND FINANCE OFFICERS ASSOC	50.00
ROGERS, GLENN	64.96
SEES TREES AND EXCAVATION INC	700.80
SESAC	343.00
SHRED-IT	49.50
SMITH, BRENT	68.32
SOUND CITIES ASSOC	11,850.97
SPERRY, LAURIE	63.84
STATE OF FLORIDA DISBURSEMENT UNIT	275.00
STATE OF WA DEPT. OF LICENSING	30.00
TOPIA TECHNOLOGY/ BIS	200.00
TOTAL LANDSCAPE CORP	5,462.51
TRANE U.S. INC.	2,098.62
UNITED WAY OF KING COUNTY	456.00
UNIVERSAL FIELD SERVICES	7,606.95
VAN NESS, ALLAN	525.00
VERIZON WIRELESS	921.55
WA CITIES INSURANCE AUTHORITY	186,493.00
WA FINANCE OFFICERS ASSOCIATION	150.00
WA GUARANTEED EDUCATION TUITION	100.00
WAGE WORKS	50.00
WELLS FARGO FINANCIAL	1,359.69
WILDCLIFFE MANOR, LLC	8,000.00
	$ 456,359.83

2014 PRIOR VENDOR ACTIVITY			TOTAL FOR 2014
ACTION ENTERTAINMENT			395.00
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BANNER BANK	VAN NESS		450.00
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City Council Business Agenda Item
City of Kenmore, WA

Subject: Northshore Utility District Franchise Agreement, Ordinance No. 14-0373 Proposed Council Action/Motion: Adopt Ordinance No. 14-0373 containing a Franchise Agreement for Water and Sewer Utilities with Northshore Utility District	For Council Meeting Agenda of: February 24, 2014 Department: City Manager's Office Prepared by: Rob Karlinsey, City Manager Initial & Date Approved by Department Head: Approved by City Attorney: Approved by Finance Director: JMG 2/11/14 Approved by City Manager: RTK Exhibits/Attachments: Ordinance 14-0373

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

INFORMATION/BACKGROUND:

A Public Hearing for this proposed ordinance (14-0373) was advertised in the Seattle Times and the Kenmore Reporter, among other media locations. The public hearing was held at the regular City Council meeting on February 10, 2014, during which the public was afforded the opportunity to comment on the proposed ordinance.

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:

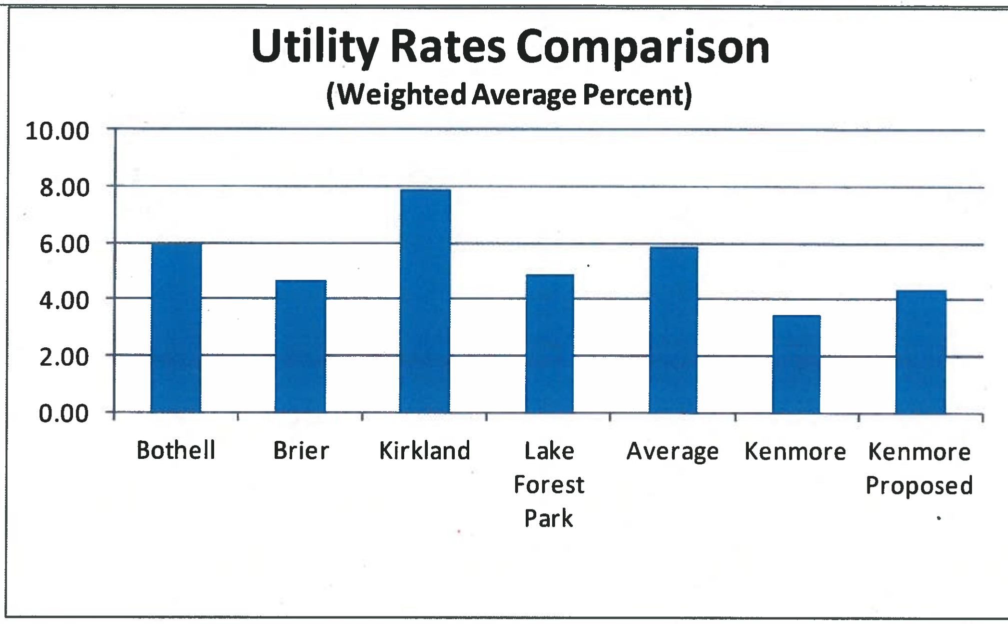
As stated in the City Manager's budget message submitted to the Council and the public in the fall of 2012, the NUD franchise agreement needs to address costs the City incurs for operating a franchise, including franchise administration costs and wear and tear on City infrastructure. To help recover 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:

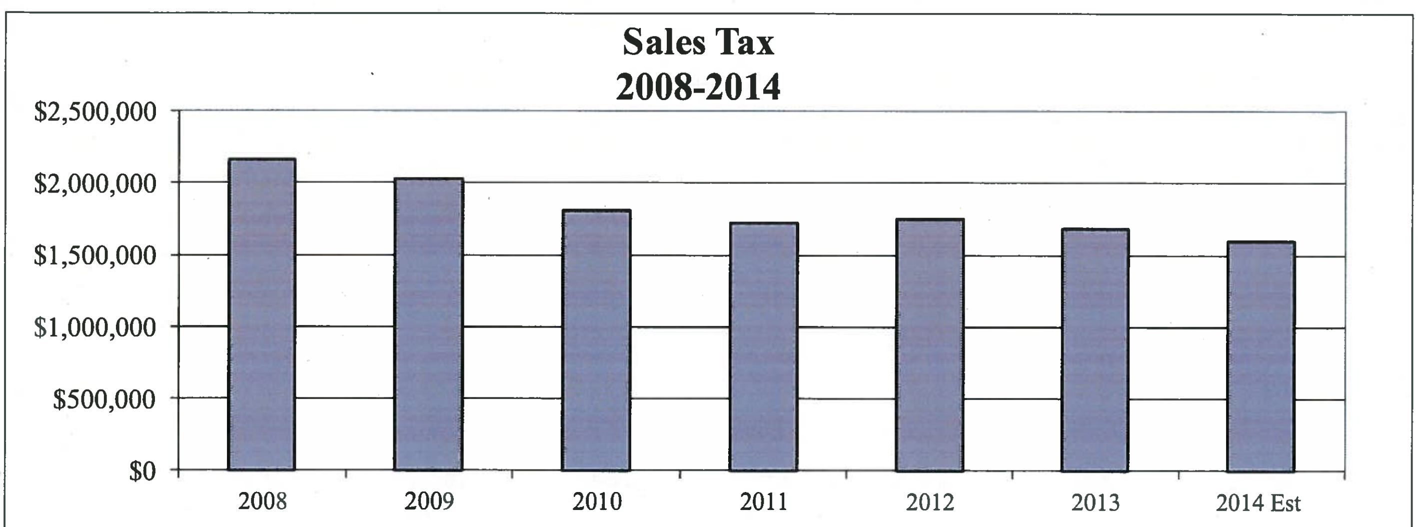


A 5% Franchise Fee with NUD for the water and sewer utilities will produce approximately $400,000 per year to the City. This fee will not be absorbed by NUD and will be passed on directly to the rate payers. Assuming a typical household water and sewer utility bill of $86.52 per month, a 5% franchise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

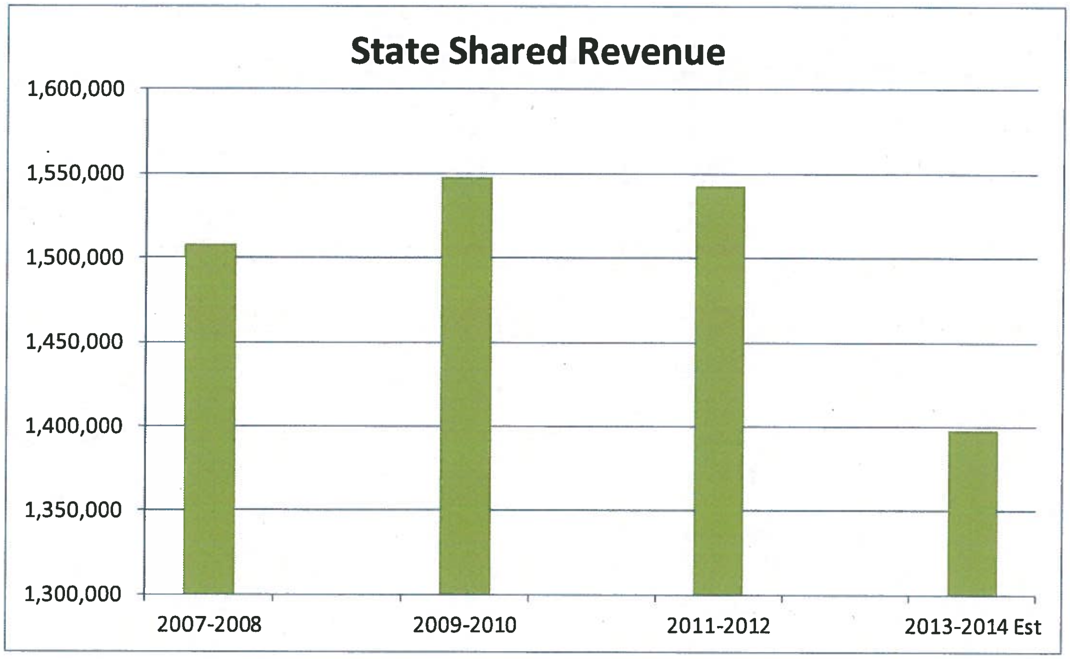
Revenue from the new franchise fee will help offset rising fixed costs (street maintenance contracts, fuel and material prices, street maintenance personnel, etc.) and declining revenues available for street maintenance and pavement preservation.

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.

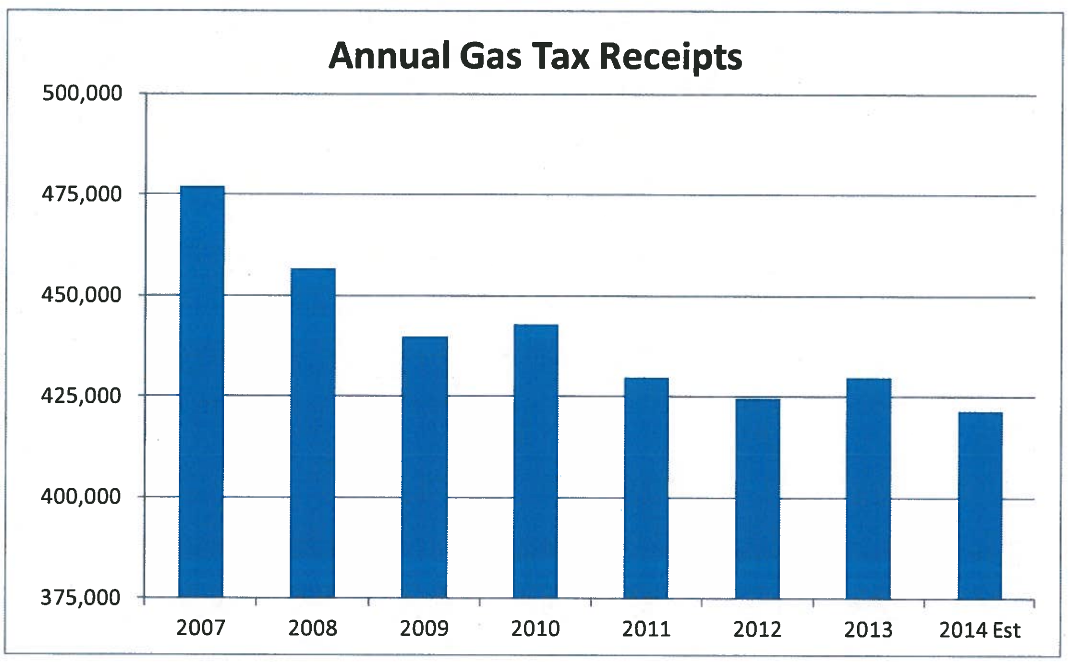
Meanwhile, the General Fund's ability to subsidize the Street Fund has been negatively impacted by the recession and changes in the way the State shares its revenues with cities. Kenmore's total General Fund revenues are still lower than pre-recession levels while some fixed costs have continued to rise. 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.

Section 4. Relocation of Facilities.

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

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Staff update on Low Impact Development design project in Northlake Heights.	**For Council Meeting Agenda of:** February 24, 2014 **Department:** Engineering and Environmental Services **Prepared by:** Richard Sawyer **To Be Presented By:** Richard Sawyer Kris Overleese
Proposed Council Action/Motion: No Council action/motion required.	**Initial & Date** **Approved by Department Head:** KMO 2/14/14 **Approved by City Attorney:** NA **Approved by Finance Director:** [illegible] 2/14/14 **Approved by City Manager:** [illegible] **Exhibits/Attachments:** Exhibit A: Project Location Map Exhibit B: Low Impact Develop (LID) Examples Exhibit C: LID Street Cross Section Exhibit D: Project Plan View Map

Expenditure Required $120,000 Amount Budgeted $120,000 Appropriation Required $0

INFORMATION/BACKGROUND:

The Washington State Department of Ecology (Ecology) awarded the City a municipal stormwater capacity grant in the amount of $120,000 to develop plans for a surface water project that has a preference for low impact development (LID) best management practices (BMP). The grant is non-competitive and does not require any matching funds by the City. Ecology's intent is for the City to have an LID project designed and ready for submittal in 2014 when Ecology offers competitive grant funds for project construction. City staff will be working with Osborn Consulting to develop this project and the 90 percent design plans will be due to Ecology by August 1, 2014. The goal of this presentation is to update Council on the progress made to date since staff last provided an update on November 12, 2013.

Selection of the project site involved careful consideration of several potential areas of the City. During the selection process, staff examined areas that had existing surface water problems and considered issues such as topography, groundwater, soil conditions and availability of right-of-way. Staff selected a 65 acre basin in the Northlake Heights neighborhood that drains to Muck Creek wetlands via NE 185TH Street. Muck Creek flows to Swamp Creek at the 18700 block of 73RD AVE NE (see map in Exhibit A). Muck Creek and its upper wetlands experience flooding each year and elevated levels of bacterial pollution have been measured during the last five years. The goal of the proposed project is to improve flow control and enhance water quality through the combined use of LID (reduction of impervious surface and infiltration) and traditional stormwater treatment strategies (improve existing facilities). If feasible, staff would also like to add sidewalks where gaps exist.

After selecting the project site, the design team performed extensive research and evaluation of existing topographical information, geotechnical reports, development projects, surface water facility reports and complaint history. The City's geotechnical expert provided an analysis of the available soils information and determined that there are areas within the right-of-way (within the project area) where infiltration would be feasible. A preliminary analysis of LID practices that could be suitable for the project area was also conducted and the team considered elements such as road and terrain slopes, historical groundwater measurements and local geology.

As a result of this preliminary analysis, the design team recommends that the project include: reduction of existing impervious roadway, construction of bioretention (water quality treatment and infiltration of surface water), and the use of permeable pavements (where grade allows) to add additional sidewalk. Additionally, after examining the nine existing surface water facilities within the project basin it was determined that one of the facilities was a good candidate to retrofit, which could result in increased flow control and water quality treatment.

Preliminary design sketches have been prepared. Photos in Exhibit B show examples of bioretention and narrowed roadways currently used in neighboring jurisdictions. Notable components of the project include a large reduction in impervious area along NE 185TH ST, construction of 830 feet of bioretention swales on the south side of NE 185TH ST, construction of vegetated amenity zones along NE 185TH ST where bioretention (treatment and infiltration of surface water) isn't feasible, continuous permeable pavement sidewalk connecting 68TH AVE NE and 64TH AVE NE on the south side of NE 185TH ST, and retrofit of an existing stormwater facility located within the basin to increase flow control and water quality treatment capabilities. A typical right-of-way cross section being proposed in this project is shown in Exhibit C. The entire length of NE 185TH ST is shown in Exhibit D. Currently, design is at thirty percent and will be subject to revision as more detailed and accurate information becomes available through geotechnical exploration and survey.

As the design process moves forward, Osborn will conduct more in depth geotechnical surveys of the project area to gather information on soil characteristics, groundwater levels and infiltration rates. Staff will communicate with adjacent utility operators to avoid conflicts. All adjacent businesses, residents and property owners will be notified and have an opportunity to provide input. A project open house will be conducted in spring/early summer in order to gather and incorporate public comment/opinion on the project. The final design report will be delivered to Ecology on August 1, 2014.

Please note that the current project is to design improvements to a 90% level. There is currently no funding for construction and staff will pursue funding in the future. As funding allows, it may be necessary to construct segments of the project separately.

FISCAL CONSIDERATION:

On November 12, 2013, City Council authorized the City Manager to accept Ecology's award of $120,000. During the mid-biennium budget amendment process, Council authorized an increase to the City's surface water on-call consultant services contract by $120,000 to account for the additional grant funds. The intent is to pursue grant funding in the future to construct the project.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

12. To address watershed issues affecting the City.

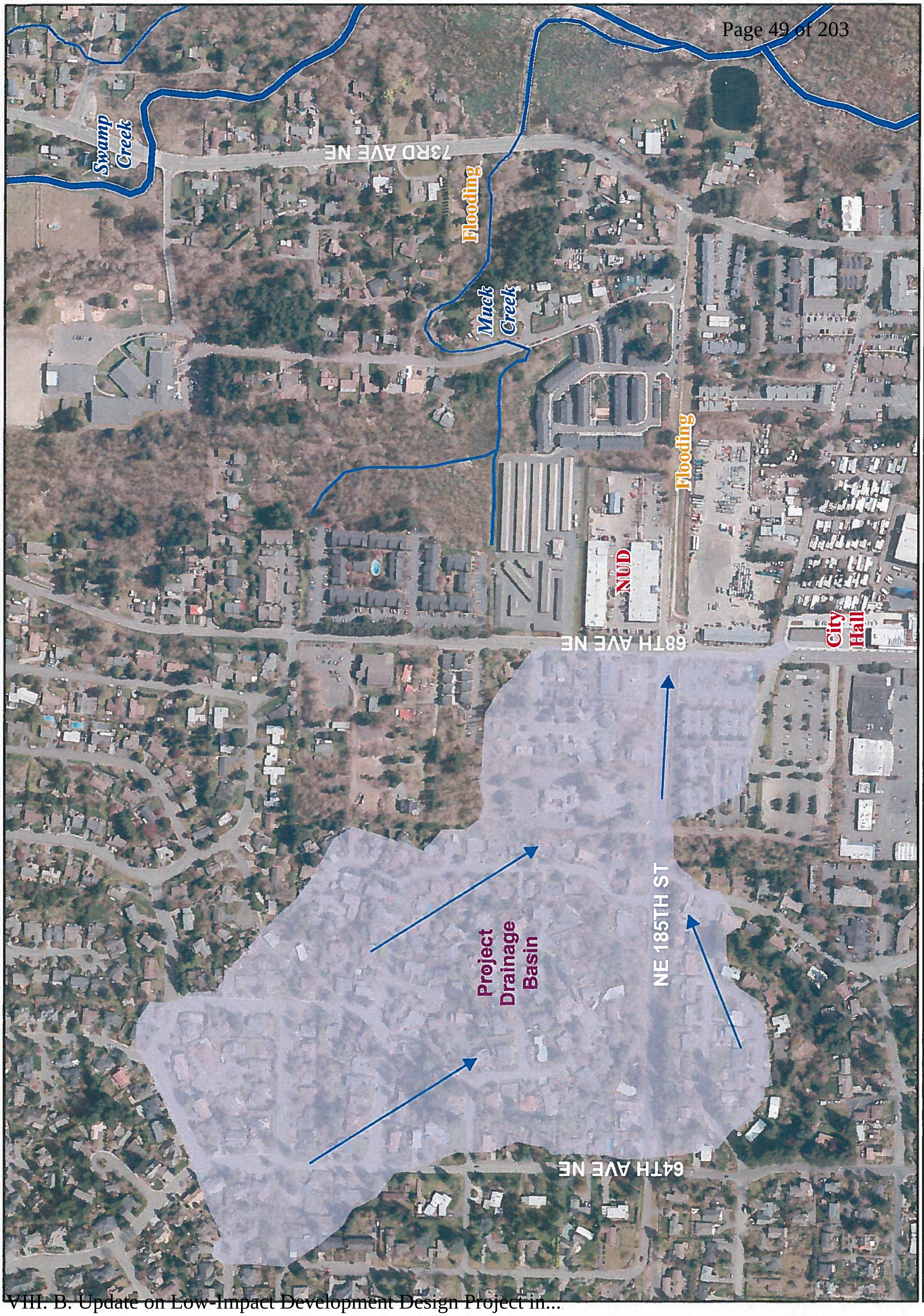


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EXHIBIT A
Northlake Heights Basin Stormwater LID Retrofit Project
City of Kenmore February 24, 2014 Council Meeting

This is an example from Seattle of a similar right-of-way section being proposed for NE 185TH ST. Stormwater runoff sheet flows into the bioretention swale, which separates vehicular traffic from pedestrians. Permeable traffic lanes, which are shown in this example, are not being proposed for NE 185TH ST because of the steep slope of the road. However, Permeable sidewalks are being considered for NE 185TH ST.

This is another example of a bioretention swale in Seattle. For this project, the steep slope of the road required the use of concrete weirs, similar to what will be required on NE 185TH ST. The weirs reduce the slope of the swale to prevent erosion from occurring while at the same time allowing the vegetation and soil to do their job and remove pollutants from the stormwater while it infiltrates.

EXHIBIT B
Northlake Heights Basin Stormwater LID Retrofit Project
City of Kenmore February 24, 2014 Council Meeting

0 5 10 20 30 40 Feet

EXHIBIT C
Northlake Heights Basin Stormwater LID Retrofit Project
City of Kenmore February 24, 2014 Council Meeting

0 5 10 20 30 40 Feet

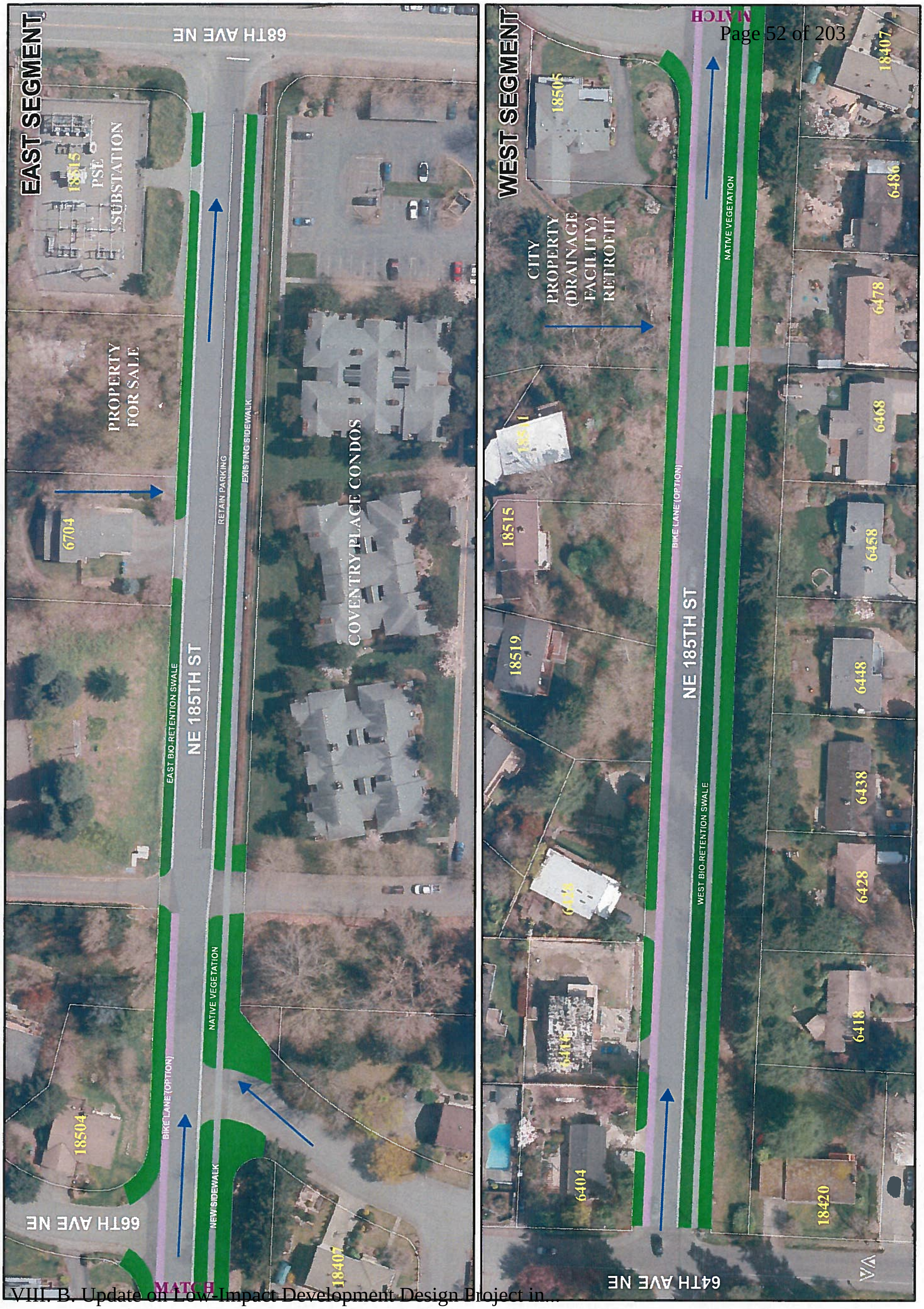


EXHIBIT D
Northlake Heights Basin Stormwater LID Retrofit Project
City of Kenmore February 24, 2014 Council Meeting

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic:

Motion to Initiate Enforcement Actions with Frontier Communications Related to Cable Television Franchise Agreement Requirements

For Council Meeting Agenda of: 24 Feb 2014

Department: Executive

Prepared by: Nancy Ousley

	Initial & Date
Approved by Department Head:	NKO 13 FEB 2014
Approved by City Attorney:	VIA EMAIL - DR
Approved by Finance Director:	2/13/14
Approved by City Manager:	RGK 2/13/14

Proposed Council Action/Motion:
Authorize the City Manager to initiate enforcement actions as provided in Franchise Agreement with Frontier Communications approved by Ordinance No. 09-0300

Exhibits/Attachments:

1. 2013 Correspondence
2. January 28, 2013 Agenda Package

Expenditure Required $ Legal services costs | **Amount Budgeted** $0 | **Appropriation Required** $0

INFORMATION/BACKGROUND:

Frontier Communications has a Franchise Agreement for cable television with the City; this franchise agreement was originally approved in 2008 with Verizon and in 2009 the transfer of the franchise to Frontier was approved by Ordinance No. 09-0300. The transfer followed a formal review process as required by the Federal Communications Commission in which Kenmore joined eleven other jurisdictions in a consortium.

Frontier Communications has not met a franchise requirement to build out transmission facilities to the entire city. Over 2000 households south of the Sammamish River do not have the opportunity for cable television service as specified in Frontier's Franchise Agreement. After many informal discussions, which began after the build out deadline of August, 2011, Frontier management committed in April, 2013 to complete the build out by December, 2013. In fact, one project area north of the Sammamish River was completed in 2013, but no further action was taken by Frontier to complete build out of the service area as required by the franchise. The City Manager's office contacted Frontier in November 2013 when it was clear that no permit applications had been made for the remainder of the service area, and met with Frontier management in January, 2014.

The Franchise Agreement spells out franchise enforcement actions and procedures, and the Administration recommends Council approval to initiate enforcement actions as provided in the franchise agreement. After following procedures outlined in the Franchise Agreement that include a notice of violation and the Franchisee's right to cure or respond, the City may, after determining that the Franchisee is in default of a material provision of the Franchise, take the following actions:

1. Seek specific performance of any provision, which reasonably lends itself to a remedy, as an alternative to damages;
2. Seek liquidated damages;
3. Commence an action at law for monetary damages or seek other equitable relief; and

4. In the case of a substantial material default of the Franchise, seek to revoke the Franchise

FISCAL CONSIDERATION:

The Franchise Agreement enforcement options include assessing liquidated damages for $250 per day of violation up to a maximum of $15,000 in any twelve month period. The City will incur legal costs in pursuing the enforcement.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Continue to implement the Economic Development Plan
Continue to establish a contemporary Information Technology Program

City Of Kenmore, Washington

April 11, 2013

Richard Klena
Senior Vice President, Pacific Northwest Region
Frontier Communications
1800 41st Street
Everett, WA 98201

RE: Meeting Summary

Dear Mr. Klena:

Thank you for meeting with us on April 3, 2013 regarding your plans to complete buildout of transmission facilities in the Cities of Kenmore, Edmonds and Shoreline pursuant to Frontier's franchise obligation to offer services to the entire franchise service areas of the three cities. As you know, the franchise required Frontier to offer services to the entire service area in Kenmore by August 29, 2011.

This letter confirms the information you provided to us that the Kenmore buildout is fully funded, and that Frontier will proceed as follows:

- Apply for permits in the City of Kenmore in April 2013
- Build transmission facilities that will accommodate video platforms under consideration
- Construction will begin in June 2013 in Kenmore
- Construction in Kenmore will be completed in December 2013
- Service will be available to the entire Kenmore Service Area in Q1 2014
- Provide broadband service at 50 mbps

I request that you keep us informed on your progress. I hope that Frontier is offering services to our entire City by this time next year. If you are unable to fulfill these tasks as scheduled, I will need to discuss available enforcement options under the franchise with the City Council. In the near term, I look forward to Frontier's submission of permit applications in April as an affirmative indicator that Frontier is making good faith progress toward complying with the franchise requirements for the Kenmore cable service buildout.

I can be reached at 425.398.8900.

Sincerely,

Rob Karlinsey, City Manager

cc: Dawn Findlay Reitan, Inslee Best Doezie & Ryder

18120 68th Ave NE · PO Box 82607 · Kenmore, WA 98028
Office: (425) 398-8900 · Fax: (425) 481-3236 · cityhall@kenmorewa.gov · www.kenmorewa.gov

2013 LFA Build Plan

City of Edmonds

City of Shoreline

City of Kenmore

3/18/2013

City of Edmonds

• Number of Projects:	1
• Number of Homes Passed:	275
• Construction Start:	May 2013
• Construction Complete:	August 2013

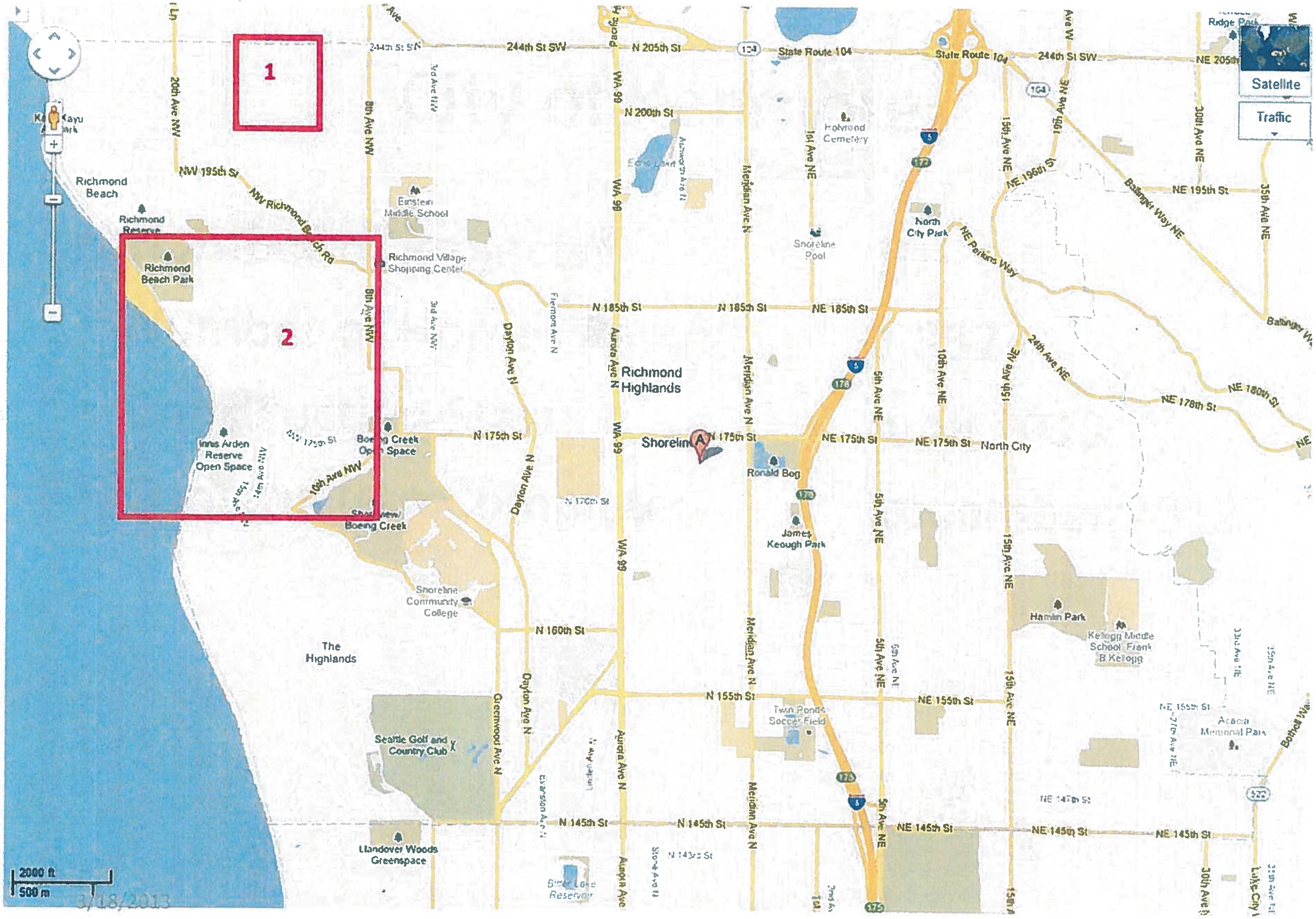

Satellite
Traffic
Meadowdale Beach Park
Meadowdale Playfields
168th St SW
176th St SW
Southwest County Park
184th St SW
188th St SW
196th St SW
Lynnwood
196th St SW
Alderwoo
204th St SW
Brackett's Landing North
Caspers St
The Bowl of Edmonds
Kingston Ferry
Edmonds
Main St
Port of Edmonds
Pine Ridge Park
Lynnwood Municipal Golf Course
208th St SW
212th St SW
Bowdoin Way
Edmonds Marsh
Pine Park Neighborhood
220th St SW
Woodway
Esperance
Westgate
228th St SW
Terrace Creek Park
Mountlake Terrace
1
Sherwood Forest
236th St SW
244th St SW
NE 205th St
Pacific Hwy
Olympic View Dr
Puget Dr
State Route 104
Lakeview Dr
Timber Ln
Edmonds Way

3/18/2013

City of Shoreline

- Number of Projects: 2
- Number of Homes Passed: 532
- Construction Start: May 2013
- Construction Complete: September 2013

3/18/2013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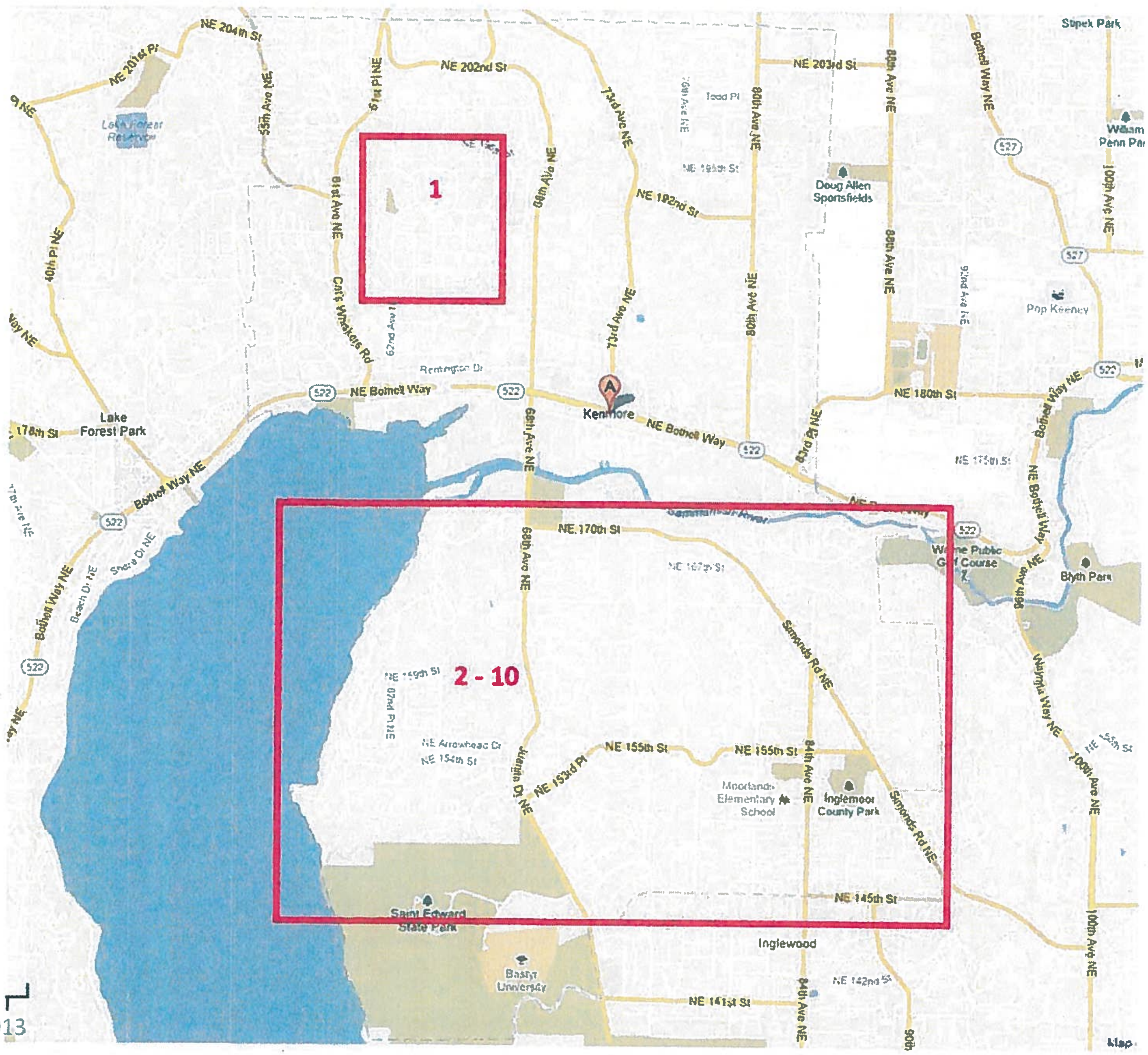
2
244th St SW
N 205th St
State Route 104
244th St SW
NE 205th
Satellite
Traffic
N 200th St
Holyrood Cemetery
Richmond Beach
Richmond Reserve
NW 195th St
NW Richmond Beach Rd
Einstein Middle School
Echo Lake
Shoreline Pool
North City Park
NE 195th St
Ballinger Way NE
NE Perkins Way
Richmond Beach Park
Richmond Village Shopping Center
N 185th St
N 185th St
NE 185th St
20th Ave NW
8th Ave NW
Dayton Ave N
WA-99
Aurora Ave N
Meridian Ave N
1st Ave NE
5th Ave NE
10th Ave NE
15th Ave NE
24th Ave NE
30th Ave NE
35th Ave NE
Richmond Highlands
NE 178th St
NE 180th St
Innis Arden Reserve Open Space
Boeing Creek Open Space
N 175th St
Shoreline
N 175th St
NE 175th St
NE 175th St
North City
Ronald Bog
10th Ave NW
Boeing Creek
James Keough Park
Shoreline Community College
N 160th St
Hamlin Park
Kellogg Middle School Frank B Kellogg
The Highlands
N 155th St
NE 155th St
Twin Ponds Soccer Field
Seattle Golf and Country Club
Greenwood Ave N
N 145th St
N 145th St
NE 145th St
NE 145th St
NE 145th St
Llandover Woods Greenspace
Bitter Lake Reservoir
2000 ft
500 m
3/18/2013

City of Kenmore

- Number of Projects: 10
- Number of Homes Passed: 2,832
- Construction Start: June 2013
- Construction Complete: December 2013


1
2 - 10
NE 204th St
NE 201st Pl
NE 202nd St
NE 203rd St
55th Ave NE
61st Pl NE
61st Ave NE
68th Ave NE
73rd Ave NE
80th Ave NE
88th Ave NE
Bothell Way NE
Stipek Park
William Penn Pa
100th Ave NE
Lake Forest Reservoir
Todd Pl
NE 192nd St
Doug Allen Sportsfields
40th Pl NE
Cat's Whiskers Rd
62nd Ave NE
Pop Keeney
Remington Dr
NE Bothell Way
Kenmore
NE 180th St
83rd Pl NE
Lake Forest Park
NE 175th St
NE Bothell Way
Sammamish River
NE 170th St
Wayne Public Golf Course
Blyth Park
Shore Dr NE
Beach Dr NE
96th Ave NE
Simonds Rd NE
Waynita Way NE
NE 159th St
62nd Pl NE
NE Arrowhead Dr
NE 154th St
Juanita Dr NE
NE 153rd Pl
NE 155th St
84th Ave NE
Moorlands Elementary School
Inglemoor County Park
NE 145th St
Saint Edward State Park
Inglewood
Bastyr University
NE 142nd St
NE 141st St
522
527

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: **Frontier Cable Television Franchise Status** **Proposed Council Action/Motion:** **Discussion**	**For Council Meeting Agenda of: 28 January 2013** **Department: Executive** **Prepared by: Nancy Ousley** **Initial & Date** **Approved by Department Head:** NKO 17-Jan 2013 **Approved by City Attorney:** **Approved by Finance Director:** N/A **Approved by City Manager:** RK **Exhibits/Attachments:** Memo 1)Correspondence 2011-2012 2)Ordinance 09-0300 Franchise Transfer 3)Franchise Agreement with Verizon

Expenditure Required $0 **Amount Budgeted $** **Appropriation Required $**

INFORMATION/BACKGROUND:

The attached staff memo and exhibits provide an update on the status of Frontier Communications' obligations in its cable franchise agreement with the City of Kenmore.

FISCAL CONSIDERATION:

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

City Of Kenmore, Washington

MEMO

17 January 2013

TO: Rob Karlinsey, City Manager

FR: Nancy Ousley, Assistant City Manager NKO

RE: Frontier Communications Cable Television Franchise Status

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Frontier Communications is required to offer services to the entire service area (the entire City) pursuant to their cable television franchise agreement with the City. This franchise agreement was originally approved with Verizon in 2008, a new cable provider in the area, which meant that transmission infrastructure needed to be installed throughout the City. The City Council approved the transfer of the franchise from Verizon to Frontier in 2009, following a formal review process as required by the Federal Communications Commission. The City's review was conducted in conjunction with eleven other local jurisdictions that formed a consortium to work through the review.

The franchise agreement requires that the offering service throughout the City be completed in August 2011. As of that date, about 57% of the City of Kenmore build-out had been completed and available to offer Frontier cable services. In fact, all of the installation to date was performed by Verizon prior to the franchise transfer. Frontier service is not available in most of the area south of the Sammamish River.

When a franchisee is in breach of requirements and no agreement can be reached through informal discussions, liquidated damages can be assessed ($250 per day up to a maximum of $15,000 in a twelve month period).

The Administration initially met with Frontier management in December 2011 to discuss the build-out status, and Frontier proposed a two year extension of the requirement, with service to be available throughout the city by the end of 2013, along with regular progress reports to the City. This extension proposal was not incorporated into the franchise agreement. Subsequently in June 2012, Frontier provided an updated projected schedule of the installation that would have completed the service area requirement by the end of 2014, but no further discussions occurred until January 16, 2013, when we convened a meeting with Frontier, City of Shoreline and City of Edmonds. The other cities also are not fully served and had similar discussions with Frontier about one year ago. Kenmore has by far the largest unserved percentage of its service area in comparison to Shoreline and Edmonds.

As a result of the January 16 discussion, Frontier has agreed to provide an updated schedule for installation in this first quarter of 2013, and the company will commit to City event sponsorship, which had been a commitment of Frontier senior executives while the Council was considering the franchise transfer. Senior Vice President and General Manager Richard Klena will discuss the status of Frontier's build out requirement with the Council in April.

Attachments

ATTACHMENT 1

City Of Kenmore, Washington

Sent via email and US mail

August 29, 2011

Dan Clark
General Manager
Frontier Communications
1800 41st Street
Mailcode WA0102DM
Everett, WA 98201

Re: Service Area - Franchise Obligations

Dear Mr. Clark:

The City of Kenmore is in receipt of your "Programming Change Notice", dated August 19, 2011, where you identified that Frontier Communications (Frontier) will not be providing the Tennis Channel. Thank you for the notice.

On another matter, the City would like to communicate its concern about Frontier's risk of failing to meet its obligation under Section 3.1 of the Cable Franchise Agreement between the City of Kenmore and Verizon Northwest, Inc. (Franchise); as you know, the Kenmore City Council approved the transfer of this Franchise and its obligations from Verizon to Frontier Communications Corporation in December, 2009. Specifically, Section 3.1 requires Frontier to "offer Cable Service to all residential areas in the Initial Service Area within thirty-six (36) months of the Service Date of the Franchise". The Initial Service Area includes the entire City.

The Service Date of the Franchise is defined under Section 1.26 of the Franchise to mean: "The date that the Franchisee first provides Cable Service on a commercial basis directly to multiple subscribers in the Franchise Area. The Franchisee shall memorialize the Service Date by notifying the LFA (City) in writing of the same, which notification shall become a part of this Franchise. "The City has received written confirmation that the Franchise Service Date is August 29, 2008. Under the Franchise, Frontier has an obligation to build out and serve all residential areas within the City by August 29, 2011.

The City acknowledges that by the time of the Franchise Transfer in December 2009, the area north of the Sammamish River had largely been installed with fiber, and the projected completion date for installation north of the river was April 2010. Installation south of the river was projected to begin in 2010 and be completed in 2011. However, to date the residential areas south of the Sammamish River have not been fully provided access to cable service. The City is very concerned that a segment of its citizens will be denied access to cable service without the timely fulfillment of Section 3.1.

Accordingly, this letter is meant to request a status report and confirm that the City intends to hold Frontier to its Franchise commitments. Please provide as soon as possible a schedule detailing how and when Frontier will meet its Franchise obligations under Section 3.1. The City looks forward to receiving Frontier's expedited response to this request.

Thank you for your attention to this matter.

Sincerely,

Frederick C. Stouder
City Manager

cc: Rod Kaseguma, City Attorney, Inslee, Best, Doezie & Ryder, PS
Dawn Reitan; City Attorney, Inslee, Best, Doezie & Ryder, PS
Elana Zana, Ogden Murphy Wallace
Ann Burr, Frontier Communications

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City Of Kenmore, Washington

November 23, 2011

SENT VIA EMAIL & US MAIL

Dan Clark
General Manager
Frontier Communications
1800 41st Street
Mailcode WA0102DM
Everett, WA 98201

RE: Service Area - Sec. 3.1 Franchise Obligations
Request for Informal Discussions

Dear Mr. Clark:

1. Introduction & Purpose.

The City of Kenmore (City) believes that Frontier Communications (Frontier) is in breach of its obligations set forth in 3.1 of the Franchise Agreement between the City and Verizon Northwest Inc. (Franchise). As you know, the Kenmore City Council approved the transfer of the Franchise to Frontier in December of 2009. The purpose of this letter is to request informal discussions to identify how Frontier will meet its obligations under Section 3.1 and resolve this issue.

2. Section 3.1 of the Franchise.

Section 3.1 of the Franchise requires Frontier to "offer Cable Service to all residential areas in the Initial Service Area within thirty-six (36) months of the Service Date of the Franchise." The Initial Service Area includes the entire City.

The Service Date of the Franchise is defined under Section 1.26 of the Franchise to mean: "The date that the Franchisee first provides Cable Service on a commercial basis directly to multiple subscribers in the Franchise Area. The Franchisee shall memorialize the Service Date by notifying the LFA (City) in writing of the same, which notification shall become a part of this Franchise." The City has received written confirmation that the Franchise Service Date is August 29, 2008.

Under the Franchise, Frontier was required to build out and serve all residential areas within the City by August 29, 2011. When the Franchise was transferred to Frontier in December 2009, the area north of the Sammamish River had largely been installed with fiber. However, the August 29, 2011, service deadline has passed and the residential areas south of the Sammamish River have not been fully provided access to cable service.

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3. Prior discussions.

On two separate occasions, the City has discussed with you its concern that Frontier might not meet its obligations under Section 3.1. As you may recall, on June 16, 2011, Nancy Ousley, Assistant City Manager, verbally asked you about the status of the build-out required by Section 3.1. While you acknowledged that the build-out was behind schedule, you did not provide Ms. Ousley with additional information relating to Frontier's efforts to comply with Section 3.1.

In addition, on August 29, 2011, I sent you a letter communicating the City's concern about Frontier's risk of failing to meet its obligations under Section 3.1 of the Franchise. In the letter, I specifically asked you for a schedule detailing how and when Frontier would meet its obligations under Section 3.1 (enclosed). Frontier has not responded to the August 29, 2011, letter, and has not provided the requested schedule.

4. Liquidated Damages

Pursuant to Section 13.3 of the Franchise, if the informal discussions do not lead to resolution of the problem within twenty (20) days, the City will initiate the process to assess liquidated damages against Frontier. Under the Franchise, the City may assess two hundred and fifty dollars ($250) per day against Frontier for its breach of Section 3.1.

5. Conclusion.

The City has attempted to cooperatively work with Frontier on its Section 3.1 obligations. Despite its request for information and status reports, the City has not received any response or information from Frontier that would detail its efforts to meet Section 3.1. To expedite a resolution to this problem, the City would like to meet with you as soon as possible to informally discuss this matter. Additionally, please provide a schedule detailing how and when Frontier will meet its obligations under Section 3.1.

Thank you for your immediate attention to this matter.

Sincerely,

Frederick C. Stouder
City Manager

cc: Kenmore City Council
Nancy Ousley, Assistant City Manager
Rod Kaseguma, City Attorney, Inslee, Best, Doezie & Ryder, P.S.
Dawn Reitan, City Attorney, Inslee, Best, Doezie & Ryder, P.S.
Ann Burr, Frontier Communications

Enclosure

KENMORE BY THE LAKE

City Of Kenmore, Washington

Sent via email and US Mail

December 8, 2011

Richard Klena, Senior Vice President
Dan Clark, General Manager
Frontier Communications
1800 41st Street
Mailcode WA0102DM
Everett, WA 98201

RE: Frontier's Compliance with Section 3.1 of Franchise - Information Requested

Dear Mr. Klena and Mr. Clark:

Thank you for meeting with me and Nancy Ousley, Assistant City Manager, on November 30, 2011 (Meeting), to informally discuss how Frontier Communications (Frontier) will meet its obligations under Section 3.1 of the Franchise between the parties. Frontier requested the Meeting after receiving a letter I wrote to Dan Clark, dated November 23, 2011, repeating Frontier's obligations under Section 3.1 of Franchise (enclosed). My November 23, 2011 letter followed a letter on the same issue to Mr. Clark dated August 29, 2011, to which the City received no response.

In the November 23 letter, the City noted Frontier's failure to meet its obligations under Section 3.1. The City requested informal discussions to remedy the same. Under Section 13.3 of the Franchise, if the informal discussions do not lead to "resolution of the problem within twenty (20) days" the City can proceed with a Notice of Violation, which, in the absence of a cure, could result in the City assessing liquidated damages in the amount of $250.00 per day against Frontier.

We acknowledge Frontier's response to the November 23, 2011 letter, and the interest to informally discuss the issue. We acknowledge your verbal commitment at the Meeting that Frontier will honor its contractual commitment and "get it done." We understand from our conversation that technology may make it necessary to consider different transmission approaches to what was provided in 2008 when the original franchise agreement with Verizon was approved. We are disappointed that Frontier did not keep the City informed on its progress toward meeting existing franchise obligations while the company was actively extending service to new territory in the State of Washington.

I understand that Frontier is preparing a letter this week in response to our November 30 Meeting and that you have requested a meeting to deliver the letter. In order to better understand how Frontier will fulfill Section 3.1 and "offer Cable Service to all residential areas," I am requesting that Frontier provide specific timelines and benchmarks relating to the required provision of service, acknowledging that, as you reported, the current level of build out is at 57% of the City (apparently accomplished by Verizon). This information is necessary to give the City confidence that the progress toward service availability throughout the City will be timely and continuous. Accordingly, please submit the following information in your letter:

1. Detailed plan for providing service to the entire Kenmore Initial Service Area (which is the entire City)
2. Milestones for completion no later than August 29, 2013 (based on Frontier's schedule adjustment request made at the November 30 Meeting)
3. Note any City permit applications that are anticipated to accomplish the work
4. Schedule for quarterly update meetings and written status reports which are signed by senior management

In order to expedite resolution of this matter, please submit the requested information to the City no later than Tuesday, December 13, 2011. Upon receipt of the information, the City will review the response and will notify Frontier whether the City intends to proceed with enforcement of Section 3.1 as provided in the Franchise Agreement.

Thank you again for your assistance and prompt attention to this matter.

Sincerely,

Frederick C. Stouder
City Manager

cc: Kenmore City Council
Nancy Ousley, Assistant City Manager
Rod Kaseguma, City Attorney, Inslee, Best, Doezie & Ryder, P.S.
Dawn Reitan, City Attorney, Inslee, Best, Doezie & Ryder, P.S.
Ann Burr, Frontier Communications

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frontier
Communications

Richard Klena
Senior Vice President
General Manager

December 13, 2011

Frederick C. Stouder
City Manager
City of Kenmore
18120 68th Ave NE
Kenmore, WA 98028

Dear Fred,

I am writing in response to your December 8th letter to me in which the City of Kenmore has requested additional information about Frontier Communications plans to fulfill the Franchise agreement "cable service" build-out requirements in the City. As we previously discussed at our last meeting on November 30th, over the last 18 months since acquiring the Verizon operations in Washington, Frontier has been evaluating the existing FiOS video service platform and a number of alternative and new video service options to better service its customers in Kenmore, Washington and elsewhere across Frontier's service area.

As a result of these efforts, and other infrastructure improvement projects and commitments, Frontier has not fully completed the franchise service area build out requirements in Kenmore within the three year period originally contemplated by Section 3.1 of the Franchise agreement. As we discussed, Frontier is respectfully requesting that the City of Kenmore agree to extend the initial service area franchise build out obligations for an additional two years – until December 31, 2013. As such, Frontier will agree to provide the City with quarterly updates regarding the status of the build out work and meet with representatives of the City of Kenmore on a quarterly basis to discuss our progress and any other concerns the City may have.

As we discussed at our November 30th meeting, we continue to review our overall video strategy, service technology options and our service deployment plans. Frontier expects this work will continue through the first quarter of 2012. In response to the request for more detailed information in your December 8th letter, Frontier will commit to the following preliminary plan to be discussed at our meeting on December 13, 2011:

1. *Detailed plan for providing service to the entire Kenmore Initial Service Area*:

   Frontier will fulfill service availability requirements reflected in Section 3.1 of the Franchise agreement through multiple steps. We will begin by engineering and planning how to best provision a network to enable the provision of service to the applicable households in the franchise area. This will take some time and

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effort to plan the additional areas, as the 'easiest' areas were already constructed, but the more difficult locations still remain.

Beyond the planning and design scope, Frontier would also need to discuss the level of 'construction' work that the City of Kenmore will accommodate. We would also need to meet and work closely with several material and equipment vendors including labor contractors, as the levels of these items and people would far exceed our normal use and availability. I expect this activity to take between 4-6 months once we get started.

The next phase would include delivering these services to the individual areas. That would be an ongoing effort of managing project completions, permitting, traffic control, and also material supplies. Of course, we would be working very closely with the City of Kenmore during the service delivery portion of the project. Because this is the most 'action packed' section of the project, I expect this activity to take between 12-24 months to complete.

2. *Milestones for completion no later than August 29th, 2013 (based on Frontier's schedule adjustment request made at the November 30 Meeting):*

   Based on past experience, Frontier would expect to see the initial planning and construction preparation to take place between January 2012 and July 2012. The actual construction work would begin after July 2012 and continue through August of 2013 with a planned completion by December 31, 2013. I expect the project to progress along the following timeline:

   Q1 2012 - 0%
   Q2 2012 - 0%
   Q3 2012 - 20%
   Q4 2012 - 35%
   Q1 2013 - 50%
   Q2 2013 - 70%
   Q3 2013 - 90%
   Q4 2013 - 100%

3. *Note any City permit applications that are anticipated to accomplish the work:*

   Frontier would need right-of-way and traffic control permitting. We will also coordinate closely with the City to minimize disruption to City residents.

4. *Schedule for quarterly update meetings and written status reports which are signed by senior management:*

Frontier will plan on meeting quarterly with representatives of the City and providing a quarterly written report of our progress, but I would expect more frequent dialogue to discuss permitting and issues described above.

It is my hope that the City of Kenmore will continue to work with Frontier on a cooperative basis and remain flexible over the next 90 days as Frontier endeavors to complete its technology review and implementation plans to deploy service in Kenmore. If at any time, the City has concerns regarding the progress Frontier is making or the video service Frontier is providing, please do not hesitate to contact me at your convenience.

Sincerely,

Richard A Klena

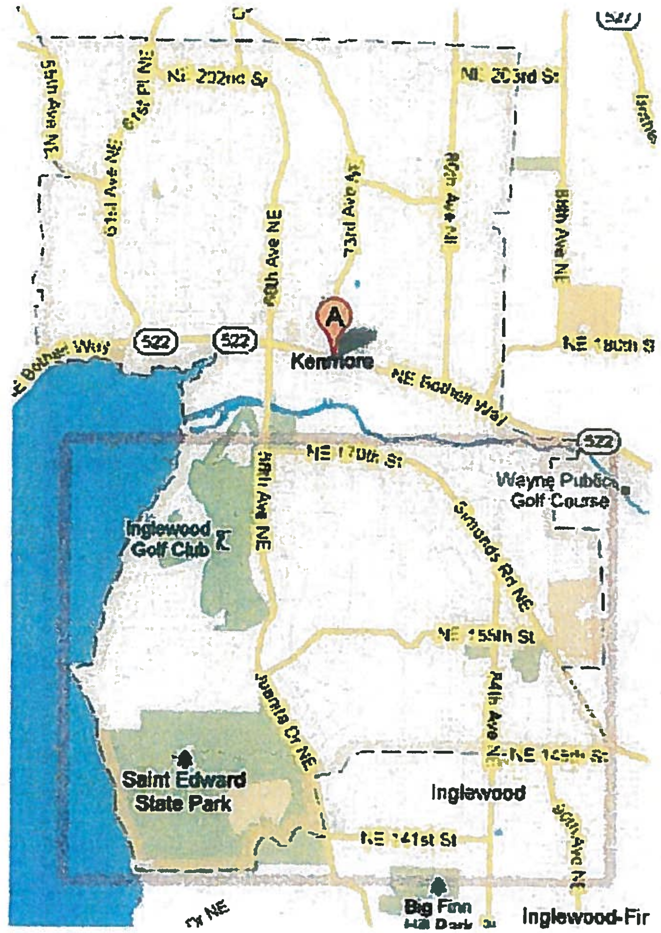
City of Kenmore Franchise Plan

frontier Communications

Our Mission | To be the leader in providing communications services to residential and business customers in our markets

PROVIDED JUNE 15, 2012

City of Kenmore Franchise Area to Finish



Our Mission | To be the leader in providing communications services to residential and business customers in our markets

2

frontier Communications

ATTACHMENT 2

CITY OF KENMORE
WASHINGTON

ORDINANCE NO. 09-0300

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, RELATING TO A NON EXCLUSIVE CABLE TELEVISION FRANCHISE AGREEMENT APPROVED BY ORDINANCE 08-0284, APPROVING TRANSFER OF CONTROL OF THE FRANCHISEE (VERIZON NORTHWEST INC.) FROM VERIZON COMMUNICATIONS INC. TO FRONTIER COMMUNICATIONS CORPORATION WITH CONDITIONS AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City of Kenmore, Washington has granted a cable television franchise ("Franchise") to Verizon Northwest Inc. ("Franchisee") which is an indirect wholly owned subsidiary of Verizon Communications Inc. ("Verizon"); and

WHEREAS, Verizon has entered into an agreement with Frontier Communications Corporation ("Frontier") to effectuate a transfer of control of Franchisee from Verizon to Frontier ("Transfer"); and

WHEREAS, upon completion of the Transfer, Franchisee will become an indirect wholly owned subsidiary of Frontier and, as a result, control of the Franchisee will be transferred from Verizon to Frontier; and

WHEREAS, following the Transfer, Franchisee will continue to hold and be responsible for the performance of the Franchise; and

WHEREAS, Franchisee has requested that the City consent to the Transfer and, in accordance with the requirements of the Franchise and federal law, Verizon has filed an FCC

Form 394 together with Exhibits and related materials (all hereinafter collectively the "Application") with the City; and

WHEREAS, to evaluate Franchisee's request, the City has participated in a Consortium of jurisdictions including Snohomish County, the cities of Bothell, Edmonds, Everett, Kenmore, Marysville, Mountlake Terrace, Mukilteo, Woodinville and the Town of Woodway (the "Consortium"); and

WHEREAS, the City and the Consortium examined the legal, financial and technical qualifications of Frontier in order to consider and act upon the Transfer request and considered the comments of interested parties; and

WHEREAS, the City has relied upon the Application and supplemental written information provided by Frontier and Verizon; and

WHEREAS, on November 16, 2009, the City Council held a public meeting to review the Transfer request ; and

WHEREAS, the City is willing to consent to the Transfer, subject to the closing of the Transfer between Verizon and Frontier and the appropriate approvals by the Washington State Utilities and Transportation Commission and federal regulatory entities; and

WHEREAS, Franchisee has agreed to continue to unconditionally accept the terms of the existing Franchise and to comply with any other agreements existing between the Franchisee and the City;

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

Section 1. The City hereby consents to the Transfer in accordance with the terms of applicable law, subject to and contingent upon the following conditions:

a. In all respects and without exception, Franchisee agrees to continue to abide by all terms of the existing Franchise and acknowledges that the transfer of control will not affect, diminish, impair or supersede the binding nature of the Franchise and any other valid ordinances, resolutions, and agreements applicable to the operation of the cable system in the City and Franchisee shall continue to meet its obligations under the Franchise. Franchisee agrees that subject to the Franchise, that Franchisee shall comply with all lawful and applicable provisions related to cable service of Kenmore, Washington Municipal Code, as amended, and all related applicable federal and state laws, and lawful orders, contracts, agreements, commitments, side letters , Franchise amendments and regulatory actions.

b. The City's consent to the transfer of control shall not be construed to constitute a waiver or release of any rights the City may have now or in the future under federal, state or local law, the Franchise, or any separate written agreements with the Franchisee. Franchisee shall remain responsible for any and all Franchise requirements (including but not limited to payment of Franchise fees and other amounts due under the Franchise, and indemnification of the City as provided in the Franchise) and non-compliance issues under the Franchise or any obligation that may now exist or may later be discovered to have existed during the term of the Franchise, even if prior to the closing of this Transfer.

c. The Transfer between Frontier and Verizon shall be substantially and materially consistent with the Application and the supplemental information provided by Frontier and Verizon through the request for information process undertaken by the City and the Consortium.

Section 2. In the event that the Transfer which is the subject of this ordinance does not close for any reason; or in the event approval is not granted by the Washington State

Utilities and Transportation Commission and appropriate federal regulatory entities, or in the event that the Transfer closes on terms substantially or materially different from the terms described in the Application and supplemental written information provided by Frontier and Verizon that is relied upon by the City; or Franchisee does not accept each and every condition of the transfer of control required of it as set forth in this ordinance; then the consent provided for herein shall be null and void, and the City shall be deemed to have disapproved the transfer of control under the Franchise and federal law, and all remedies under the Franchise and applicable laws shall be available to the City. In the event the Transfer does not close before January 2012, Verizon and Frontier will provide notice of that event to the City and an update on the reasons for such a delay in closing or notice of the termination of the Transfer.

Section 3. By consenting to the transfer of control, the City does not waive or release any rights of the City in and to the streets as provided by state law and the Kenmore Municipal Code, nor does the City waive or release any claim or issue of non-compliance it may have, known or unknown, now or in the future, against the Franchisee or any successor in interest to the Franchisee.

Section 4. The City shall not amend, revoke or otherwise alter this Ordinance without providing reasonable prior notice to the Franchisee.

Section 5. If any section, sentence, clause or phrase of this ordinance shall be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 6. This ordinance shall take effect and be fully in force five (5) days after publication of the attached approved summary thereof consisting of the title.

ADOPTED by the Council of the City of Kenmore this 1st day of December 1, 2009.

CITY OF KENMORE, WASHINGTON

David Baker, Mayor

ATTEST/AUTHENTICATED:

Lynn Batchelor, CITY CLERK

APPROVED AS TO FORM:

Rod P. Kaseguma, City Attorney

FILED WITH THE CITY CLERK:	November 19, 2009
PUBLISHED:	December 4, 2009
EFFECTIVE DATE:	December 10, 2009
ORDINANCE NO.	09-0300

 ATTACHMENT 3

CABLE FRANCHISE AGREEMENT

BETWEEN

THE CITY OF KENMORE, WASHINGTON

AND

VERIZON NORTHWEST INC.

2008

TABLE OF CONTENTS

THIS CABLE FRANCHISE AGREEMENT (the "Franchise" or "Agreement") is entered into by and between the City of Kenmore, a duly organized City under the applicable laws of the State of Washington (the Local Franchising Authority or the "LFA") and Verizon Northwest Inc., a corporation duly organized under the applicable laws of the State of Washington (the "Franchisee").

WHEREAS, the LFA wishes to grant Franchisee a nonexclusive franchise to construct, install, maintain, extend and operate a cable communications system in the Franchise Area as designated in this Franchise;

WHEREAS, the LFA is a "franchising authority" in accordance with Title VI of the Communications Act (*see* 47 U.S.C. § 522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to Washington State law and federal law;

WHEREAS, Franchisee is in the process of installing a Fiber to the Premise Telecommunications Network (the "FTTP Network") in the Franchise Area for the transmission of Non-Cable Services pursuant to authority granted by the state of Washington;

WHEREAS, Franchisee intends to construct, install, maintain, and extend the FTTP Network pursuant to Title II of the Communications Act *(see* 47 U.S.C. § 201 *et seq.),* and has requested a cable franchise from the LFA to operate a Cable System over, under, and along the Public Rights-of-Way within the LFA's jurisdiction, in accordance with Title VI of the Communications Act *(see* 47 U.S.C. § 521 *et seq.)*;

WHEREAS, the FTTP Network will occupy the Public Rights-of-Way within the LFA, and Franchisee desires to use portions of the FTTP Network once installed to provide Cable Services (as hereinafter defined) in the Franchise Area;

WHEREAS, the LFA has identified the future cable-related needs and interests of the LFA and its community, has considered the financial, technical and legal qualifications of Franchisee, and has determined that Franchisee's plans for its Cable System are adequate, in a full public proceeding affording due process to all parties;

WHEREAS, the LFA desires to protect and manage the Public Rights-of-Way, require high standards of customer service, receive financial compensation relating to Franchisee's use of the Public Rights-of-Way as provided by federal law, obtain educational and governmental channels, establish certain reporting and record access requirements, and provide for the future cable-related needs of its residents;

WHEREAS, the LFA has found Franchisee to be financially, technically, and legally qualified to operate the Cable System;

WHEREAS, the LFA has determined that the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

WHEREAS, the LFA and Franchisee have reached agreement on the terms and conditions set forth herein and the parties have agreed to be bound by those terms and conditions.

NOW, THEREFORE, in consideration of the LFA's grant of a franchise to Franchisee, Franchisee's promise to provide Cable Service to residents of the Franchise Area of the LFA pursuant to and consistent with the Communications Act (as hereinafter defined), pursuant to the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE PARTIES DO HEREBY AGREE AS FOLLOWS:

1. **DEFINITIONS**

Except as otherwise provided herein, the definitions and word usages set forth in the Communications Act (as hereinafter defined) are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1 *Access Channel:* A video Channel, which Franchisee shall make available to the LFA without charge for non-commercial Educational or Governmental use for the transmission of video programming as directed by the LFA.

1.1.1 *Educational Access Channel:* An Access Channel available for the use solely of the local schools (schools shall include any educational institution, public or private, but excluding home schools) in the Franchise Area.

1.1.2 *Government Access Channel:* An Access Channel available for the use solely of the LFA.

1.1.3 *EG*: Educational and Governmental.

1.2 *Additional Service Area:* Shall mean any such portion of the Service Area added pursuant to Section 3.1.3 of this Agreement.

1.3 *Affiliate:* Any Person who, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with Franchisee.

1.4 *Basic Service:* Any service tier, which includes the retransmission of local television broadcast signals as well as the EG Channels required by this Franchise.

1.5 *Cable Operator:* Shall be defined herein as it is defined under section 602 of the Communications Act, 47 U.S.C. § 522(5), but does not include direct broadcast satellite providers.

1.6 *Cable Service* or *Cable Services:* Shall be defined herein as it is defined under section 602 of the Communications Act, 47 U.S.C. § 522(6).

1.7 *Cable System* or *System:* Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), meaning, "a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide cable service which includes video programming and which is provided to multiple subscribers within a community, but such term does not include (A) a facility that serves only to retransmit the television signals of 1 or more television broadcast stations; (B) a facility that serves subscribers without using any public right-of-way; (C) a facility of a common carrier which is subject, in whole or in part, to the provisions of title II of this Act, except that such facility shall be considered a cable system (other than for purposes of section 621(c)) to the extent such facility is used in the transmission of video programming directly to subscribers, unless the extent of such use is solely to provide interactive on-demand services; (D) an open video system that complies with section 653 of this title; or (E) any facilities of any electric utility used solely for operating its electric utility systems." The Cable System shall be limited to the optical spectrum wavelength(s), bandwidth or future technological capacity that is used for the transmission of Cable Services directly to Subscribers within the Franchise/Service Area and shall not include the tangible network facilities of a common carrier subject, in whole or in part, to Title II of the Communications Act or of an Information Services provider.

1.8 *Channel:* Shall be defined herein as it is defined under section 602 of the Communications Act, 47 U.S.C. § 522(4).

1.9 *Communications Act:* The Communications Act of 1934, as amended by, among other things, the Cable Communications Policy Act of 1984, the Cable Consumer Protection and Competition Act of 1992, and the Telecommunications Act of 1996, as it may be further amended from time to time.

1.10 *Control:* The ability to exercise de facto or de jure control over day-to-day policies and operations or the management of Franchisee's affairs.

1.11 *FCC*: The United States Federal Communications Commission or successor governmental entity thereto.

1.12 *Fiber to the Premise Telecommunications Network ("FTTP Network"):* The Franchisee's network that transmits Non-Cable Services pursuant to the authority granted under the laws of the state of Washington and under Title II of the Communications Act (which Non-Cable Services are not subject to Title VI of the Communications Act), and that supports the Cable System.

1.13 *Force Majeure*: Force Majeure is an event or events reasonably beyond the ability of Franchisee to anticipate and control, such as:

(a) severe or unusual weather conditions, fire, flood, or other acts of God, strikes, labor disturbances, lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots or act of a public enemy;

(b) actions or inactions of any government instrumentality or public utility including condemnation, accidents for which Franchisee is not primarily responsible or work delays caused by waiting for other utility providers to service or monitor utility poles to which Franchisee's

FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary; and

(c) telephone network outages only when such outages are outside the control of Franchisee.

1.14 *Franchise Area*: The incorporated area (entire existing territorial limits) of the LFA and such additional areas as may be included in the corporate (territorial) limits of the LFA during the term of this Franchise.

1.15 *Franchisee:* Verizon Northwest Inc., and its lawful and permitted successors, assigns and transferees.

1.16 *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee and/or its Affiliates from the operation of the Cable System to provide Cable Service in the Service Area. Gross Revenue shall include but may not be limited to the following items so long as all other Cable Operators in the Service Area include the same in Gross Revenues for purposes of calculating franchise fees:

(a) fees charged for Basic Service;

(b) fees charged to Subscribers for any service tier other than Basic Service;

(c) fees charged for premium Channel(s), *e.g.* HBO, Cinemax, or Showtime;

(d) fees charged to Subscribers for any optional, per-channel, or per-program services;

(e) charges for installation, additional outlets, relocation, disconnection, reconnection, and change-in-service fees for video or audio programming;

(f) fees for downgrading any level of Cable Service programming;

(g) fees for service calls;

(h) fees for leasing of Channels;

(i) rental of customer equipment, including converters (e.g. set top boxes, high definition converters, and digital video recorders) and remote control devices;

(j) advertising revenue as set forth herein;

(k) revenue from the sale or lease of access Channel(s) or Channel capacity;

(l) revenue from the sale or rental of Subscriber lists;

(m) revenues or commissions received from the carriage of home shopping channels;

(n) fees for any and all music services that are deemed to be a Cable Service over a Cable System;

(o) revenue from the sale of program guides;

(p) late payment fees;

(q) forgone revenue that Franchisee chooses not to receive in exchange for trades, barters, services, or other items of value;

(r) revenue from NSF check charges;

(s) revenue received from programmers as payment for programming content cablecast on the Cable System; and

(t) Franchise Fees hereunder.

Advertising commissions paid to independent third parties shall not be deducted from advertising revenue included in Gross Revenue. Advertising revenue is based upon the ratio of the number of Subscribers as of the last day of the period for which Gross Revenue is being calculated to the number of Franchisee's Subscribers within all areas covered by the particular advertising source as of the last day of such period, *e.g.*, Franchisee sells two ads: Ad "A" is broadcast nationwide; Ad "B" is broadcast only within Washington. Franchisee has one hundred (100) Subscribers in the Franchise Area, five hundred (500) Subscribers in Washington, and one thousand (1,000) Subscribers nationwide. Gross Revenue as to LFA from Ad "A" is ten percent (10%) of Franchisee's revenue therefrom. Gross Revenue as to the LFA from Ad "B" is twenty percent (20%) of Franchisee's revenue therefrom.

Notwithstanding the foregoing, Gross Revenue shall not include:

1.16.1 Revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System;

1.16.2 Bad debts written off by Franchisee in the normal course of its business, provided, however, that bad debt recoveries shall be included in Gross Revenue during the period collected;

1.16.3 Refunds, rebates or discounts made to Subscribers or other third parties;

1.16.4 Any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders, provided that if any such services are Cable Services at any future time pursuant to applicable law, revenues derived from such services shall be included in Gross Revenues;

1.16.5 Payments by Subscribers for merchandise purchased from any home shopping channel offered as part of the Cable Services; provided, however, that commissions or other compensation paid to Franchisee by such home shopping channel for the promotion or exhibition of products or services shall be included in Gross Revenue;

1.16.6 Revenues from the sale of Cable Services on the Cable System to a reseller, when the reseller pays the cable Franchise fees on the resale of Cable Services;

1.16.7 Any tax of general applicability imposed upon Franchisee or upon Subscribers by a city, state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity (including, but not limited to, sales/use tax, gross receipts tax, excise tax, utility users tax, public service tax, communication taxes and non-cable franchise fees), provided however, as set forth in Section 1.16(t), Franchise Fees under this Agreement are included in Gross Revenues;

1.16.8 Any foregone revenue which Franchisee chooses not to receive in exchange for its provision of free or reduced cost cable or other communications services to any Person, including without limitation, employees of Franchisee and public institutions or other institutions designated in the Franchise; provided, however, that such foregone revenue which Franchisee chooses not to receive in exchange for trades, barters, services or other items of value shall be included in Gross Revenue;

1.16.9 Sales of capital assets or sales of surplus equipment;

1.16.10 Reimbursement by programmers of marketing costs incurred by Franchisee for the introduction of new programming pursuant to a written marketing agreements;

1.16.11 Directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing;

1.16.12 Any fees or charges collected from Subscribers or other third parties for EG Grant.

1.17 *Information Services:* Shall be defined herein as it is defined under Title I, Section 3 of the Communications Act, 47 U.S.C. §153(20).

1.18 *Initial Service Area:* The portion of the Franchise Area as outlined in Exhibit A.

1.19 *Internet Access:* Dial-up or broadband access service that enables Subscribers to access the Internet.

1.20 *Local Franchise Authority (LFA)*: The City of Kenmore or the lawful successor, transferee, or assignee thereof.

1.21 *Non-Cable Services*: Any service that does not constitute the provision of Video Programming directly to multiple Subscribers in the Franchise Area including, but not limited to, Information Services and Telecommunications Services.

1.22 *Normal Operating Conditions*: Those service conditions which are within the control of the Franchisee. Those conditions which are not within the control of the Franchisee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages (to the extent such outages are on non-Verizon networks or caused by Force Majeure), and severe or unusual weather conditions. Those conditions which are ordinarily within the control of the Franchisee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or rebuild of the Cable System. *See* 47 C.F.R. § 76.309(c)(4)(ii).

1.23 *Person*: An individual, partnership, association, joint stock company, trust, corporation, or governmental entity.

1.24 *Public Rights-of-Way*: The surface and the area across, in, over, along, upon and below the surface of the public streets, roads, bridges, sidewalks, lanes, courts, ways, alleys, and boulevards, including, public utility easements and public lands and waterways used as Public Rights-of-Way, as the same now or may thereafter exist, which are under the jurisdiction or control of the LFA. Public Rights-of-Way do not include the airwaves above a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.25 *Service Area*: All portions of the Franchise Area where Cable Service is being offered, including the Initial Service Area and any Additional Service areas.

1.26 *Service Date*: The date that the Franchisee first provides Cable Service on a commercial basis directly to multiple Subscribers in the Franchise Area. The Franchisee shall memorialize the Service Date by notifying the LFA in writing of the same, which notification shall become a part of this Franchise.

1.27 *Service Interruption:* The loss of picture or sound on one or more cable channels.

1.28 *Subscriber*: A Person who lawfully receives Cable Service over the Cable System with Franchisee's express permission.

1.29 *Telecommunications Facilities*: Franchisee's existing Telecommunications Services and Information Services facilities and its FTTP Network facilities.

1.30 *Telecommunications Services:* Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. § 153(46).

1.31 *Title II*: Title II of the Communications Act.

1.32 *Title VI*: Title VI of the Communications Act.

1.33 *Video Programming:* Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(20).

2. **<u>GRANT OF AUTHORITY; LIMITS AND RESERVATIONS</u>**

2.1 *Grant of Authority*: Subject to the terms and conditions of this Agreement and the Communications Act, the LFA hereby grants the Franchisee the right to own, construct, operate and maintain a Cable System along the Public Rights-of-Way within the Franchise Area, in order to provide Cable Service. No privilege or power of eminent domain is bestowed by this grant; nor is such a privilege or power bestowed by this Agreement.

2.2 *LFA's Regulatory Authority:* The parties recognize that Franchisee's FTTP Network is being constructed and will be operated and maintained as an upgrade to and/or extension of its existing Telecommunications Facilities for the provision of Non-Cable Services. The jurisdiction of the LFA over such Telecommunications Facilities is also governed by federal and state law, and the LFA shall not assert jurisdiction over Franchisee's FTTP Network in contravention of those laws. Therefore, as provided in Section 621 of the Communications Act, 47 U.S.C. § 541, the LFA's regulatory authority under Title VI of the Communications Act is not applicable to the construction, installation, maintenance, or operation of Franchisee's FTTP Network to the extent the FTTP Network is constructed, installed, maintained, or operated for the purpose of upgrading and/or extending Verizon's existing Telecommunications Facilities for the provision of Non-Cable Services. Nothing in this Agreement shall affect the LFA's authority, if any, to adopt and enforce lawful regulations with respect to Franchisee's Telecommunications Facilities in the Public Rights-of-Way.

2.3 *Term:* This Franchise shall become effective on August 15, 2008 (the "Effective Date"). The Term of this Franchise shall be twelve (12) years from the Effective Date unless the Franchise is earlier revoked as provided herein.

2.4 *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and LFA reserves the right to grant other franchises for similar uses or for other uses of the Public Rights-of-Way, or any portions thereof, to any Person, or to make any such use themselves, at any time during the term of this Franchise. Any such rights which are granted shall not adversely impact the authority as granted under this Franchise.

2.5 *Franchise Subject to Federal and State Law:* Notwithstanding any provision to the contrary herein, this Franchise is subject to and shall be governed by all applicable provisions of federal law and state law as they may be amended, including but not limited to the Communications Act and any applicable rules, regulations, and orders of the FCC, as amended.

2.6 No Waiver:

2.6.1 The failure of the LFA on one or more occasions to exercise a right or to require compliance or performance under this Franchise, the Communications Act or any other applicable state or federal law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by the LFA nor to excuse Franchisee from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

2.6.2 The failure of Franchisee on one or more occasions to exercise a right under this Franchise or applicable law, or to require performance under this Franchise, shall not be deemed to constitute a waiver of such right or of performance of this Agreement, nor shall it excuse the LFA from performance, unless such right or performance has been specifically waived in writing.

2.7 Construction of Agreement:

2.7.1 The provisions of this Franchise shall be liberally construed to effect their objectives.

2.7.2 Nothing herein shall be construed to limit the scope or applicability of Section 625 of the Communications Act, 47 U.S.C. § 545.

2.8 *Police Powers*: In executing this Franchise Agreement, the Franchisee acknowledges that its rights hereunder are subject to the lawful police powers of the LFA. Franchisee agrees to comply with all lawful and applicable general laws and ordinances enacted by the LFA pursuant to such power. Nothing in the Franchise shall be construed to prohibit the reasonable, necessary and lawful exercise of the LFA's police powers. However, if the reasonable, necessary and lawful exercise of the LFA's police power results in any material alteration of the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. Any modifications shall be in writing and signed by both parties. If the parties cannot reach agreement on the above-referenced modification to the Franchise, the parties agree to submit the matter to mediation. The matter submitted to mediation shall be limited to what effect, if any, the LFA's exercise of police powers has on the terms of the Franchise. In the event mediation does not result in an agreement, then the Franchisee may terminate this Agreement without further obligation to the LFA or, at Franchisee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association (but not necessarily administered by the American Arbitration Association) or as otherwise mutually agreed by the parties. The matter submitted to arbitration shall be limited to what effect, if any, the LFA's exercise of police powers has on the terms of the Franchise.

2.9 *Termination of Telecommunications Services*. Notwithstanding any other provision of this Agreement, if Franchisee ceases to provide Telecommunications Services over the FTTP Network at any time during the Term and is not otherwise authorized to occupy the Public Rights-of-Way in the Franchise Area, the LFA may regulate the FTTP Network as a cable system to the extent permitted by Title VI.

3. **PROVISION OF CABLE SERVICE**

3.1 Service Area:

3.1.1 *Initial Service Area*: Franchisee shall offer Cable Service to significant numbers of Subscribers in residential areas of the Initial Service Area and may make Cable Service available to businesses in the Initial Service Area, within twelve (12) months of the Service Date of this Franchise, and shall offer Cable Service to all residential areas in the Initial Service Area within thirty-six (36) months of the Service Date of the Franchise, except: (A) for periods of Force Majeure; (B) for periods of delay caused by LFA; (C) for periods of delay resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in areas, developments or buildings where Franchisee cannot access under reasonable terms and conditions after good faith negotiation, as determined by Franchisee; and (F) in developments or buildings that Franchisee is unable to provide Cable Service for technical reasons or which require non-standard facilities which are not available on a commercially reasonable basis; and (G) in areas where the occupied residential household density does not meet the density requirements set forth in Section 3.1.2.

3.1.2 *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than thirty (30) residential dwelling units per mile, as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Initial Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Sections 3.1.1 and 3.1.2 respectively, Franchisee shall provide Cable Service to such area within twelve (12) months of receiving notice from LFA that the density requirements have been met.

3.1.3 *Additional Service Areas*: Except for the Initial Service Area Franchisee shall not be required to extend its Cable System or to provide Cable Services to any other areas within the Franchise Area during the term of this Franchise or any Renewals thereof except as set forth in this Section 3.1.3. The parties agree that if any land is annexed by the LFA during the term of this Agreement, such annexed areas shall become part of the Franchise Area and Franchisee shall be required to extend Cable Service within a reasonable time to such annexed area (subject to the exceptions in Section 3.1.1 above), provided that such annexed area: (a) is contiguous to the LFA, (b) is within Franchisee's Title II service territory, and (c) is served by the video-enabled FTTP Network. If Franchisee intends to serve Additional Service Areas within the Franchise Area, Franchisee shall notify the LFA in writing of such Additional Service Area at least ten (10) days prior to providing Cable Services in such areas.

3.2 *Availability of Cable Service*: Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1 and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service. Franchisee shall not deny access to Cable Services to any group of potential residential Subscribers because of the income of the residents of the local area in which the group resides. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect, at Franchisee's expense, other than a standard installation charge, all residential dwelling units that are within one hundred fifty (150) feet of trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, actual costs incurred for residential dwelling unit connections that exceed one hundred fifty (150) feet and actual costs incurred to connect any non-residential Subscriber.

3.3 *Complimentary Cable Service to Public Buildings*: Subject to Section 3.1, Franchisee shall provide without charge within the Service Area, one service outlet (unless otherwise specified in Exhibit B) activated for Basic Service to each public school, police and fire station, public library, government offices and other offices used for municipal government administration as may be designated by the LFA, and also required of other cable operators in the Service Area, as provided in Exhibit B; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than one hundred fifty (150) feet solely to provide service to any such school or public building, the LFA or other appropriate entity shall have the option either of paying Franchisee's direct costs for such extension in excess of one hundred fifty (150) feet, or of releasing Franchisee from the obligation to provide service to such building. Furthermore, Franchisee shall be permitted to recover, from any school or other public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet or concealed inside wiring, or a service outlet requiring more than one hundred fifty (150) feet of drop cable; provided, however, that Franchisee shall charge for the provision of Basic Service to the additional service outlets once installed. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming. Equipment provided by Franchisee, if any, shall be replaced at retail rates if lost, stolen, or damaged due to the negligence or other wrongful acts of the LFA.

4. SYSTEM OPERATION

As provided in Section 2.2, the parties recognize that Franchisee's FTTP Network is being constructed and will be operated and maintained as an upgrade to and/or extension of its existing Telecommunications Facilities. The jurisdiction of the LFA over such Telecommunications Facilities is restricted by federal and state law, and LFA does not and will not assert jurisdiction over Franchisee's FTTP Network in contravention of those limitations.

5. SYSTEM FACILITIES

5.1 *Technical Requirement:* Franchisee shall operate, maintain, construct and extend the Cable System so as to provide high quality signals and reliable delivery of Cable Services for all cable programming services. The Cable System shall meet or exceed any and all applicable technical performance standards of the FCC, the National Electrical Safety Code, the National Electrical Code and any other applicable federal law and the laws of the State of Washington to the extent not in conflict with federal law and regulations.

5.2 *System Characteristics:* Franchisee's Cable System shall meet or exceed the following requirements:

5.2.1 The System shall be designed with an initial digital carrier passband between fifty (50) and eight hundred sixty (860) MHz.

5.2.2 The System shall be designed, constructed and maintained to be an active two-way plant for subscriber interaction, if any, required for selection or use of Cable Service.

5.3 *Interconnection:* The Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area. Interconnection of systems may be made by direct cable connection, microwave link, satellite, or other appropriate methods.

5.4 *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and state law in order that emergency messages may be distributed over the System in video and audio formats as required by state and federal law.

6. EG SERVICES

6.1 Access Channels:

6.1.1 In order to ensure availability of educational and government programming, Franchisee shall reserve, without charge to the LFA, on its Basic Service Tier for LFA's future use one (1) dedicated Channel for Educational Access and one (1) dedicated Channel for Government Access (the "Access Channels").

6.1.2 The parties agree that Franchisee shall retain the right to utilize all such Access Channels, in its sole discretion, during the term of this Franchise until such time that Franchisee activates LFA's Access Channels pursuant to Section 6.1 and/or if LFA ceases to use the Access Channels during the Term of this Agreement. The LFA shall comply with applicable law regarding the use of EG Channels. Franchisee shall only be required to provide the Access Channels so long as the other Cable Operators in the Franchise Area are also providing similar channels.

6.1.3 The LFA may activate the Access Channel during the Term by providing the Franchisee with written notice of the need for Access Channel capacity at least one hundred eighty (180) days prior to the date it intends to activate the Access Channel, demonstrated by a planned programming schedule for EG programming consisting of at least four (4) hours per day, which programming for purposes of this calculation shall not include repeat programming generated per day or character-generated programming. Such written notice shall authorize the Franchisee to transmit the Access Channel within and outside of the LFA.

6.1.4 The Franchisee specifically reserves the right to make or change channel assignments in its sole discretion and shall provide notice of such changes as set forth in the Customer Service Standards, Exhibit D, Sections 10.E and 10.G.4. The Access Channels shall be used for community programming related to Educational and/or Governmental activities. The LFA shall have complete control over the content, scheduling, and administration of the Access Channels and may delegate such functions, or a portion of such functions, to an appropriate designee upon written notice from the LFA to Franchisee. The Franchisee shall not exercise any editorial control over Access Channel programming.

6.1.5 Franchisee shall obtain the Access Channel programming via (i) a dedicated fiber connection to the LFA's Access Channel at a mutually agreeable location (the "EG Channel Origination Site"), or (ii) a mutually agreeable alternative method of obtaining the Access Channel programming. The Franchisee's obligations under Section 6.1, including its obligation to provide upstream equipment, lines and facilities necessary to transmit those video and audio signals, shall be subject to the provision by the LFA, to the extent applicable and without charge to the Franchisee, of:

(1) access to the EG Channel Origination Site facility;

(2) access to any required EG equipment within the EG Channel Origination Site facility and suitable required space, environmental conditions, electrical power supply, access, and pathways within the EG Channel Origination Site facility;

(3) video and audio signals in a mutually agreed upon format suitable for Access Channel programming;

(4) any third-party consent that may be necessary to transmit EG signals (including, without limitation, any consent that may be required with respect to third-party facilities, including the facilities of the incumbent cable provider, used to transmit EG content to the EG Channel Origination Site from auxiliary locations); and

(5) any other cooperation and access to facilities as are reasonably necessary for the Franchisee to fulfill the obligations stated herein.

To the extent suitable video and audio signals are provided to Franchisee and the foregoing conditions in Section 6.1 are met, Franchisee shall, within one hundred eighty (180) days of written notice of intent to activate, or provision of suitable video and audio signals, whichever is later, provide, install, and maintain in good working order the equipment necessary for transmitting the EG signal to Subscribers.

6.2 EG Grant:

6.2.1 If during the Term of this Franchise, all other Cable Operator(s) provide a grant to the LFA to be used in support of production of EG programming (the "EG Grant"), Franchisee agrees to match the EG Grant in the amount set forth in Section 6.2.3 below. Franchisee shall provide such EG Grant upon sixty (60) days notice by the LFA of its intent to initiate the EG Grant. If the LFA has not activated its Access Channel(s), pursuant to Section 6.1.3, within twelve (12) months after the first calendar month from the date of the first EG Grant payment, Franchisee will cease to provide such EG Grant.

6.2.2 If the Franchisee has ceased providing the EG Grant pursuant to Section 6.2.1, the EG Grant will not be reinstated until such time that (i) the Access Channel is activated pursuant to Section 6.1.3, and (ii) all other Cable Operator(s) are making the same grant payment.

6.2.3 The EG Grant shall be no greater than $1.00, per Subscriber, per month. The amount of the EG Grant may be modified as determined by the City Council no more than once each year (up to the cap), and shall be the same amount required of all other Cable Operators in the Franchise Area. Franchisee's obligation under this Section 6.2. is contingent upon all other Cable Operators making the same grant payment on a per Subscriber, per month basis. The LFA shall give Franchisee sixty (60) days prior written notice before instituting or changing the amount of the EG Grant under this Section 6.2. The EG Grant payment, shall be delivered to the LFA concurrent with the Franchise Fee payment.

6.2.4 The EG grant shall be used by the LFA for EG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of EG access facilities.

6.2.5 The LFA shall provide Franchisee with a complete accounting annually of the distribution of funds granted pursuant to Section 6.2.

6.3 LFA shall require all local producers and users of any of the EG facilities or Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement and to defend and hold harmless Franchisee and the LFA, from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owed to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a EG facility or Channel. LFA shall establish rules and regulations for use of EG facilities, consistent with, and as required by, 47 U.S.C. § 531.

6.4 To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of an EG Grant or any other costs arising from the provision of EG services from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill.

7. **<u>FRANCHISE FEES</u>**

7.1 *Payment to LFA:* Franchisee shall pay to the LFA a Franchise fee of five percent (5%) of annual Gross Revenue ("Franchise Fee"). In accordance with Title VI of the Communications Act, the twelve-month (12) period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were inadvertently omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise Fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

7.2 *Supporting Information:* Each Franchise Fee payment shall be accompanied by a brief report that is verified by a financial manager of Franchisee showing the basis for the computation, substantially similar to that set forth in Exhibit D. No later than forty-five (45) days after the end of each calendar year, Franchisee shall furnish to the LFA an annual summary of Franchise Fee calculations.

7.3 *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be four (4) years from the date on which payment by Franchisee is due.

7.4 *Interest Charge on Late Payments:* Late payments for any (i) Franchise Fees due pursuant to Section 7, (ii) EG Grant due pursuant to Section 6, (iii) Franchise Grant due pursuant to Section 14, and (iv) liquidated damages due pursuant to Section 13 shall be subject to the interest at the then-current rate set forth in RCW 19.52.020, which as of the date of execution of this Agreement is twelve percent (12%) per annum from the due date to the date that such payment is made.

7.5 *No Release*: LFA's acceptance of payment shall not be construed as an agreement that the amount paid was correct, nor shall acceptance be construed as a release of any claim which the LFA may have for additional sums due under provisions of this Section 7.

7.6 *No Limitation on Taxing Authority*: Nothing in this Franchise shall be construed to limit any authority of the LFA to impose any tax, fee, or assessment of general applicability. Nothing in this Franchise is intended to preclude Franchisee from exercising any right it may have to challenge the lawfulness of any tax, fee, or assessment imposed by the LFA or any state or federal agency or authority, or intended to waive any rights the Franchisee may have under 47 U.S.C. § 542.

7.7 *EG Grant and Franchise Grant Not Franchise Fees:* Franchisee agrees that the EG Grant and Franchise Grant set forth in Sections 6 and 14 respectively, shall in no way modify or otherwise affect Franchisee's obligation to pay Franchise Fees to the LFA. Franchisee agrees that although the sum of Franchise Fees and the EG Grant and Franchise Grant may total more than five percent (5%) of Franchisee's Gross Revenues in any twelve-month (12) period, the additional commitments are not to be offset or otherwise credited in any way against any Franchise Fee payments under this Franchise.

7.8 *Audits*:

7.8.1 The parties shall make every effort to informally consult and resolve any questions or issues regarding Franchise Fee or EG Grant payments and nothing herein shall be construed to preclude such informal consultations or review of Franchisee's books. LFA may audit or conduct a Franchise Fee review of Franchisee's books and records no more than once every three (3) years during the Term, provided that the LFA shall require all other Cable Operators in the Franchise Area to be subject to competitively equitable audit requirements in any renewal or initial granting of such franchises after the Effective Date.

7.8.2 All records reasonably necessary for any such audit shall be made available by Franchisee to LFA within thirty (30) days of LFA's request.

7.8.3 Each party shall bear its own costs of an audit; provided, however, that if the results of any audit indicate that Franchisee underpaid the Franchise Fees by five percent (5%) or more, then Franchisee shall pay the reasonable, documented, out-of-pocket costs of the audit up to ten thousand dollars ($10,000).

7.8.4 If the results of an audit indicate an overpayment of Franchise Fees, the parties agree that any undisputed overpayment shall be offset against future payments if applicable, within forty-five (45) days. If the results of an audit indicate an underpayment of Franchise Fees, the parties agree that any undisputed underpayment shall be paid within forty-five (45) days along with interest as set forth in Section 7.4.

7.8.5 Any audit shall be conducted by an independent third party. Any entity employed by the LFA that performs the audit or Franchise Fee review shall not be permitted to be compensated on a success based formula, *e.g.* payment based on an underpayment of fees, if any.

7.9 *Bundled Services*: If Cable Services subject to the Franchise Fee required under this Article 7 are provided to Subscribers in conjunction with Non-Cable Services, the Franchise Fee shall be applied only to the value of the Cable Services, as reflected on the books and records of Franchisee in accordance with applicable federal or state laws, rules, and regulations, or Washington Utilities and Trade Commission regulations, standards or orders. Franchisee shall not allocate revenue between Cable Services and Non-Cable Services with the purpose of evading or substantially reducing the Franchisee's Franchise Fee obligations to the LFA.

7.10 *Alternative Fees*: In the event that Franchise Fees are prohibited by any law or regulation, Franchisee agrees to pay any substitute fee or amount allowed by law up to a maximum amount of five percent (5%) of Gross Revenues, so long as the substitute fee is imposed on all other Cable Operators in the Franchise Area and Franchisee is given thirty (30) days notice of the substitute fee by the LFA.

8. CUSTOMER SERVICE

Customer Service Requirements are set forth in Exhibit D, which shall be binding unless amended by written consent of the parties.

9. REPORTS AND RECORDS

9.1 *Open Books and Records*: Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the LFA shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during normal business hours (those hours during which most similar businesses in the community are open to serve customers) and on a nondisruptive basis, at a mutually agreed upon location in the Franchisee's Title II territory in Washington, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the LFA. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years, provided that if, as a result of reviewing Franchisee's records, LFA identifies specific records and requests that such records be retained beyond the six-year (6) period, Franchisee shall retain those records for an additional twelve (12) months. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. The LFA shall treat any information disclosed by Franchisee as confidential and only disclose it to employees, representatives, and agents thereof that have a need to know, or in order to enforce the provisions hereof, unless otherwise required by law whereupon the LFA will notify Franchisee pursuant to Section 9.2. Franchisee shall not be required to provide Subscriber information in violation of section 631 of the Communications Act, 47 U.S.C. § 551.

9.2 *Public Disclosure*: If, in the course of enforcing this Franchise or for any other reason, the LFA believes it must disclose any Franchisee confidential information pursuant to Washington law, the LFA shall provide reasonable advance notice of such disclosure so that Franchisee can take appropriate steps to protect its interests.

9.3 *Records Required*: Franchisee shall at all times maintain:

9.3.1 Records of all written complaints for a period of three (3) years after receipt by Franchisee. The term "complaint" as used herein refers to complaints about any aspect of the Cable System or Franchisee's cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

9.3.2 Records of outages for a period of three (3) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

9.3.3 Records of service calls for repair and maintenance for a period of three (3) years after resolution by Franchisee, indicating the date and time service was required, the date of acknowledgment and date and time service was scheduled (if it was scheduled), and the date and time service was provided, and (if different) the date and time the problem was resolved;

9.3.4 Records of installation/reconnection and requests for service extension for a period of three (3) years after the request was fulfilled by Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended; and

9.3.5 A map showing the area of coverage for the provisioning of Cable Services and estimated timetable to commence providing Cable Service.

10. INSURANCE AND INDEMNIFICATION

10.1 *Insurance:*

10.1.1 Franchisee shall maintain in full force and effect, at its own cost and expense, during the Franchise Term, the following insurance coverage:

10.1.1.1 Commercial General Liability Insurance in the amount of two million dollars ($2,000,000) combined single limit for property damage and bodily injury. Such insurance shall cover the construction, operation and maintenance of the Cable System and the conduct of Franchisee's Cable Service business in the LFA.

10.1.1.2 Automobile Liability Insurance in the amount of two million dollars ($2,000,000) combined single limit for bodily injury and property damage.

10.1.1.3 Workers' Compensation Insurance meeting all legal requirements of the state of Washington.

10.1.1.4 Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: $100,000; and (B) Bodily Injury by Disease: $100,000 employee limit; and (C) Bodily Injury by Disease: $2,000,000 policy limit.

10.1.1.5 Umbrella or excess liability insurance in the amount of three million dollars ($3,000,000).

10.1.2 The LFA shall be included as an additional insured under each of the insurance policies required in this Article 10 except Worker's Compensation and Employer's Liability Insurance. Franchisee shall provide to the LFA a copy of the blanket additional insured endorsements for General and Auto liability, or similar documentation demonstrating compliance. Receipt by an LFA of any certificate showing less coverage than required is not a waiver of Franchisee's obligations to fulfill the requirements.

10.1.3 Each of the required insurance policies shall be with insurers qualified to do business in the State of Washington with an A.M. Best Financial Strength rating of A- or better.

10.1.4 Franchisee shall not cancel any required insurance policy without obtaining alternative insurance in conformance with this Agreement. In the event that the insurance company cancels the policy, Franchisee will work diligently to obtain replacement insurance so there is no gap in coverage.

10.1.5 Franchisee shall deliver to LFA Certificates of Insurance showing evidence of the required coverage.

10.1.6 The limits required above may be satisfied with a combination of primary and excess coverage.

10.2 *Indemnification:*

10.2.1 Franchisee agrees to indemnify, save and hold harmless, and defend the LFA, its elected officials, officers, agents, boards and employees, from and against any liability, damages or claims, settlements approved by Franchisee pursuant to Section 10.2.2 or judgments, arising out of, or resulting from, the Franchisee's activities pursuant to this Franchise, provided that the LFA shall give Franchisee written notice of its obligation to indemnify the LFA within ten (10) days of receipt of a claim or action pursuant to this Section, (or up to thirty (30) days as long as such notice causes no prejudice to the Franchisee). Notwithstanding the foregoing, Franchisee shall not indemnify the LFA, for any damages, liability or claims resulting from the willful misconduct, negligence, or breach of obligation of the LFA, its officers, agents, employees, attorneys, consultants, or independent contractors, for which the LFA is legally responsible, or for any activity or function conducted by any Person other than Franchisee in connection with EG Access or EAS.

10.2.2 With respect to Franchisee's indemnity obligations set forth in Section 10.2.1, Franchisee shall provide the defense of any claims or actions brought against the LFA by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the LFA, which shall not unreasonably be withheld. Nothing herein shall be deemed to prevent the LFA from cooperating with the Franchisee and participating in the defense of any litigation by its own counsel at its own cost and expense, provided however, that after consultation with the LFA, Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such proposed settlement includes the release of the LFA, and the third party is willing to accept the settlement, but the LFA does not consent to the terms of any such settlement or compromise, Franchisee shall not settle the claim or action but its obligation to indemnify the LFA shall in no event exceed the amount of such settlement.

11. TRANSFER OF FRANCHISE

11.1 Transfer of the Franchise means:

11.1.1 Any transaction in which:

11.1.1.1 an ownership or other interest in Franchisee, the Franchise or the Cable System is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of Franchisee is transferred; or

11.1.1.2 the rights held by Franchisee under the Franchise are transferred or assigned to another Person or group of Persons.

11.1.2 However, notwithstanding Sections 11.1.1.1 and 11.11.1.2 above, a Transfer of the Franchise shall not include transfer of an ownership or other interest in Franchisee to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action which is the result of a merger of the parent of the Franchisee; or any action which is the result of a merger of another Affiliate of the Franchisee.

11.2 Subject to section 617 of the Communications Act, 47 U.S.C. § 537, no Transfer of the Franchise shall occur without the prior written consent of the LFA, provided that such consent shall not be unreasonably withheld, delayed or conditioned so long as the transferee assumes the obligations of the Franchisee hereunder. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or otherwise for transactions otherwise excluded under Section 11.1.2 above.

12. RENEWAL OF FRANCHISE

12.1 The LFA and Franchisee agree that any proceedings undertaken by the LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of section 626 of the Communications Act, 47 U.S.C. § 546.

12.2 In addition to the procedures set forth in said section 626 of the Communications Act, the LFA shall notify Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Franchisee under the then-current Franchise term. The LFA further agrees that such assessments shall be provided to Franchisee promptly so that Franchisee has adequate time to submit a proposal under 47 U.S.C. § 546 and pursue renewal of the Franchise prior to expiration of its term.

12.3 Notwithstanding anything to the contrary set forth herein, Franchisee and the LFA agree that at any time during the term of the then current Franchise, while affording the public appropriate notice and opportunity to comment, the LFA and Franchisee may agree to undertake and finalize informal negotiations regarding renewal of the then current Franchise and the LFA may grant a renewal thereof.

12.4 Franchisee and the LFA consider the terms set forth in this Article 12 to be consistent with the express provisions of 47 U.S.C. § 546.

13. ENFORCEMENT AND TERMINATION OF FRANCHISE

13.1 *Security*: Within thirty (30) days following the Effective Date of this Agreement, Franchisee shall provide to LFA security for the faithful performance by Franchisee of all material provisions of this Agreement, provided that the LFA shall require all other Cable Operators in the Franchise Area to provide competitively equitable security in any renewal or initial granting of such franchises after the Effective Date. Franchisee shall maintain the Security at fifteen thousand dollars ($15,000) throughout the term of this Agreement. The form of the security may, at Franchisee's option, be a performance bond, letter of credit, cash deposit, cashier's check or any other security acceptable to LFA (the "Security").

13.1.1 If the Franchisee posts a performance bond, it shall be substantially in the form of Exhibit E.

13.1.2 In the event the Security provided pursuant to the Agreement is not renewed, is cancelled, is terminated or is otherwise impaired, Franchisee shall provide new security pursuant to this Article within sixty (60) days of notice.

13.1.3 Neither cancellation, nor termination nor refusal by surety to extend the bond, nor inability of Franchisee to file a replacement bond or replacement security for its obligations, shall constitute a loss to the LFA recoverable under the bond.

13.2 *Liquidated Damages*:

13.2.1 In the event the LFA determines that Franchisee has breached this Agreement, after following the procedures in Sections 13.3 and 13.4, the LFA may assess the following as liquidated damages, provided that the LFA shall require all other Cable Operators in the Franchise Area to be subject to competitively equitable liquidated damages in any renewal or initial granting of such franchises after the Effective Date:

13.2.1.1 Two hundred fifty dollars ($250) per day for failure to provide EG Access Channels as set forth herein;

13.2.1.2 One hundred fifty dollars ($150) per day for material breach of the customer service standards set forth in Exhibit D;

13.2.1.3 One hundred dollars ($100) per day for failure to provide reports as required by the Franchise; or

13.2.1.4 Up to two hundred fifty dollars ($250) per day for any other material breaches or defaults of this Agreement.

13.2.2 Franchisee shall pay any liquidated damages assessed by LFA within thirty (30) days after they are assessed. Liquidated damages shall accrue starting on the first date of the occurrence of the noncompliance. If liquidated damages are not paid within the thirty (30) day period, LFA may proceed against the Security. Total liquidated damages shall not exceed fifteen thousand dollars ($15,000) in any twelve-month (12) period.

13.2.3 Assessment of liquidated damages shall not constitute a waiver by LFA of any other right or remedy it may have under this Franchise or applicable law except as set forth in this Agreement, including without limitation its right to recover from Franchisee such additional damages, losses, costs and expenses, as may have been suffered or incurred by City by reason of or arising out of such breach of this Franchise. Notwithstanding the foregoing, if LFA elects to assess liquidated damages pursuant to this Section, such election shall constitute LFA's exclusive remedy for the violation for which the liquidated damages were assessed for a period of sixty (60) days. Thereafter, the remedies provided for in this Agreement are cumulative and not exclusive; the exercise of one remedy shall not prevent the exercise of another remedy, or the exercise of any rights of the LFA at law or equity, provided that the cumulative remedies may not be disproportionate to the magnitude and severity of the breach for which they are imposed.

13.2.4 Subject to Sections 13.3 and 13.4, and subject to the assessment of any liquidated damages pursuant to Section 13.2, LFA may elect to pursue other legal and equitable remedies at any time during the term of this Franchise.

13.3 *Notice of Violation*: In the event LFA believes that Franchisee has not complied with the terms of the Franchise, failed to perform any obligation under this Agreement or has failed to perform in a timely manner, LFA shall informally discuss the matter with Franchisee. If these discussions do not lead to resolution of the problem within twenty (20) days, LFA shall notify Franchisee in writing, stating with reasonable specificity the nature of the alleged violation (the "Noncompliance Notice").

13.4 *Franchisee's Right to Cure or Respond:* Franchisee shall have thirty (30) days from receipt of the Noncompliance Notice to: (i) respond to the LFA, if Franchisee contests (in whole or in part) the assertion of noncompliance; (ii) cure such noncompliance; or (iii) in the event that, by its nature, such noncompliance cannot be cured within such thirty (30) day period, initiate reasonable steps to remedy such noncompliance and notify the LFA of the steps being taken and the date by which cure is projected to be completed. Upon cure of any noncompliance, LFA shall provide written confirmation that such cure has been effected.

13.5 *Remedies*: Subject to applicable federal and state law, in the event the LFA, after the procedures set forth in Sections 13.3 and 13.4, determines that Franchisee is in default of any material provision of this Franchise, the LFA may take the following actions:

13.5.1 Seek specific performance of any provision, which reasonably lends itself to such remedy, as an alternative to damages;

13.5.2 Seek liquidated damages as set forth herein;

13.5.3 Commence an action at law for monetary damages or seek other equitable relief;

13.5.4 In the case of a substantial material default of the Franchise, seek to revoke the Franchise in accordance with Section 13.6.

13.6 *Revocation*:

13.6.1 As set forth in this Section 13.6, the LFA may seek to revoke this Franchise in the event of a substantial material default of this Franchise. Should the LFA seek to revoke this Franchise after following the procedures set forth in Sections 13.3 and 13.4, the LFA shall give written notice to Franchisee of such intent to revoke this Franchise. This notice of intent to revoke is in addition to the Notice of Noncompliance pursuant to Section 13.3. The notice shall set forth with reasonable specificity the reasons for revocation. The Franchisee shall have thirty (30) days to object in writing and to state its reasons for such objection. In the event the LFA has not received a satisfactory response from Franchisee, it may then seek termination of the Franchise at a public hearing. The LFA shall notify the Franchisee in writing of the time and place of the public hearing at least thirty (30) days prior to the public hearing.

13.6.2 At the revocation hearing, Franchisee shall be provided a fair opportunity for full participation, including the right to be represented by legal counsel, to introduce relevant evidence, to compel the testimony of persons as permitted by law, and to question and/or cross examine witnesses. The revocation hearing shall be a public hearing at which members of the public may testify under oath. A complete verbatim record shall be made of the revocation hearing by a court reporter. The costs of such court reporter shall be shared equally by the parties.

13.6.3 Following the public hearing, Franchisee may submit its proposed written findings and conclusions within twenty (20) days of the close of the public hearing. Thereafter, the LFA shall determine: (i) whether an event of default has occurred; (ii) whether such event of default should be excused; and (iii) whether such event of default has been cured or will be cured by the Franchisee; and (iv) whether to revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to effect any cure. If the LFA determines that the Franchise shall be revoked, the LFA shall promptly provide Franchisee with a written decision setting forth its reasoning. Franchisee may appeal such determination of the LFA to an appropriate court within thirty (30) days of notice of the LFA's decision.

13.6.4 The LFA may, at its sole discretion, take any lawful action which it deems appropriate to enforce the LFA's rights under the Franchise in lieu of revocation of the Franchise.

13.7 *Franchisee Termination:* Franchisee shall have the right to terminate this Franchise and all obligations hereunder within ninety (90) days after the third anniversary of the

Service Date of this Franchise, if at the end of such three (3) year period Franchisee does not then in good faith believe it has achieved a commercially reasonable level of Subscriber penetration on its Cable System. Franchisee may consider subscriber penetration levels outside the Franchise Area but within the Puget Sound metropolitan area in this determination. Notice to terminate under this Section 13.7 shall be given to the LFA in writing, with such termination to take effect no sooner than one hundred and twenty (120) days after giving such notice. Franchisee shall also be required to give its then current Subscribers not less than ninety (90) days prior written notice of its intent to cease Cable Service operations.

13.8 The LFA specifically does not by any provision of this Franchise, waive any immunity or limitation of liability under state or federal law, including but not limited to, section 635 A of the Communications Act.

14. <u>MISCELLANEOUS PROVISIONS</u>

14.1 *Franchise Grant*: Franchisee shall pay LFA seven thousand one hundred fifty two dollars and ninety-eight cents ($7,152.98) (the "Franchise Grant"). The Franchise Grant shall be payable ninety (90) days from the Effective Date, which may be used for any lawful purpose. The LFA agrees to require competitively similar obligations from other Cable Operators upon the future grant or renewal of a franchise agreement for the provision of Cable Service. To the extent permitted by federal law, Franchisee shall be allowed to recover this amount from Subscribers and may line-item or otherwise pass-through this amount to Subscribers. The reference to the line item shall accurately

14.2 *Equal Employment Opportunity*: Franchisee shall comply with all applicable federal and state laws affording nondiscrimination in employment to all individuals regardless of their race, color, religion, age, sex, national origin, sexual orientation or physical disability.

14.3 *Actions of Parties*: In any action by the LFA or Franchisee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely manner. Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld, delayed or conditioned.

14.4 *Binding Acceptance*: This Agreement shall bind and benefit the parties hereto and their respective successors and assigns, and the promises and obligations herein shall survive the expiration date hereof.

14.5 *Preemption:* In the event that federal or state law, rules, or regulations preempt a provision or limit the enforceability of a provision of this Agreement, the provision shall be read to be preempted to the extent, and for the time, but only to the extent and for the time, required by law. In the event such federal or state law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of the LFA or Franchisee.

14.6 *Force Majeure*: Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or liquidated damages relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure.

14.7 *Good Faith Error:* Furthermore, the parties hereby agree that it is not the LFA's intention to subject Franchisee to liquidated damages, forfeitures or revocation of the Franchise for violations of the Franchise where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers.

14.8 *Notices:* Unless otherwise expressly stated herein, notices required under the Franchise shall be deemed effective three (3) days after having been deposited by first class, postage prepaid, registered or certified mail, return receipt requested or one (1) day after having been deposited with any nationally recognized overnight courier for next day delivery, and addressed to the addressees below. Each party may change its designee by providing written notice to the other party.

14.8.1 Notices to Franchisee shall be mailed to:

Verizon Northwest Inc.
Attn: Tim McCallion, President
112 Lakeview Canyon Road, CA501GA
Thousand Oaks, CA 91362

with a copy to:

Mr. Jack H. White
Senior Vice President & General Counsel - Verizon Telecom
One Verizon Way
Room VC43E010
Basking Ridge, NJ 07920-1097

Notices to the LFA shall be mailed to:

City Manager
City of Kenmore
6700 NE 181st St
PO Box 82607
Kenmore WA 98028

14.9 *Entire Agreement*: This Franchise and the Exhibits hereto constitute the entire agreement between Franchisee and the LFA, and supersede all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any ordinances or parts of ordinances that conflict with the provisions of this Agreement are superseded by this Agreement.

14.10 *Amendments:* Amendments to this Franchise shall be mutually agreed to in writing by the parties. No amendment will take effect if it will impair the security set forth in Section 13, unless otherwise agreed by the parties.

14.11 *Captions:* The captions and headings of articles and sections throughout this Agreement are intended solely to facilitate reading and reference to the sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement.

14.12 *Severability*: If any section, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other section, sentence, paragraph, term or provision hereof, all of which will remain in full force and effect for the term of the Franchise.

14.13 *Recitals:* The recitals set forth in this Agreement are incorporated into the body of this Agreement as if they had been originally set forth herein.

14.14 *FTTP Network Transfer Prohibition:* Under no circumstance including, without limitation, upon expiration, revocation, termination, denial of renewal of the Franchise or any other action to forbid or disallow Franchisee from providing Cable Services, shall Franchisee or its assignees be required to sell any right, title, interest, use or control of any portion of Franchisee's FTTP Network including, without limitation, the Cable System and any capacity used for Cable Service or otherwise, to the LFA or any third party. Franchisee shall not be required to remove the FTTP Network or to relocate the FTTP Network or any portion thereof as a result of revocation, expiration, termination, denial of renewal or any other action to forbid or disallow Franchisee from providing Cable Services.

14.15 *No Joint Venture*: Nothing herein shall be deemed to create a joint venture or principal-agent relationship between the parties, and neither party is authorized to nor shall either party act toward third persons or the public in any manner that would indicate any such relationship with the other.

14.16 *Independent Review*: LFA and Franchisee each acknowledge that they have received independent legal advice in entering into this Agreement. In the event that a dispute arises over the meaning or application of any term(s) of this Agreement, such term(s) shall not be construed by the reference to any doctrine calling for ambiguities to be construed against the drafter of the Agreement.

14.17 *Venue:* The venue for any dispute related to this Franchise shall be in the United States District Court for the Western District of Washington in Seattle, provided it has subject matter jurisdiction; if no jurisdiction exists, then venue shall be in the Superior Court for King County.

14.18 *Attorneys' Fees*: If any action or suit arises between Franchisee and LFA for breach of this Franchise, the prevailing party, either the LFA or Franchisee, as the case may be, shall be entitled to recover all of its reasonable attorneys' fees, costs and expenses in connection therewith along with such other relief as the court deems proper.

14.19 *Singular and Plural:* Except where the context indicates otherwise, words used herein, regardless of the number specifically used, shall be deemed and construed to include any other number, singular or plural as is reasonable in the context.

SIGNATURE PAGE FOLLOWS

AGREED TO THIS 28th DAY OF July, 2008.

City of Kenmore, Washington

By:
Stephen Anderson, City Manager

Verizon Northwest Inc.

By:
Tim McCallion, President

FORM APPROVED
Attorney
Date 7/01/08

<u>EXHIBITS</u>

Exhibit A: Initial Service Area

Exhibit B: Municipal Buildings and Schools to be Provided Free Cable Service

Exhibit C: Remittance Form

Exhibit D: Customer Service Standards

Exhibit E: Performance Bond

EXHIBIT A

INITIAL SERVICE AREA

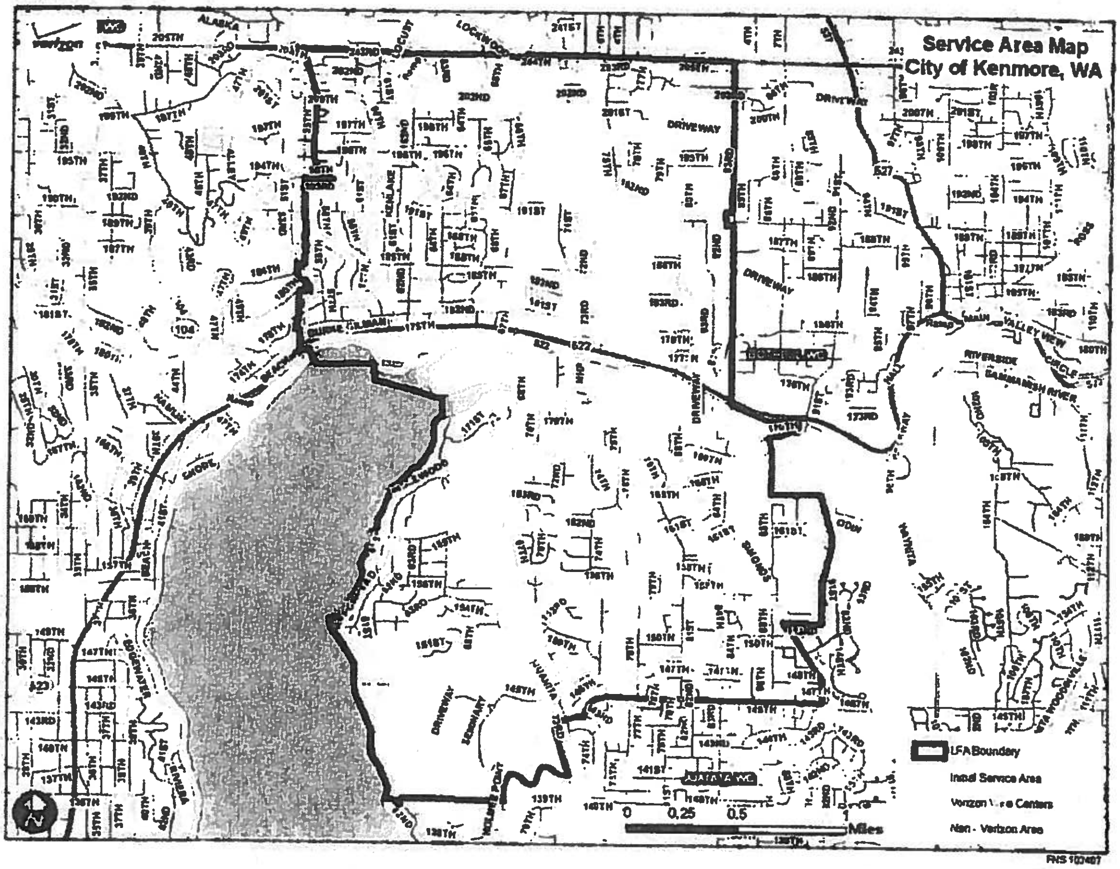


EXHIBIT B

MUNICIPAL BUILDINGS AND SCHOOLS TO BE PROVIDED FREE CABLE SERVICE

Existing Buildings:

Rhododendron Park Community Facility: Simonds Road and Juanita Drive

Northshore Utility District: 6830 NE 185th St.

King County Police Precinct: 18118 73rd Ave NE.

St. Edward State Park: Juanita Drive and NE 147th Street

Inglemoor High School: 15500 Simonds Road NE

Kenmore Junior High School: 20323 66th Ave NE

Kenmore Elementary School: 19121 71st Ave NE

Arrowhead Elementary School: 6725 NE Arrowhead

Moorlands Elementary School: 15115 84th Ave NE

Bastyr University: 14500 Juanita Drive NE

Northshore Fire Station #54: 15036 70th NE

Future Buildings:

Kenmore City Hall: to be constructed at 18120 68th Street NE (construction scheduled for completion Nov. 2009). For this location, Franchisee will provide up to three (3) outlets, at no additional charge to the LFA. Additional outlets beyond these three (3) outlets will be subject charge pursuant to Section 3.3.

Northshore Fire District HQ (estimated completion mid 2010): 18133 73rd Ave NE.

King County Library (new location): 6600 Block of NE 181st (estimated completion scheduled for early 2010)

EXHIBIT C

REMITTANCE FORM

Franchise Fee Schedule/Report (Quarter and Year)

City of Kenmore

Verizon - fGTE

Washington

Franchise Fee Rate: 5.00%

	Month 1	Month 2	Month 3	Quarter Total
Monthly Recurring Cable Service Charges (e.g. Basic, Enhanced Basic, Premium and Equipment Rental)	$0.00	$0.00	$0.00	$0.00
Usage Based Charges (e.g. PayPer View, Installation)	$0.00	$0.00	$0.00	$0.00
Advertising	$0.00	$0.00	$0.00	$0.00
Home Shopping	$0.00	$0.00	$0.00	$0.00
Late Payment	$0.00	$0.00	$0.00	$0.00
Other Misc. (Leased Access & Other Misc.)	$0.00	$0.00	$0.00	$0.00
Franchise Fee Billed	$0.00	$0.00	$0.00	$0.00
PEG Fee Billed	$0.00	$0.00	$0.00	$0.00
Less:				
Bad Debt				
Total Receipts Subject to Franchise Fee Calculation	$0.00	$0.00	$0.00	$0.00
Franchise Fee Due	$0.00	$0.00	$0.00	$0.00

Verizon Northwest Inc. is hereby requesting that this information be treated as confidential and proprietary commercial trade secret information and financial statements and not disclosed in accordance with section XXXX and the Cable Television Franchise Agreement granted to Verizon Northwest Inc. This information is not otherwise readily ascertainable or publicly available by proper means by other persons from another source in the same configuration as provided herein, would cause substantial harm to competitive position of Verizon in the highly competitive video marketplace if disclosed, is intended to be proprietary confidential business information and is treated by Verizon as such.

EXHIBIT D

CUSTOMER SERVICE STANDARDS

These standards shall, starting six (6) months after the Service Date, apply to Franchisee to the extent it is providing Cable Services over the Cable System in the Franchise area. For the first six (6) months after the Service Date, Franchisee shall use best efforts to comply with the Customer Service Standards provided herein; it being agreed, however, that LFA will not impose liquidated damages during this first six (6) month period if Franchisee using best efforts fails to meet the Customer Service Standards.

SECTION 1: DEFINITIONS

A. Normal Operating Conditions: Those service conditions which are within the control of Franchisee, as defined under 47 C.F.R. § 76.309(c)(4)(ii). Those conditions which are not within the control of Franchisee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages that are not within the control of the Franchisee, and severe or unusual weather conditions. Those conditions which are ordinarily within the control of Franchisee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or rebuild of the Cable System.

B. Respond: The start of Franchisee's investigation of a Service Interruption by receiving a Subscriber call, and opening a trouble ticket, and begin working, if required.

C. Service Call: The action taken by Franchisee to correct a Service Interruption the effect of which is limited to an individual Subscriber.

D. Service Interruption: The loss of picture or sound on one or more cable channels.

E. Significant Outage: A significant outage of the Cable Service shall mean any Service Interruption lasting at least four (4) continuous hours that affects at least ten percent (10%) of the Subscribers in the Service Area.

F. Standard Installation: Installations where the Subscriber is within one hundred fifty (150) feet of trunk or feeder lines.

SECTION 2: TELEPHONE AVAILABILITY

A. Franchisee shall maintain a toll-free number to receive all calls and inquiries from Subscribers in the Franchise Area and/or residents regarding Cable Service. Franchisee representatives trained and qualified to answer questions related to Cable Service in the Service Area must be available to receive reports of Service Interruptions twenty-four (24) hours a day, seven (7) days a week, all other inquiries at least forty-five (45) hours per week. Franchisee representatives shall identify themselves by name when answering this number.

B. Franchisee's telephone numbers shall be listed, with appropriate description (e.g. administration, customer service, billing, repair, etc.), in the directory published by the local telephone company or companies serving the Service Area, beginning with the next publication cycle after acceptance of this Franchise by Franchisee.

C. Franchisee may use an Automated Response Unit ("ARU") or a Voice Response Unit ("VRU") to distribute calls. If a foreign language routing option is provided, and the Subscriber does not enter an option, the menu will default to the first tier menu of English options.

After the first tier menu (not including a foreign language rollout) has run through three times, if customers do not select any option, the ARU or VRU will forward the call to a queue for a live representative. Franchisee may reasonably substitute this requirement with another method of handling calls from customers who do not have touch-tone telephones.

D. Under Normal Operating Conditions, calls received by the Franchisee shall be answered within thirty (30) seconds. The Franchisee shall meet this standard for ninety percent (90%) of the calls it receives at call centers receiving calls from Subscribers, as measured on a cumulative quarterly calendar basis. Measurement of this standard shall include all calls received by the Franchisee at all call centers receiving calls from Subscribers, whether they are answered by a live representative, by an automated attendant, or abandoned after thirty (30) seconds of call waiting. If the call needs to be transferred, transfer time shall not exceed thirty (30) seconds.

E. Under Normal Operating Conditions, callers to the Franchisee shall receive a busy signal no more than three (3%) percent of the time during any calendar quarter.

F. Upon request from the LFA, but in no event more than once a quarter, forty-five (45) days following the end of each quarter, the Franchisee shall report to the LFA the following for all call centers receiving calls from Subscribers except for temporary telephone numbers set up for national promotions:

(1) Percentage of calls answered within thirty (30) seconds as set forth in Section 2.D; and

(2) Percentage of time customers received a busy signal when calling the Franchisee's service center as set forth in Section 2.E.

Subject to consumer privacy requirements, underlying activity will be made available to the LFA for review upon reasonable request.

G. At the Franchisee's option, the measurements and reporting above may be changed from calendar quarters to billing or accounting quarters one time during the term of this Agreement. Franchisee shall notify LFA of such a change not less than thirty (30) days in advance.

SECTION 3: INSTALLATIONS AND SERVICE APPOINTMENTS

A. All installations will be in accordance with FCC rules, including but not limited to, appropriate grounding, connection of equipment to ensure reception of Cable Service, and the provision of required consumer information and literature to adequately inform the Subscriber in the utilization of Franchisee-supplied equipment and Cable Service.

B. The Standard Installation shall be performed within seven (7) business days after an order is placed if the Optical Network Terminal ("ONT") is already installed on the customer's premises. The Standard Installation shall be performed within fourteen (14) business days where there is no ONT at the time of service order. Franchisee shall meet this standard for ninety-five percent (95%) of the Standard Installations it performs, as measured on a calendar quarter basis, excluding those requested by the customer outside of these time periods.

C. The Franchisee shall provide the LFA with a report upon request from the LFA, but in no event more than once a quarter, noting the percentage of Standard Installations completed within the time periods provided in Section 3.B. Subject to consumer privacy requirements, underlying activity will be made available to the LFA for review upon reasonable request.

D. At Franchisee's option, the measurements and reporting above may be changed from calendar quarters to billing or accounting quarters one time during the term of this Agreement. Franchisee shall notify LFA of such a change not less than thirty (30) days in advance.

E. Franchisee will offer Subscribers "appointment window" alternatives for arrival to perform installations, Service Calls and other activities of a maximum four (4) hours scheduled time block during appropriate daylight available hours, usually beginning at 8:00 AM unless it is deemed appropriate to begin earlier by location exception. At Franchisee's discretion, Franchisee may offer Subscribers appointment arrival times other than these four (4) hour time blocks, if agreeable to the Subscriber. These hour restrictions do not apply to weekends.

(1) Franchisee may not cancel an appointment window with a customer after the close of business on the business day prior to the scheduled appointment.

(2) If Franchisee's representative is running late for an appointment with a customer and will not be able to keep the appointment as scheduled, the customer will be contacted. The appointment will be rescheduled, as necessary, at a time which is convenient for the customer.

F. Franchisee must provide for the pick up or drop off of equipment free of charge in one of the following manners: (i) by having a Franchisee representative going to the Subscriber's residence, (ii) by using a mailer, or (iii) by establishing a local business office within the Franchise Area. If requested by a mobility-limited customer, the Franchisee shall arrange for pickup and/or replacement of converters or other Franchisee equipment at Subscriber's address or by a satisfactory equivalent.

SECTION 4: SERVICE INTERRUPTIONS AND OUTAGES

A. Franchisee shall promptly notify LFA of any Significant Outage of the Cable Service.

B. Franchisee shall exercise commercially reasonable efforts to limit any Significant Outage for the purpose of maintaining, repairing, or constructing the Cable System. Except in an emergency or other situation necessitating a more expedited or alternative notification procedure, Franchisee may schedule a Significant Outage for a period of more than four (4) hours during any twenty-four (24) hour period only after LFA and each affected Subscriber in the Service Area have been given fifteen (15) days prior notice of the proposed Significant Outage. Notwithstanding the foregoing, Franchisee may perform modifications, repairs and upgrades to the System between 12:01 a.m. and 6 a.m. which may interrupt service, and this Section's notice obligations respecting such possible interruptions will be satisfied by notice provided to Subscribers upon installation and in the annual Subscriber notice.

C. Franchisee representatives who are capable of responding to Service Interruptions must be available to Respond twenty-four (24) hours a day, seven (7) days a week.

D. Under Normal Operating Conditions, Franchisee must Respond to a call from a Subscriber regarding a Service Interruption or other service problems within the following time frames:

(1) Within twenty-four (24) hours, including weekends, of receiving Subscriber calls about Service Interruptions in the Service Area.

(2) Franchisee must begin actions to correct all other Cable Service problems the next business day after notification by the Subscriber or LFA of a Cable Service problem.

E. Under Normal Operating Conditions, Franchisee shall complete Service Calls within seventy-two (72) hours of the time Franchisee commences to Respond to the Service Interruption, not including weekends and situations where the Subscriber is not reasonably available for a Service Call to correct the Service Interruption within the seventy-two (72) hour period.

F. Franchisee shall meet the standard in Section E of this Section for ninety percent (90%) of the Service Calls it completes, as measured on a quarterly basis.

G. Franchisee shall provide LFA with a report upon request from the LFA, but in no event more than once a quarter, forty-five (45) days following the end of each calendar quarter, noting the percentage of Service Calls completed within the seventy-two (72) hour period not including Service Calls where the Subscriber was reasonably unavailable for a Service Call within the seventy-two (72) hour period as set forth in this Section. Subject to consumer privacy requirements, underlying activity will be made available to LFA for review upon reasonable request. At the Franchisee's option, the above measurements and reporting may be changed from calendar quarters to billing or accounting quarters one time during the term of this Agreement. Franchisee shall notify the LFA of such a change at least thirty (30) days in advance of any implementation.

H. Under Normal Operating Conditions, Franchisee shall provide a credit upon Subscriber request when all Channels received by that Subscriber are out of service for a period of four (4) consecutive hours or more. The credit shall equal, at a minimum, a proportionate amount of the affected Subscriber(s) current monthly bill. In order to qualify for the credit, the Subscriber must promptly report the problem and allow Franchisee to verify the problem if requested by Franchisee. If Subscriber availability is required for repair, a credit will not be provided for such time, if any, that the Subscriber is not reasonably available.

I. Under Normal Operating Conditions, if a Significant Outage affects all Video Programming Cable Services for more than twenty-four (24) consecutive hours, Franchisee shall issue an automatic credit to the affected Subscribers in the amount equal to their monthly recurring charges for the proportionate time the Cable Service was out, or a credit to the affected Subscribers in the amount equal to the charge for the basic plus enhanced basic level of service for the proportionate time the Cable Service was out, whichever is technically feasible or, if both are technically feasible, as determined by Franchisee provided such determination is non-discriminatory. Such credit shall be reflected on Subscriber billing statements within the next available billing cycle following the outage.

J. With respect to service issues concerning Cable Services provided to LFA facilities, Franchisee shall Respond to all inquiries from LFA within four (4) hours and shall commence necessary repairs within twenty-four (24) hours under Normal Operating Conditions and shall diligently pursue to completion. If such repairs cannot be completed within twenty-four (24) hours, Franchisee shall notify LFA in writing as to the reason(s) for the delay and provide an estimated time of repair.

SECTION 5: CUSTOMER COMPLAINTS REFERRED BY LFA

Under Normal Operating Conditions, Franchisee shall begin investigating Subscriber complaints referred by LFA within seventy-two (72) hours. Franchisee shall notify the LFA of those matters that necessitate an excess of five (5) business days to resolve, but Franchisee must make all necessary efforts to resolve those complaints within ten (10) business days of the initial complaint. LFA may require Franchisee to provide reasonable documentation to substantiate the request for additional time to resolve the problem. Franchisee shall inform LFA in writing, which may be by an electronic mail message, of how and when referred complaints have been resolved within a reasonable time after resolution. For purposes of this Section, "resolve" means that Franchisee shall perform those actions, which, in the normal course of business, are necessary to (a) investigate the Customer's complaint; (b) advise the Customer of the results of that investigation; and (c) implement and complete steps to bring resolution to the matter in question.

SECTION 6: BILLING

A. Subscriber bills must be itemized to describe Cable Services purchased by Subscribers and related equipment charges. Bills will comply with applicable federal and state laws, and shall clearly delineate activity during the billing period, including optional charges, rebates, credits, and aggregate late charges. Franchisee shall, without limitation as to additional line items, be allowed to itemize as separate line items, Franchise fees, taxes and/or other governmental-imposed fees. Franchisee shall maintain records of the date and place of mailing of bills.

B. Every Subscriber with a current account balance sending payment directly to Franchisee shall be given at least twenty (20) days from the date statements are mailed to the Subscriber until the payment due date.

C. A specific due date shall be listed on the bill of every Subscriber whose account is current. Delinquent accounts may receive a bill which lists the due date as upon receipt; however, the current portion of that bill shall not be considered past due except in accordance with Section 6.B. above.

D. Any Subscriber who, in good faith, disputes all or part of any bill shall have the option of withholding the disputed amount without disconnect or late fee being assessed until the dispute is resolved, provided that:

(1) The Subscriber pays all undisputed charges;

(2) The Subscriber provides notification of the dispute to Franchisee within five (5) days prior to the due date; and

(3) The Subscriber cooperates in determining the accuracy and/or appropriateness of the charges in dispute.

(4) It shall be within Franchisee's sole discretion to determine when the dispute has been resolved.

E. Under Normal Operating Conditions, Franchisee shall initiate investigation and resolution of all billing complaints received from Subscribers within five (5) business days of receipt of the complaint. Final resolution shall not be unreasonably delayed.

F. Franchisee shall provide a telephone number and address clearly and prominently on the bill for Subscribers to contact Franchisee.

G. Franchisee shall forward a copy of any rate-related or customer service-related billing inserts or other mailings related to Cable Service, but not promotional materials, sent to Subscribers, to LFA.

H. Franchisee shall provide all Subscribers with the option of paying for Cable Service by check or an automatic payment option where the amount of the bill is automatically deducted from a checking account designated by the Subscriber. Franchisee may in the future, at its discretion, permit payment by using a major credit card on a preauthorized basis. Based on credit history, at the option of Franchisee, the payment alternative may be limited.

I. LFA requests that Franchisee omit LFA name, address and telephone number from Franchisee's bills as permitted by 47 C.F.R. § 76.952.

SECTION 7: DEPOSITS, REFUNDS AND CREDITS

A. Franchisee may require refundable deposits from Subscribers 1) with a poor credit or poor payment history, 2) who refuse to provide credit history information to Franchisee, or 3) who rent Subscriber equipment from Franchisee, so long as such deposits are applied on a non-discriminatory basis. The deposit Franchisee may charge Subscribers with poor credit or poor payment history or who refuse to provide credit information may not exceed an amount equal to an average Subscriber's monthly charge multiplied by six (6). The maximum deposit Franchisee may charge for Subscriber equipment is the cost of the equipment which Franchisee would need to purchase to replace the equipment rented to the Subscriber.

B. Franchisee shall refund or credit the Subscriber for the amount of the deposit collected for equipment, which is unrelated to poor credit or poor payment history, after one year and provided the Subscriber has demonstrated good payment history during this period. Franchisee shall pay interest on deposits if required by law.

C. Under Normal Operating Conditions, refund checks will be issued within the next available billing cycle following the resolution of the event giving rise to the refund, (e.g. equipment return and final bill payment).

D. Credits for Cable Service will be issued no later than the Subscriber's next available billing cycle, following the determination that a credit is warranted, and the credit is approved and processed. Such approval and processing shall not be unreasonably delayed.

E. Bills shall be considered paid when appropriate payment is received by Franchisee or its authorized agent. Appropriate time considerations shall be included in Franchisee's collection procedures to assure that payments due have been received before late notices or termination notices are sent.

SECTION 8: RATES, FEES AND CHARGES

A. Franchisee shall not, except to the extent expressly permitted by law, impose any fee or charge for Service Calls to a Subscriber's premises to perform any repair or maintenance work related to Franchisee equipment necessary to receive Cable Service, except where such problem is caused by a negligent or wrongful act of the Subscriber (including, but not limited to a situation in which the Subscriber reconnects Franchisee equipment incorrectly) or by the failure of the Subscriber to take reasonable precautions to protect Franchisee's equipment (for example, a dog chew).

B. Franchisee shall provide reasonable notice to Subscribers of the possible assessment of a late fee on bills or by separate notice.

C. All of Franchisee's rates and charges shall comply with applicable federal and state law. Franchisee shall maintain a complete current schedule of rates and charges for Cable Services on file with the LFA throughout the term of this Franchise.

SECTION 9: DISCONNECTION /DENIAL OF SERVICE

A. Franchisee shall not terminate Cable Service for nonpayment of a delinquent account unless Franchisee mails a notice of the delinquency and impending termination prior to the proposed final termination. The notice shall be mailed to the Subscriber to whom the Cable Service is billed. The notice of delinquency and impending termination may be part of a billing statement.

B. Cable Service terminated in error must be restored without charge within twenty-four (24) hours of notice. If a Subscriber was billed for the period during which Cable Service was terminated in error, a credit shall be issued to the Subscriber if the Service Interruption was reported by the Subscriber.

C. Nothing in these standards shall limit the right of Franchisee to deny Cable Service for non-payment of previously provided Cable Services, refusal to pay any required deposit, theft of Cable Service, damage to Franchisee's equipment, abusive and/or threatening behavior toward Franchisee's employees or representatives, or refusal to provide credit history information or refusal to allow Franchisee to validate the identity, credit history and credit worthiness via an external credit agency.

D. Charges for cable service will be discontinued at the time of the requested termination of service by the Subscriber, except equipment charges may by applied until equipment has been returned. No period of notice prior to requested termination of service can be required of Subscribers by Franchisee. No charge shall be imposed upon the Subscriber for or related to total disconnection of Cable Service or for any Cable Service delivered after the effective date of the disconnect request, unless there is a delay in returning Franchisee equipment or early termination charges apply pursuant to the Subscriber's service contract. If the Subscriber fails to specify an effective date for disconnection, the Subscriber shall not be responsible for Cable Services received after the day following the date the disconnect request is received by Franchisee. For purposes of this Section, the term "disconnect" shall include Subscribers who elect to cease receiving Cable Service from Franchisee.

SECTION 10: COMMUNICATIONS WITH SUBSCRIBERS

A. Each employee of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her employment with the Franchisee. The photograph on the identification card shall prominently show the employee's name and/or identification number. Such employee shall prominently display such identification card and shall show it to all such members of the public.

Each employee of any contractor or subcontractor of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her name, the name of such contractor or subcontractor and the name of the Franchisee.

B. All contact with a Subscriber or potential Subscriber by a Person representing Franchisee shall be conducted in a courteous manner.

C. Franchisee shall send annual notices to all Subscribers informing them that any complaints or inquiries not satisfactorily handled by Franchisee may be referred to LFA. A copy of the annual notice required under this Section 10.C will be given to LFA at least fifteen (15) days prior to distribution to Subscribers.

D. All notices identified in this Section shall be by either:

(1) A separate document included with a billing statement or included on the portion of the monthly bill that is to be retained by the Subscriber; or

(2) A separate electronic notification.

E. Franchisee shall provide reasonable notice to Subscribers and LFA of any pricing changes or additional changes (excluding sales discounts, new products or offers) and, subject to the forgoing, any changes in Cable Services, including channel line-ups. Such notice must be given to Subscribers a minimum of thirty (30) days in advance of such changes if within the control of Franchisee. Franchisee shall provide a copy of the notice to LFA including how and where the notice was given to Subscribers.

F. Upon request by any Subscriber, Franchisee shall make available a parental control or lockout device to enable a Subscriber to control access to both the audio and video portions of any or all Channels. Franchisee shall inform its Subscribers of the availability of the lockout device at the time of their initial subscription and periodically thereafter.

G. Franchisee shall provide information to all Subscribers about each of the following items at the time of installation of Cable Services, annually to all Subscribers, at any time upon request, and, subject to Section 10.E., at least thirty (30) days prior to making significant changes in the information required by this Section if within the control of Franchisee:

(1) Products and Cable Service offered;

(2) Prices and options for Cable Services and condition of subscription to Cable Services. Prices shall include those for Cable Service options, equipment rentals, program guides, installation, downgrades, late fees and other fees charged by Franchisee related to Cable Service;

(3) Installation and maintenance policies including, when applicable, information regarding the Subscriber's in-home wiring rights during the period Cable Service is being provided;

(4) Channel positions of Cable Services offered on the Cable System;

(5) Complaint procedures, including the name, address, and telephone number of LFA, but with a notice advising the Subscriber to initially contact Franchisee about all complaints and questions;

(6) Procedures for requesting Cable Service credit;

(7) The availability of a parental control device;

(8) Franchisee practices and procedures for protecting against invasion of privacy; and

(9) The address and telephone number of Franchisee's office to which complaints may be reported.

A copy of notices required in this Section 10.G. will be given to LFA at least fifteen (15) days prior to distribution to Subscribers if the reason for notice is due to a change that is within the control of Franchisee and as soon as possible if not within the control of Franchisee.

H. Notices of changes in rates shall indicate the Cable Service new rates and old rates, if applicable.

I. Notices of changes of Cable Services and/or Channel locations shall include a description of the new Cable Service, the specific channel location, and the hours of operation of the Cable Service if the Cable Service is only offered on a part-time basis. In addition, should the Channel location, hours of operation, or existence of other Cable Services be affected by the introduction of a new Cable Service, such information must be included in the notice.

J. Every notice of termination of Cable Service shall include the following information:

(1) The name and address of the Subscriber whose account is delinquent;

(2) The amount of the delinquency for all services billed;

(3) The date by which payment is required in order to avoid termination of Cable Service; and

(4) The telephone number for Franchisee where the Subscriber can receive additional information about their account and discuss the pending termination.

K. Franchisee will comply with privacy rights of Subscribers in accordance with applicable federal and state law, including 47 U.S.C. §551.

EXHIBIT E

Performance Bond

Bond No. __________

KNOW ALL MEN BY THESE PRESENTS: *That (name & address) (hereinafter called the Principal), and (name and address) (hereinafter called the Surety), a corporation duly organized under the laws of the State of (state), are held and firmly bound unto (name & address) (hereinafter called the Obligee), in the full and just sum of ____________ Dollars ($__________), the payment of which sum, well and truly to be made, the said Principal and Surety bind themselves, their heirs, administrators, executors, and assigns, jointly and severally, firmly by these presents.*

WHEREAS, the Principal and Obligee have entered into a Franchise Agreement dated________ which is hereby referred to and made a part hereof.

WHEREAS, said Principal is required to perform certain obligations under said Agreement.

WHEREAS, the Obligee has agreed to accept this bond as security against default by Principal of performance of its obligations under said Agreement during the time period this bond is in effect.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH that if the Principal shall perform its obligations under said Agreement, then this obligation shall be void, otherwise to remain in full force and effect, unless otherwise terminated, cancelled or expired as hereinafter provided.

PROVIDED HOWEVER, that this bond is executed subject to the following express provisions and conditions:

In the event of default by the Principal, Obligee shall deliver to Surety a written statement of the details of such default within 30 days after the Obligee shall learn of the same, such notice to be delivered by certified mail to address of said Surety as stated herein.

This Bond shall be effective ____________, 20___, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Obligee not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Obligee.

Bond No. __________

Neither cancellation, termination nor refusal by Surety to extend this bond, nor inability of Principal to file a replacement bond or replacement security for its obligations under said Agreement, shall constitute a loss to the Obligee recoverable under this bond.

No claim, action, suit or proceeding shall be instituted against this bond unless same be brought or instituted and process served within one year after termination or cancellation of this bond.

No right of action shall accrue on this bond for the use of any person, corporation or entity other than the Obligee named herein or the heirs, executors, administrators or successors of the Obligee.

The aggregate liability of the surety is limited to the penal sum stated herein regardless of the number of years this bond remains in force or the amount or number of claims brought against this bond.

This bond is and shall be construed to be strictly one of suretyship only. If any conflict or inconsistency exists between the Surety's obligations as described in this bond and as may be described in any underlying agreement, permit, document or contract to which this bond is related, then the terms of this bond shall supersede and prevail in all respects.

This bond shall not bind the Surety unless it is accepted by the Obligee by signing below.

IN WITNESS WHEREOF, the above bounded Principal and Surety have hereunto signed and sealed this bond effective this _____ day of _______, 2008.

Principal	**Surety**
By: ____________________________	By: ____________________________________, Attorney-in-Fact

Accepted by Obligee: ______________________________________
(Signature & date above - Print Name, Title below)

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: December 2013 Financial Report Presentation

For Council Meeting Agenda of: February 24, 2014

Department: Finance and Administration

Prepared by: Joanne Gregory

	Initial & Date
Approved by Department Head:	JMG 2/14/14
Approved by City Attorney:	
Approved by Finance Director:	JMG 2/14/14
Approved by City Manager:	RDK

Proposed Council Action/Motion:
Receive and File December 2013 Financial Report for the City of Kenmore, Washington

Exhibits/Attachments:
December 2013 Financial Report for the City of Kenmore, Washington.
Performance and Workload Measures

Expenditure Required N/A

Amount Budgeted
$53,237,067 Revenues, as amended
$54,932,142 Expenditures, as amended

Appropriation Required N/A

INFORMATION/BACKGROUND:
The December monthly financial report is presented for Council review. This provides the opportunity for the City Council and the community to receive information on the City of Kenmore's biennium to date revenues and expenditures in comparison to the City's 2013-2014 amended biennial budget. The adopted budget was amended on March 25, 2013 and again in December during the mid biennial review; and this report reflects the amended appropriations. It also provides an opportunity to identify any potential variances or fluctuations from the budget.

FISCAL CONSIDERATION:
December marks the 12th month of the 24 month 2013-2014 biennium and, as a benchmark, the City is 50% through the budget period. The monthly schedules attached include the Transportation Benefit District Fund for informational purposes although it is a separate entity. This December 2013 report also includes performance and workload measures for the year.

On the national level, the unemployment rate dropped to 6.7% in December from 7% in November. This is the lowest reported rate since October 2008 of 6.5%. Dow Jones closed 2013 with a bang at 16,494, up from its November close of 16,086. Overall the Dow Jones rose 28% in 2013.

The mid biennium budget review was conducted in October and November and a budget amendment ordinance was adopted by the City Council on December 2, 2013. This December financial report includes the amendments to the budget.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:
Kenmore Budget Policy 9a: A revenue/expenditure report will be produced monthly so that it can be directly compared to the actual results of the fiscal year to date. Kenmore Budget Policy 9b: All budget amendments, both revenues and expenditures, will be noted in the monthly report.

The City of Kenmore
PO Box 82607
Kenmore, Washington 98028

MEMORANDUM

TO: Rob Karlinsey, City Manager
FROM: Joanne Gregory, Finance Director
DATE: February 12, 2014
RE: December 2013 Financial Reports for the City of Kenmore, Washington

December 2013 financial information is presented for your review and delivery to the City Council. Attached you will find the following reports:

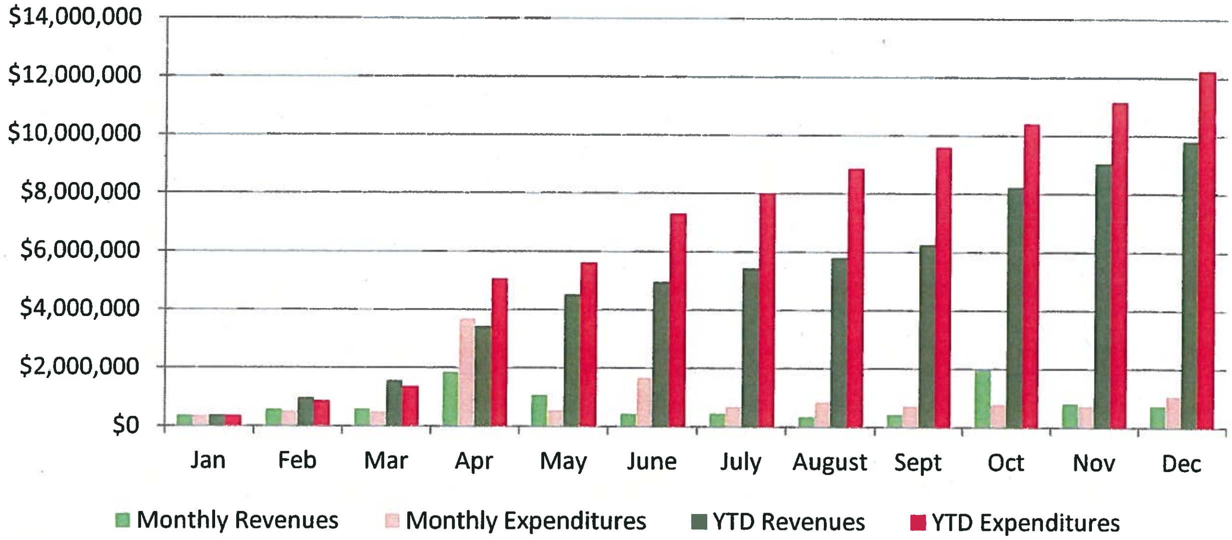
- General Fund Summary
- General Fund Revenue Graphs
- General Fund Expenditure Graphs
- All Funds Cash Summary
- Street Fund Summary - new
- Other Funds Monthly Activity
- Cash and Investment Report
- Schedule of Investments
- Sales Tax Receipts by Business Type
- Retail Sales and Use Tax Distribution
- Real Estate Excise Tax Report
- Monthly Report for Kenmore Village
- Monthly Report for Transportation Benefit District
- SR 522 Phase I Revenue and Expenditure History
- SR 522 Phase II Revenue and Expenditure History

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

GENERAL FUND

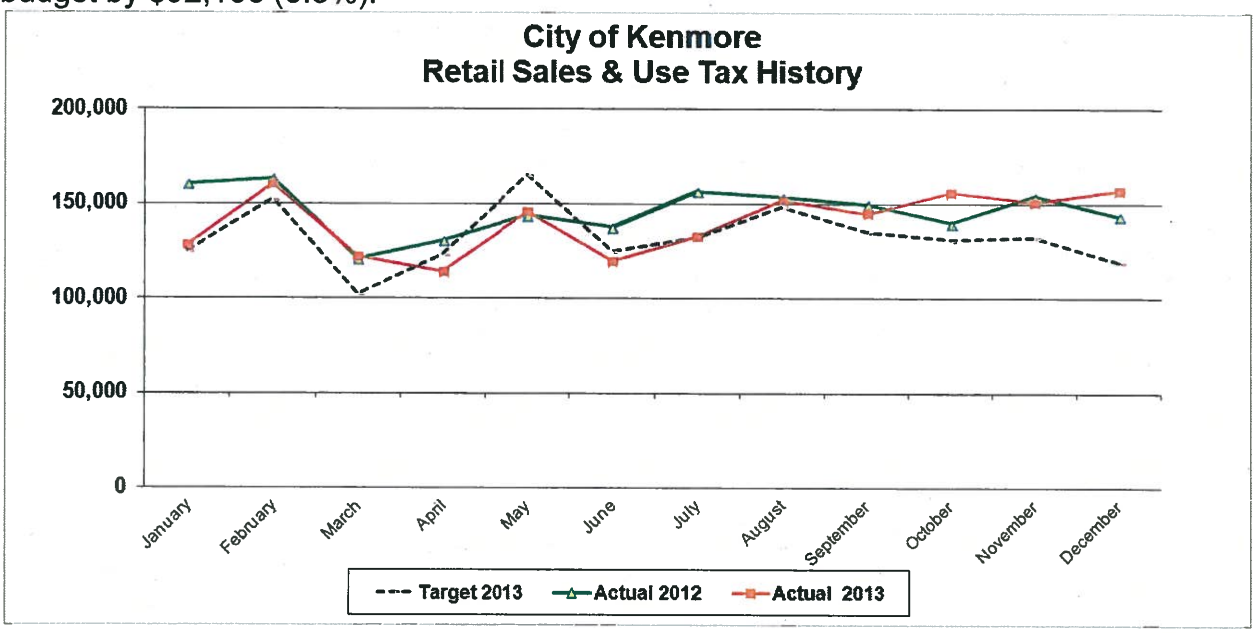
The first section of the monthly financial report is a review of the General Fund. This fund accounts for operational activities and includes all financial resources except those required or elected to be accounted for in another fund. Revenues include various taxes, per capita distributions from the State, fines and forfeitures, permits and licenses, and fees for service. In the context of the biennial budget, December is the twelfth month (50%) of the 2013-2014 biennial budget period. For the month of December, expenditures exceeded revenues in the General Fund by $321,816. Year to date, expenditures exceed revenue by $2,416,366, however removing the one-time $2.5M transfer to the Strategic Opportunities Fund from the comparison shows that year to date revenues exceed expenditures by $83,634.

The following chart illustrates the monthly revenue and expenditure activity in the General Fund through December 2013.

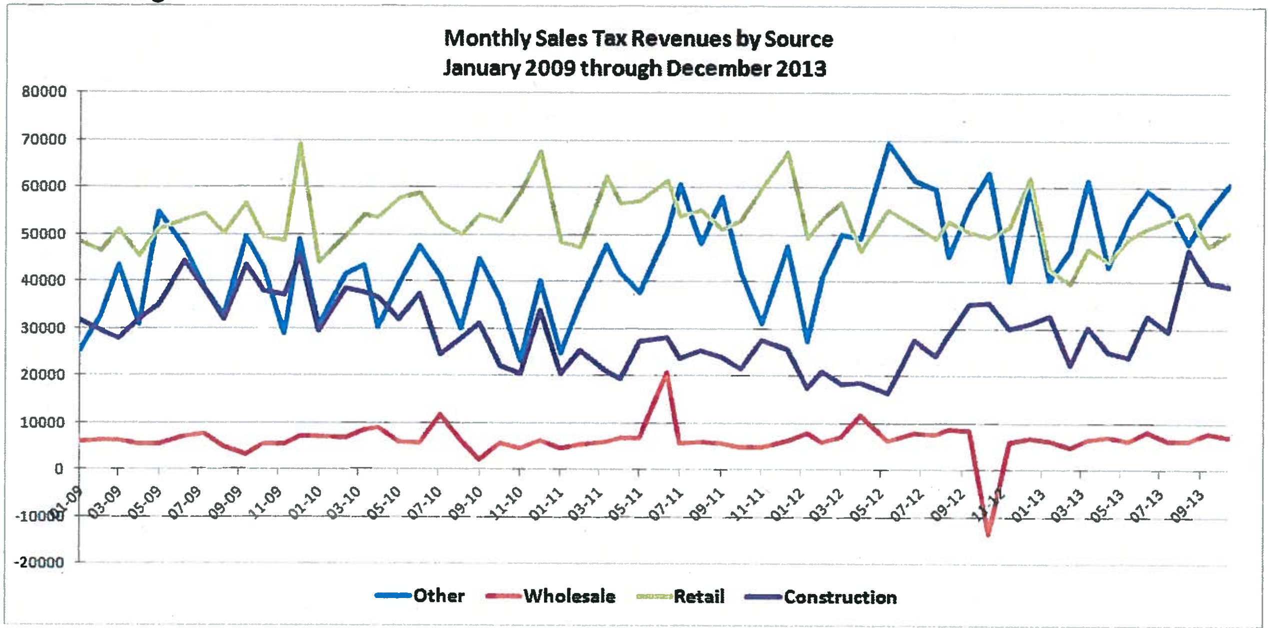


Total **revenues** for the month were **$758,383.** Biennium to date revenues are $9,822,477 which is 51.3% of the budgeted revenues of $19,162,391. Primary sources of revenue for the month included property taxes in the amount of $25,513, development fees & permits in the amount of $160,972, retail sales and use taxes in the amount of $157,486, and utility taxes in the amount of $118,561.

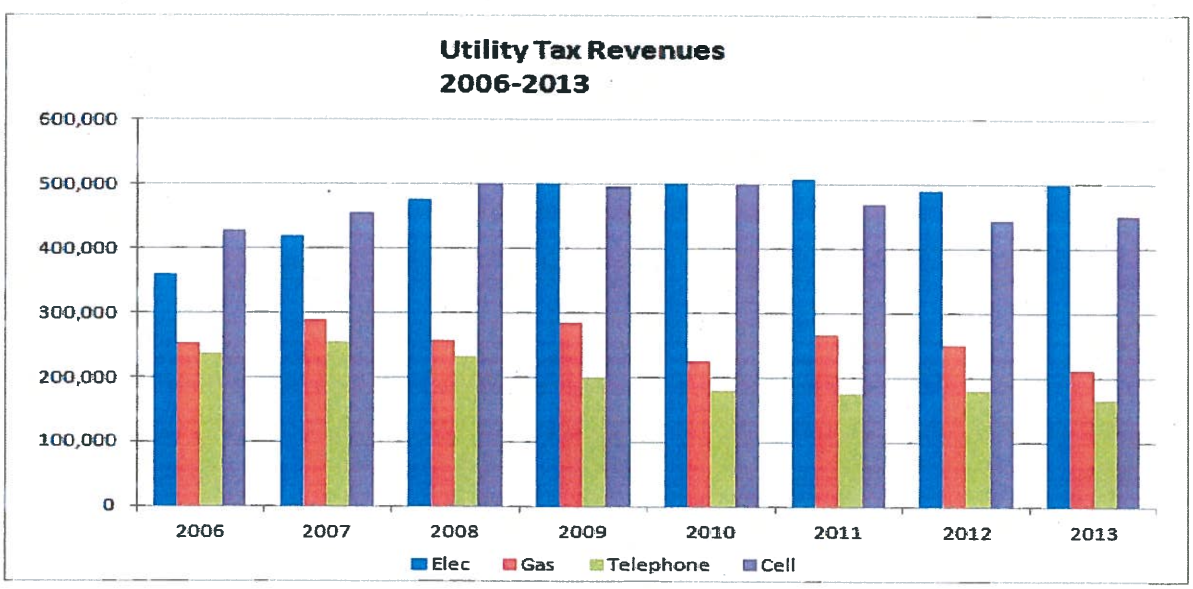
A summary of sales tax revenues received in December is attached. These receipts are based on October sales activity. The chart below gives a historical perspective of monthly sales tax receipts over the last several years. The black dotted Target 2013 line is a monthly average of actual receipts during 2010, 2011, and 2012. The orange line represents 2013 actual receipts which are $70,832 (4%) below 2012 but ahead of budget by $92,106 (5.8%).



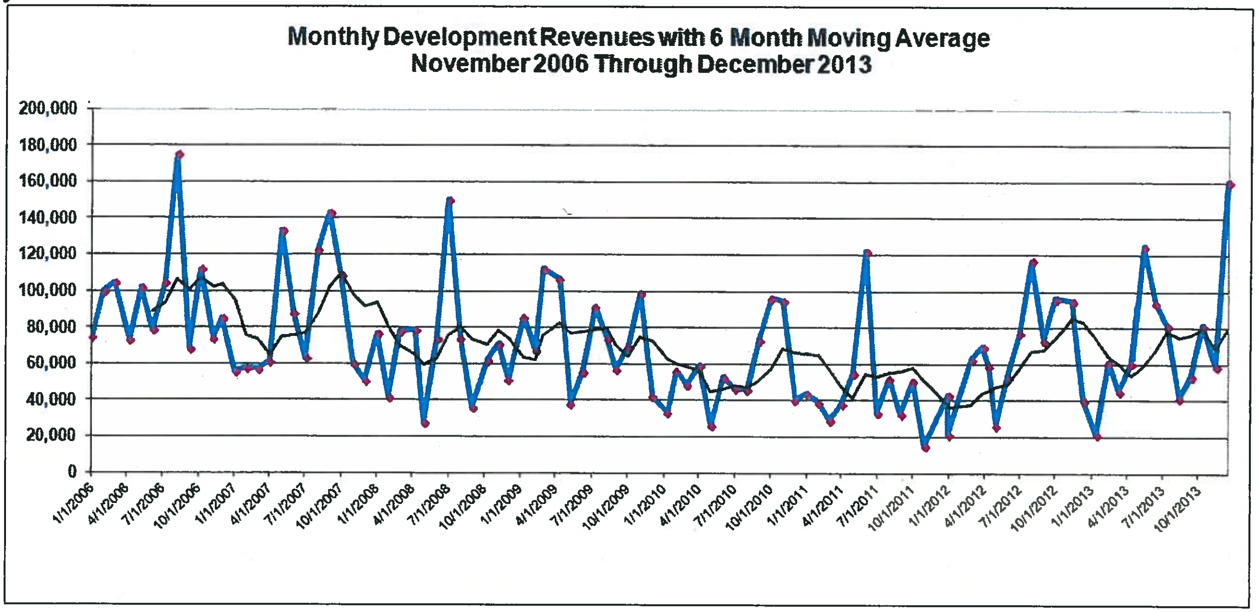
The following chart illustrates the historical trends of sales tax receipts from the major segments: construction, retail, wholesale, other (agriculture, services, manufacturing, transportation and utilities) from January 2009 through December 2013. Construction sales taxes are shown without the benefit of the Brightwater construction project. This category previously had the benefit of the city hall, Bastyr dorms, fire station and library construction projects which have been completed. The construction segment and "Other" (includes agriculture, services, manufacturing, transportation and utilities) are showing a positive trend of improvement recently. In December, $20,000 was deducted from the City's sales tax receipts by Department of Revenue to correct a prior error (see the dip in the wholesale line). The $20k adjustment was related to a refund request received by the Department of Revenue to reclassify income from retailing to wholesaling.



Utility taxes from gas, electric, telephone and cell phones are tracking below budget expectations and finance staff is investigating these trends; however, they are consistent with what neighboring cities are reporting. The following chart shows historical annual revenue from these taxes.



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



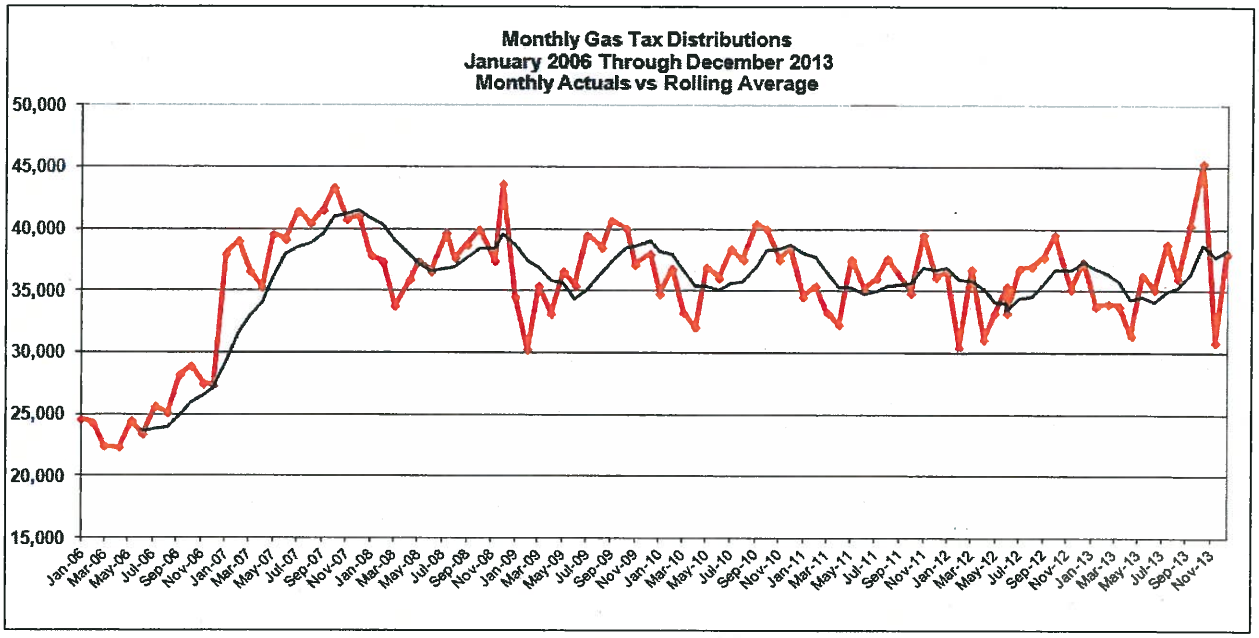
December 2013 expenditures were **$1,080,199.** Biennium to date expenditures are $12,238,843, which is 55.8**%** of the amended budget expenditures of $21,914,645, a high percentage due to the $3M interfund transfers recorded in April. Removing the one-time $2.5M transfer to the Strategic Opportunities Fund from the expenditure balance indicates that expenditures are right at 50.2% of the biennial budget.

OTHER FUNDS

The December cash activity for all funds is presented on the attached All Funds Cash Summary. Total City cash ($6,854,814) and investments ($10,295,427), at the end of December, totaled $17,150,240. The Other Funds Monthly Activity graphs compare biennium to date revenues and expenditures to the 2013-2014 biennial budget.

The following transactions and activities were of note during the month of December. Total non-General Fund revenues were $608,292 and total non-General Fund expenditures were $1,163,443.

In the **Street Fund** revenue from gas tax distributions was $38,141. The following chart shows recent gas tax receipts through December 2013. The attached Street Fund Summary Report is a new report that illustrates the monthly and budget-to-date activity of the fund.

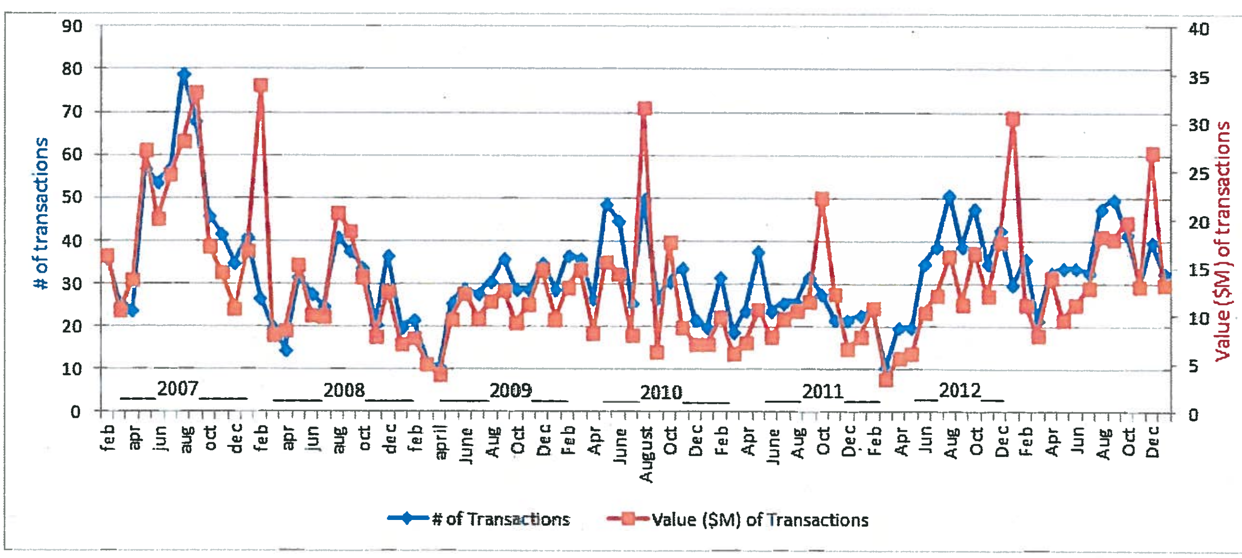


The **Park Impact Fee** revenues are not meeting budget projections and are presently at 42% of the biennial budget or about $32,548 less than expected for 2013. This fund has a significant fund balance that is supporting current park projects so the shortfall does not have an immediate impact.

In the **Transportation Impact Fee** fund, the revenues are at 48% of the budget or about $14,272 less than expected for 2013. There are adequate funds available for the projects currently budgeted and proposed in the CIP.

The **Real Estate Excise Tax** Fund received $66,342 of real estate excise taxes (REET) in December from sales activity that occurred in November. 33 transactions were reported this month. Year to date revenue exceeded the 2013 budget by $315,276.

The attached Real Estate Excise Tax Report shows the monthly activity since 2007. Below is a chart that shows both the number of real estate transactions and the value of those transactions for the years 2007, 2008, 2009, 2010, 2011, 2012, and 2013.



The **Transportation Benefit District** Fund received $18,968 in vehicle license fees during the month bringing the year to date revenues to $150,697 which is 65% of the $230,000 budgeted for 2013.

The **Surface Water Fund** revenues are tracking ahead of budget (54%) and operating expenditures are at 51.6%.

Capital Project Funds: Transportation, Parks, Surface Water. The following table provides 2013 expenditures for projects included in the 2013-2014 biennial budget.

Capital Project		2013 Expenses	2013-2014 Budget
61st Ave/NE 181st Signal	T7	935,873	1,132,387
SR 522 West A 61st-65th	T6	384,788	9,293,500
Simonds Rd/HIS Right Turn	T22	0	25,000
Sidewalk Program	T27	36,377	274,950
City Safety Improvements	T31	38,607	250,000
City Gateways	T36	18,147	300,000
West Samm Bridge	T37	60,514	461,000
Moorlands Park Improvements	P6	0	60,000
Northshore Summit Park	P9	297,920	659,000
Tolt Pipeline Trail Ph I	P2	11,306	120,000
Log Boom Park Ped Bridge	P11	0	95,000
Kenmore Village Public Square	P21	0	150,000
Boat Launch Restroom	P24	23,701	65,000
Skate Park	P13	0	20,000
Log Boom Park Float	P19	0	72,500
Rhododendron Park Float	P18a	0	73,500
Rhododendron Park Boardwalk	P18	76,821	482,000
Small Works Projects	SW20	2,588	100,000
192nd Culvert Replacement	SW19	0	20,000
Juanita Dr Ditch & Curb	SW3	32,818	33,000
Tributary 0057	SW1	23,548	889,750
NE 181st Culvert	SW6	110,817	467,011
61st Embankment Repair	SW8	4,286	55,000
NE 187th St Bypass	SW7	0	40,000

SUMMARY

This concludes the financial report for the City of Kenmore as of **December 31, 2013**. I appreciate your feedback and encourage you to contact me if you have any questions prior to the City Council meeting.

City of Kenmore, Washington
General Fund Summary Report
December 31, 2013

REVENUES	CURRENT PERIOD 2013-2014				PRIOR PERIOD 2011-2012			
	MONTH December 2013	BIENNIUM TO DATE 2013-2014	% of BUDGET	BUDGET 2013-2014	MONTH December 2011	BIENNIUM TO DATE 2011-2012	% of BUDGET	BIENNIUM BUDGET 2011-2012
Beginning Fund Balance		**5,539,954**		**5,338,942**				**4,941,884**
Property Taxes	25,513	4,286,383	50.6%	8,469,973	16,151	4,148,487	50.3%	8,254,387
Sales and Use Taxes	197,562	2,151,641	54.3%	3,960,331	168,031	2,132,545	49.1%	4,339,202
Utility Taxes	118,561	1,352,891	46.0%	2,942,395	125,817	1,419,668	47.3%	3,002,082
Other Taxes	47	49,666	81.0%	61,300	47	27,629	26.5%	104,104
Development Fees & Permits	160,972	888,463	60.6%	1,465,185	43,069	557,183	38.7%	1,439,095
Franchise Fees	0	303,218	30.6%	992,405	0	394,363	60.6%	650,588
Intergovernmental and Grants	63,127	366,889	57.3%	639,866	39,271	370,347	48.6%	761,476
Investment Interest	-68,376	34,765	59.5%	58,400	-40,900	39,631	70.8%	56,000
Fines and Forfeitures	-160	-1,272	0.0%	0	0	664	n/a	0
Transfers and Other Revenues	261,136	389,833	68.1%	572,536	173,110	196,989	58.2%	338,662
Total Revenues	758,383	9,822,477	51.3%	19,162,391	524,595	9,287,507	49.0%	18,945,596
Total Revenues & Beginning Fund Balance		15,362,431		24,501,333				23,887,480

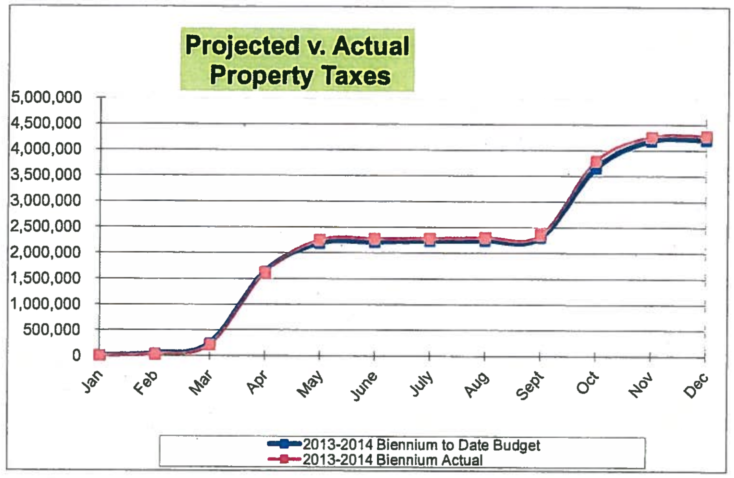
EXPENDITURES	CURRENT PERIOD 2013-2014				PRIOR PERIOD 2011-2012			
Cost Center	MONTH December	BIENNIUM TO DATE 2013-2014	% of BUDGET	BUDGET 2013-2014	December	BIENNIUM TO DATE 2011-2012	% of BUDGET	BIENNIUM BUDGET 2011-2012
City Council	9,666	105,395	49.3%	213,950	12,096	127,749	58.7%	217,644
City Manager	92,605	1,130,965	53.1%	2,129,379	104,296	912,314	50.8%	1,796,600
City Clerk	8,305	104,428	43.0%	243,139	27,951	255,040	47.6%	536,261
Finance	26,146	320,596	43.6%	735,429	42,210	295,047	46.2%	639,213
Legal	23,880	281,017	65.4%	430,000	49,392	294,320	59.5%	494,285
Non-Departmental	59,647	788,765	51.4%	1,533,487	424,750	1,071,568	69.9%	1,532,818
Interfund Transfers*	0	3,316,000	81.8%	4,056,101	0	600,000	38.4%	1,564,000
Public Safety	600,342	3,758,635	49.8%	7,553,348	550,672	3,403,896	47.4%	7,179,563
Engineering	78,906	654,546	48.1%	1,361,385	60,628	503,575	48.2%	1,045,741
Planning &Community Dev	34,563	477,890	50.9%	939,441	35,589	330,213	46.3%	712,632
Land Dev & Permitting	56,117	629,252	46.2%	1,361,715	68,816	560,680	37.4%	1,501,147
Parks & Facility Maintenance	90,022	671,352	49.5%	1,357,271	78,076	715,261	42.2%	1,695,042
Total Expenditures	1,080,199	12,238,843	55.8% *	21,914,645	1,454,475	9,069,662	47.9%	18,914,946
Ending Fund Balance		**3,123,588**		**2,586,688**			**0.0%**	**4,972,534**
Total Expenditures and Ending Fund Balance		15,362,431		24,501,333				23,887,480

*Interfund Transfers in 2013 include one time $2.5M transfer to Strategic Opportunities Fund.

City of Kenmore, Washington
General Fund Revenue Graphs
December 31, 2013

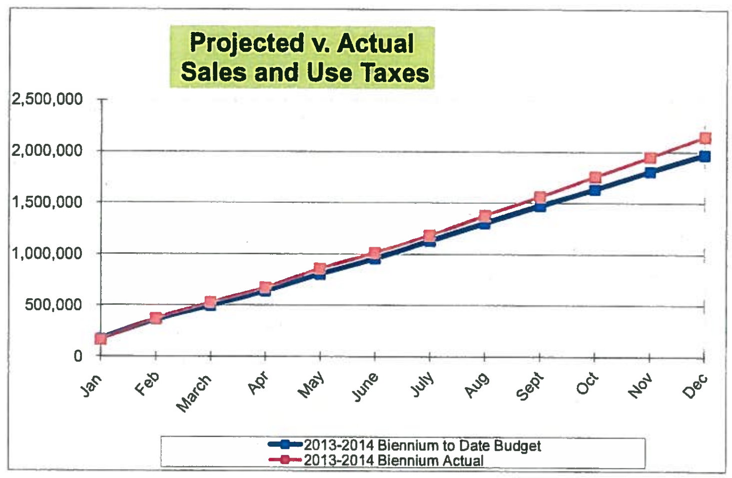
PROPERTY TAXES

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	11,954	5,892
Feb	59,028	34,243
Mar	251,297	220,879
Apr	1,644,997	1,622,899
May	2,193,491	2,254,841
June	2,218,132	2,282,513
July	2,245,638	2,289,283
Aug	2,253,168	2,306,878
Sept	2,313,416	2,360,492
Oct	3,661,593	3,798,018
Nov	4,194,035	4,260,870
Dec	4,213,917	4,286,383
2013	4,213,917	
Year To Date Actual v. Projected		102%



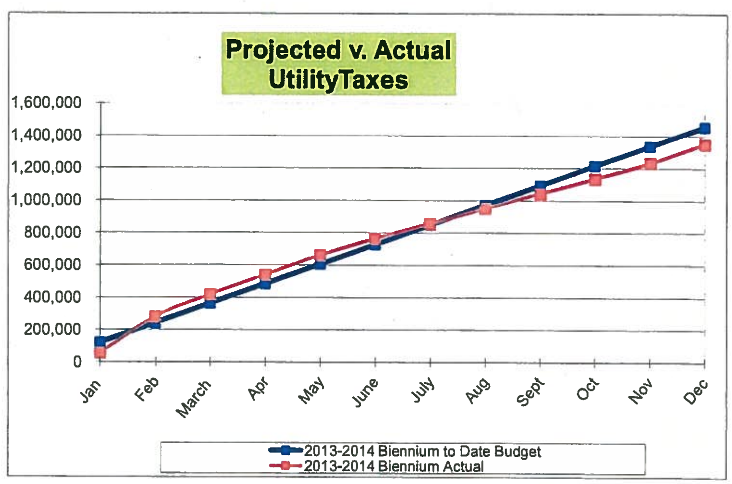
SALES, USE, CRIM JUSTICE TAXES

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	174,942	165,280
Feb	361,685	371,653
March	497,400	527,785
Apr	643,196	674,402
May	805,908	858,526
June	959,342	1,014,013
July	1,133,164	1,185,231
Aug	1,306,744	1,377,962
Sept	1,475,984	1,564,438
Oct	1,637,030	1,760,958
Nov	1,811,890	1,954,079
Dec	1,975,227	2,151,641
2013	1,975,227	
Year To Date Actual v. Projected		109%



UTILITY TAXES

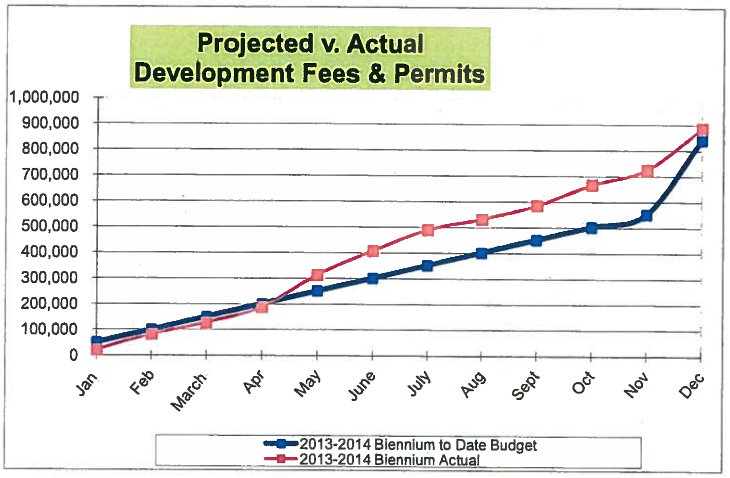
	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	121,532	56,742
Feb	243,065	281,331
March	364,597	417,703
Apr	486,130	540,614
May	607,662	662,265
June	729,195	764,596
July	850,727	858,001
Aug	972,259	952,855
Sept	1,093,792	1,044,431
Oct	1,215,324	1,135,950
Nov	1,336,857	1,234,330
Dec	1,458,389	1,352,891
2013	1,458,389	
Year To Date Actual v. Projected		93%



City of Kenmore, Washington
General Fund Revenue Graphs
December 31, 2013

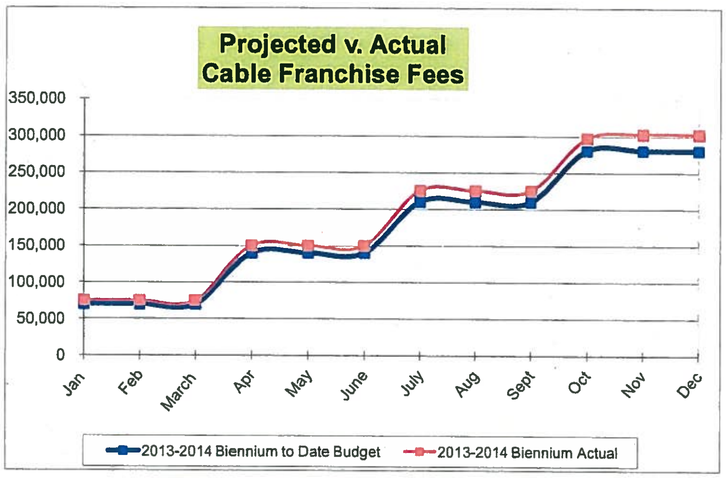
DEVELOPMENT FEES & PERMITS

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	50,371	21,332
Feb	100,742	82,718
March	151,113	128,247
Apr	201,484	189,092
May	251,855	314,404
June	302,227	408,466
July	352,598	490,433
Aug	402,969	532,694
Sept	453,340	586,424
Oct	503,711	667,984
Nov	554,082	727,491
Dec	842,335	888,463
2013	842,335	
Year To Date Actual v. Projected		105%



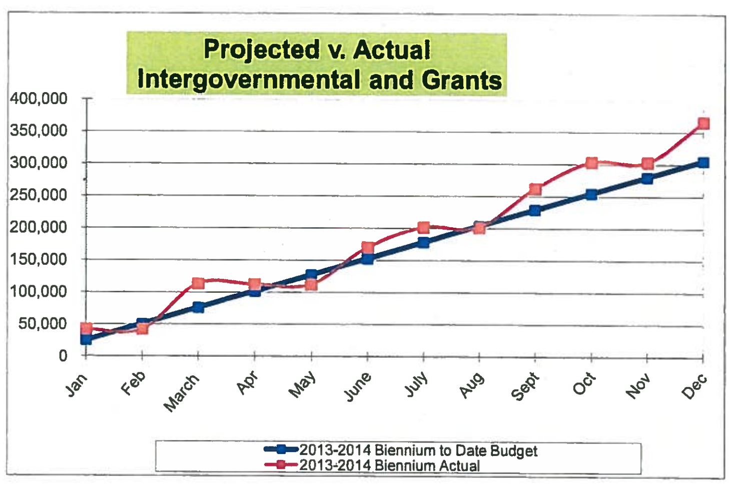
CABLE FRANCHISE FEES

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	70,134	75,656
Feb	70,134	75,656
March	70,134	75,656
Apr	140,269	150,633
May	140,269	150,633
June	140,269	150,633
July	210,403	225,909
Aug	210,403	225,909
Sept	210,403	225,909
Oct	280,537	297,371
Nov	280,537	303,218
Dec	280,537	303,218
2013	280,537	
Year To Date Actual v. Projected		108%



INTERGOVERNMENTAL & GRANTS

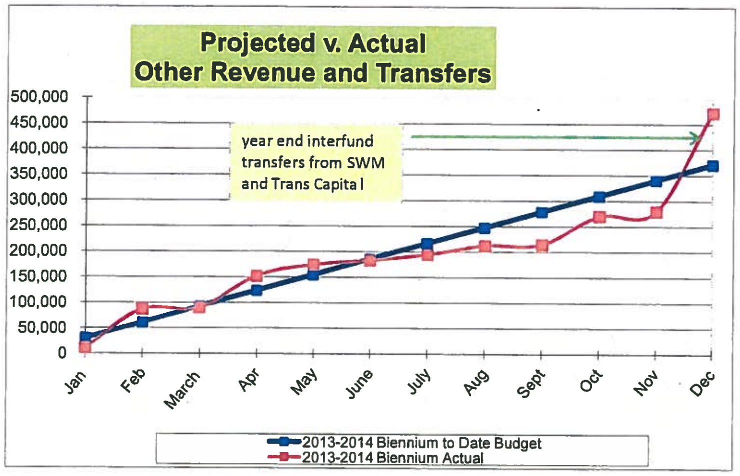
	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	25,490	42,428
Feb	50,980	42,428
March	76,471	113,326
Apr	101,961	112,627
May	127,451	112,627
June	152,941	170,380
July	178,431	201,722
Aug	203,921	201,722
Sept	229,412	262,429
Oct	254,902	303,762
Nov	280,392	303,762
Dec	305,882	366,889
2013	305,882	
Year To Date Actual v. Projected		120%



City of Kenmore, Washington
General Fund Revenue Graphs
December 31, 2013

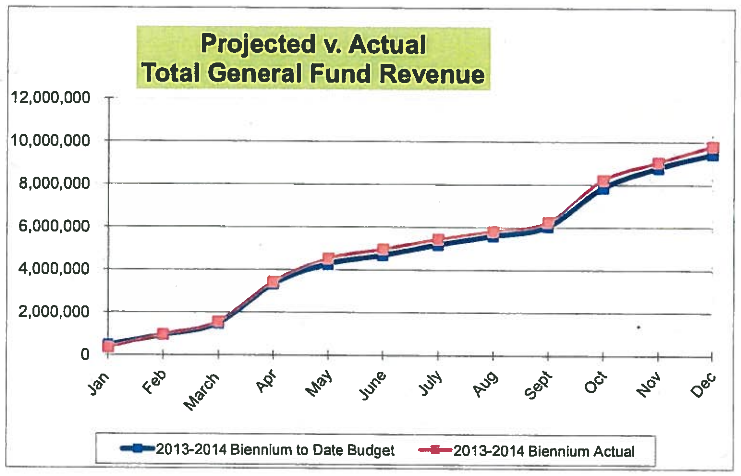
OTHER REVENUES AND TRANSFERS

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	30,992	11,617
Feb	61,984	87,759
March	92,975	89,956
Apr	123,967	152,398
May	154,959	174,826
June	185,951	183,258
July	216,942	194,627
Aug	247,934	212,534
Sept	278,926	215,129
Oct	309,918	270,542
Nov	340,909	280,344
Dec	371,901	472,991
2013	371,901	
Year To Date Actual v. Projected		127%



TOTAL GENERAL FUND REVENUE

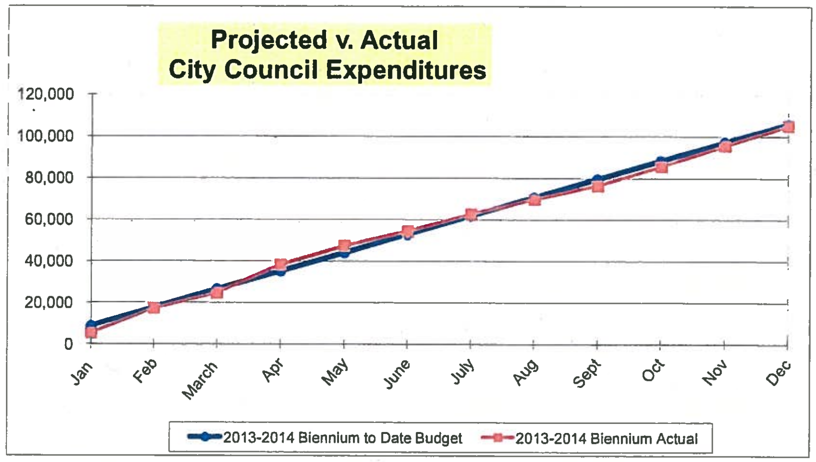
	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	485,415	378,947
Feb	947,619	975,789
March	1,503,987	1,573,552
Apr	3,342,003	3,442,666
May	4,281,594	4,528,121
June	4,688,055	4,973,858
July	5,187,903	5,445,205
Aug	5,597,398	5,810,554
Sept	6,055,271	6,259,252
Oct	7,863,014	8,234,584
Nov	8,798,702	9,064,094
Dec	9,448,187	9,822,477
2013	9,448,187	
Year To Date Actual v. Projected		104%



City of Kenmore, Washington
General Fund Expenditure Graphs
December 31, 2013

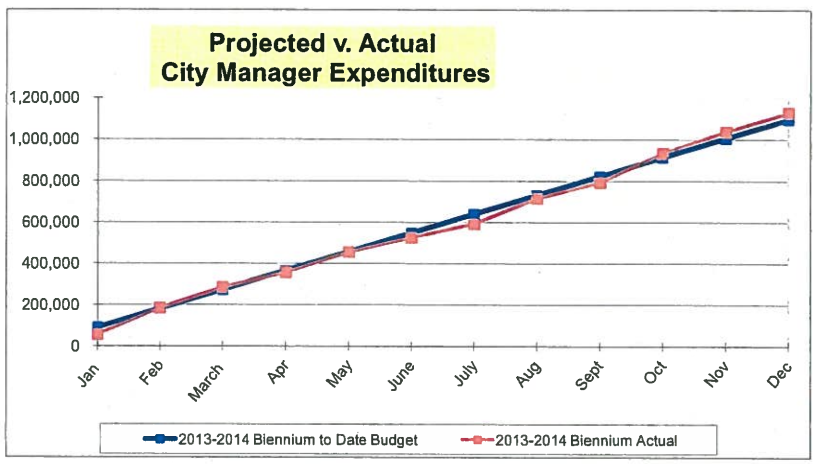
CITY COUNCIL

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	8,843	5,410
Feb	17,686	17,346
March	26,529	24,746
Apr	35,371	38,240
May	44,214	47,402
June	53,057	54,296
July	61,900	62,704
Aug	70,743	69,838
Sept	79,586	76,458
Oct	88,428	85,810
Nov	97,271	95,729
Dec	106,114	105,395
2013	106,114	
Year To Date Actual v. Projected		99%



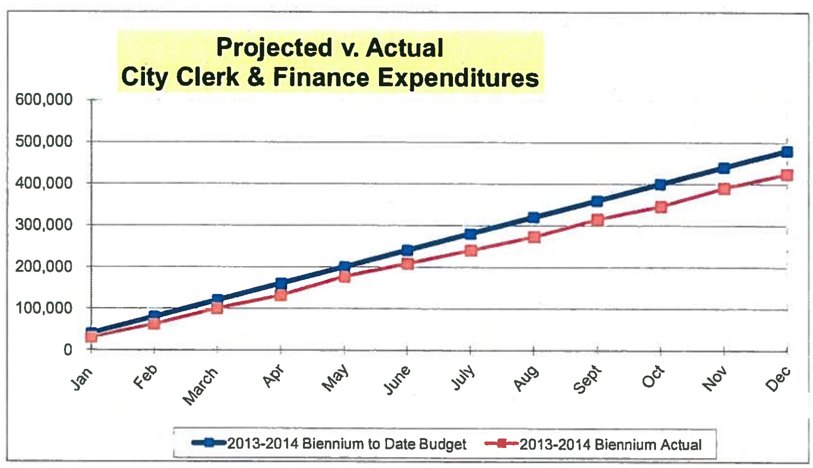
CITY MANAGER

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	91,491	56,142
Feb	182,983	185,503
March	274,474	285,244
Apr	365,965	358,096
May	457,456	456,223
June	548,948	526,145
July	640,439	592,412
Aug	731,930	716,589
Sept	823,421	793,429
Oct	914,913	935,087
Nov	1,006,404	1,038,360
Dec	1,097,895	1,130,965
2013	1,097,895	
Year To Date Actual v. Projected		103%



CITY CLERK & FINANCE

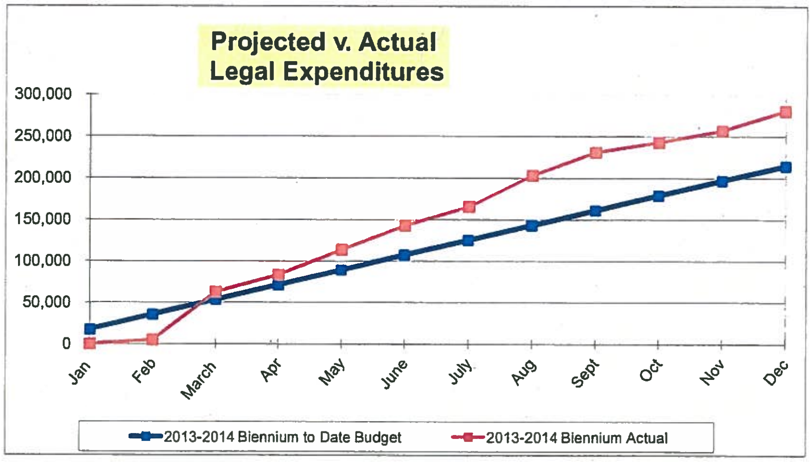
	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	40,054	30,652
Feb	80,108	62,343
March	120,163	100,274
Apr	160,217	132,079
May	200,271	177,097
June	240,325	208,229
July	280,379	240,545
Aug	320,433	273,147
Sept	360,488	315,594
Oct	400,542	346,983
Nov	440,596	390,574
Dec	480,650	425,025
2013	480,650	
Year To Date Actual v. Projected		88%



City of Kenmore, Washington
General Fund Expenditure Graphs
December 31, 2013

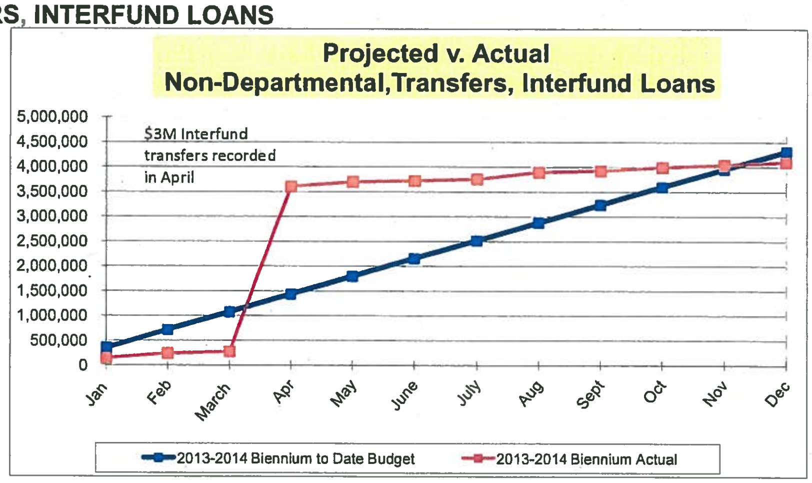
LEGAL

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	17,917	0
Feb	35,833	4,956
March	53,750	62,981
Apr	71,667	83,627
May	89,583	113,901
June	107,500	143,005
July	125,417	165,919
Aug	143,333	203,315
Sept	161,250	231,146
Oct	179,167	243,155
Nov	197,083	257,138
Dec	215,000	281,017
2013	215,000	
Year To Date Actual v. Projected		131%



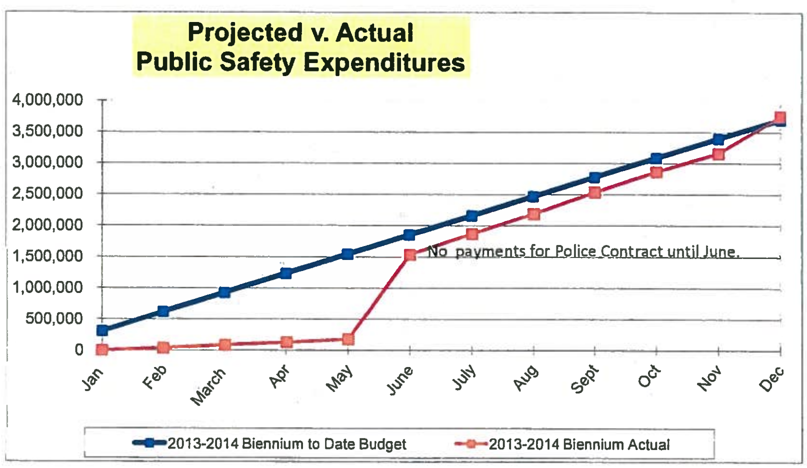
NON-DEPARTMENTAL, TRANSFERS, INTERFUND LOANS

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	359,856	142,864
Feb	719,713	240,538
March	1,079,569	277,232
Apr	1,439,425	3,606,644
May	1,799,282	3,700,514
June	2,159,138	3,723,691
July	2,518,994	3,757,978
Aug	2,878,851	3,895,621
Sept	3,238,707	3,923,603
Oct	3,598,563	3,996,272
Nov	3,958,420	4,045,118
Dec	4,318,276	4,104,765
2013	4,318,276	
Year To Date Actual v. Projected		95%



PUBLIC SAFETY

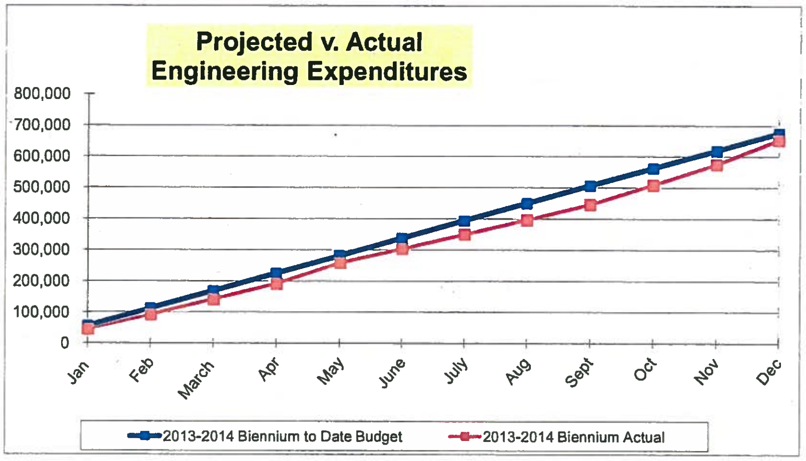
	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	308,950	537
Feb	617,900	35,598
March	926,850	87,710
Apr	1,235,799	130,739
May	1,544,749	183,224
June	1,853,699	1,537,280
July	2,162,649	1,872,670
Aug	2,471,599	2,191,937
Sept	2,780,549	2,538,557
Oct	3,089,498	2,866,591
Nov	3,398,448	3,158,293
Dec	3,707,398	3,758,635
2013	3,707,398	
Year To Date Actual v. Projected		101%



City of Kenmore, Washington
General Fund Expenditure Graphs
December 31, 2013

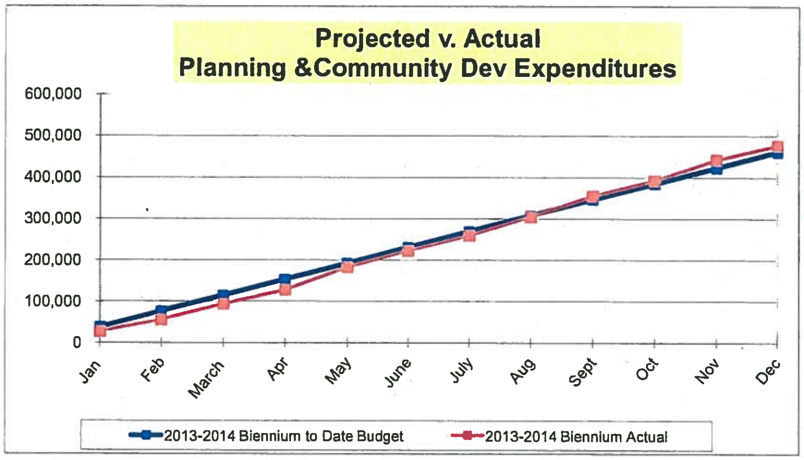
ENGINEERING

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	56,346	45,402
Feb	112,692	92,037
March	169,038	141,604
Apr	225,384	192,328
May	281,730	258,476
June	338,076	304,242
July	394,421	350,457
Aug	450,767	396,489
Sept	507,113	447,063
Oct	563,459	509,094
Nov	619,805	575,640
Dec	676,151	654,546
2013	676,151	
Year To Date Actual v. Projected		97%



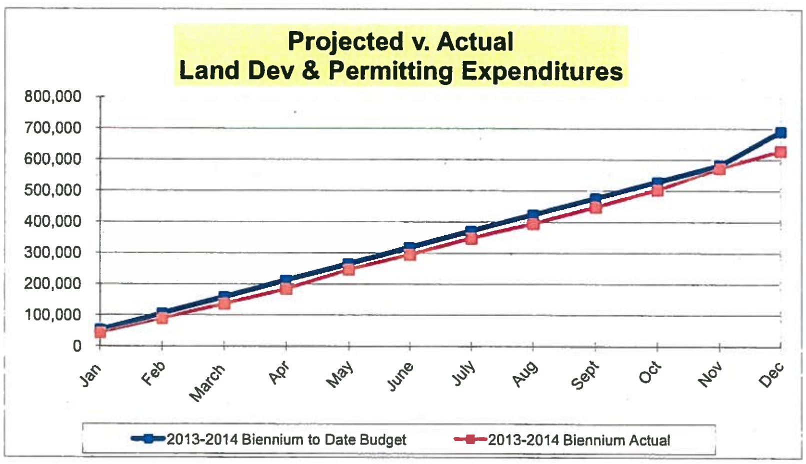
PLANNING & COMMUNITY DEV

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	38,540	27,290
Feb	77,080	56,350
March	115,621	94,369
Apr	154,161	128,628
May	192,701	183,613
June	231,241	223,359
July	269,781	260,218
Aug	308,321	305,073
Sept	346,862	355,327
Oct	385,402	392,626
Nov	423,942	443,327
Dec	462,482	477,890
2013	462,482	
Year To Date Actual v. Projected		103%



LAND DEV & PERMITTING

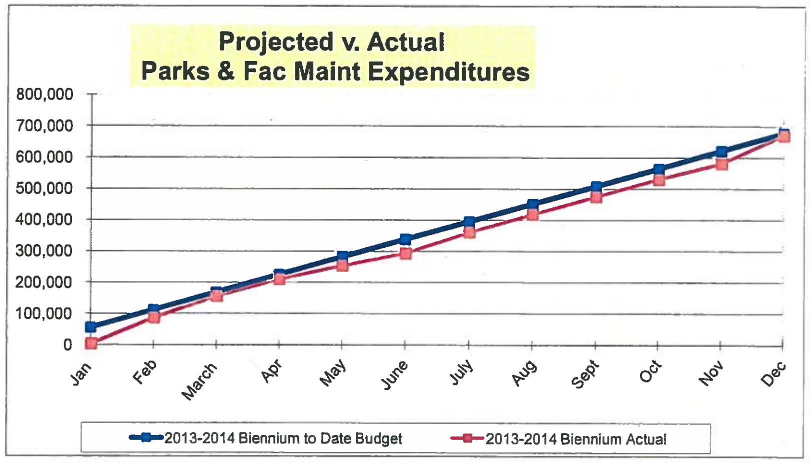
	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	52,883	43,452
Feb	105,766	89,527
March	158,650	137,049
Apr	211,533	184,360
May	264,416	247,076
June	317,299	294,559
July	370,182	347,687
Aug	423,065	394,658
Sept	475,949	448,382
Oct	528,832	503,495
Nov	581,715	573,135
Dec	691,577	629,252
2013	691,577	
Year To Date Actual v. Projected		91%



City of Kenmore, Washington
General Fund Expenditure Graphs
December 31, 2013

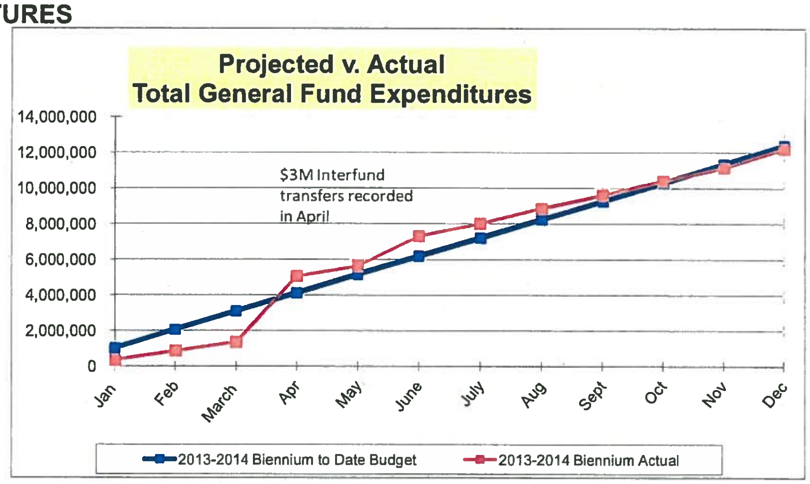
PARKS & FACILITY MAINT

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	· 56,544	3,386
Feb	113,088	87,019
March	169,633	156,047
Apr	226,177	210,704
May	282,721	253,744
June	339,265	293,489
July	395,809	361,014
Aug	452,353	418,836
Sept	508,898	475,116
Oct	565,442	531,537
Nov	621,986	581,330
Dec	678,530	671,352
2013	678,530	
Year To Date Actual v. Projected		99%



TOTAL GENERAL FUND EXPENDITURES

	2013-2014 Biennium to Date Budget	2013-2014 Biennium Actual
Jan	1,031,425	355,135
Feb	2,062,849	871,215
March	3,094,274	1,367,258
Apr	4,125,698	5,065,445
May	5,157,123	5,621,271
June	6,188,547	7,308,294
July	7,219,972	8,011,606
Aug	8,251,396	8,865,502
Sept	9,282,821	9,604,675
Oct	10,314,245	10,410,650
Nov	11,345,670	11,158,644
Dec	12,434,073	12,238,843
2013	12,434,073	
Year To Date Actual v. Projected		98%



City of Kenmore, Washington
All Funds Cash Summary
December 31, 2013

	2011-2012 BIENNIUM TO DATE	BUDGET	DECEMBER	2013-2014 BIENNIUM TO DATE
GENERAL FUND				
Beginning Cash	4,941,884	4,351,224		4,351,224
Interfund Loan Repayment	0	0		1,200,000
Revenues	18,860,927	19,162,390	758,383	9,822,477
Total Sources	23,802,811	23,513,614	758,383	15,373,701
Interfund Loans	1,200,000	0		0
Expenditures	18,262,857	21,914,645	1,080,199	12,238,843
Ending Cash	4,339,954	1,598,969		3,134,858
Total Uses	23,802,811	23,513,614	1,080,199	15,373,701
STREET FUND				
Beginning Cash	2,040,582	1,512,463		1,512,463
Interfund Loan	0	0		0
Revenues	2,144,716	3,264,173	50,182	1,833,047
Total Sources	4,185,298	4,776,636	50,182	3,345,510
Expenditures	2,672,835	3,279,126	152,407	1,222,020
Ending Cash	1,512,463	1,497,510		2,123,489
Total Uses	4,185,298	4,776,636	152,407	3,345,510
TRANSPORTATION CAPITAL FUND				
Beginning Cash	1,209,197	427,539		427,539
Revenues	4,657,682	12,656,875	183,597	2,127,659
Total Sources	5,866,879	13,084,414	183,597	2,555,198
Expenditures	4,447,557	12,246,837	170,615	1,671,348
Ending Cash	1,419,322	837,577		883,850
Total Uses	5,866,879	13,084,414	170,615	2,555,198
PUBLIC ART FUND				
Beginning Cash	68,244	68,540		68,540
Revenues	1,296	600	447	447
Total Sources	69,540	69,140	447	68,987
Expenditures	1,000	1,000	0	1,507
Ending Cash	68,540	68,140		67,480
Total Uses	69,540	69,140	0	68,987
PARK IMPACT FEE FUND				
Beginning Cash	1,354,455	1,610,440		1,610,440
Revenues	285,604	346,567	39,022	145,576
Total Sources	1,640,059	1,957,007	39,022	1,756,016
Expenditures	24,963	1,059,000	107,921	297,921
Ending Cash	1,615,096	898,007		1,458,095
Total Uses	1,640,059	1,957,007	107,921	1,756,016
TRANSPORTATION IMPACT FEE FUND				
Beginning Cash	545,655	240,535		240,535
Revenues	916,135	876,670	69,630	423,858
Total Sources	1,461,790	1,117,205	69,630	664,393
Expenditures	1,221,255	822,500	0	248,000
Ending Cash	240,535	294,705		416,393
Total Uses	1,461,790	1,117,205	0	664,393
SWAMP CREEK BASIN FUND				
Beginning Cash	1,762,640	1,581,067		1,581,067
Revenues	16,536	16,000	10,057	10,057
Total Sources	1,779,176	1,597,067	10,057	1,591,124
Expenditures	198,109	160,000	0	109,873
Ending Cash	1,581,067	1,437,067		1,481,251
Total Uses	1,779,176	1,597,067	0	1,591,124
TRANSPORTATION BENEFIT DISTRICT FUND				
Beginning Cash	0	0		0
Revenues	0	535,000	19,448	151,178
Total Sources	0	535,000	19,448	151,178
Expenditures	0	535,000	0	5,000
Ending Cash	0	0		146,178
Total Uses	0	535,000	0	151,178
SAMMAMISH BRIDGE REPLACEMENT FUND				
Beginning Cash	0	0		0
Revenues	0	80,000	264	80,264
Total Sources	0	80,000	264	80,264
Expenditures	0	80,000	0	0
Ending Cash	0	0		80,264
Total Uses	0	80,000	0	80,264

City of Kenmore, Washington
All Funds Cash Summary
December 31, 2013

	2011-2012 BIENNIUM TO DATE	BUDGET	DECEMBER	2013-2014 BIENNIUM TO DATE
REAL ESTATE EXCISE TAX FUND				
Beginning Cash	1,866,318	1,965,806		1,965,806
Revenues	1,497,557	1,147,317	78,654	894,198
Total Sources	3,363,874	3,113,123	78,654	2,860,004
Expenditures	2,386,812	2,757,050	111,829	1,188,785
Ending Cash	977,062	356,073		1,671,219
Total Uses	3,363,874	3,113,123	111,829	2,860,004
KENMORE VILLAGE FUND				
Beginning Cash	60,725	151,088		151,088
Interfund Loan	1,200,000			0
Revenues	555,153	4,576,500	52,038	1,403,543
Total Sources	1,815,878	4,727,588	52,038	1,554,631
Interfund Loans	0	0		1,200,000
Expenditures	1,663,002	2,450,686	59,511	223,689
Ending Cash	152,875	2,276,902		130,942
Total Uses	1,815,878	4,727,588	59,511	1,554,631
PARK CAPITAL FUND				
Beginning Cash	0	0		0
Revenues	0	1,840,534	219,750	435,869
Total Sources	0	1,840,534	219,750	435,869
Expenditures	0	1,797,000	247,740	409,749
Ending Cash	0	43,534		26,120
Total Uses	0	1,840,534	247,740	435,869
SURFACE WATER MANAGEMENT FUND				
Beginning Cash	1,590,280	1,419,392		1,419,392
Revenues	3,739,336	3,824,176	30,425	2,068,281
Total Sources	5,329,616	5,243,568	30,425	3,487,673
Expenditures	3,908,437	4,908,887	510,857	1,947,517
Ending Cash	1,421,179	334,681		1,540,156
Total Uses	5,329,616	5,243,568	510,857	3,487,673
SURFACE WATER CAPITAL FUND				
Beginning Cash	0	0		0
Revenues	0	1,988,261	1,034	493,045
Total Sources	0	1,988,261	1,034	493,045
Expenditures	0	1,988,261	8,091	178,118
Ending Cash	0	0		314,927
Total Uses	0	1,988,261	8,091	493,045
STRATEGIC RESERVE FUND				
Beginning Cash	1,264,464	1,264,464		1,264,464
Interfund Loan Repayment	0		0	0
Revenues	0	0	0	0
Total Sources	1,264,464	1,264,464	0	1,264,464
Interfund Loans	0			0
Expenditures	0	0	0	0
Ending Cash	1,264,464	1,264,464		1,264,464
Total Uses	1,264,464	1,264,464	0	1,264,464
STRATEGIC OPPORTUNITIES FUND				
Beginning Cash	0	0		0
Revenues	0	3,301,862	9,782	2,521,694
Total Sources	0	3,301,862	9,782	2,521,694
Expenditures	0	1,190,900	11,981	928,553
Ending Cash	0	2,110,962		1,593,141
Total Uses	0	3,301,862	11,981	2,521,694
EQUIPMENT REPLACEMENT FUND				
Beginning Cash	524,310	490,603		490,603
Revenues	188,365	155,142	52,858	52,858
Total Sources	712,675	645,745	52,858	543,461
Expenditures	222,072	276,250	1,726	57,389
Ending Cash	490,603	369,495		486,071
Total Uses	712,675	645,745	1,726	543,461
TRUST AND AGENCY (NON BUDGETED FUND)*				
Beginning Cash	278,859	247,209		247,209
Revenues	122,994	0	10,855	100,434
Total Sources	401,854	247,209	10,855	347,643
Expenditures	154,645	0	515	16,704
Ending Cash	247,209	247,209		330,939
Total Uses	401,854	247,209	515	347,643
TOTALS				
Beginning Cash	17,507,613	15,330,369		15,330,369
Interfund Loan	0	0	0	1,200,000
Revenues	32,986,301	53,772,067	1,586,425	22,564,485
Total Sources	50,493,914	69,102,436	1,586,425	39,094,854
Interfund Loan	1,200,000	0	0	1,200,000
Expenditures	34,965,435	55,467,142	2,463,392	20,745,016
Ending Cash	15,330,370	13,635,294		17,149,838
Total Uses	51,495,805	69.	2,463,392	39,094,854

City of Kenmore, Washington
Street Fund Summary Report
December 31, 2013

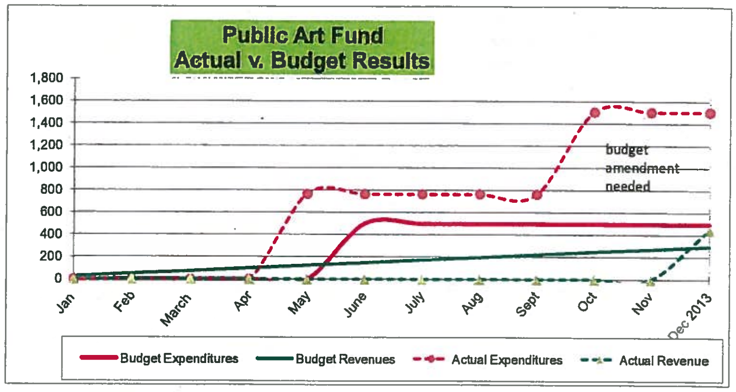
REVENUES	MONTH December 2013	YEAR TO DATE 2013	BIENNIUM TO DATE 2013-2014	% of BUDGET	BUDGET 2013-2014	PRIOR PERIOD 2011-2012 MONTH December 2011	BIENNIUM TO DATE 2011-2012	% of BUDGET	BIENNIUM BUDGET 2011-2012
Beginning Fund Balance			**1,512,154**		**1,512,154**				**2,040,581**
Fuel Tax	38,141	434,543	434,543	51.5%	843,072	36,578	429,845	49.8%	864,000
FEMA Assistance	100	100	100	-	0	0	-4,194	-	0
Brightwater Mitigation	0	250,000	250,000	-	0	0	-716	-0.3%	250,000
Investment Interest	11,941	11,941	11,941	59.7%	20,000	11,212	11,212	33.2%	33,724
Miscellaneous	0	462	462	-	0	0	308	-	0
Transfer from General Fund	0	736,000	736,000	49.9%	1,476,101	0	600,000	48.1%	1,247,000
Transfer from REET	0	400,000	400,000	100.0%	400,000	0	0	-	0
Transfer from TBD	0	0	0	0.0%	525,000	0	0	-	0
Total Revenues	50,182	1,833,046	1,833,046	56.2%	3,264,173	47,790	1,036,455	43.3%	2,394,724
Total Revenues & Beginning Fund Balance			3,345,200		4,776,327				4,435,305

EXPENDITURES	MONTH December	YEAR TO DATE 2013	BIENNIUM TO DATE 2013-2014	% of BUDGET	BUDGET 2013-2014	PRIOR PERIOD 2011-2012 December	BIENNIUM TO DATE 2011-2012	% of BUDGET	BIENNIUM BUDGET 2011-2012
Salary and Benefits	13,574	180,023	180,023	53.6%	335,821	17,098	157,122	49.1%	319,728
Maintenance & Operations	119,172	734,390	734,390	52.2%	1,406,305	124,545	631,065	50.7%	1,244,695
Overlay	17,909	271,389	271,389	19.6%	1,386,000	7,214	606,656	57.5%	1,054,431
Capital (Wayfinding and Banners	1,752	11,218	11,218	28.0%	40,000	200	200	0.4%	53,980
Transfer to Transportation Capital	0	0	0	0.0%	86,000	0	0	-	0
Transfer to Surface Water Mgt.	0	25,000	25,000	100.0%	25,000	0	0	-	0
Total Expenditures	152,407	1,222,020	1,222,020	37.3%	3,279,126	149,057	1,395,043	52.2%	2,672,834
Ending Fund Balance			**2,123,180**		**1,497,201**			**0.0%**	**1,762,471**
Total Expenditures and Ending Fund Balance			3,345,200		4,776,327				4,435,305

City of Kenmore, Washington
Other Funds Monthly Activity
December 31, 2013

PUBLIC ART FUND

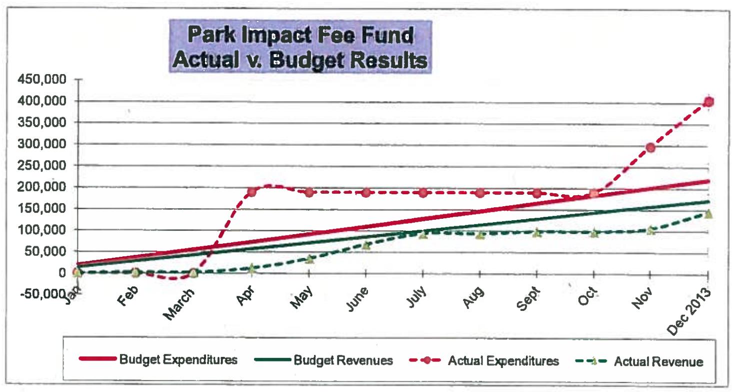
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	0	0	25	0
Feb	0	0	50	0
March	0	0	75	0
Apr	0	0	100	0
May	0	767	125	0
June	500	767	150	0
July	500	767	175	0
Aug	500	767	200	0
Sept	500	767	225	0
Oct	500	1,507	250	0
Nov	500	1,507	275	0
Dec 2013	500	1,507	300	447
2013-2014	1,000		600	
Total Actual to Date vs Total Budget		151%		74%



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

PARK IMPACT FEE FUND

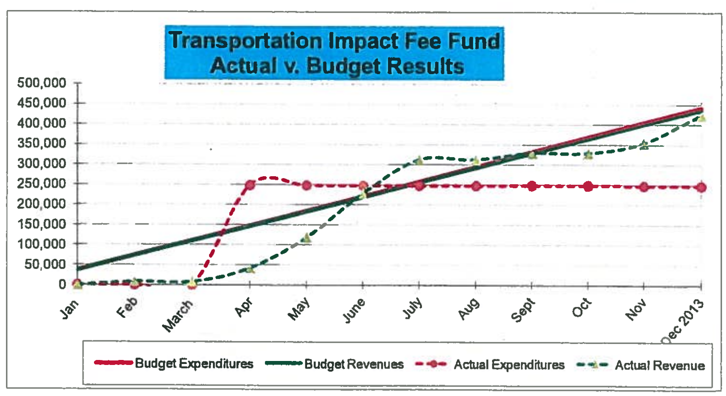
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	18,333	0	14,351	0
Feb	36,667	0	28,702	2,537
March	55,000	0	43,054	2,537
Apr	73,333	190,000	57,405	12,685
May	91,667	190,000	71,756	35,518
June	110,000	190,000	86,107	68,499
July	128,333	190,000	100,458	93,869
Aug	146,667	190,000	114,809	93,869
Sept	165,000	190,000	129,161	98,943
Oct	183,333	190,000	143,512	98,943
Nov	201,667	297,921	157,863	106,554
Dec 2013	220,000	405,842	172,214	145,576
2013-2014	1,059,000		346,567	
Total Actual to Date vs Total Budget		38%		42%



This fund accounts for City imposed park impact fees on new development. Expenditures are for public park acquisitions and improvements. In the 2011-2012 budget, expenditures represent transfers to Muncipal Capital Fund for improvements to City parks.

TRANSPORTATION IMPACT FEE FUND

	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	36,875	0	36,331	0
Feb	73,750	0	72,662	8,434
March	110,625	0	108,993	8,434
Apr	147,500	248,000	145,324	42,170
May	184,375	248,000	181,655	118,076
June	221,250	248,000	217,987	227,719
July	258,125	248,000	254,318	312,059
Aug	295,000	248,000	290,649	312,059
Sept	331,875	248,000	326,980	328,927
Oct	368,750	248,000	363,311	328,927
Nov	405,625	248,000	399,642	354,229
Dec 2013	442,500	248,000	435,973	423,858
2013-2014	822,500		876,670	
Total Actual to Date vs Total Budget		30%		48%

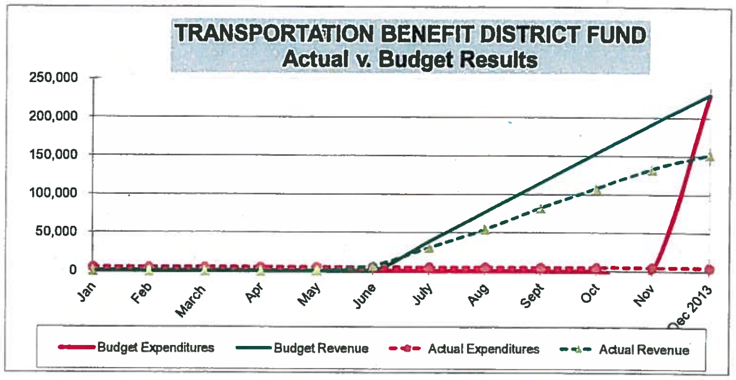


This fund accounts for City imposed transportation impact fees on new development. Expenditures are for public transportation improvements.

City of Kenmore, Washington
Other Funds Monthly Activity
December 31, 2013

TRANSPORTATION BENEFIT DISTRICT FUND

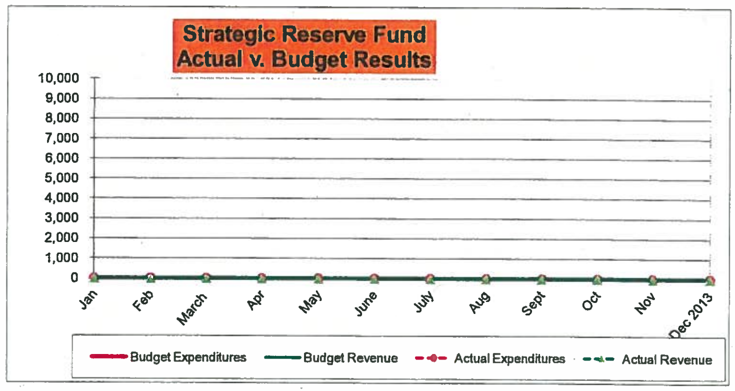
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	0	5,000	0	0
Feb	0	5,000	0	0
March	0	5,000	0	0
Apr	0	5,000	0	0
May	0	5,000	0	772
June	0	5,000	0	7,029
July	0	5,000	38,333	30,690
Aug	0	5,000	76,666	54,628
Sept	0	5,000	114,999	82,784
Oct	0	5,000	153,332	107,989
Nov	0	5,000	191,665	133,291
Dec 2013	230,000	5,000	230,000	152,740
2013-2014	535,000		535,000	
Total Actual to Date vs Total Budget		1%		29%



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

STRATEGIC RESERVE FUND

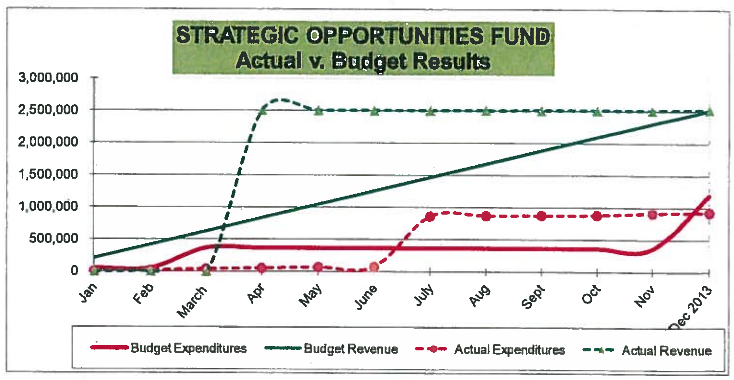
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	0	0	0	0
Feb	0	0	0	0
March	0	0	0	0
Apr	0	0	0	0
May	0	0	0	0
June	0	0	0	0
July	0	0	0	0
Aug	0	0	0	0
Sept	0	0	0	0
Oct	0	0	0	0
Nov	0	0	0	0
Dec 2013	0	0	0	0
2013-2014	0		0	
Total Actual to Date vs Total Budget		0%		0%



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

STRATEGIC OPPORTUNITIES FUND

	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	50,000	2,856	209,375	0
Feb	50,000	16,847	418,750	1,502
March	364,100	40,110	628,125	1,502
Apr	364,100	51,688	837,500	2,502,352
May	364,100	69,644	1,046,875	2,503,552
June	364,100	77,510	1,256,250	2,504,402
July	364,100	860,293	1,465,625	2,505,602
Aug	364,100	871,509	1,675,000	2,507,162
Sept	364,100	879,149	1,884,375	2,508,912
Oct	364,100	883,219	2,093,750	2,510,762
Nov	364,100	916,571	2,303,125	2,511,912
Dec 2013	1,190,900	928,553	2,512,500	2,521,694
2013-2014	1,190,900		3,301,862	
Total Actual to Date vs Total Budget		78%		76%

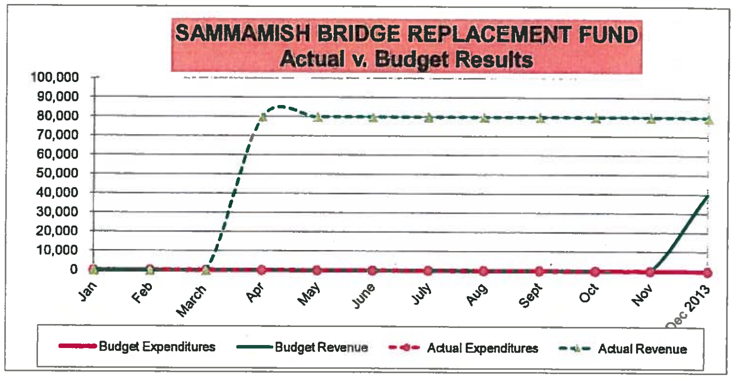


The purpose of the Strategic Opportunities Fund is to have funds available for the City to make key investments or take advantage of strategic opportunities as they present themselves. For 2013-14, the Business Incubator expenditures are budgeted in this fund.

City of Kenmore, Washington
Other Funds Monthly Activity
December 31, 2013

SAMMAMISH BRIDGE REPLACEMENT FUND

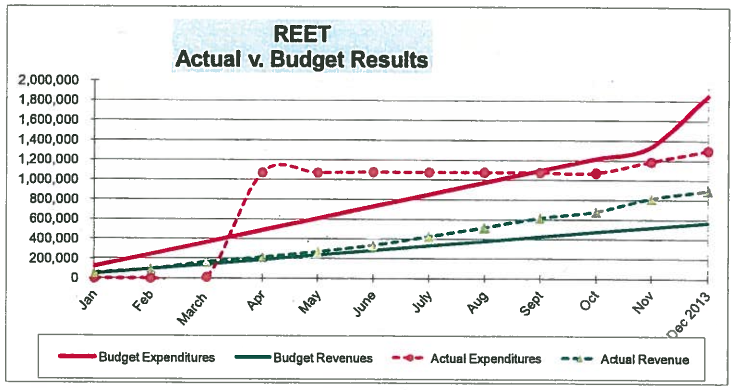
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	0	0	0	0
Feb	0	0	0	0
March	0	0	0	0
Apr	0	0	0	80,000
May	0	0	0	80,000
June	0	0	0	80,000
July	0	0	0	80,000
Aug	0	0	0	80,000
Sept	0	0	0	80,000
Oct	0	0	0	80,000
Nov	0	0	0	80,000
Dec 2013	0	0	40,000	80,000
2013-2014	80,000		80,000	
Total Actual to Date vs Total Budget		0%		100%



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

REAL ESTATE EXCISE TAX FUND

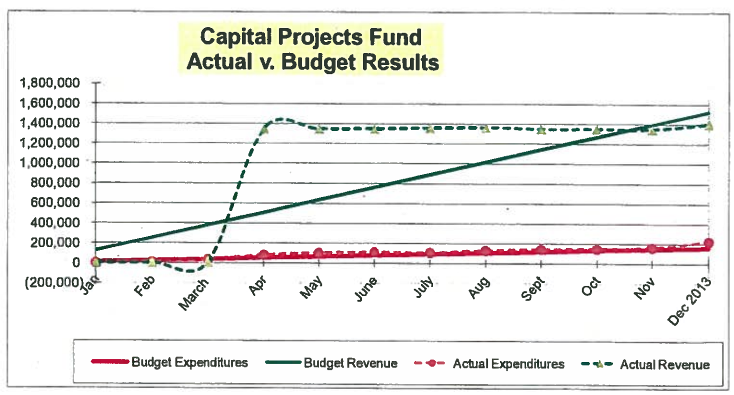
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	121,671	0	47,456	55,801
Feb	243,342	0	94,911	96,082
March	365,013	9,610	142,367	166,028
Apr	486,683	1,070,100	189,823	214,700
May	608,354	1,070,100	237,278	270,878
June	730,025	1,076,956	284,734	335,816
July	851,696	1,076,956	332,190	427,594
Aug	973,367	1,076,956	379,645	517,090
Sept	1,095,038	1,076,956	427,101	615,663
Oct	1,216,708	1,076,956	474,557	681,259
Nov	1,338,379	1,188,785	522,012	815,544
Dec 2013	1,852,050	1,300,614	569,468	894,198
2013-2014	2,757,050		1,147,317	
Total Actual to Date vs Total Budget		47%		78%



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

KENMORE VILLAGE FUND

	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	13,467	3,120	126,918	2,050
Feb	26,933	14,302	253,837	4,650
March	40,400	38,391	380,755	9,641
Apr	53,867	82,954	507,673	1,347,548
May	67,333	105,120	634,592	1,348,848
June	80,800	112,981	761,510	1,353,497
July	94,267	108,461	888,428	1,360,779
Aug	107,733	131,984	1,015,347	1,365,020
Sept	121,200	145,296	1,142,265	1,348,805
Oct	134,667	150,080	1,269,183	1,349,555
Nov	148,133	164,178	1,396,102	1,351,505
Dec 2013	161,600	223,689	1,523,020	1,403,543
2013-2014	2,450,686		4,576,500	
Total Actual to Date vs Total Budget		9%		31%

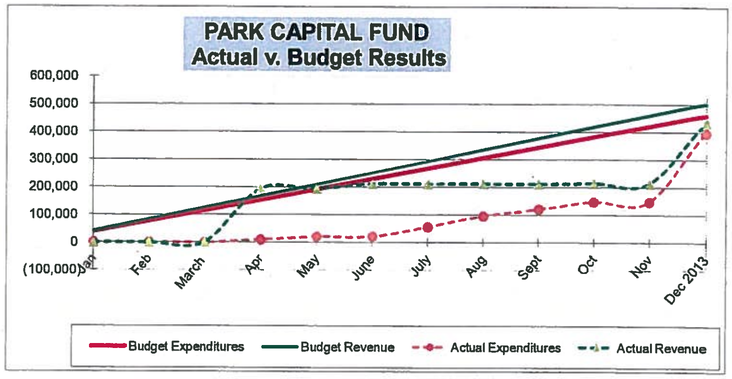


The Kenmore Village Fund accounts for leasing activity and property transactions within Kenmore Village

City of Kenmore, Washington
Other Funds Monthly Activity
December 31, 2013

PARK CAPITAL FUND

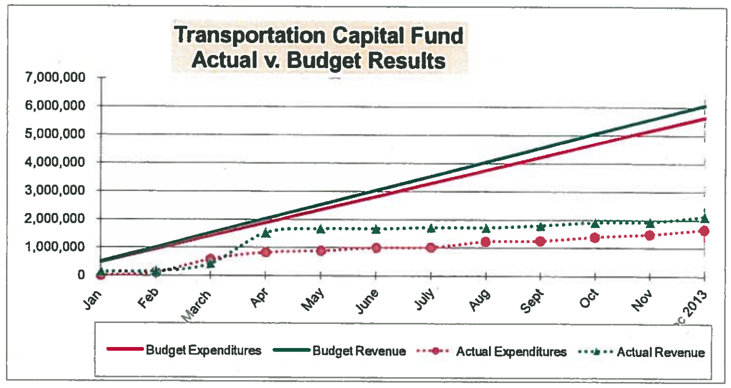
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	38,333	0	41,961	0
Feb	76,667	0	83,922	340
March	115,000	0	125,884	340
Apr	153,333	9,952	167,845	194,803
May	191,667	20,823	209,806	194,803
June	230,000	21,888	251,767	212,810
July	268,333	56,492	293,728	212,810
Aug	306,667	96,559	335,689	213,319
Sept	345,000	121,792	377,651	213,319
Oct	383,333	150,023	419,612	216,119
Nov	421,667	150,023	461,573	216,119
Dec 2013	460,000	397,763	503,534	435,869
2013-2014	1,797,000		1,840,534	
Total Actual to Date vs Total Budget		22%		24%



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

TRANSPORTATION CAPITAL FUND

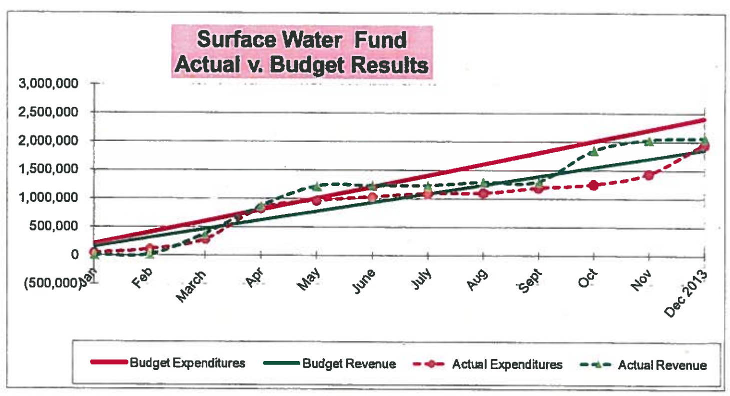
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	469,646	0	506,829	143,512
Feb	939,292	108,258	1,013,658	166,545
March	1,408,938	580,440	1,520,488	428,039
Apr	1,878,583	830,508	2,027,317	1,531,290
May	2,348,229	887,923	2,534,146	1,681,290
June	2,817,875	1,002,868	3,040,975	1,681,290
July	3,287,521	1,022,496	3,547,804	1,733,008
Aug	3,757,167	1,246,115	4,054,633	1,733,008
Sept	4,226,813	1,271,176	4,561,463	1,807,456
Oct	4,696,458	1,406,553	5,068,292	1,922,647
Nov	5,166,104	1,500,733	5,575,121	1,944,062
Dec 2013	5,635,750	1,671,348	6,081,950	2,127,659
2013-2014	12,156,837		12,656,875	
Total Actual to Date vs Total Budget		14%		17%



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

SURFACE WATER MANAGEMENT FUND

	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	200,635	40,806	154,928	11,144
Feb	401,269	109,357	309,856	20,625
March	601,904	284,556	464,785	384,041
Apr	802,538	829,064	619,713	869,859
May	1,003,173	964,357	774,641	1,216,519
June	1,203,808	1,030,493	929,569	1,230,077
July	1,404,442	1,092,286	1,084,497	1,233,370
Aug	1,605,077	1,103,730	1,239,425	1,291,532
Sept	1,805,711	1,192,665	1,394,354	1,307,451
Oct	2,006,346	1,254,534	1,549,282	1,848,326
Nov	2,206,980	1,436,660	1,704,210	2,037,857
Dec 2013	2,407,615	1,947,517	1,859,138	2,068,281
2013-2014	4,908,887		3,824,176	
Total Actual to Date vs Total Budget		40%		54%

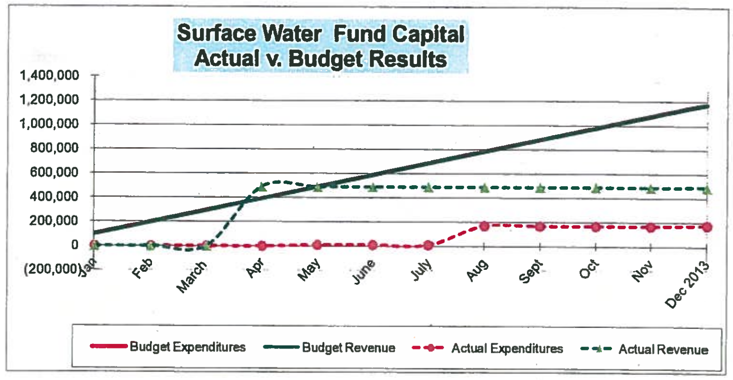


This fund accounts for receipts from surface water assessments. The assessments are collected through the property tax billings; the majority of the receipts are collected in May and November. Expenditures are for surface water maintenance activities such as sweeping and drainage as well as capital improvements.

City of Kenmore, Washington
Other Funds Monthly Activity
December 31, 2013

SURFACE WATER CAPITAL FUND

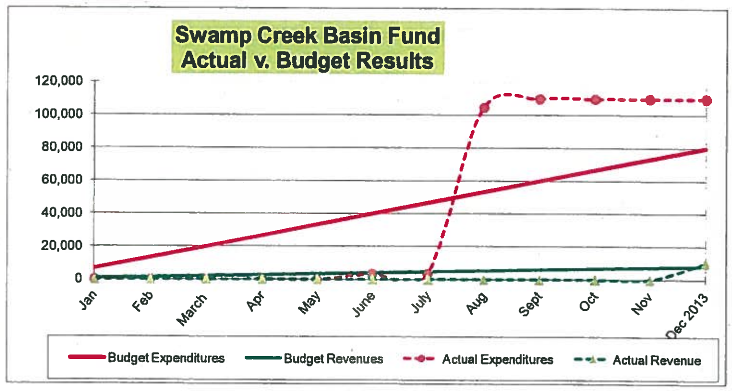
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	97,938	0	97,938	0
Feb	195,875	0	195,875	0
March	293,813	632	293,813	0
Apr	391,750	632	391,750	492,011
May	489,688	11,686	489,688	492,011
June	587,625	11,686	587,625	492,011
July	685,563	11,686	685,563	492,011
Aug	783,500	170,027	783,500	492,011
Sept	881,438	170,027	881,438	492,011
Oct	979,375	170,027	979,375	492,011
Nov	1,077,313	170,027	1,077,313	492,011
Dec 2013	1,175,250	178,118	1,175,250	493,045
2013-2014	1,988,261		1,988,261	
Total Actual to Date vs Total Budget		9%		25%



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

SWAMP CREEK BASIN FUND

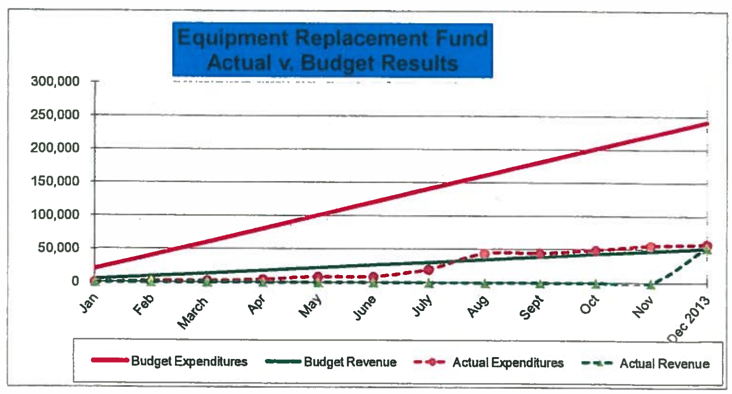
	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	6,667	0	683	0
Feb	13,333	0	1,367	0
March	20,000	0	2,050	0
Apr	26,667	0	2,733	0
May	33,333	0	3,417	0
June	40,000	3,483	4,100	0
July	46,667	3,483	4,783	0
Aug	53,333	104,553	5,467	0
Sept	60,000	109,873	6,150	0
Oct	66,667	109,873	6,833	0
Nov	73,333	109,873	7,517	0
Dec 2013	80,000	109,873	8,200	10,057
2013-2014	160,000		16,000	
Total Actual to Date vs Total Budget		69%		63%



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

EQUIPMENT REPLACEMENT FUND

	2013-2014 Budget Expenditures	2013-2014 Actual Expenditures	2013-2014 Budget Revenue	2013-2014 Actual Revenue
Jan	20,104	0	4,321	0
Feb	40,208	1,948	8,642	0
March	60,313	1,948	12,963	0
Apr	80,417	4,145	17,283	0
May	100,521	8,191	21,604	0
June	120,625	8,191	25,925	0
July	140,729	19,708	30,246	0
Aug	160,833	43,616	34,567	0
Sept	180,938	44,287	38,888	0
Oct	201,042	48,795	43,208	0
Nov	221,146	55,664	47,529	0
Dec 2013	241,250	57,389	51,850	52,858
2013-2014	276,250		155,142	
Total Actual to Date vs Total Budget		21%		34%



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

City of Kenmore, Washington
Cash and Investment Report
December 31, 2013

Fund	Beg. Cash & Inv. from Prev. Mo.	Monthly Revenues	Monthly Expenditures	End. Cash & Inv. Current Month
General	$3,443,395	$758,383	$1,080,199	3,121,579
Street	2,225,713	50,182	152,407	2,123,488
Transportation Capital	1,862,652	183,597	170,615	1,875,634
Public Art	67,035	447	0	67,481
Park Impact Fee	1,531,652	39,022	107,921	1,462,753
Transp Impact Fee	346,765	69,630	0	416,395
Swamp Creek Basin	1,471,194	10,057	0	1,481,252
Transportation Benefit District	126,729	19,448	0	146,178
Sammamish Bridge Replacement	80,000	264	0	80,264
Real Estate Excise Tax	715,649	78,654	111,829	682,474
Kenmore Village	140,200	52,038	59,511	132,727
Park Capital	54,110	219,750	247,740	26,120
Surface Water Management	2,022,376	30,425	510,857	1,541,944
Surface Water Capital	321,984	1,034	8,091	314,927
Strategic Reserve	1,264,465	0	0	1,264,465
Strategic Opportunities	1,595,340	9,782	11,981	1,593,141
Equipment Replacement	434,938	52,858	1,726	486,070
Trust & Agency	320,595	10,855	515	330,935
Totals	$18,024,794	$1,586,425	$2,463,392	$17,147,827

Fund	Cash, Savings, Local Govt Investment Pool	(> One Year) Fixed Investments	Total
General	-$1,575,166	$4,710,427	3,135,261
Street	1,273,489	850,000	2,123,489
Transportation Capital	883,852	0	883,852
Public Art	52,481	15,000	67,481
Park Impact Fee	528,097	930,000	1,458,097
Transp Impact Fee	386,395	30,000	416,395
Swamp Creek Basin	81,252	1,400,000	1,481,252
Transportation Benefit District	146,178	0	146,178
Sammamish Bridge Replacement	80,264	0	80,264
Real Estate Excise Tax	1,671,218	0	1,671,218
Kenmore Village	-319,060	450,000	130,940
Park Capital	26,120	0	26,120
Surface Water Management	1,030,157	510,000	1,540,157
Surface Water Capital	314,927	0	314,927
Strategic Reserve	414,465	850,000	1,264,465
Strategic Opportunities	1,593,141	0	1,593,141
Equipment Replacement	36,071	450,000	486,071
Trust & Agency	230,935	100,000	330,935
Totals	$6,854,814	$10,295,427	$17,150,241

City of Kenmore, Washington
Schedule of Investments
December 31, 2013

Report by Security	Investment #	Type	Maturity Date	Purchase Date	Rate	Yield	Possible Call Date	Principal or Balance	Yield Equivalents
		Average Yield to Maturity-Securities						Overall Average Yield	0.59%
Piper Jaffray									
	313371PC4	FHLB	12/12/2014	6/7/2011	0.88%	0.88%	no call	991,238.90	8,722.90
	3136G0QY0	FNMA	7/25/2017	7/25/2012	0.75%	0.75%	7/25/2013	1,000,000.00	7,500.00
	31771J4M9	FICO	9/26/2017	8/14/2012	1.13%	1.13%	non callable	894,731.88	10,137.31
Total Piper Jaffrey Purchases								2,885,970.78	26,360.21
Time Value Investments									
	313586QR3	FNMA	7/5/2014	6/7/2011	1.00%	compounds	no call	998,858.37	9,988.58
	3136G1BT5	FNMA	8/7/2017	7/2/2013	1.30%	1.30%	8/7/2013	982,099.00	12,767.29
	3135G0XK4	FNMA	5/25/2018	11/25/2013	1.38%	1.38%	2/25/2014	985,750.00	13,583.64
	3136G1T25	FNMA	8/26/2016	8/26/2013	0.90%	0.90%	2/26/2014	998,500.00	8,986.50
	31359MEL3	FNMA	4/22/2017	10/22/2012	0.86%	0.86%	no call	999,468.08	8,595.43
Total TVI Purchases								4,964,675.45	53,921.43
Banner Bank CD's									
	5740005425	CD	2/6/2014	2/6/2013	0.45%	0.45%		1,195,585.97	5,380.14
Total Banner Bank CD's								1,195,585.97	5,380.14
Sound Community Bank CD's									
	18299229	CD	2/11/2014	8/17/2012	0.65%	0.65%		1,000,000.00	6,500.00
Total Sound Community Bank CD's								1,000,000.00	6,500.00
Opus Bank CD's									
	280140042	CD	3/16/2015	3/15/2011	1.15%	1.15%		249,194.49	2,865.74
Total Cascade Bank CD's								249,194.49	2,865.74
TOTAL ALL SECURITIES								$ 10,295,426.69	$ 95,027.52
		Banner Checking and Savings				0.07%	Banner	5,601,209.73	3,920.85
		Opus Bank						11,098.77	-
		Cash						1,005.00	-
		Local Government Investment Pool				0.13%	LGIP	1,241,499.32	1,664.85
									-
			Total Accounts					$ 17,150,239.51	100,613.22

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City of Kenmore, Washington

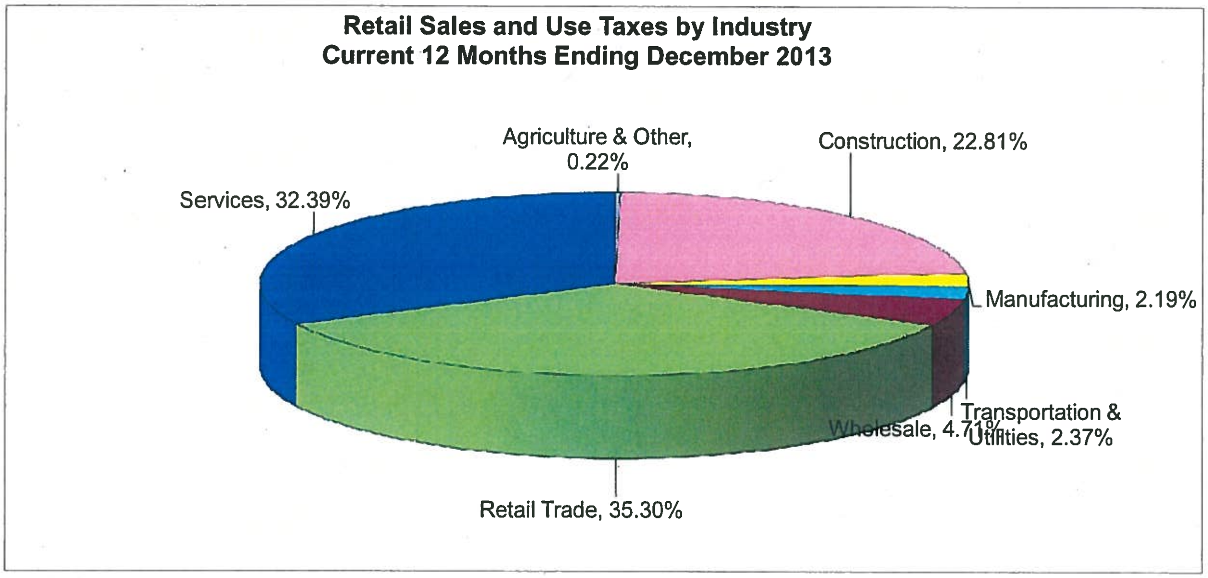
SALES TAX RECEIPTS BY BUSINESS TYPE

December 2013

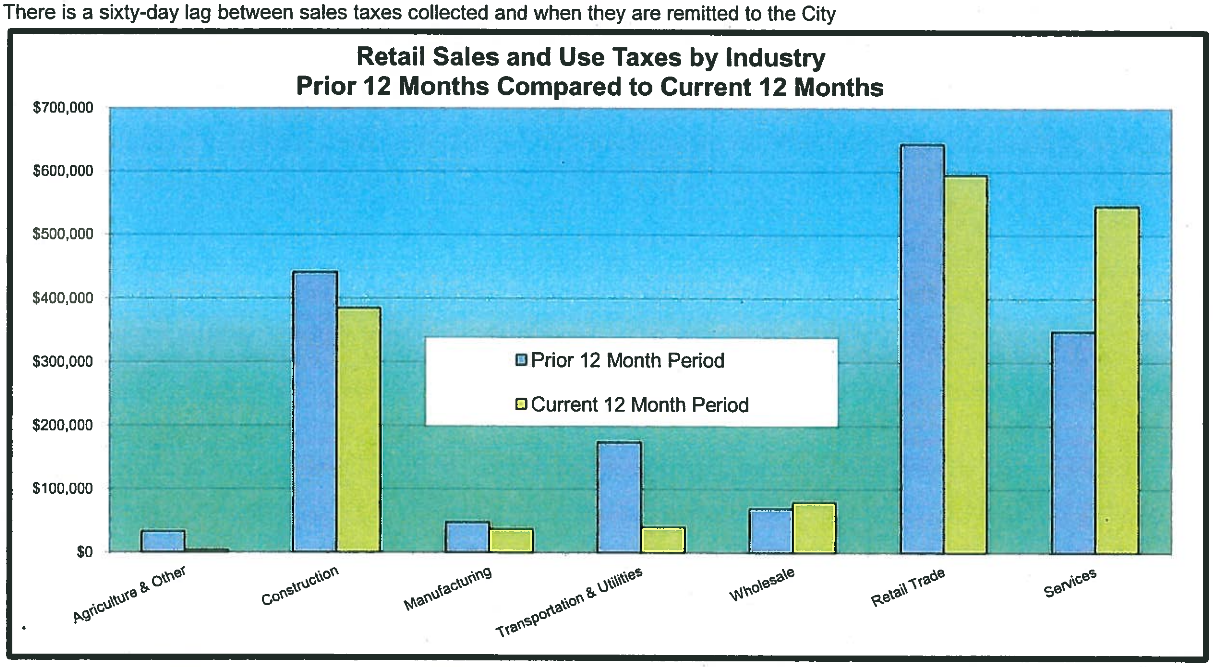
	SALES TAX	USE TAX	TOTAL	PERCENT
AGRICULTURE & OTHER	60.93	0.00	60.93	0.0%
CONSTRUCTION	38,337.21	829.97	39,167.18	24.9%
MANUFACTURING	4,935.24	2.14	4,937.38	3.1%
TRANSPORTATION & UTILITIES	824.07	584.38	1,408.45	0.9%
WHOLESALE	6,883.38	135.28	7,018.66	4.5%
RETAIL TRADE	50,270.72	285.29	50,556.02	32.1%
SERVICES	42,260.80	887.73	43,148.53	27.4%
INFORMATION	8,614.00	36.65	8,650.65	5.5%
PUBLIC SERVICES	1.65	2,536.14	2,537.80	1.6%
	152,188.00	5,297.60	157,485.60	100.0%

City of Kenmore, Washington
Retail Sales and Use Tax Distribution
December 31, 2013

Industry	Prior 12 Months ending Dec 2012	Current 12 Months ending Dec 2013	% Increase/ (Decrease)	% of Total
Agriculture & Other (Landscaping, Animal Hospitals)	$33,125	$3,715	-88.79%	0.22%
Construction	440,630	384,396 *	-12.76%	22.81%
Manufacturing (Printing, Publishing, Other Manuf.)	47,489	36,962	-22.17%	2.19%
Transp/Comm/Utilities (Telecomm., Air Transport.)	173,420	39,986	-76.94%	2.37%
Wholesale (Lumber, Other Wholesale)	69,186	79,311	14.63%	4.71%
Retail Trade (Eating, Merchandise, Food Stores)	643,393	594,819	-7.55%	35.30%
Services (Auction, Recreation, Auto Repair, Financial)	348,622	545,842	56.57%	32.39%
Totals	$1,755,863	$1,685,031	-4.03%	100%
Increase/(Decrease)		($70,832)	-4.03%	



NOTE: Due to the City's Confidentiality Agreement with the Department of Revenue, specific business information cannot be disclosed.
* Approximately 10% of this is due to the Brightwater project.
There is a sixty-day lag between sales taxes collected and when they are remitted to the City



City of Kenmore, Washington
Real Estate Excise Tax Report
December 31, 2013

Real Estate Excise Taxes (REET)
2009 - 2013 Monthly Receipts

	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Target 2013
January	64,792	48,679	54,359	55,801	55,943
February	73,383	27,294	18,064	40,281	39,580
March	41,445	36,507	29,691	69,946	35,881
April	78,233	50,463	30,662	48,671	53,119
May	71,622	37,671	52,575	56,178	53,956
June	38,919	48,938	60,408	64,938	49,422
July	158,221	53,012	81,316	91,779	97,516
August	23,033	57,471	56,626	89,496	45,710
September	87,734	111,107	82,785	98,573	93,875
October	57,761	61,805	60,265	65,596	59,944
November	35,585	33,475	88,057	134,286	52,372
December	32,962	39,510	152,262	66,342	74,911
	$763,689	$605,931	$767,070	$881,886	$712,230

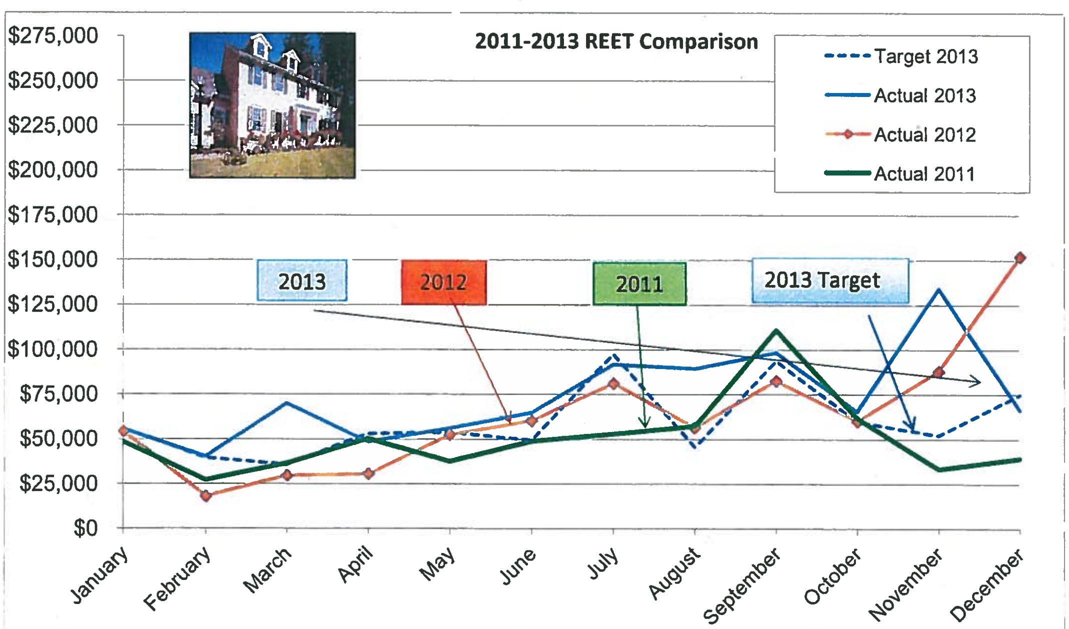
For 2013, REET is $114,816 more than the same period last year and more than the 2013 target by $169,657

* NOTE THE 2013 target is computed on a 3 year average (2010-2012) of actual receipts

Real Estate Excise Taxes (REET)
2010 - 2013 Property Sales > $500,000

sales actually occur in the prior month; there is a 30 day lag between sales and when the City receives the reve

					Taxes from > $500,000 Sale Amounts			
	2010	2011	2012	2013	2010	2011	2012	2013
January	3,790,500	1,046,085	5,515,283	3,380,165	18,763	5,178	27,301	16,732
February	4,805,000	547,257	1,152,000	3,417,500	23,785	2,709	5,702	16,917
March	1,149,000	1,100,000	750,000	3,514,000	5,688	5,445	3,713	17,394
April	1,779,000	1,075,000	870,000	1,570,450	8,806	5,321	4,307	7,774
May	1,859,000	2,372,000	2,796,250	3,634,210	9,202	11,741	13,841	17,989
June	540,000	2,605,000	1,215,000	2,761,500	2,673	12,895	6,014	13,669
July	18,013,000	3,354,950	4,196,500	8,478,706	89,164	16,607	20,773	41,970
August	1,020,000	3,045,950	1,756,200	6,131,455	5,049	15,077	8,693	30,351
September	11,276,760	15,691,044	4,859,500	10,911,500	55,820	77,671	24,055	54,012
October	610,000	7,873,950	3,087,500	5,568,400	3,020	38,976	15,283	27,564
November	1,020,000	875,000	8,334,960	18,620,230	5,049	4,331	41,258	92,170
December	2,178,000	2,189,000	23,033,200	4,606,450	10,781	10,836	114,014	22,802
	$48,040,260	$41,775,236	$57,566,393	$72,594,566	237,800	206,787	284,954	359,344



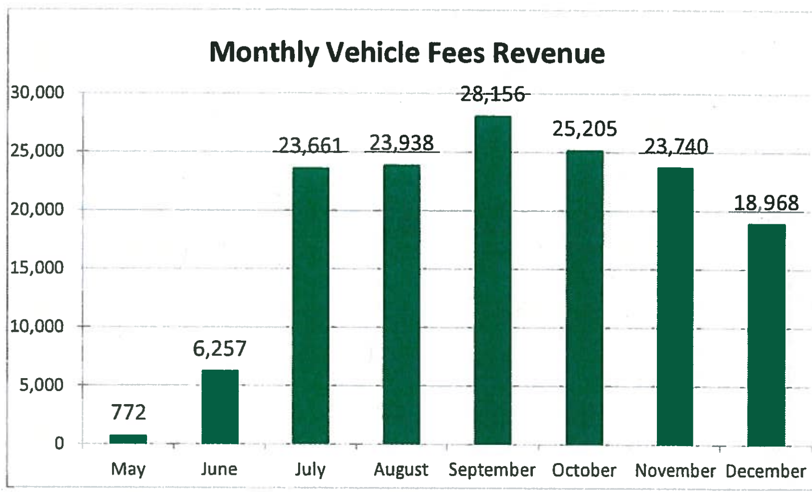
City of Kenmore, Washington
Monthly Report for Kenmore Village Fund
December 31, 2013

Revenues	December 2013	Biennium-to-Date	Biennium Budget
Lease Income (USPS & Kenmore Village)	50,000	50,000	102,100
Return of Security Deposit	0	0	0
Other Rent Income	0	14,350	15,000
Landlord Expense (CAM*) Reimbursement	0	0	0
Investment Interest	933	933	4,500
Sale of Property	0	1,335,034	4,440,000
Leasehold Excise Returned	1,105	3,227	14,900
Total Revenues	52,038	1,403,544	4,576,500
Expenditures			
6700 Building Improvements	0	0	11,000
Downtown Plan Services	59,511	187,795	228,168
Property Management	0	3,263	43,200
Utilities and Insurance - Kenmore Village	0	32,631	6,600
Repairs, Maintenance, Other Services	0	0	34,918
Transfers to Other Funds	0	0	926,800
Total Expenditures	59,511	223,689	1,250,686
Net Income (Loss)	-7,473	1,179,856	3,325,814

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

Kenmore Transportation Benefit District
Quarterly Report
December 31, 2013

Revenues	December 2013	Biennium-to-Date	Biennium Budget
Vehicle Fees			
Total Revenues	$ 18,968	$150,697	$535,000
Expenditures			
WCIA Insurance	0	5,000	10,000
Reimbursement to Street Fund	0	0	525,000
Total Expenditures	0	5,000	535,000
Net Income (Loss)	$ 18,968	$145,697	$0



City of Kenmore, Washington
SR 522 Phase I Revenue and Expenditure History
as of December 31, 2013

Actuals Received on Cash Basis

Phase I

Stage 3 Burke Gilman Trail @73rd Ave NE-closed out
Stage 1 SR 522 Central Segment 65th to 73rd and other improvements closed out
Stage 2 SR 522 West Segment 57th to 65th and other improvements rebudgeted as West A and West B projects

		Secured:	Cumulative through 2008	2009	2010	2011	Year to Date 2012	December 2013	Year to Date 2013	Life to Date
Revenues:										
Wa State Transportation Improve. Board:										
	to Street Fund	5,047,000	851,786	0	0	0	0	0	0	851,786
	to Arterial Street Fund	0	148,214	2,545,308	1,501,692	0	0	0	0	4,195,214
Wa State Gas Tax		4,663,620	3,119,047	1,765,416	0	0	0	0	0	4,884,463
Federal Surface Transportation Prog		12,045,444	1,708,895	8,535,460	1,781,817	0	55	0	0	12,026,227
Brightwater		15,000	15,000	0	0	0	0	0	0	15,000
Federal: Wa State Dept of Trans Signal		357,914	0	0	546,862	0	0	0	0	546,862
King County Parks		906,500	514,616	201,467	0	0	0	0	0	716,083
King County Roads		350,000	350,000	0	0	0	0	0	0	350,000
Northshore Utility District Reimb		432,400	80,559	0	0	0	259,387	0	0	339,946
Puget Sound Energy Reimb		264,100	0	0	0	0	0	0	0	0
Northshore School Dist Reimb		22,258	0	0	0	0	0	0	0	0
Library Reimb		10,000	0	0	0	0	0	0	0	0
Comcast Reimb		168,800	88,620	0	0	0	113,383	0	0	202,003
Urban Partners		75,000	0	25,000	54,438	0	0	0	0	79,438
Fire District Reim		49,000	0	0	0	0	63,245	0	0	63,245
City Art Fund		126,486	0	0	0	0	0	0	0	0
BWR St. 1 Ph. 1 Settlement			0	0	0	0	0	0	0	0
U of WA IT Reimbursement			0	0	0	0	26,113	0	0	26,113
City Light Reimbursement			0	0	0	0	0	0	23,033	23,033
City Funds:		5,607,250	0	0	0	0	200,000	0	0	200,000
	Transfer from REET		1,083,250	0	3,290,000	0	0	0	0	4,373,250
	Transfer from Street Fund		0	0	521,870	0	0	0	0	521,870
Stage 1/181st	Transfer from REET		0	334,000	0	0	0	0	0	334,000
Stage 2	Transfer from REET	700,000	0	700,000	0	470,174	157,468	0	0	1,327,642
	Transfer from Trans Impact Fees		900,000	0	0	0	0	0	0	900,000
Total Revenues		30,840,772	8,859,987	14,106,651	7,696,679	470,174	819,651	0	23,033	31,976,175
Expenditures:										
	Street Fund		15,148,961	1,090	0	0	0	0	0	15,150,051
	Street-Interfund Loan Interest		0	0	0	0	0	0	0	0
	1% Art Fund		0	0	0	0	0	0	0	0
	Transportation Capital Fund		253,860	11,708,313	2,874,519	154,162	418,047	0	11,082	15,419,983
Stage 2 Design	Transportation Capital Fund			483,830	435,358	132,834	102,132	0	1,108	1,155,263
	REET Fund		46,782	0	0	0	0	0	0	46,782
Total Expenditures			15,449,603	12,193,233	3,309,877	352,046	520,179	0	12,191	31,772,079

City of Kenmore, Washington
SR 522 Phase II Revenue and Expenditure History
as of December 31, 2013

Phase II

SR 522 East Segment, 73rd to 83rd, nearing close out

Actuals Received on Cash Basis

	Secured:	Cumulative through 2008	2009	2010	2011	2012	December 2013	Year to Date 2013	Life to Date
Revenues:									
Wa State Transportation Improve. Board:	3,450,000	3,145,975	131,526	172,500	0	0	0	0	3,450,000
Sound Transit	8,192,307	8,192,307	0	0	0	0	0	0	8,192,307
Brightwater Mitigation	250,000	0	0	0	0	0	0	250,000	250,000
Federal Grant via WSDOT	697,312	578,381	91,120	0	6,683	0	0	0	676,184
Federal: WSDOT Signal/Overlay	683,608	185,272	498,322	0	0	0	0	0	683,594
Regional Mobility WSDOT	1,800,000	1,441,827	358,173	0	0	0	0	0	1,800,000
King County Metro	400,000	0	0	400,000	0	0	0	0	400,000
Wa State Gas Tax Grant	8,336,380	4,636,717	2,951,182	439,620	0	0	0	0	8,027,519
Comcast Reimb	147,770	92,680	0	55,090	0	0	0	0	147,770
Northshore Utility District Reimb	1,621,486	1,024,376	441,836	0	0	112,124	0	11,494	1,701,954
Northshore School District Reimb	28,914	0	0	0	2,694	2,444	0	0	5,138
PSE Reimbursement	150,000	0	0	0	0	0	0	0	0
Integra Reimbursement		0	0	0	0	9,144	0	0	9,144
HDR Settlement		0	0	0	0	0	0	150,000	150,000
City: Art Fund	161,006	0	0	0	0	0	0	0	0
City:	2,870,793			0	0	0	0	0	0
Investment Earnings		92,191	15,331	2,532	0	0	0	0	110,054
Fuel Tax		274,153	0	0	0	0	0	0	274,153
Transfer of Trans Impact Fees		512,000	430,698	450,000	387,500	0	0	0	1,392,698
Transfer from Street Fund		0	0	1,000,000	0	0	0	0	1,000,000
Transfer of REET		1,096,420	0	0	215,307	0	0	0	1,096,420
Total Revenues	28,789,576	21,272,299	4,918,188	2,519,742	612,184	123,712	0	411,494	29,366,936
Expenditures:									
Transportation Capital Fund		22,497,211	4,671,626	1,068,152	1,403,237	48,234	1,338	44,962	29,733,421
Interfund Loan Interest		127,175	0	0	0	0	0	0	127,175
Art 1%		0	0	0	0	0	0	0	0
Transportation Impact Fee Fund		100,000	0	0	0	0	0	0	100,000
Total Expenditures		22,724,386	4,671,626	1,068,152	1,403,237	48,234	1,338	44,962	29,960,596

The City of Kenmore
PO Box 82607
Kenmore, Washington 98028

City Manager Department

Workload Measure	2011 Actual	2012 Actual	2013 Estimate	2013 Actual
Population Served	20,780	21,020	21,240	21,170
Public Records Requests Processed	185	216	220	318
Inquiries to Front Desk (phone & in-person)	425 per week (70 phone/15 in-person per day)	525 per week (80 phone/25 in-person per day)	530 per week	Actual Sept: Avg: 480/week: (332 phone 130 in person 18 Police)
Business Open Houses/Seminars	2	2	4	2

Performance Measure	2011 Actual	2012 Actual	2013 Estimate	2013 Actual
Positive Media Stories on Kenmore	140	145	150	150
Hits to City Website	81,953	78,215	82,200	85,759
Facebook "Likes"	N/A	115	200	218
Public Records Requests responses provided on time	N/A	83%	100%	98.25%
Event Sponsorship	$15,250	$12,500	$15,000	$15,775

Finance and Administration Department

Workload Measures	2011 Actual	2012 Actual	2013 Estimate	2013 Actual
Ordinances processed, including codification	13	20	15	20
Council and Transportation Benefit District meetings supported	43	55	45	48
Number of invoices paid	3,120	3,147	3,000	3,219
Number of checks processed	1,885	1,941	1,800	2,004
FTE positions recruited and filled	2	4	1.5	2.55
Contracts processed	90	115	100	192

Performance Measures	2011 Actual	2012 Actual	2013 Goal	2013 Actual
% of Council meeting minutes presented for approval at Council meeting within 30 days of meeting	n/a	n/a	100%	100%

% of Council meeting minutes posted to web within 48 hours of approval	n/a	n/a	100%	90%
% of Council meeting audio posted to web within 2 business days of meeting	n/a	n/a	100%	90%
Monthly financial reports to Council within 45 days	n/a	n/a	100%	8% (1 report)
Clean audit report received	Yes	Yes	Yes	Audit not performed yet
Number of years City has received Distinguished budget awards received from GFOA	9	9	10	10

Non Departmental

Workload Measures	**2011 Actual**	**2012 Actual**	**2013 Estimate**	**2013 Actual**
Number of registered voters	12,914	12,911	12,920	13,655
Animals sheltered by PAWS	51	53	55	53
Human Services contributions distributed	$297,805	$278,106	$202,300	$183,815
Pet license revenue	$58,554	$59,663	$59,000	$61,575
Computer and servers maintained	44	44	47	58
Number of network users supported	35	36	39	45
Number of tort claims filed	8	9	8	6
Received Well City Award	Yes	Yes	Yes	Yes

Public Safety

Workload Measures	**2011 Actual**	**2012 Actual**	**2013 Estimate**	**2013 Actual**
Dispatch calls for service	3,193	3319	3,215	3,077
Jail booking	149	255	165	246
Jail housing days	1990	3986	2250	4,441
Work release days	150	436	220	289
Arrests: Felonies	47	66	55	88
Arrests: Misdemeanors	509	560	560	365

Performance Measures	**2011 Actual**	**2012 Actual**	**2013 Estimate**	**2013 Actual**
Reduce traffic accidents in the city by 1% per year through education and enforcement	174 accidents .96%	238 accidents 1.3%	175 accidents .96%	249 accidents
Identify and lift 100% of latent prints at all burglaries	89 Lifted 100%	117 Lifted 100%	95 Lifted 100%	116 Lifted 100%
Close 60% of all assigned cases	612 of 1014 cases 60.3%	492 of 917 cases 54%	621 of 1022 cases 60.7%	64% average
Priority X response times, in minutes:	2.76 minutes	2.78 minutes	2.78 minutes	Not available

"Priority X" designates critical dispatches. These are incidents that pose an obvious danger to life of an officer or citizen. It is used for felony crimes in-progress where the possibility of confrontation between a victim and suspect exists. Examples include shooting, stabbings, robberies or burglaries.				

Engineering and Environmental Services

Workload Measures	**2011 Actual**	**2012 Actual**	**2013 Estimate/Goal**	**2013 Actual**
Dollar Value of CIP Projects Managed	$2.9 M per CIP	$4.2 M per CIP	$6.6 M including Juanita Overlay*	$1.74M
Number of Grant/Loan Applications Completed	2	6	5	8**
Performance Measures	**2011 Actual**	**2012 Actual**	**2013 Estimate/Goal**	**2013 Actual**
Amount of Grant funding Secured to Move Forward with SR 522 Project	$650k	$8.8M	$3.5M	$475,000***

*Overlay delayed until 2014. Value listed is for construction and consultant contract value.
**Planning was the lead on two sidewalk grants for 181st St.
**$475,000 was the DOE surface water grant for SR 522 West A: grant app accounted for in SWM.

Community Development Department

Workload Measures	**2011 Actual**	**2012 Actual**	**2013 Goal**	**2013 Actual**
Number of park capital projects managed	N/A	5	8	10
Number of new initiatives identified (policies, programs, services, funding strategies)	N/A	N/A	2	0
Number of meetings with council and planning commission (related to department objectives/work program)	N/A	12	22	34
Number of grants identified/applications submitted	N/A	3	3	6
Number of work program projects managed	N/A	4	5	6

Performance Measures	2011 Actual	2012 Actual	2013 Goal	2013 Actual
% of park capital projects within scope, on time and within budget	N/A	20	90	70
Number of new initiatives brought forward for implementation	N/A	N/A	2	0
% of planning commission recommendations & council decisions consistent with options presented by staff	N/A	90	90	90
Number of grant applications awarded	N/A	0	2	1
% of work program projects meeting deadlines	N/A	60	90	90

Development Services Department

Workload Measures	2011 Actual	2012 Actual	2013 Estimate/Goal	2013 Actual
Land-use applications processed	40	56	60	59
Construction permits processed	610	612	680	658
Construction inspections performed	2495	2904	2671	2597
Number of code enforcement cases	380	381	300	110

Performance Measures				
% of customers rating review and development services as excellent or good	n/a	n/a	95%	94%
% of applications processed on time	90%	97%	95%	95%
% of inspections performed on the day requested	98%	99%	95%	99%
% of total applications applied for on-line	23%	24%	30%	28%
% of violations resolved through voluntary compliance methods	98%	98%	95%	98%

Parks and Facility Maintenance Department

Workload Measures	2011 Actual	2012 Actual	2013 Estimate	2013 Actual
Number of Citizen Action Requests Logged	882	964	900	1009
Special Events Applications	12	14	10	12
Facility Rental Applications	20	19	20	40
Performance Measures				
Citizen Action Requests (CAR) Response Time: investigation and response of findings/action plan within two weeks of receipt	N/A	N/A	85%	95%
Parks Volunteer Events	1 Event	2 Events	3 Events	3

Street Fund

Workload Measures	2011 Actual	2012 Actual	2013 Estimate	2013 Actual
Number of ROW* Franchise Utility Permits Applications processed	111	163	125	176
ROW Permit Applications (non franchise)	7	13	10	17
Performance Measures	**2011 Actual**	**2012 Actual**	**2013 Estimate**	**2013 Actual**
Citizen Action Requests (CAR) Response Time: investigation and response of findings/action plan within two weeks of receipt	N/A	N/A	85%	95%
Annual Pavement Rehabilitation Program	$606,056	$447,775	$1,272,000	N/A
Process ROW Franchise Utility Permit Applications within 5 days of receipt	100%	100%	100%	75%

Surface Water Management

Workload Measures	2011 Actual	2012 Actual	2013 Estimate	2013 Actual
Number of Grant/Loan Applications Completed	2	2	3	1*

*Another SWM grant was applied for and tracked separately for SR 522.

Workload Measures				
Number of Facilities	132	146	150	151
Performance Measures				
Number of Facilities Inspected	132	146	150	151
Facilities Requiring Maintenance	85	81	84	64
Facilities Receiving Maintenance	85	81	84	64

Workload Measures	2011 Actual	2012 Actual	2013 Estimate	2013 Actual
Number of Private Facilities	100	101	103	102
Performance Measures				
Number of Facilities Inspected	90	100	103	100
Facilities Requiring Maintenance	63	66	67	63
Facilities Re-inspected	0	33 (Est)	33	63
Enforcement Actions	0	5 (Est)	5	14

Workload Measures	2011 Actual	2012 Actual	2013 Estimate	2013 Actual
Number of Catch Basins	4,200	4,200	4,200	4,328
Number of Manholes	39	39	39	52
Feet of Conveyance	474,000	474,000	474,000	476,500
Performance Measures				
Number of Catch Basins Inspected	3,700	4,200	4,200	5,221
Number of Manholes Inspected	23	23	23	50
Feet of Conveyance Inspected	14685	14,950	20,000	69,794

n/a = not available or not applicable to this period

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: 2013 Development Services Year-in-Review Presentation **Proposed Council Action/Motion:** No Action needed. Receive 2012 Development Services Year in Review Report	**For Council Meeting Agenda of: February 24, 2014** **Department:** Development Services **Prepared by:** Bryan Hampson **Initial & Date** **Approved by Department Head:** BH 2/7/14 **Approved by City Attorney:** N.A. **Approved by Finance Director:** 2/14/14 **Approved by City Manager:** RUK **Exhibits/Attachments:** Development Services Report - 2013 Year in Review

Expenditure Required N/A **Amount Budgeted** N/A **Appropriation Required** N/A

INFORMATION/BACKGROUND:

This report provides the Council and the community the opportunity to receive information on the City's 2013 development activities in comparison with previous years. It also provides information about the Development Services Department and Development Review Team, such as objectives, functions, previous year's accomplishments and goals for the upcoming year.

FISCAL CONSIDERATION:

Development revenues overall are showing improvement. Comparing 2013 to 2012, revenue experienced an 11% increase.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Council Goal #1: Implement the Economic Development Plan.

City Of Kenmore, Washington

Memorandum

Date: February 7, 2014

To: Rob Karlinsey, City Manager

From: Bryan Hampson, Development Services Director BH

Re: Development Services Report – 2013 Year-in-Review

Development services are a vital component of economic development, the quality of life, and public safety. The Development Services Department is responsible for oversight of proposed development and permitting throughout the City. The department's mission is to implement City Council's vision of providing a safe and pleasant community while improving the quality of life in our community; to continue to provide clear, accurate, and predictable project review and permitting information to the applicant and their design team in a timely and efficient manner; to continue to improve efficiencies with input from the development review team, builders, designers, and the public; and to act as a one-stop-shop for all permitting within the City.

The development service process includes the administration, permitting, interpretations, inspections and enforcement of the City's land use policies and regulations and construction standards and codes. It includes development review team meetings that occur at pivotal points of the project, such as, pre-application, review, pre-construction and pre-occupancy phases. These meetings are designed to provide a forum between the City's development service team and the applicant's design and construction team, to resolve complex issues that may occur with development.

Each development service team member has an important function in the success of the permitting processes. The development service team is responsible for oversight of land use permits, building permits, grading permits, clearing and tree removal permits, engineering and infrastructure permits, right of way permits, communication facility permits, special event permits, the code enforcement of public nuisances and zoning violations and customer service.

Development Services Team Members and Titles

Andrew Bauer	Associate Planner
Angelo Bonomi	Code Compliance Officer
Bryan Hampson	Development Services Director & Building Official
Cliff Sether	Police Chief
Jarrett Smith	Engineering Tech
Jeff LaFlam	Fire Marshal, Northshore Fire District
Jennifer Gordon	Public Works Operations Manager
Kathleen Hicks	Permit Specialist
Kent Vaughan	Senior Civil Engineer
Kris Overleese	Engineering & Environmental Services Director & City Engineer
Mark Schwarzwalter	Building Inspector & Plans Examiner
Nancy Meehan	Administrative Assistant
Samantha Loyuk	Assistant Planner
Tom Alexieff	Senior Civil Engineer, Northshore Utility District
Zack Richardson	Civil Engineer

2013 Accomplishments and Highlights:

Economic Development & Customer Service

- **Facilitated the permitting process in a timely manner.** The department experienced an increase in permitting activities this year compared to the past two years. In order to continue to process permits in a timely manner the department:
  - Strategized for higher work load levels to ensure 95% of applications were processed on time. This included shifting the permit specialist and the receptionist to accommodate for the higher volume of permit applications and bringing on a limited term employee to backfill the receptionist duties;
  - Performed over 99% of inspections on the day requested;
  - Established and implemented electronic permitting. Now most types of permits offered by the city may be obtained electronically. Customers can apply for permits 24 hours a day, including holidays and weekends. This required many hours of personnel time to configure Mybuildingpermit.com to our business practices; purchasing new hardware and software; and training.

- **Provided predictable, efficient and straightforward services.** In order to maintain the precedence set with builders, developers, and the community as well as to continue to be competitive with other jurisdictions, the department:
  - Conducted a Lean exercise to improve permitting services. The Lean exercise focused on the short plat process from pre-application to construction. The exercise identified areas needing improvement, ways to reduce steps, and added value steps, which will be

implemented over the next year. Although it was focused on the short plat process, the Lean project will also translate into improvements in other services.

- Created a Customer Satisfaction Program to gauge the customer's experience, through surveys conducted both on-line and by hand. Sixteen valuable surveys were received in 2013. Questions on the survey range from the overall rating of Kenmore Development Services to rating the level of customer service received. The surveys typically rated the services excellent or good.

Summary of 2013 surveys received rating Kenmore Development Services			
Excellent	Good	Fair	Poor
11	4	1	0

Development

- The development review team executes planning, engineering, grading, traffic, building, fire, utilities, landscaping, right-of-way, SEPA and other environmental and permit management disciplines.
  - Permit revenue increased 11% from 2012.
  - Completed development reviews for
    - 59 Land-use applications and/or SEPA determinations (5% increase from 2012);
    - 283 Engineering and ROW applications (6% increase from 2012);
    - 587 Building permit applications (16% increase from 2012).
  - Performed 2597 inspections (11% decrease from 2012).
  - **Plat Hearings** – Conducted 1 preliminary plat hearing.
  - **Council Approvals** – Received approval of 2 final plats.
  - **Meetings** – Conducted 63 Development Review Team meetings.
- The following is a highlight of the more complex projects the team worked on in 2013:
  - **Kenmore Camera** – Commercial tenant improvement, approximately 18,000 square foot for new retail and classroom space. Application approved in 6 weeks, construction approximately 12 months, occupancy expected early 2014.
  - **Super Supplements** – New 3,961 square foot retail building within the downtown plan area required to meet downtown design standards. Application approved in 3 months, constructed and occupancy approved in 6 months.
  - **Kenmore Village Residential, Spencer-68 Apartments and Lofts** – Phase 1 consisting of 138 dwelling units. Site Plan, SEPA and Development Agreement applications approved in 8 weeks.
  - **Kenmore Air Harbor** – New 2,800 square foot prefabricated storage building. Application approved in 2 weeks, constructed and occupancy granted in 3 months.
  - **Kenmore Montessori School @ former Fire Station** – Site Plan, SEPA, and Change of Use under review, received September 27, 2013. The Site Plan review is a type 4 land use decision, consisting of public notification with comment period, a recommendation to the Hearing Examiner and public hearing, subsequent Hearing

Examiner recommendation to the City Council, and final decision by the City Council during a public meeting.

- **WDFW Boat launch** – Renovation of existing boat launch area, including widening the ramp, reorganizing the traffic and parking area including a plumbed restroom. Shoreline, Building and Engineering applications approved in 4 weeks.
- **Value Driven Mixed Use** – 2 new buildings located at 6229 NE 181st St. Building 1 is a 3- story, mixed use with 3,000 square foot of commercial space on the 1st floor and 8 residential units above. Building 2 consists of 4 three-story townhouses. Building and engineering applications received 8/30/2013, reviewed and approved in 19 weeks. Construction estimated to begin early 2014.
- **Refino 6 Townhouses** – New 6 unit townhouses located at 18101 62nd Ave NE. Demo, Engineering and Building applications approved in 6 months. Under construction, expected to be complete in 9 months.
- **East Creek Village** - Land development for a 60 lot plat located at 80th Ave Ne and NE 198th St. Engineering application reviewed and approved in 3 months. Currently under construction, expect final plat and building permit applications early 2014.
- **West Creek Village completion** – 2005 Plat consisting of 18 lots located at 19233 80th Ave NE. Land improvements constructed, inspected and built out in 2013. 18 new single family permits reviewed, approved and finaled in 2013.
- **Inglemoor Heights completion** – 2005 Plat consisting of 10 lots located at Simonds Road NE and NE 155th St. Engineering application issued 10/09/2012. Land improvements constructed and inspected in 2013.
- **Northlake Landing engineering** – 2006 Plat consisting of 11 lots located at 16707 74th Ave NE. Engineering permit issued and under construction.
- **Hanks Plat engineering** – 2006 plat consisting of 18 lots located at 20116 73rd Ave NE. Engineering application reviewed and approved in 5 months, currently under construction.
- **Northshore Summit Park** – New City park located at 6200 NE 193 St. SEPA and Engineering applications reviewed and approved in 5 weeks. Currently under construction.

Code Compliance

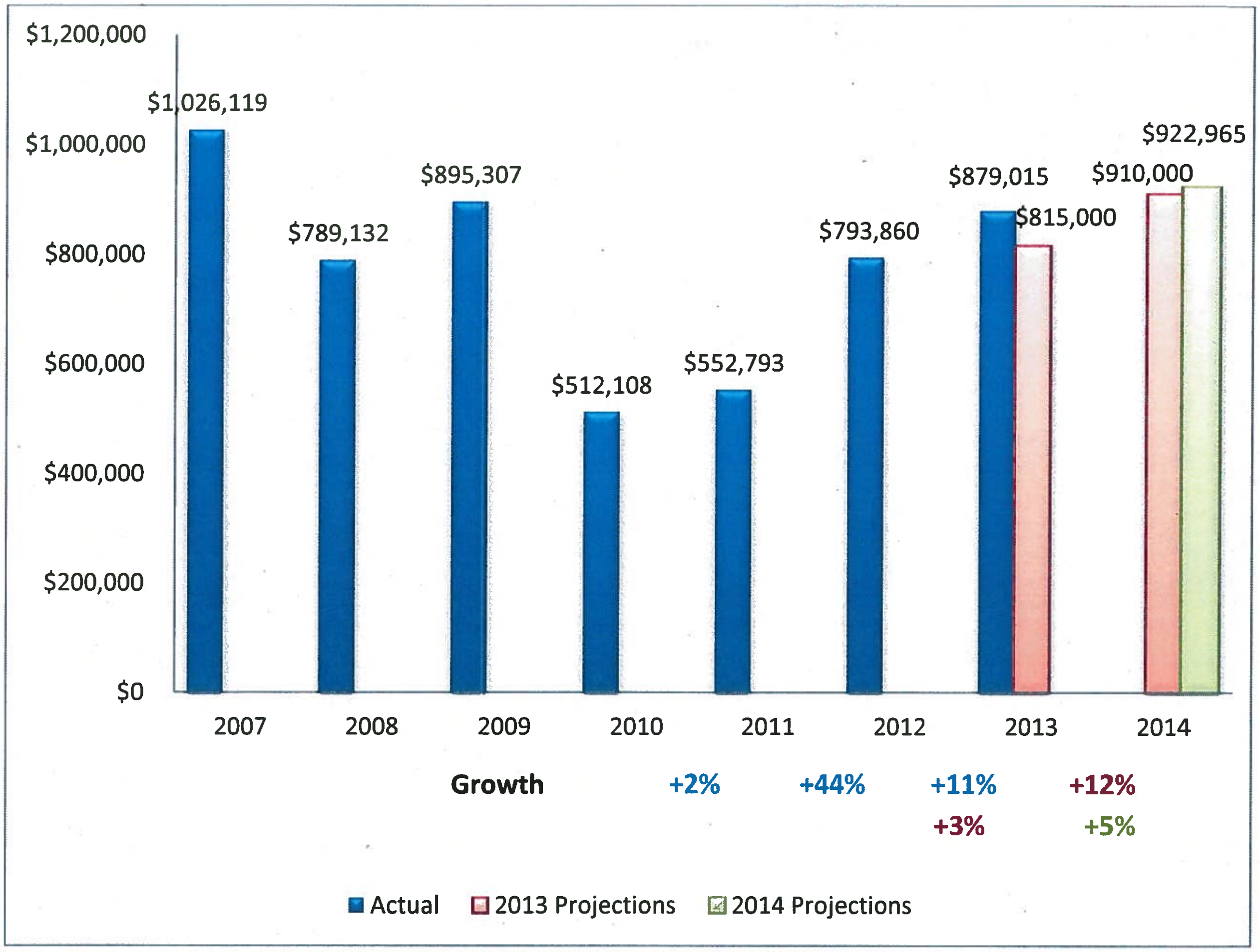
- **Code compliance concerns**. Includes construction codes, junk vehicles, land use violations, nuisances, recreational vehicles, boats, trailers and signs. Our code compliance section successfully:
  - Resolved 98% of violations through voluntary compliance methods;
  - Established and managed a multi-pronged approach that includes proactive enforcement in the downtown area. The downtown proactive code compliance plan achieved its goals of cleaning up and beautifying the downtown area;
  - Resolved one of the City's biggest cases since incorporation, which has improved the quality of life and safety of the citizens and emergency responders.
- **Beautification Awards.** Successfully established a city-wide beautifications awards program. The inaugural Beautification Awards Program promoted beautification efforts in the City by recognizing residents & businesses who take pride in maintaining their

properties. The mission of the program is to give public recognition to properties that people have spent considerable time, effort and expense making their property pleasing and enhance the community of Kenmore. The inaugural event received positive feedback from the community.

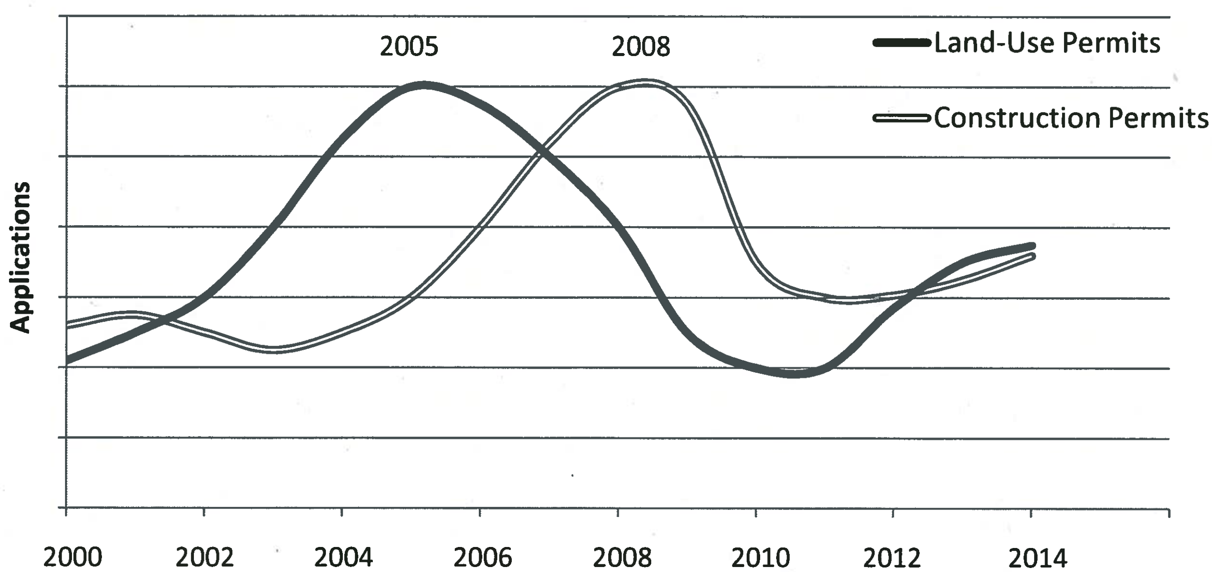
2014 Goals:

- Assess the current customer satisfaction program and amend as necessary to ensure we are measuring the City's competitive strengths and weaknesses, responsiveness, quality, predictability and efficiency from the public's perspective;
- Continue to provide streamlined and efficient permitting services, with a 95% customer approval rating;
- Continue to find ways to improve and promote our services;
- Implement the improvements identified in 2013 Lean exercise conducted on the Short Subdivision Process;
    - Create a Master Project Tracker that will track each permit application involving multiple disciplines;
    - Create a Front Desk Inquiry tracking spread sheet;
    - Establish set hours the Development Review Team is available;
    - Establish a separate pre-application process for smaller projects;
    - Update informational handouts;
    - Update department's web page, add missing information where necessary;
    - Continue to improve electronic business practices;
- Purchase new permit tracking software;
- Revise Subdivision time lines to align with the State rules;
- Update Flood Plain Regulations;
- Conduct the second City-wide annual beautification contest that recognizes businesses' and residents' willingness to transcend aesthetic appeal to positively impact the lives of the community and visitors; and
- Interview and hire new building and code inspector.

Summary of Total Revenues



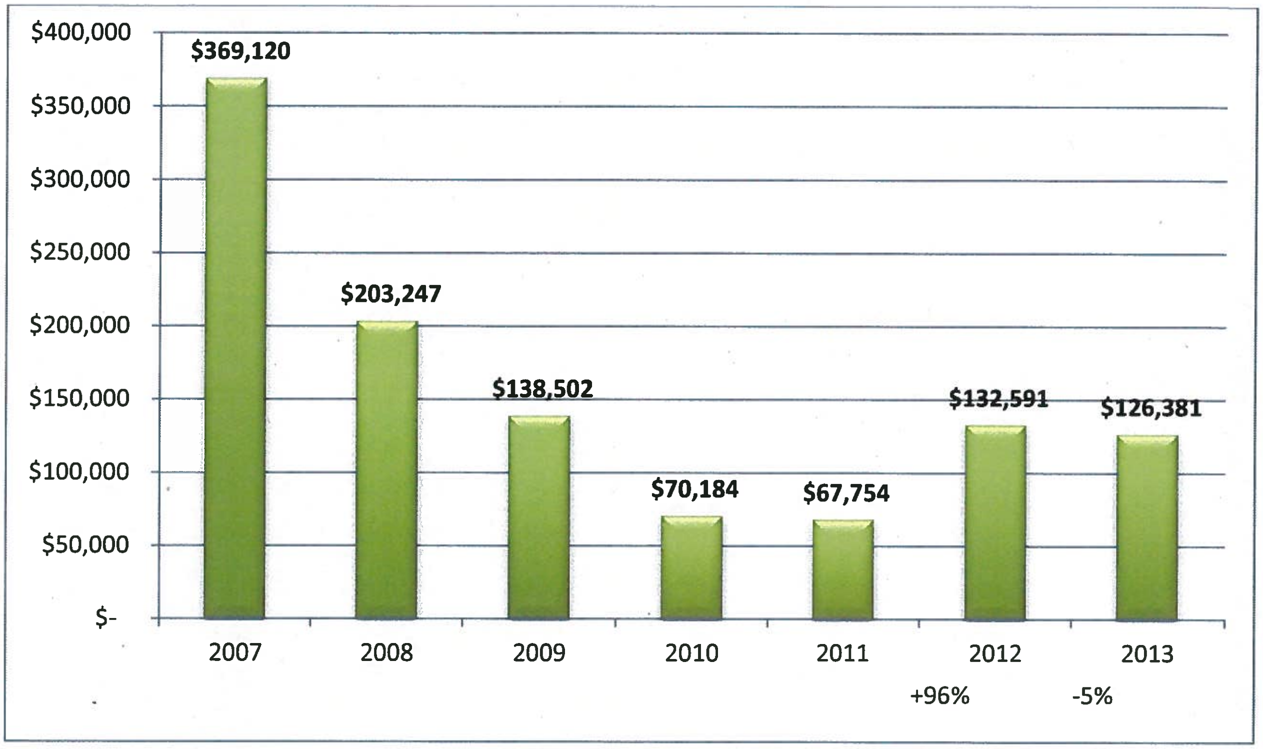
Trend of Land-use and Construction Permits



Land-Use Applications

Land-Use applications are used to review and determine if the proposed uses and redevelopment of the land are consistent with the Comprehensive Plan codes and regulations.

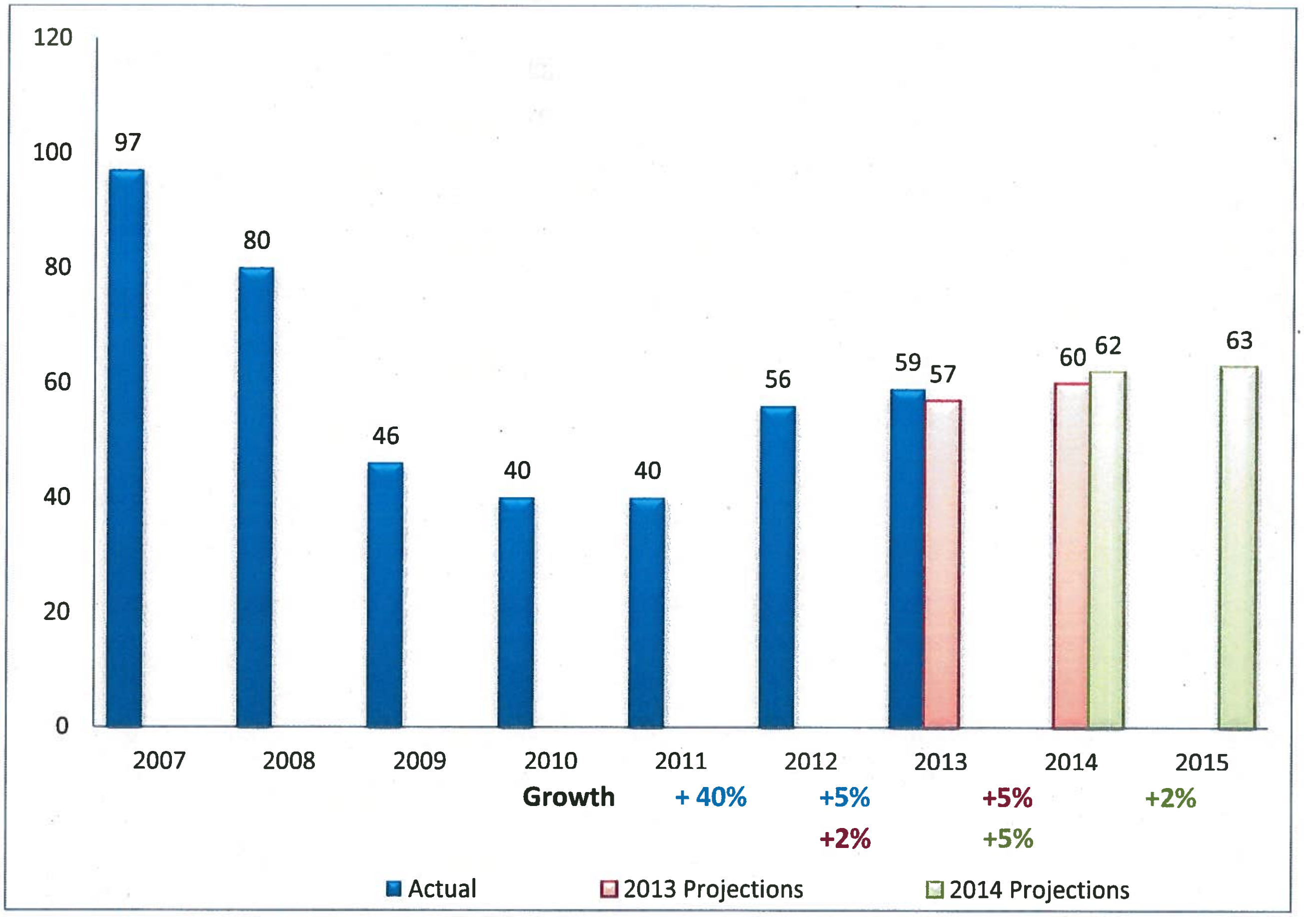
Land-Use Revenue



New Land-Use Applications per Year:

	Total '07	Total '08	Total '09	Total '10	Total '11	Total '12	Total '13
Accessory Dwelling Unit	4	2	5	8	4	7	8
Boundary Line Adjustment	5	6	3	4	2	7	5
Commercial Site Development	4	7	1	1	2	0	3
Communications Facilities					4	6	4
New Multi-Family Development	6	1	1	0	0	0	0
Long Plat	4	3	1	0	0	1	0
Short Plat	12	9	3	1	1	3	3
Shoreline Substantial Development	9	5	12	10	6	9	10
Variance/Modification	10	3	2	1	1	4	5
Notices of Applications Published	28	28	10	7	9	15	13
SEPA	15	16	8	8	15	10	8
Total	**97**	**80**	**46**	**40**	**44**	**56**	**59**

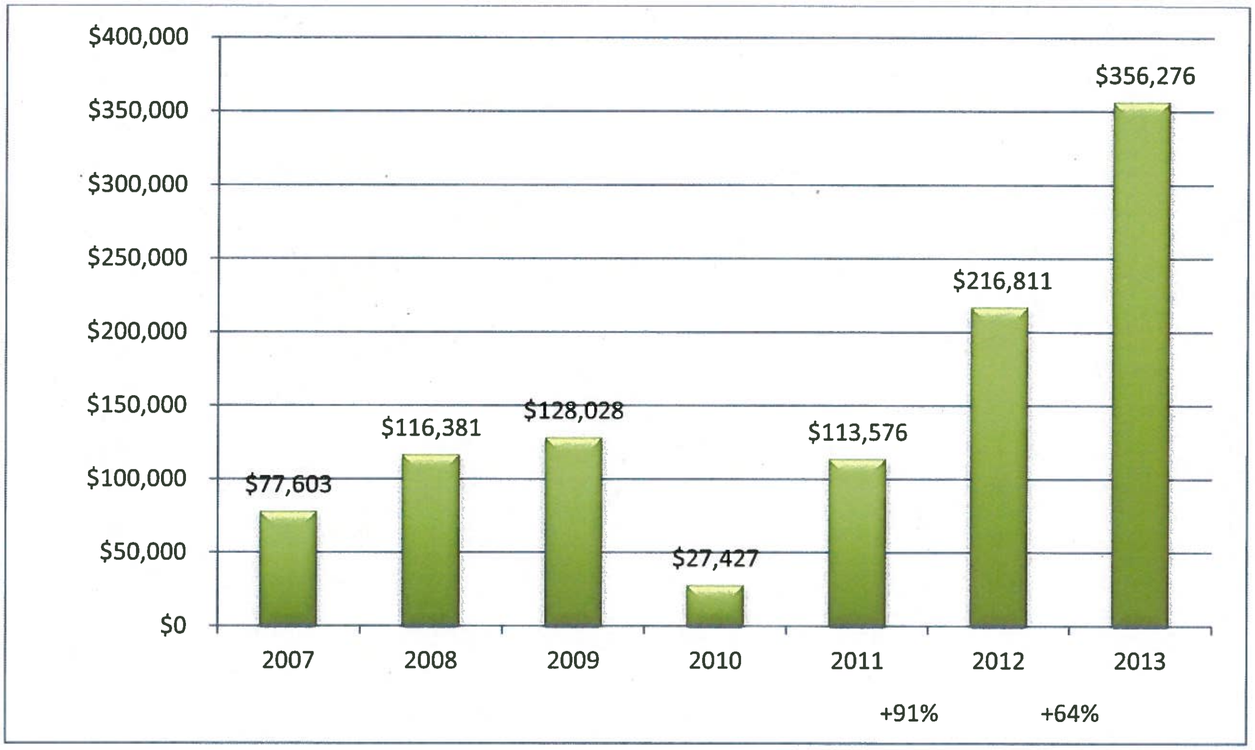
Comparison of Total New Land-Use Applications (prior years and projections)



Engineering Permits

Engineering permits are site improvements and infrastructure construction within a site associated with a redevelopment. Prior to October 2010 the right of way processes and utility inspections were contracted through King County and the grading permits were lumped in with the land-use permits.

Engineering and Right-of-way Revenue

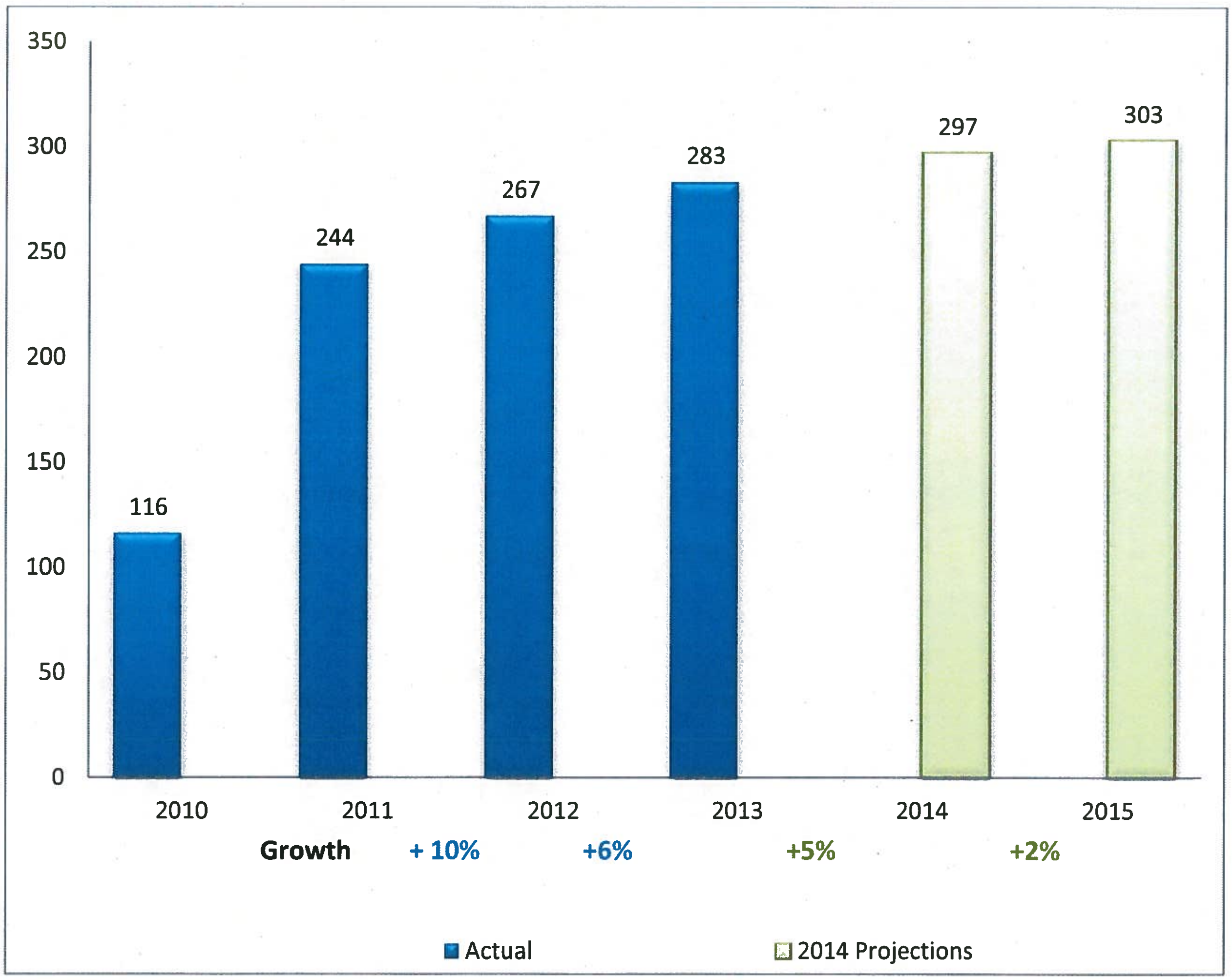


	2007	2008	2009	2010	2011	2012	2013
Clearing Permit	$1,107	$10,399	$1,130	$16,019	$4,420	$2,138	$1,912
Grading Permit	$28					$16,474	
Insp./Investigation Fee	$39,475	$ 70,962	$ 66,426	$11,056	$2,461	$1,095	$15,265
Eng &Traffic Review Fee	$36,862	$43,806	$60,752	$15,721	$89,165	$59,444	$227,684
Right-of-Way permit	$131	$1,613	$850	$650	$3,950	$9,090	$6,535
Utility Inspections					$17,580	$128,570	$104,880
Total	**$77,603**	**$116,381**	**$128,028**	**$27,427**	**$113,576**	**$216,811**	**$356,276**

Engineering and Right-of-way Permits Applications per Year:

	2010	2011	2012	2013
Engineering	1	13	9	19
Grading	27	10	4	1
Tree Removal	85	72	56	39
Right-of-way	3	24	21	40
Franchise Right-of-way	-	117	163	175
Special Events	0	8	14	9
Total	**116**	**244**	**267**	**283**

Comparison of Total New Engineering and ROW (prior years and projections)



Building Permits

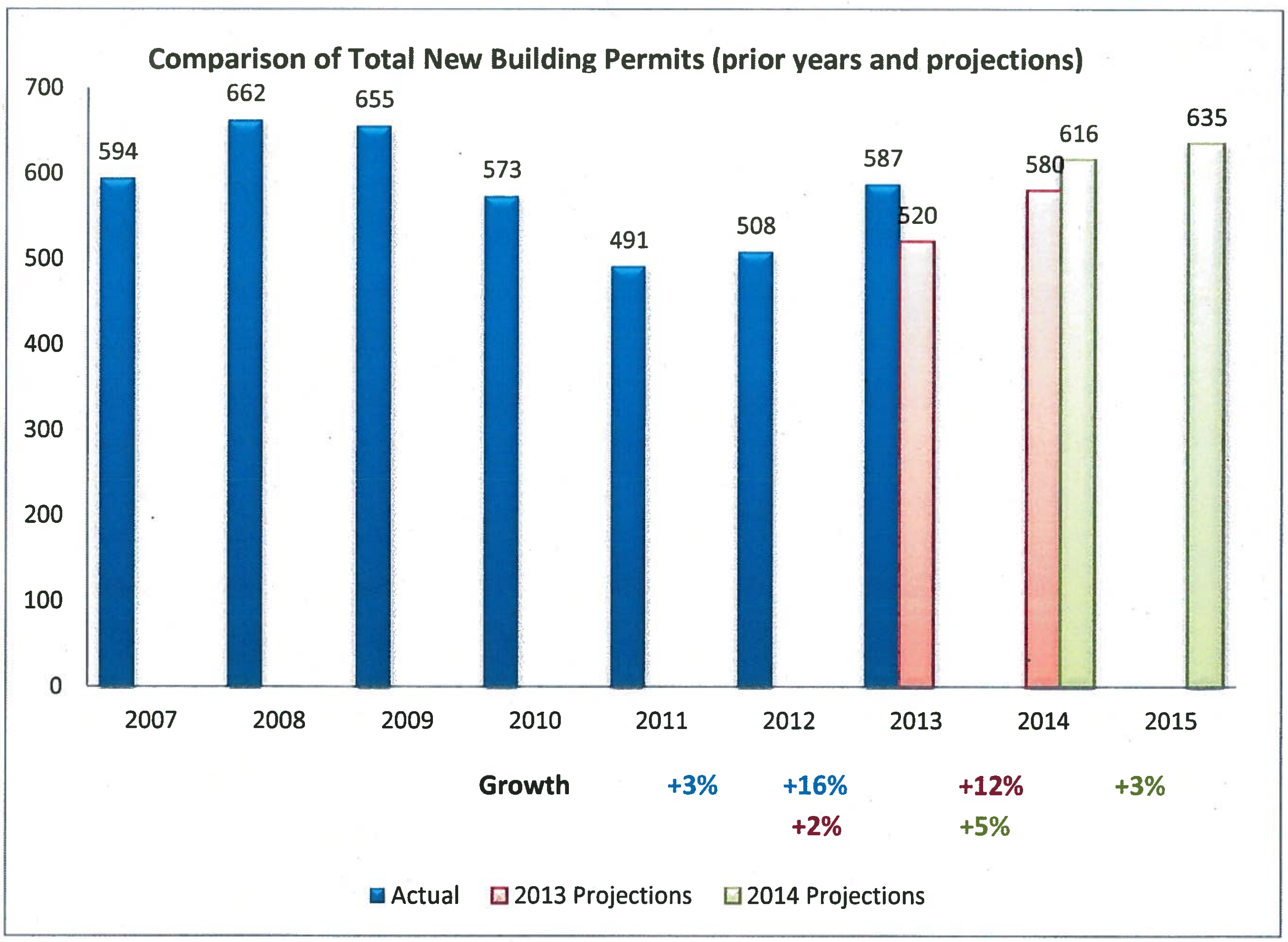
Building permits are the construction related permits associated with a building or structure.

Building Permit Revenue

	2007	2008	2009	2010	2011	2012	2013
Building Permit	$310,358	$227,619	$378,720	$218,483	$172,527	$265,106	$194,063
Mechanical Permit	$24,084	$34,303	$34,768	$29,111	$37,988	$25,620	$26,701
Plumbing Permit	$21,925	$25,490	$30,817	$25,225	$17,019	$22,481	$17,576
Plan Review Building	$161,229	$143,239	$162,633	$120,494	$100,836	$118,081	$134,104
Plan Review Mechanical	$1,189	$1,882	$8,294	$1,390	$13,229	$4,548	$916
Plan Review Plumbing	$9,810	$1,419	$5,241	$218	$3,477	$1,047	$518
Technology Fee 3%					$10,412	$17,642	$21,681
Total	**$528,595**	**$433,952**	**$620,473**	**$394,921**	**$355,488**	**$454,525**	**$395,559**

Building Permit Applications Per Year:

	2007	2008	2009	2010	2011	2012	2013
New Single-family Residence	76	69	67	79	46	71	58
Single-family addition	57	43	28	36	21	22	14
Single-family remodel	39	36	41	47	33	23	35
Single-family reroof	42	60	49	30	31	18	12
Mechanical	168	227	269	243	179	205	244
Plumbing	72	93	84	60	66	64	71
New Multi-family	5	12	0	0	0	0	8
Multi-family alteration	16	11	0	2	2	8	4
New Commercial	2	2	2	1	13	5	5
Commercial Tenant Imp	12	14	15	16	16	16	12
Communications Facility	1	3	2	1	5	4	1
Demolition	17	13	10	8	9	9	26
Sign	25	22	20	22	16	12	15
Other	62	57	68	28	54	51	82
Total	**594**	**662**	**655**	**573**	**491**	**508**	**587**

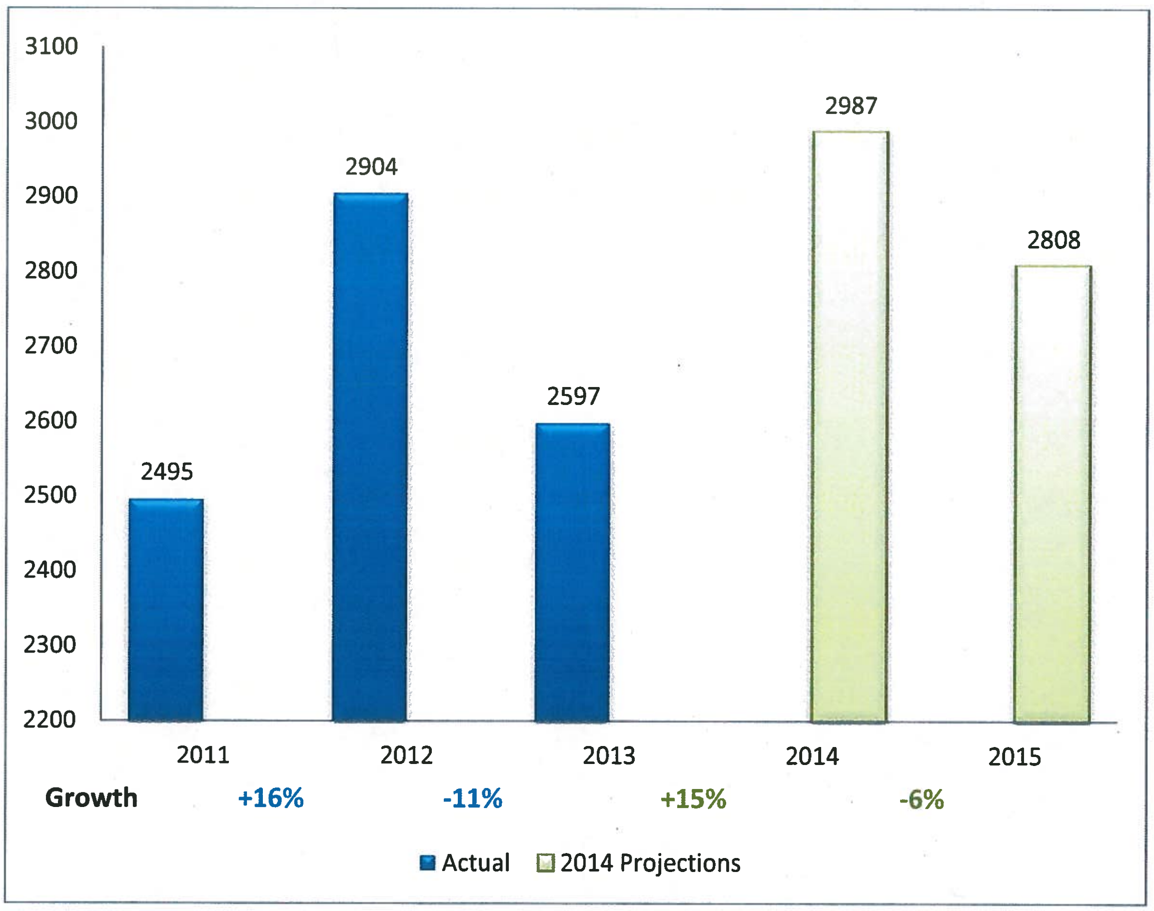


Inspections

The inspections include all inspections performed by the building inspector, planning inspector, engineering inspector, right-of-way inspector and code enforcement officer.

Inspections Performed per year:	2011	2012	2013
Residential Building	1026	1492	1309
Residential Plumbing	300	359	362
Residential Mechanical	457	419	507
Commercial Building	207	248	149
Commercial Plumbing	61	35	54
Commercial Mechanical	79	46	35
Re-roof	63	47	41
Sign	16	11	10
Other	26	35	62
Landscape	19	26	9
Engineering	176	122	18
Grading	20	15	1
Right-of-Way	45	49	40
Total	**2495**	**2904**	**2597**

Comparison of Inspections Performed (prior years and projections)



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: West Sammamish River Bridge Capital Improvement Program Update **Proposed Council Action/Motion:** Adopt Ordinance No. 14-0376 amending the 2013-2018 Capital Improvement Program to modify the West Sammamish River Bridge Project T37	**For Council Meeting Agenda of:** February 24, 2014 **Department:** Engineering and Environmental Services **Prepared by:** Kris Overleese, PE **To Be Presented By:** Kris Overleese, PE **Initial & Date** **Approved by Department Head:** KMO 2/20/14 **Approved by City Attorney:** DR-ord 2/21/14 **Approved by Finance Director:** JMG 2/20/14 **Approved by City Manager:** RGK **Exhibits/Attachments:** Exhibit A: West Samm Bridge Fact Sheet Exhibit B: Alternatives Cost Matrix Exhibit C: Alternative Cross Sections Exhibit D: Ordinance No. 14-0376 Exhibit E: Alternative Expenditure Detail Exhibit F: Transportation Impact Fee Fund Projection Exhibit G: REET Fund Projection

Expenditure Required $20,000,000 Amount Budgeted $461,000 Appropriation Required $19,539,000

INFORMATION/BACKGROUND:

On January 27, 2014 City Council approved a weight restriction for the West Sammamish River Bridge (Bridge). This restriction will go into effect when the street signs are fabricated and installed which is anticipated for early March 2014. Please see the current Bridge Fact Sheet in Exhibit A.

Our bridge consultant, Jacobs, continues to evaluate the Bridge and has determined that the Bridge cannot be rehabilitated and must be replaced. The existing bridge is founded on timber piles that appear to have been driven very shallow (1 to 3 feet) into the very dense layer, which leaves the majority of the piles embedded in very soft deposits (peat and alluvial) that provide limited lateral (side to side) resistance during an earthquake. Although possible, we do not believe that retrofitting the existing bridge foundations is cost-effective and practical due to geometric constraints associated with the existing bridge conditions and surrounding environment.

The attached Exhibit B outlines four developed replacement alternatives and the alternative "cross sections" are shown in Exhibit C.

Common Attributes: all four alternatives

All alternatives would provide two lanes southbound and improved pedestrian and bicycle facilities. Jacobs maintains that all four alternatives would allow two lanes of travel southbound during the bulk of construction.

Pedestrian facilities on the current Bridge would be closed during construction and bicycles would have to use the car lanes. For all alternatives, a new structure would be built on the "outside" of the existing Bridge. The traffic would then be placed on the new structure and then the old bridge demolished with new structure constructed in the "middle". Also, all alternatives would require fewer piers/pilings in the river which is a good thing environmentally. The actual structure type will be determined once design begins.

All alternative would take approximately two years to construct as two "fish windows" in the water would be needed. The City will have to rent staging area for all alternatives and acquire right of way for all alternatives. None of the alternatives are funded at this time and significant grant assistance will be required.

Differentiating Attributes: how the alternatives are different
The Alternative 1 Bridge deck is the widest at 55 feet and the alternatives narrow to Alternative 4 which is 45 feet. Both the vehicle and pedestrian/bicycle facilities would fit on all bridge decks.

Alternative 1: At 55 feet wide, this bridge deck is the widest and provides for two lanes of traffic, dual bicycle tracks, a three foot buffer between vehicles and bicycles, and 12 foot wide pedestrian walkway. This option would allow for a future lane of traffic if needed by taking away the buffer and bicycle tracks and slightly widening the sidewalk for pedestrians and bicycles. The cost of this alternative is estimated to be $21.8 Million for design, environmental, right of way and construction.

Alternative 2: At 52 feet wide, this option provides a "trail like" pedestrian and bicycle facility and wider buffers on the inside and outside of the vehicles lanes for traffic. This option would allow for a future lane of traffic if needed by removing buffer from the traffic lanes and reducing pedestrian and bike facilities. The cost of this alternative is estimated at $20.0 Million.

Alternative 3: This alternative is 48 feet wide and provides two lanes of southbound vehicle traffic and a "trail like" pedestrian and bike facility. There is no future flexibility to add another lane of traffic. The cost of this alternative is estimated to be $19.0 Million.

Alternative 4: Alternative 4 is 45 feet wide and provides for improved facilities for bicycles and pedestrians from what exists today. There is no future flexibility to add another lane for vehicles. The cost for this alternative is estimated at $17.8 Million.

Staff Recommendation:
Staff recommends the pursuit of funding for Alternative 2: 52 feet wide, trail like bicycle and pedestrian facility and flexibility in the future for an additional lane of traffic. This recommendation is based on likelihood of grant approval, value for the cost, and ability to accommodate future growth while maintaining adequate bicycle, pedestrian and vehicle facilities. The type of bridge will be determined at a later date once design begins. Staff recommends that an artist and architect be utilized during the design process to add interest to the Bridge for vehicles, pedestrians, bicyclists and boaters. Updated lighting will also be investigated.

The decision to move forward with construction of a new bridge is moving swiftly as it has been recently determined by our structural engineers that a replacement is needed. There are several grant programs in the very near future and we don't want to miss the opportunity to request funding, especially the Puget Sound Regional Council funding.

Staff recommends that Council approve Ordinance 14-0376 to amend the City's Capital Improvement Program and Project T37 West Samm Bridge with a budget based on Alternative 2.

The City will continue to monitor the Bridge and perform needed maintenance until a new structure can be built.

FISCAL CONSIDERATION:

The estimated planning level cost for Alternative 2 is $20 Million and this includes: design, State Environmental Policy Act (SEPA), National Environmental Policy Act (NEPA), permitting, right of way acquisition, construction, construction management/inspection, Washington State Department of Transportation (WSDOT) support, and City staff. The City will need to hire a temporary engineer to manage this project when design funds are secured.

The West Samm Bridge Project currently has a budget of $461,000 which was identified in 2013 for evaluation and monitoring. No emergency scour repair work is necessary at this time. Modifying and increasing the project and budget to $20M will include assumptions for significant funding by grants which staff will begin pursuing now. It is assumed that federal funds will be utilized on the project which requires a significant amount of resources for paperwork and documentation and the need for NEPA completion and right of way acquisition per Federal guidelines.

The grants that staff recommend pursuing include: Federal bridge funds administered through the state Bridge Rehabilitation Advisory Committee (BRAC), Transportation Improvement Board (TIB), federal funds through the Puget Sound Regional Council, the State of Washington legislature, and potentially the Freight Mobility Strategic Investment Board. All of these funding cycles exist in 2014. Staff believes that an appropriate City contribution at the planning level to begin applying for grants is 10%. The typical federal matching funds required is 13.5% and BRAC match is typically 20% unless we can demonstrate project completion by 2018 which will be challenging.

State funds and Federal funds can match each other. See the attached budget spreadsheet in Exhibit E that demonstrates a City match under $2.0 Million, which may not be adequate, but is a reasonable planning level assumption. Projections of Transportation Impact Fees and Real Estate Excise Taxes indicate that funds should be available for the match with the elimination of project T5: 68th Ave NE, SR 522 to Samm Slough (the queue jump). See Exhibits F and G.

Staff will begin applying for grants this spring and as the next City budget is put together, the numbers will be adjusted as appropriate. No budget amendment is needed at this time.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

12. To continue to seek transportation funding and mitigation for State impacts on the city's transportation system, air-water quality, and noise to include but not limited to SR 522, Sammamish River Bridge, local roads and Lake Washington sediment depths.

FACT SHEET

West Sammamish River Bridge (southbound traffic)

Kenmore's 68th Avenue crossing of the Sammamish River is two bridges—the bridge carrying southbound traffic is known as the West Sammamish River Bridge. This bridge was constructed in 1938, crosses the Sammamish River on 68th Avenue NE (.2 miles south of SR 522), carries southbound traffic only and is located within the City of Kenmore. Over 13,000 vehicles a day (week day traffic) use this Bridge. The adjacent northbound, East Sammamish River Bridge was built in the 1970s and carries over 12,000 vehicles per day. The West and East bridges are the only Kenmore crossing of the Sammamish River and it connects the north and south parts of the City. Over 25,000 vehicles per day cross the Sammamish River on these bridges and Kenmore's population is 21,000 residents. The Sammamish crossing is part of the popular Lake Washington bicycle loop. Traffic volumes have increased at the crossing as a direct result of the tolling of SR 520 across Lake Washington.

What is the current condition of the West (southbound) Sammamish River Bridge?
The live loads (vehicles) and dead loads (asphalt, concrete barriers) on the Bridge are greater than the bridge was designed for and the bridge is showing signs of deterioration such as cracking, leaching, and spalling. Traffic volumes on the bridge continue to increase. The bridge is structurally deficient and Kenmore City Council imposed a weight restriction on the bridge in January of 2014. The bridge does not currently have adequate pedestrian and bicycle facilities.

Does the East (northbound) Sammamish River Bridge on 68th Ave NE have problems?
No, the East Sammamish River Bridge carries northbound traffic (over 12,000 vehicles a day during the week) across the river, was built in the 1970s, and is currently in good condition. The City will continue regular inspections and maintenance of this bridge as it does all City Bridges.

What has the City done to evaluate the West Sammamish River Bridge?
In 2013, the City conducted an engineering study of scour, load limits and geotechnical condition of the West Sammamish River Bridge. The bridge is at the end of its functional life. The City's

engineering team has been evaluating replacement vs. rehabilitation and has determined that the bridge must be replaced in the near future and currently has a Sufficiency Rating of 2.5 (out of 100).

What is the cost to replace the West Sammamish River Bridge?

The cost to replace the bride is estimated to be $20 Million. The bridge is critical to local and regional traffic circulation and it connects the Kenmore community. The City does not currently have the resources to replace this bridge and significant funding assistance will be necessary.

City of Kenmore
Department of Engineering
18120 68th Ave NE
Kenmore, WA 98028
Phone: 425-398-8900

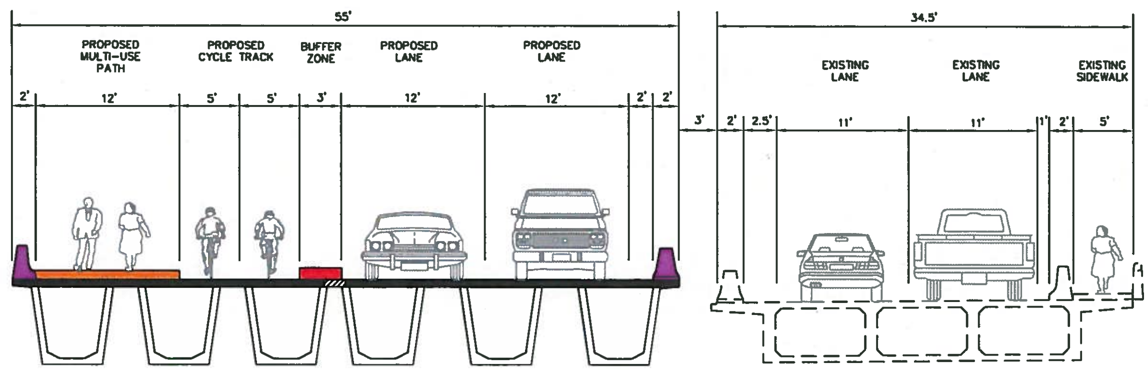
City of Kenmore, WA.
West Sammamish River Bridge Replacement

Replacement Alternatives Evaluation Matrix

Category	Alternative 1	Alternative 2	Alternative 3	Alternative 4
Bridge Length (ft)	600	600	600	600
Bridge Width (ft, out to out)	55	52	48	45
Sidewalk Width (ft)	12	16	16	8
Bike Lane Width (ft)	10	-	-	5
Combined Ped & Bike Facilities?	No	Yes	Yes	No
Supplements northbound Ped/Bike Surfaces (Safety)	Yes	Yes	Yes	No
Provides for a future 3rd traffic lane?	Yes	Yes	No	No
Maintains 2 traffic lanes during construction?	Yes	Yes	Yes	Yes
Impacts WDFW property?	Yes	Yes	Yes	Yes
Estimated Construction Duration	20 - 24 months	20 - 24 months	18 -22 months	18 - 22 months
Cost of Bridge without Ped & Bike Facilities	$ 4,780,000	$ 5,340,000	$ 4,860,000	$ 4,970,000
Cost of Ped & Bike Facilities on Bridge	$ 3,190,000	$ 2,370,000	$ 2,430,000	$ 2,020,000
Total Bridge Construction Cost	**$ 7,970,000**	**$ 7,710,000**	**$ 7,290,000**	**$ 6,990,000**
Cost of North Approach (Roadway Only)	$ 400,000	$ 400,000	$ 340,000	$ 360,000
Cost of North Approach (Ped/Bike Only)	$ 280,000	$ 170,000	$ 170,000	$ 160,000
Cost of South Approach (Roadway Only)	$ 890,000	$ 740,000	$ 710,000	$ 580,000
Cost of South Approach (Ped/Bike Only)	$ 660,000	$ 310,000	$ 310,000	$ 160,000
Total Approach Construction Cost	**$ 2,230,000**	**$ 1,620,000**	**$ 1,530,000**	**$ 1,260,000**
Subtotal - Construction Cost	**$ 10,200,000**	**$ 9,330,000**	**$ 8,820,000**	**$ 8,250,000**
Planning Level Contingency (30% of const cost)	$ 3,100,000	$ 2,800,000	$ 2,600,000	$ 2,500,000
Cost Escalation (2yrs - 6% total)	$ 800,000	$ 730,000	$ 690,000	$ 650,000
Total Construction Cost	**$ 14,100,000**	**$ 12,860,000**	**$ 12,110,000**	**$ 11,400,000**
R/W Area North Approach (SF) - 4 parcels	19,350	18,100	18,100	14,010
R/W Area South Approach (SF) - WDFW parcel	4,800	4,800	4,800	4,800
Total R/W Area (SF)	24,150	22,900	22,900	18,810
Right-of-Way Acquisition Cost (Est. $45/SF)	$ 1,090,000	$ 1,030,000	$ 1,030,000	$ 850,000
Staging Area (Rental) Cost (20,000 sf for 2 yrs.)	$ 180,000	$ 180,000	$ 180,000	$ 180,000
Design Engineering (20% Total Construction Cost)	$ 2,820,000	$ 2,570,000	$ 2,420,000	$ 2,280,000
Construction Admin & Management (18% of Const. Cost)	$ 2,540,000	$ 2,310,000	$ 2,180,000	$ 2,050,000
Agency Administration Cost	$ 650,000	$ 650,000	$ 650,000	$ 650,000
WSDOT Administration Cost	$ 400,000	$ 400,000	$ 400,000	$ 400,000
TOTAL PROJECT COST	**$ 21,800,000**	**$ 20,000,000**	**$ 19,000,000**	**$ 17,800,000**
FUNDING STRATEGY (in $1,000,000)				
BRAC (FHWA)				
PSRC (Federal)				
TIB (State)				
City				
Other				

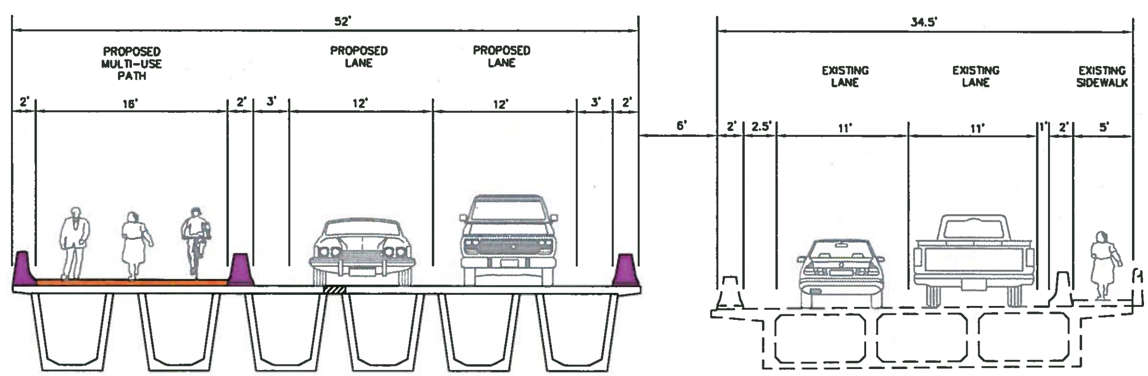
Notes:
1. Cost of Ped & Bike Facilities on the Bridge were estimated proportional to the bridge deck area.
2. Allowance of 15% was added to the bridge cost for 2-stage construction.
3. No separate contingency for the bridge or roadway construction was added.
4. Bridge costs include approx. 5% (of usual bridge cost) for architectural treatments.

EXHIBIT C



ALTERNATIVE 1

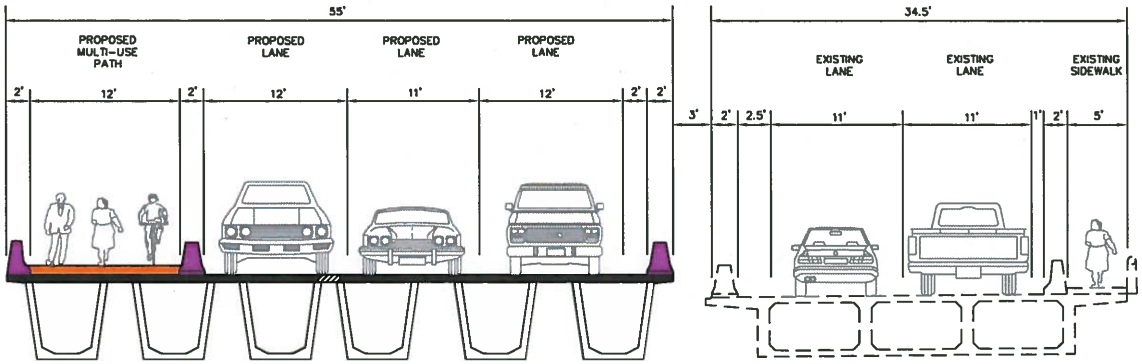
SCALE: 1" = 10'



ALTERNATIVE 2

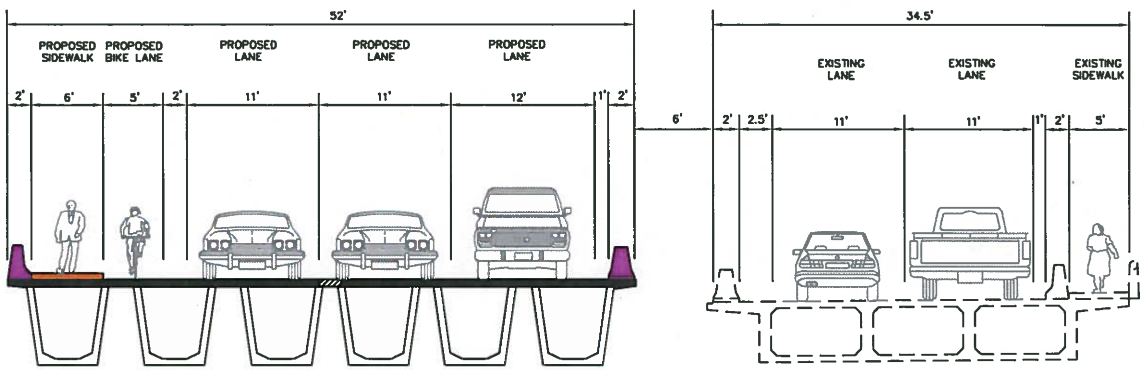
SCALE: 1" = 10'

EXHIBIT C



ALTERNATIVE 1 FUTURE

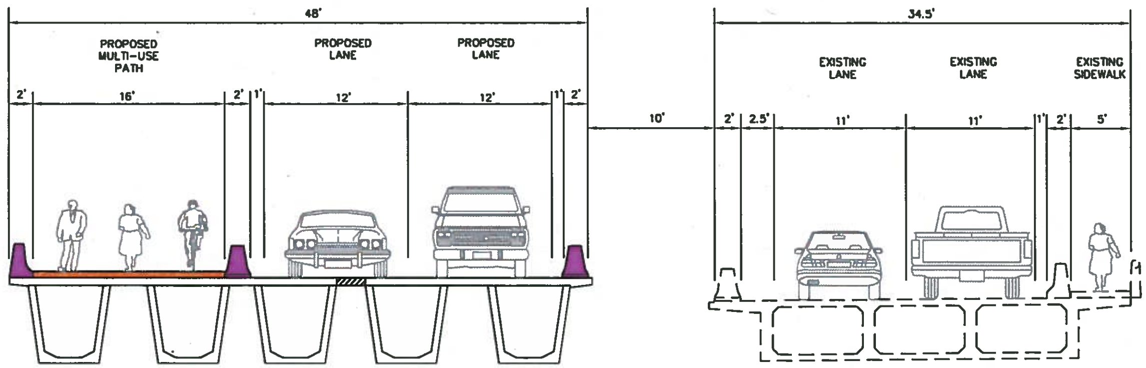
SCALE: 1" = 10'



ALTERNATIVE 2 FUTURE

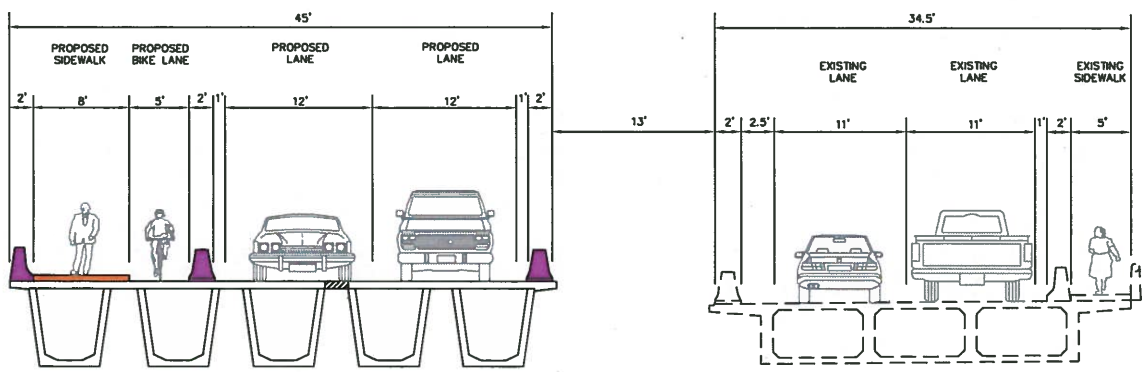
SCALE: 1" = 10'

EXHIBIT C



ALTERNATIVE 3

SCALE: 1" = 10'



ALTERNATIVE 4

SCALE: 1" = 10'

CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 14-0376

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, AMENDING ORDINANCE NO. 12-0350 TO REVISE THE 2013-2018 SIX YEAR CAPITAL IMPROVEMENT PROGRAM; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, on November 26, 2012, the City Council adopted Ordinance No. 12-0350, which adopted the 2013-2018 Six-Year Capital Improvement Program ("CIP"); and

WHEREAS, on December 2, 2013, the City Council amended the 2013-2018 CIP when it adopted Ordinance No. 13-0367 to reflect revised amounts of revenue and appropriations at the time of finalization of the budget and CIP; and

WHEREAS, the City Council desires to further amend the 2013-2018 CIP to reflect a change in Transportation Project T-37 relating to the West Sammamish River Bridge Project;

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

Section 1. Amendment. The 2013–2018 Capital Improvement Program, as adopted by Ordinance No. 12-0350, and as amended by Ordinance No. 13-0367, is hereby further amended to reflect the adjustments set forth on Exhibit "A," entitled "City of Kenmore, Washington Capital Improvement Program for the Years 2013-2018," attached hereto and incorporated by reference.

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

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

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 24^{TH} DAY OF FEBRUARY 2014.

CITY OF KENMORE

____
Mayor David Baker

ATTEST/AUTHENTICATED:

____
Patty Safrin, City Clerk

Approved as to form:

____
Rod P. Kaseguma, City Attorney

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

CITY OF KENMORE, WASHINGTON
CAPITAL IMPROVEMENT PROGRAM
FOR THE YEARS 2013-2018

EXPENDITURES	2013 Proposed	2014 Proposed	2015 Proposed	2016 Proposed	2017 Proposed	2018 Proposed	2013-2018 Totals
PARKS							
P 1 Twin Springs(Portal 44)	$0	$0	$45,000	$360,000	$0	$0	$405,000
P 2 Tolt Pipeline Trail Phase One	120,000	0	0	0	0	0	120,000
P 6 Moorlands Park Improvements	60,000	0	450,000	450,000	0	0	960,000
P 9 Northshore Summit Park	659,000	0	0	0	0	0	659,000
P 10 Park Land Acquisition	0	0	0	0	0	0	0
P 11 Log Boom Park Pedestrian Bridge Replacement	0	95,000	150,000	0	0	0	245,000
P 13 Skate Park Relocation & Improvements	0	20,000	250,000	0	0	0	270,000
P 17 Tolt Pipeline Trail Phase Two	0	0	30,000	190,000	0	0	220,000
P 18 Rhododendron Park Boat Shed & Boardwalk Trail	90,000	392,000	0	0	0	0	482,000
P18a Rhododendron Park Float	73,500	0	0	0	0	0	73,500
P 19 Log Boom Park Waterfront	0	0	30,000	75,000	75,000	1,000,000	1,180,000
P 19a Log Boom Park Float	72,500	0	0	0	0	0	72,500
P 21 Kenmore Village Public Square	50,000	100,000	800,000	0	0	0	950,000
P 22 City Hall Plaza Improvements	0	0	75,000	0	0	0	75,000
P 23 Squires Landing Trail	0	0	0	0	40,000	200,000	240,000
P 24 Sammamish River Boat Launch Restroom	65,000	0	0	0	0	0	65,000
Total Parks	**$1,190,000**	**$607,000**	**$1,830,000**	**$1,075,000**	**$115,000**	**$1,200,000**	**$6,017,000**
TRANSPORTATION							
T 5 68th Ave NE SR522 to Sammamish Slough	$0	$0	$0	$110,000	$320,000	$2,440,000	$2,870,000
T 6 SR 522 West A 61st to 65th	4,428,500	4,865,000	2,000,000	0	0	0	11,293,500
T 7 61st Ave NE & 181st Traffic Signal	1,132,387	0	0	0	0	0	1,132,387
T 8 SR 522 West B 57th to 61st with BGT Wall	0	0	0	410,000	8,285,000	315,000	9,010,000
T 22 Simonds Road-Inglemoor HS Right Turn Lane	25,000	0	70,000	445,000	0	0	540,000
T 26 Wayfinding Signage and Banners	20,000	20,000	20,000	20,000	20,000	20,000	120,000
T 27 Sidewalk Program	174,950	100,000	100,000	100,000	100,000	100,000	674,950
T 31 City Safety Improvements	250,000	0	0	0	0	0	250,000
T 35 Juanita Drive/68th Ave NE Overlay	636,725	0	0	0	0	0	636,725
T 36 City Gateways	75,000	225,000	0	0	0	0	300,000
T 37 West Samm Bridge **	461,000	0	1,270,000	2,280,000	1,140,000	7,630,000	12,781,000
Total Transportation	**$7,203,562**	**$5,210,000**	**$3,460,000**	**$3,365,000**	**$9,865,000**	**$10,505,000**	**$39,608,562**
** This project extends to 2020 with additional budget of $7,680,000							
SURFACE WATER							
SW 1 Tributary 0057 Channel Relocation	$0	$889,750	$0	$0	$0	$0	$889,750
SW 2 80th Ave NE Ditch Improvements	0	0	40,000	75,000	0	0	$115,000
SW 3 Juanita Dr NE Ditch Grading Ph 1	75,000	0	0	0	0	0	$75,000
SW 7 NE 187th Street Bypass	467,011	40,000	71,000	0	0	0	$578,011
SW 8 61st Ave NE Sidewalk Embankment Repair	55,000	0	0	0	0	0	$55,000
SW 9 Swamp Creek Regional Basin Study	0	0	0	0	0	0	$0
SW 12 74th Avenue NE Culvert Replacement	0	0	0	0	0	0	$0
SW 13 NE 155th Street Outfall Revision	0	0	50,000	0	0	0	$50,000
SW 16 Arrowhead Drive Conveyance Improvements	0	0	0	106,000	116,100	0	$222,100
SW 17 Little Swamp Creek Relocation Project	0	0	0	0	56,500	50,000	$106,500
SW 19 NE 192nd ST Culvert Replacement	0	20,000	106,000	0	0	0	$126,000
SW 20 Small Works Projects	50,000	50,000	50,000	50,000	50,000	50,000	$300,000
Total Surface Water	**$647,011**	**$999,750**	**$317,000**	**$231,000**	**$222,600**	**$100,000**	**$2,517,361**
TOTAL EXPENDITURES	**$9,040,573**	**$6,816,750**	**$5,607,000**	**$4,671,000**	**$10,202,600**	**$11,805,000**	**$48,142,923**

CITY OF KENMORE, WASHINGTON
CAPITAL IMPROVEMENT PROGRAM
FOR THE YEARS 2013-2018

REVENUES	2013 Proposed	2014 Proposed	2015 Proposed	2016 Proposed	2017 Proposed	2018 Proposed	2013-2018 Totals
Real Estate Excise Tax (Transportation)	$987,387	$290,000	$250,000	$0	$0	$423,750	$1,951,137
Real Estate Excise Tax - Set Aside Sidewalks	174,950	100,000	100,000	100,000	100,000	100,000	674,950
Real Estate Excise Tax - Surface Water	55,000	0	0	0	0	0	55,000
Transportation Impact Fee Revenue**	442,500	380,000	435,000	277,500	365,000	400,000	2,300,000
Park Impact Fee Revenue	659,000	310,000	45,000	972,345	0	0	1,986,345
Real Estate Excise Tax (Parks)	215,000	197,000	255,000	75,000	115,000	200,000	1,057,000
Kenmore Village Sale	50,000	100,000	800,000	0	0	0	950,000
King County Levy	120,000	0	30,000	27,655	0	0	177,655
Parks Grants	0	0	700,000	0	0	1,000,000	1,700,000
Surface Water Utility Funds	830,511	1,144,750	547,000	231,000	222,600	100,000	3,075,861
King County Flood District Grant	0	150,000	0	0	0	0	150,000
State/Transportation Improvement Board	0	4,100,000	1,100,000	0	2,000,000	0	7,200,000
Federal Grants/Allocations	3,600,000	0	0	0	0	0	3,600,000
Street Fund	661,725	0	0	0	0	0	661,725
Street Fund - West Samm Bridge	86,000	0	0	0	0	0	86,000
Sammamish River Bridge Fund	80,000	0	0	0	0	0	80,000
Other Agencies Reimbursements	12,500	25,000	55,000	222,500	0	0	315,000
Other Grant Funding	900,000	0	0	409,650	205,000	1,916,250	3,430,900
State Transportation Package	0	0	0	55,350	6,035,000	15,000	6,105,350
General Fund	20,000	20,000	20,000	20,000	20,000	20,000	120,000
Strategic Opportunity Fund	146,000	0	0	0	0	0	146,000
Unfunded West Samm Bridge Replacement Resources**	0	0	1,270,000	2,280,000	1,140,000	7,630,000	12,320,000
TOTAL REVENUES	**$9,040,573**	**$6,816,750**	**$4,337,000**	**$4,671,000**	**$10,202,600**	**$11,805,000**	**$48,142,923**

** This project extends to 2020 with additional funding requirements of $7,680,000

West Sammamish River Bridge: Alternative 2

Exhibit E

EXPENDITURES

		2015	2016	2017	2018	2019	2020	TOTAL
City Administration	$650,000	$120,000	$120,000	$120,000	$120,000	$120,000	$50,000	$650,000
Design	$2,570,000	$800,000	$1,500,000	$270,000				$2,570,000
Right of way	$1,210,000	$200,000	$510,000	$500,000				$1,210,000
Construction								$0
bridge	$5,340,000				$2,670,000	$2,670,000		$5,340,000
bridge ped/bike facilities	$2,370,000				$1,185,000	$1,185,000		$2,370,000
approaches	$1,140,000				$570,000	$570,000		$1,140,000
approach ped/bike facilities	$480,000				$240,000	$240,000		$480,000
escalation	$730,000				$365,000	$365,000		$730,000
inspection/engineering	$2,310,000				$1,155,000	$1,155,000		$2,310,000
WSDOT Admin	$400,000	$50,000	$50,000	$50,000	$125,000	$125,000		$400,000
Contingency	$2,800,000	$100,000	$100,000	$200,000	$1,200,000	$1,200,000		$2,800,000
	$20,000,000	$1,270,000	$2,280,000	$1,140,000	$7,630,000	$7,630,000	$50,000	$20,000,000

ESTIMATED REVENUE-CURRENTLY UNFUNDED

	2015	2016	2017	2018	2019	2020	TOTAL
BRAC				6,000,000	6,000,000		12,000,000
PSRC	856,000	1,416,000	512,000				2,784,000
TIB	140,000	357,000	350,000	1,300,000	1,300,000		3,447,000
City Transportation Impact Fees	100,000	200,000	200,000	330,000	330,000	50,000	1,210,000
City REET	174,000	307,000	78,000	0	0	0	559,000
	1,270,000	2,280,000	1,140,000	7,630,000	7,630,000	50,000	20,000,000

SCHEDULE

	2015	2016	2017	2018	2019	2020
Design/Environmental	Q1Q2Q3Q4	Q1Q2Q3Q4	Q1Q2			
ROW		Q2Q3Q4	Q1Q2Q3			
Construction			Q4	Q1Q2Q3Q4	Q1Q2Q3Q4	
closeout						Q1Q2Q3Q4

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Exhibit F

CITY OF KENMORE, WASHINGTON
Transportation Impact Fee Fund Projection
For The Years 2013-2020
ASSUME WEST SAMM BRIDGE MATCH AND ELIMINATION OF T5

DESCRIPTION	Actual 2013	Budget 2014	Proposed 2015	Proposed 2016	Proposed 2017	Proposed 2018	Proposed 2019	Proposed 2020
Beginning Cash	$240,536	$416,394	$268,176	$166,034	$179,674	$170,295	$285,212	$401,279
Revenues:								
Interest Earnings	2,157	364	2,682	1,660	1,797	1,703	2,852	4,013
Transp. Impact Fees	421,701	425,918	430,177	434,479	438,824	443,212	443,212	443,212
Total Revenues	$423,858	$426,282	$432,859	$436,139	$440,621	$444,917	$446,067	$447,229
Transfers Out for Roads:								
~~T 5 68th Ave NE SR522 to Samm Slough~~	~~0~~	~~0~~	~~0~~	~~55,000~~	~~115,000~~	~~325,000~~	0	0
T 6 SR 522 West A 61st Ave NE	248,000	562,000	400,000	0	0	0	0	0
T 8 SR 522 West B 57th to 61st with BGT \	0	0	0	0	250,000	0	0	0
T 22 Simonds Rd-Inglemoor HS Right Turn	0	12,500	35,000	222,500	0	0	0	0
T 37 West Samm Bridge	0	0	100,000	200,000	200,000	330,000	330,000	50,000
Subtotal - Transfers for Roads	$248,000	$574,500	$535,000	$422,500	$450,000	$330,000	$330,000	$50,000
Net Income/(Loss)	$175,858	($148,218)	($102,141)	$13,639	($9,379)	$114,917	$116,067	$397,229
Ending Cash	$416,394	$268,176	$166,034	$179,674	$170,295	$285,212	$401,279	$798,508

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Exhibit G

CITY OF KENMORE, WASHINGTON
REET Fund Projection
For The Years 2013-2020
ASSUME WEST SAMM BRIDGE MATCH AND ELIMINATION OF T5

DESCRIPTION	Actual 2013	Budget 2014	Proposed 2015	Proposed 2016	Proposed 2017	Proposed 2018	Proposed 2019	Proposed 2020
Beginning Cash	$1,965,805	$2,078,074	$981,326	$540,940	$391,847	$428,857	$157,722	$374,134
Revenues:								
REET 1	440,943	390,000	393,900	397,839	401,817	405,836	405,836	405,836
REET 2	440,943	390,000	393,900	397,839	401,817	405,836	405,836	405,836
Interest Earnings	12,312	5,573	9,813	5,409	3,918	4,289	1,577	3,741
Total Revenues	$894,198	$785,573	$797,613	$801,087	$807,553	$815,960	$813,248	$815,412
Transfers Out for Parks :								
P 6 Moorlands Park Imp	0	60,000	0	0	0	0	0	0
P 11 Log Boom Park Ped Bridge Repl	0	95,000	75,000	0	0	0	0	0
P 13 Skate Park	0	20,000	75,000	0	0	0	0	0
P 18 Rhody Park Boat Shed & Boardwalk Trail	76,822	95,178	0	0	0	0	0	0
P 19b Log Boom Park Waterfront	0	0	30,000	75,000	75,000	0	0	0
P 22 City Hall Front/Back Improvements	0	0	75,000	0	0	0	0	0
P 23 Squires Landing Trail	0	0	0	0	40,000	200,000	0	0
P 24 Samm River Boat Launch Restroom	23,701	41,299	0	0	0	0	0	0
Transfer Levy to Park Improvement-Tolt	11,306	108,694	0	0	0	0	0	0
Subtotal - Transfers for Parks	111,829	420,171	255,000	75,000	115,000	200,000	0	0
Transfers Out for Roads:								
SR 522 Ph II Slip-lining	0	120,000	0	0	0	0	0	0
~~T5 68th SR522 to Samm Slough~~	~~0~~	~~0~~	~~0~~	~~198,750~~	~~0~~	~~0~~	~~0~~	~~0~~
T6 SR 522 West A 61st to 65th	0	400,000	250,000	0	0	0	0	0
T7 61st Ave & 181st St Signal, Left turn	251,953	235,347	0	0	0	0	0	0
T8 SR522 West B 57th to 61st with BGT Wall	0	0	0	0	0	300,000	0	0
T27 sidewalks	0	274,950	100,000	100,000	100,000	100,000	100,000	100,000
T36 City Gateways	18,147	281,853	0	0	0			
T37 New West Samm Bridge	0	95,000	174,000	307,000	78,000	0	0	0
Street Fund (overlays)	400,000	0	459,000	468,180	477,544	487,094	496,836	506,773
Subtotal - Transfers for Roads	670,100	1,407,150	983,000	875,180	655,544	887,094	596,836	606,773
Transfers Out for SWM:								
SW 8 61st Ave NE Sidewalk Embankment Rep	0	55,000	0	0	0	0	0	0
Subtotal - Transfers for SWM	$0	$55,000	$0	$0	$0	$0	$0	$0
Net Income/(Loss)	$112,269	($1,096,748)	($440,387)	($149,093)	$37,010	($271,135)	$216,412	$208,639
Ending Cash	$2,078,074	$981,326	$540,940	$391,847	$428,857	$157,722	$374,134	$582,773

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Kenmore City Council

West Sammamish River Bridge
Adoption of Ordinance 14-0376

February 24, 2014

Kris Overleese, City Engineer
Kevin Kim, Jacobs Engineering

Current Status…

- Late 2012 – Routine inspection identified additional cracking/aging and potential scour issue.
- Implement enhanced monitoring plan: installed survey prisms and increased inspection frequency.
- Field review of Bridge with Roman Peralta – WSDOT Local Programs State Bridge Engineer
- Hired Jacobs Engineering
- Created a West Samm Bridge project with $461,000 budget
- Jacobs performed scour analysis : no emergency fix required
- Initial geotechnical review completed
- Load Rating analysis completed late in year: weight limits adopted by Council January 27, 2014

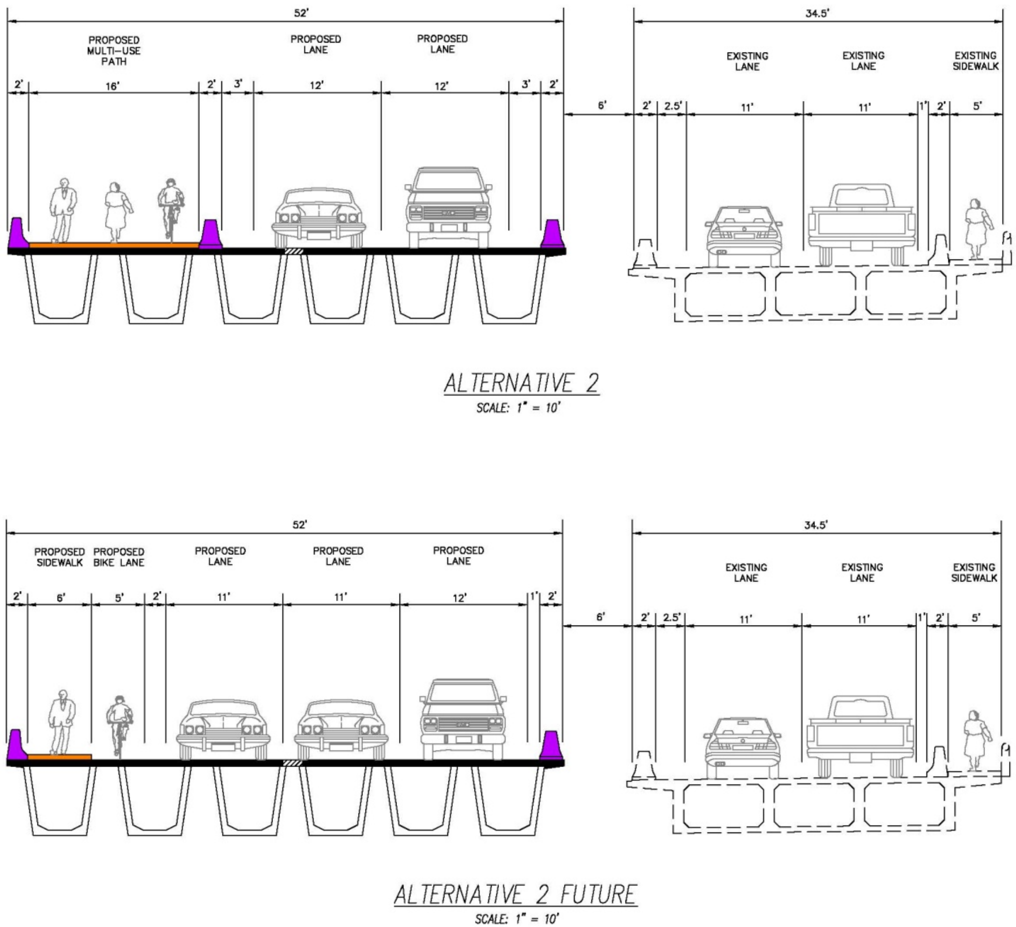
Replacement vs. Rehabilitation

- The Bridge must be replaced (Jacobs report not finalized)
  - It is aged, built in the 1930's
  - The pilings are not deep in competent soil
  - Lateral support (side to side) is not adequate
- Jacobs created four alternatives for the bridge deck width for consideration: 45-55 feet wide
- Staff recommends pursuing funding for the 52 foot wide option.

  -significantly improved pedestrian and bicycle facility

  -flexibility for future capacity
- A 52' wide structure is estimated to cost $20 Million

52 Foot Bridge Alternative



Project cost by year

	2015	2016	2017	2018	2019	2020	TOTAL
City Administration	$120,000	$120,000	$120,000	$120,000	$120,000	$50,000	$650,000
Design	$800,000	$1,500,000	$270,000				$2,570,000
Right of way	$200,000	$510,000	$500,000				$1,210,000
Construction				$6,185,000	$6,185,000		$12,370,000
WSDOT Admin	$50,000	$50,000	$50,000	$125,000	$125,000		$400,000
Contingency	$100,000	$100,000	$200,000	$1,200,000	$1,200,000		$2,800,000
	$1,270,000	$2,280,000	$1,140,000	$7,630,000	$7,630,000	$50,000	$20,000,000

	2015	2016	2017	2018	2019	2020
Design/Environmental	Q1Q2Q3Q4	Q1Q2Q3Q4	Q1Q2			
ROW		Q2Q3Q4	Q1Q2Q3			
Construction			Q4	Q1Q2Q3Q4	Q1Q2Q3Q4	
closeout						Q1Q2Q3Q4

Funding Strategy

City Administration	$650,000	$120,000	$120,000	$120,000	$120,000	$120,000	$50,000	$650,000
Design	$2,570,000	$800,000	$1,500,000	$270,000				$2,570,000
Right of way	$1,210,000	$200,000	$510,000	$500,000				$1,210,000
Construction								$0
Subtotal Construction	**$12,370,000**				**$6,185,000**	**$6,185,000**		**$12,370,000**
WSDOT Admin	$400,000	$50,000	$50,000	$50,000	$125,000	$125,000		$400,000
Contingency	$2,800,000	$100,000	$100,000	$200,000	$1,200,000	$1,200,000		$2,800,000
	$20,000,000	$1,270,000	$2,280,000	$1,140,000	$7,630,000	$7,630,000	$50,000	$20,000,000

Revenue: potential funding sources (currently unfunded)

	2015	2016	2017	2018	2019	2020	TOTAL
BRAC				6,000,000	6,000,000		12,000,000
PSRC	856,000	1,416,000	512,000				2,784,000
TIB	140,000	357,000	350,000	1,300,000	1,300,000		3,447,000
City Transportation Impact Fees	100,000	200,000	200,000	330,000	330,000	50,000	1,210,000
City REET	174,000	307,000	78,000	0	0	0	559,000
	1,270,000	2,280,000	1,140,000	7,630,000	7,630,000	50,000	20,000,000

City Contribution

- City initial commitment of approximately $2 Million
- To reach this 10% funding commitment, delete project T-5 68th (Sammamish Slough to SR 522)
- City funds would match funding from state and federal sources
- Upcoming grant applications:

  -Puget Sound Regional Council: regional and countywide

  -Freight Mobility Strategic Investment Board

  -BRAC (federal funds administered via the state)

  -Transportation Improvement Board

Staff Recommendation

- Staff recommendations that Council adopt Ordinance 14-0376 to amend the City's Capital Improvement Program with updated information for the West Samm Bridge.

Questions??