



CITY OF MERCER ISLAND

CITY COUNCIL MEETING - **REVISED**

Tuesday, September 17, 2019 at 5:00 PM

COUNCIL MEMBERS:

Mayor Debbie Bertlin, Deputy Mayor Salim Nice,
Councilmembers: Lisa Anderl, Bruce Bassett,
Wendy Weiker, David Wisenteiner, and Benson Wong

LOCATION & CONTACT:

Mercer Island City Hall - Council Chambers
9611 SE 36th Street | Mercer Island, WA 98040
Phone: 206.275.7793 | www.mercergov.org

In compliance with the Americans with Disabilities Act, those requiring accommodation for Council meetings should notify the City Clerk's Office at least 24 hours prior to the meeting at 206.275.7793.

CALL TO ORDER & ROLL CALL, 5:00 PM

AGENDA APPROVAL

EXECUTIVE SESSION (60 Minutes; No action to be taken.)

- A. To discuss pending or potential litigation with legal counsel pursuant to RCW 42.30.110(1)(i).
- B. For planning or adopting the strategy or position to be taken by the City Council during the course of any collective bargaining, professional negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress pursuant to RCW 42.30.140(4)(b).
- C. To consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price pursuant to RCW 42.30.110(1)(b) and to consider the maximum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price pursuant to RCW 42.30.110(1)(c).

STUDY SESSION, 6:00 PM

1. AB 5608: HB 1406 and HB 1923 Briefing and ARCH Update
Recommended Action: Receive reports. No action necessary.

SPECIAL BUSINESS, 7:00 PM

2. AB 5592: Peace Day Proclamation
Recommended Action: Proclaim September 21, Peace Day on Mercer Island, and announce the Mercer Island Rotary Club Peace Walk.

CITY MANAGER REPORT

APPEARANCES

CONSENT CALENDAR

3. Payables: \$233,178.42 (08/29/2019) & \$364,750.59 (09/05/2019)
4. Payroll: \$826,238.98 (09/03/2019)
5. Minutes of the September 3, 2019 Regular City Council Meeting.

REGULAR BUSINESS

6. AB 5609: King County Regional 2020 Hazard Mitigation Plan Update
Recommended Action: Receive update. No action required.
7. AB 5607: State Initiative 976, Limits on Motor Vehicle Taxes and Fees Measures
Recommended Action: In compliance with state law, staff makes no recommendation regarding Initiative Measure No. 976.

OTHER BUSINESS

8. Planning Schedule

9. Councilmember Absences and Reports

EXECUTIVE SESSION CONTINUED (If Needed)

ADJOURNMENT



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

AB 5608

September 17, 2019

Study Session

AGENDA BILL INFORMATION

| | | |
|----------------------------|---|---|
| TITLE: | AB 5608: HB 1406 and HB 1923 Briefing and ARCH Update | <input checked="" type="checkbox"/> Discussion Only |
| RECOMMENDED ACTION: | Receive reports. No Action is necessary. | <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution |

| | | |
|--|--|---|
| DEPARTMENT OF | Community Planning and Development | Alison Van Gorp, Deputy Director Ali Spietz, Assistant to the City Manager |
| COUNCIL LIAISON | n/a | |
| EXHIBITS | 1. Enter Exhibits Here (Delete number if only one) | |
| 2019-2020 CITY COUNCIL PRIORITY | n/a | |

| | |
|-------------------------------|--------|
| AMOUNT OF EXPENDITURE | \$ n/a |
| AMOUNT BUDGETED | \$ n/a |
| APPROPRIATION REQUIRED | \$ n/a |

SUMMARY

The purpose of this agenda bill is to provide:

1. A briefing and recommended action steps related to affordable housing legislation passed by the state legislature in 2019, including HB 1406 and HB 1923.
2. An update on ARCH's work with a consultant over the last several months to evaluate program operations and stewardship of the Homeownership Program. The consultant report and recommendations are now complete, and the ARCH Executive Board is taking action on September 13, 2019 to adopt the 2020 Work Plan and Budget, which includes action steps that directly follow from the consultant's recommendations.

HB 1406: SHARED REVENUE FOR AFFORDABLE HOUSING

In the 2019 legislative session, the state adopted Substitute House Bill 1406 (HB 1406), approving a local revenue sharing program for local governments by allowing cities and counties to retain a portion of the sales tax for investment in affordable or supportive housing (see Exhibit 1). This portion is offset by a reduction in the state's portion of sales tax, and therefore does not result in an increased tax on consumers. The tax credit is in place for up to 20 years and can be used for acquiring, rehabilitating, or constructing affordable housing;

operations and maintenance of new affordable or supportive housing facilities; and, for smaller cities and rental assistance. In order to secure the ability to access these funds, cities are required to adopt a resolution of intent to implement the tax credit by January 28, 2020 and implementing legislation by July 28, 2020.

The Association of Washington Cities prepared a brochure "[Implementing HB 1406](#)" which details the process for using the affordable housing revenue. A Regional Coalition for Housing (ARCH) sent a memorandum to all ARCH member cities regarding HB 1406 (see Exhibit 2) and the [Housing Development Consortium sent a letter](#) asking the City Council to consider the strategic use of the revenue as an additional source of funding for the Housing Trust Fund to enhance production and preservation of affordable housing in East King County. The City also received a [letter from King County Councilmember Claudia Balducci](#) on behalf of the Regional Affordable Housing Task Force recommending that cities pool the revenues generated by HB 1406 via regional entities such as ARCH.

Potential Revenue Estimates

The maximum amount a city may collect will be limited by the amount of taxable retail sales within a jurisdiction in fiscal year 2019 times the applicable rate (0.0073%). The revenue potential for the City of Mercer Island, based on taxable retail sales in 2018, is \$36,318.

Eligible Uses of the Funds

HB 1406 details the uses of funds from the sales tax as follows:

- Projects must serve those at or below 60% AMI (area median income).
- Acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services. In addition to investing in traditional subsidized housing projects, this authority could potentially be used to provide for land acquisition, down payment assistance, and home repair so long as recipients meet the income guidelines.
- Funding the operations and maintenance costs of new units of affordable or supportive housing.
- For cities with a population under 100,000, the funds can also be used for rental assistance to tenants.

HB 1406 Next Steps

To become a participating city and collect the single share of the tax, a city must adopt a resolution of intent within six months of July 28, 2019 and impose the tax by July 30, 2020.

Staff recommend that the City Council concurrently pass a resolution of intent and adopt an ordinance to authorize a sales and use tax for affordable and supportive housing in accordance with HB 1406 and to use the collected tax to supplement the City's contribution to the ARCH Housing Trust Fund. The ARCH Housing Trust Fund's mission and purpose is closely aligned with the eligible uses for these funds and would provide a simple way for Mercer Island to leverage our modest share for the most impact. Staff is scheduled to return with the resolution and ordinance at the October 15 meeting.

HB 1923: GRANT OPPORTUNITY

On August 20, 2019 the City Council and Planning Commission conducted a joint study session regarding Regional Growth, Mercer Island, and VISION 2050 (see [AB 5593](#)). A major update to the Mercer Island

Comprehensive Plan by 2023 is anticipated and will include work to address regional growth expectations particularly as it relates to housing. The Growth Management Act (“GMA”) (see [RCW 36.70A.070\(2\)](#)) requires that the City update the Housing Element and make adequate provisions for existing and projected housing needs. Developing a Housing Action Plan (HAP) will provide the opportunity to develop detailed implementation guidelines around the [Housing Element](#) in the City’s Comprehensive plan, something that is also required under the GMA.

The 2019 Washington State Legislature passed Engrossed Second Substitute House Bill 1923 (HB 1923) encouraging all cities planning under the GMA to, in short, adopt actions to either increase residential building capacity (Option 1), or develop a Housing Action Plan (HAP) (Option 2) to encourage construction of housing to meet the needs of people at all income levels (see Exhibit 3). The City does not believe Option 1 will provide additional public benefit to Mercer Island. However, Option 2 may provide opportunities for the City to address necessary planning associated with the 2023 major Comprehensive Plan update and additional regional growth expectations.

As part of the bill, \$5 million in grant assistance is available to encourage local cities (with populations over 20,000) to participate. A city may receive up to \$100,000 in grant funds. Exhibit 4 details additional information about the options and actions summarized above.

HB 1923 Next Steps

After carefully reviewing the options presented in HB 1923, staff do not recommend pursuing a grant under Option 1 as the requirements of most of the activities are too onerous or not consistent with the direction Mercer Island is taking in accommodating growth (focusing most growth in the Town Center while seeking to protect single-family neighborhoods).

However, staff does anticipate applying for grant funding under Option 2, to create a Housing Action Plan. If awarded the grant, the City can expand capacity, likely through consultant resources, to implement planning work in 2020 that the City is obligated to complete but has not been able to complete due to capacity limitations. This same planning work will aid the City in beginning a conversation with the community around regional growth, and how to meet the housing needs for Mercer Island residents in the coming decades, including affordable and accessible options for “aging in place”.

The grant application is due by September 30 and grant awards will be announced on October 30. If grant funding is secured, staff will return and seek City Council direction on a proposed scope of work and community engagement strategy.

ARCH UPDATE

Beginning in October 2018, several news reports indicated that a few owners of affordable units stewarded under ARCH’s Homeownership Program were not in compliance with ARCH rules. Additional reports noted the loss of units to foreclosure. ARCH’s Homeownership Program provides affordable ownership opportunities to buyers of low to moderate incomes while seeking to maintain affordability by limiting resale prices for future buyers.

ARCH took the issues raised in these reports very seriously and took the following actions:

1. Audited each unit in its Homeownership Program using publicly available data, which was reviewed and supplemented with additional data provided by a consultant. The audit identified three main

types of compliance issues (foreclosures, non-owner occupancy, and sales or transfers without proper notification).

2. Conducted follow-up investigations on over 50 units. These efforts resulted in identifying compliance violations in 25 units, or 3.6% of the total portfolio.

Consultant's Report

In February 2019, ARCH hired Street Level Advisors to conduct a program assessment and to provide additional support to complete the audit of the Homeownership Program. The consultant's report, released in June 2019, summarized key findings and recommendations for specific changes in policies and administrative procedures that ARCH can make to strengthen the program. A [summary of the consultant's report](#) was shared with Council in June 2019, and the full report is included as Exhibit 5.

Key findings of the program assessment include the following (*summary excerpted from the Street Level Advisors report*):

1. **The program is serving households in the target income range.**
The roughly 700 units in the program were designed to target households at a range of incomes from 50% to 120% AMI, with the vast majority targeted at 80 to 120% AMI. For the sample of buyers tested, the median household income was 70.9% of local AMI adjusted for household size.
2. **The public share of equity in ARCH homes ("Value in Trust") has grown substantially over time.**
The typical ARCH home was initially sold at a restricted price approximately \$130,000 less than market value, but now has a current formula price that is \$330,000 less than market value. Taken together the difference between affordable prices and market values totals \$274 million. This \$274 million is the value that ARCH is entrusted to steward. For most homes (74.2%), the discount relative to market value that the current formula price provides is now larger than it was at initial sale. The result is that although the program's resale formulas are allowing a steady erosion of affordability overall, they have nonetheless consistently deepened the homes' market discounts.
3. **ARCH's Homeownership Program has provided meaningful opportunities for homeowners to build equity.**
Generally, participating homeowners build significant wealth and benefit from their homes' market appreciation. For a typical unit, a homeowner who has owned the unit since it was placed in ARCH's portfolio will gain \$65,000 at resale (appreciation minus closing costs and down payment). This results in a typical rate of return on investment of 13.86% annually – nearly double what owners would have earned by investing in the S&P 500.
4. **Due to rising home prices and varying resale formulas in member cities, a "significant share" of units have not remained affordable to the same income level over time.**
The program has utilized a variety of resale formulas over time and across different jurisdictions that have all performed differently. Overall, 67% of units are now affordable to a higher income group than they were at initial sale and the typical home has lost 7.4 percentage points of affordability.
5. **Affordable units lost due to foreclosure have been "meaningful," but are not a common occurrence in recent years.**
43 ARCH properties have experienced a foreclosure (5.8% of the portfolio); 20 foreclosures occurred without any formal notification to ARCH. In most cases where ARCH was notified, ARCH was unable to preserve the resale covenants on these homes. This was largely due to ARCH not having the resources readily available for the purpose of purchasing units at risk of foreclosure.

6. Compliance violations, such as subleasing and unauthorized sales, represent a small percentage of units in the program.

ARCH identified 51 homes (7% of the portfolio) that merited review for possible compliance violations, either due to mail being forwarded to a different address, an apparent change of ownership, or other reason. Of the 51 homes identified, 24 were determined to be in violation (3.5%), 16 were determined to be in compliance, and 11 are still under review. Violations were identified in 3 categories: unauthorized sales (1.3%), non-owner occupancy (1.7%), and unauthorized quit claim deed transfers (0.4%). Mercer Island does not have any units in the Homeownership Program; thus, none of the units in violation are located on the island.

7. ARCH is already implementing over half of the recommended industry best practices.

ARCH's covenant and other legal documents are state of the art, incorporating many thoughtful and strong protections for the public interest in ARCH homes. Based on a comprehensive review of current practices and procedures, ARCH is currently implementing just over half of the 70 industry best practices covered by the assessment tool.

8. Adding compliance and enforcement resources will greatly strengthen the program.

ARCH has been operating with less staff than is necessary to successfully preserve affordability and monitor compliance for such a large portfolio of homes. ARCH has less than one full time equivalent (FTE) position dedicated to the homeownership program. This means that ARCH has had to take a relatively "hands off" approach to stewardship.

The consultant's report noted that staffing levels for ARCH's Homeownership Program fall well below peer programs and recommended best practices. In fact, ARCH has had the same staffing level (5 FTEs) since the early 2000s, while the number of homeownership units monitored by ARCH has increased from just over 100 to almost 700. At the same time, the number of rental units produced by local incentive programs grew from less than 300 to over 1,000 (with another 600 in the pipeline) and an additional 1,800 units were funded through the Housing Trust Fund. It is anticipated that these numbers will continue to grow as ARCH member cities continue to adopt incentive programs to ensure new development contributes to affordability. The consultant report recommended expanding staffing levels by 1 to 3 FTEs, with at least one additional full-time position dedicated to the Homeownership Program. To help create a more sustainable staffing model, the consultant also recommended that ARCH develop a plan for implementing new fees at the time of resale.

The consultant report also included a suite of recommendations targeted at strengthening enforcement, program requirements, and operations.

ARCH Action Steps

ARCH is taking the following near-term action steps to strengthen compliance monitoring and program administration, and implement the consultant's recommendations:

1. Work with legal counsel from each individual jurisdiction with a potential violation to help define cities' enforcement options. In the majority of cases, homeowners are working cooperatively with ARCH to sell to new qualified buyers. As of September, eight homes were sold to new owners, and three were pending or listed for sale.
2. Increase staff capacity to implement recommended changes to program policies and procedures. In June, the Executive Board approved a resolution to authorize the Executive Manager to use up to \$415,000 in one-time funds from ARCH reserves and City of Kirkland housing funds for recruitment of

two new limited-term employees. In July, ARCH welcomed two interns to assist with administrative duties and special data projects that will help inform program design going forward.

3. Solicit consultant assistance to conduct an analysis and prepare specific recommendations for ARCH's resale formula, and level of resale fees.

As ARCH incorporates new staff and grows the portfolio of homes in the program, the ARCH Executive Board plans to continue to evaluate the needs of the organization to carry out critical functions on behalf of its members and the public. In the next year, ARCH plans to undertake an organizational assessment to build on the evaluation of monitoring functions in 2019. This broader evaluation will examine all areas of the ARCH Work Program, as well as ARCH's organizational structure and governance model.

Next Steps

The increased ARCH staffing recommended by the consultant will require additional ongoing funding; 2019 costs will be covered with one-time funds and staff anticipate a request for additional funding to support expanded ARCH staffing going forward. The ARCH Executive Board will discuss the 2020 Work Program and budget in September 2019 and will recommend budget and staffing levels for approval by each member city. Staff anticipate that the work plan and associated budget will increase Mercer Island's annual contribution to the ARCH administrative budget by approximately \$17,000 to \$23,000, depending on the budget option advanced by the ARCH Executive Board. This represents a 51-65% increase over the budgeted administrative contribution of \$33,327.

Staff intend to bring a budget amendment back to Council later this fall to account for the increase to the 2020 annual contribution to ARCH's administrative budget, along with the ARCH 2020 work plan and administrative budget for Council approval.

RECOMMENDATION

Receive reports. No action necessary.

FINAL BILL REPORT

SHB 1406

C 338 L 19
Synopsis as Enacted

Brief Description: Encouraging investments in affordable and supportive housing.

Sponsors: House Committee on Housing, Community Development & Veterans (originally sponsored by Representatives Robinson, Macri, Chapman, Valdez, Senn, Peterson, Kloba, Tharinger, Gregerson, Stanford, Walen, Doglio, Frame, Jinkins, Riccelli, Slatter, Ormsby and Santos).

House Committee on Housing, Community Development & Veterans
House Committee on Finance
Senate Committee on Housing Stability & Affordability
Senate Committee on Ways & Means

Background:

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

Summary:

County and city legislative authorities are authorized to implement a local sales tax to fund affordable or supportive housing. The maximum rate imposed may not exceed either 0.0146 percent or 0.0073 percent.

Until July 28, 2020, the maximum rate of 0.0146 percent is available only to:

- a city levying a qualifying local tax;
- a city located in a county that declares it will not levy the tax or that does not adopt a resolution of intent to impose the tax; and
- a county within its unincorporated areas and within the limits of a city that declares it will not levy the tax or that does not adopt a resolution of intent to impose the tax.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The rate of 0.0073 percent is available only to:

- a city without a qualifying local tax; and
- a county within the limits of a city that does not levy a qualifying local tax.

A county may not levy the tax within the limits of a city imposing the tax at 0.0146 percent.

After July 28, 2020, the maximum rate of 0.0146 percent is available only to:

- a city levying a qualifying local tax; and
- a county within its unincorporated areas and within the limits of a city that is not levying the tax.

The rate of 0.0073 percent is available only to:

- a city that is not levying a qualifying tax located in a county levying the tax; and
- a county within the limits of a city that does not levy a qualifying local tax. A city without a qualifying local tax may not levy the tax unless the county also levies the tax. A county may not levy the tax within the limits of a city imposing the tax at 0.0146 percent.

A "qualifying local tax" is defined as the affordable housing levy, the sales and use tax for housing and related services, the sales and use tax for chemical dependency and mental health treatment services or therapeutic courts, or a voter-approved property tax levy used solely for affordable housing. To impose the tax, a county or city legislative authority must adopt a resolution of intent within six months of July 28, 2019, and impose the tax within one year.

The tax is credited against the state sales tax collected in the jurisdiction. The amount a county or city may collect in any state fiscal year is limited based on taxable retail sales in the jurisdiction for state fiscal year 2019.

A county or city may bond against the revenue. The revenue collected or bonds issued may only be used for:

- acquiring, rehabilitating, or constructing affordable housing, including new units of affordable housing within an existing structure or facilities providing supportive housing services to individuals with mental or behavioral disorders; or
- operations and maintenance costs of new units of affordable or supportive housing.

Counties with a population of 400,000 or less and cities with a population of 100,000 or less may also use the revenue to provide rental assistance to tenants.

Housing and services may only be provided to persons whose income is at or below 60 percent of the county median income. A county or city may enter into an interlocal agreement with one or more other counties, cities, or housing authorities to provide affordable or supportive housing.

Counties and cities imposing the tax must submit annual reports on the collection and uses of the revenue to the Department of Commerce (COM), and the COM must submit a report annually to the appropriate legislative committees.

The tax expires 20 years after the jurisdiction first imposes the tax.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 66 | 32 | |
| Senate | 33 | 15 | (Senate amended) |
| House | 62 | 36 | (House concurred) |

Effective: July 28, 2019

MEMORANDUM

Date: June 13, 2019
To: ARCH Member Cities
From: Kurt Triplett, ARCH Executive Board Chair
Lindsay Masters, ARCH Executive Manager
RE: HB 1406 – Local Sales Tax Option for Affordable Housing

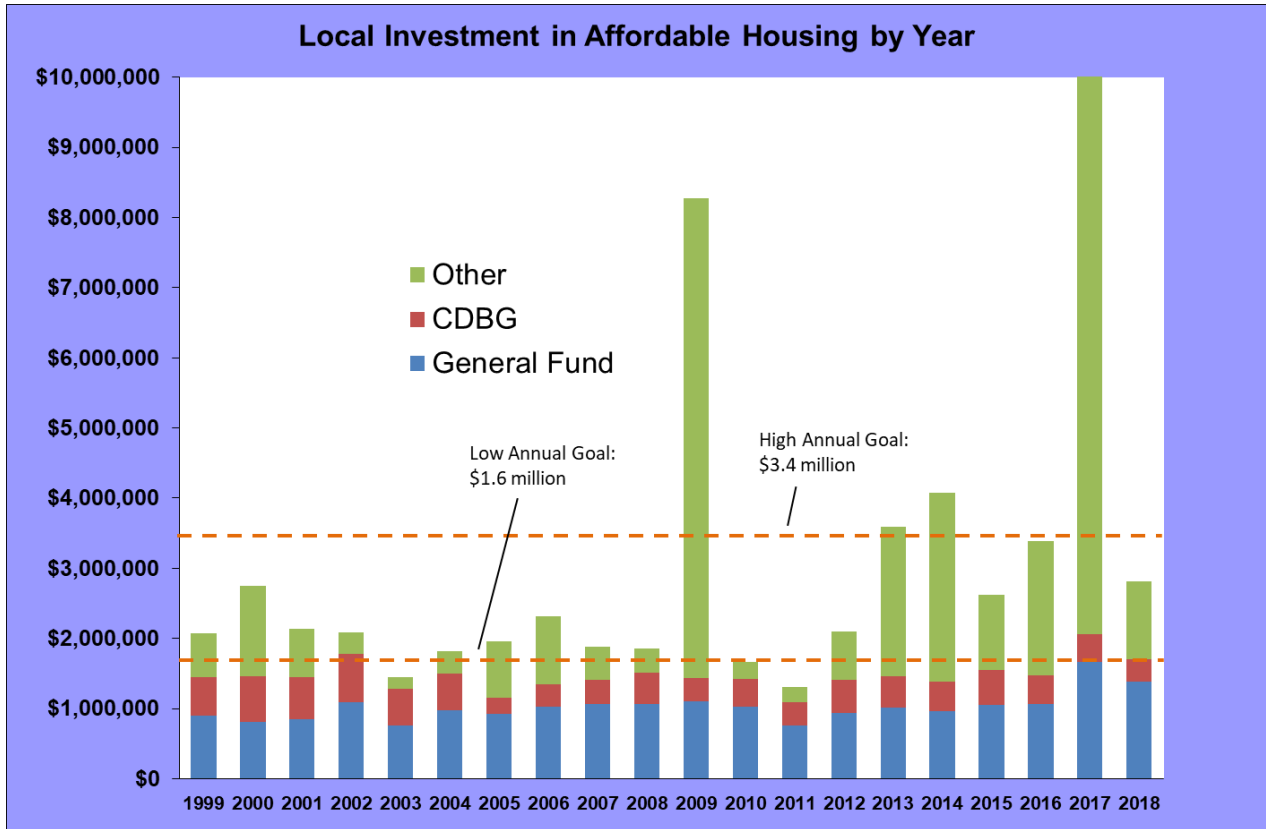
The State legislature adopted a number of housing-related bills during the most recent legislative session. Among these, HB 1406 was the most significant new funding tool created for local jurisdictions to increase investment in affordable housing. This memo provides background information on local funding for affordable housing, a summary of what HB 1406 authorizes and requires, and a sample template of a resolution for member cities electing to implement the tool.

Background: Local Investment in Affordable Housing in East King County

Since 1993, a core purpose in the formation and continued support for ARCH has been the successful cooperation around joint investments in affordable housing. This collaboration has set cities in East King County apart from other cities in the region, and led to a healthy track record of production and preservation of affordable homes since the 1990s, with investment in over 3,600 permanently affordable units/beds in the Housing Trust Fund portfolio as of 2018. Furthermore, ARCH has worked to ensure that these local investments leverage other private and public funding (historically \$9 for every \$1 of city funding), and created a loan fund that returns revenue to cities for future housing investment.

Since 1998, ARCH cities have used a “parity” formula to establish goals for local contributions to fund affordable housing. During that time, ARCH cities have provided consistent contributions that have resulted in a steady track record of investment in local projects. As shown in Figure 1, the level of investment from general funds has not increased significantly over the years, however, ARCH member cities have increasingly looked to other strategies to contribute resources, namely donation of City property and use of in-lieu payments from developers under incentive and inclusionary programs.

Figure 1. Local Investment in Affordable Housing by ARCH Member Cities



Other includes land, fee waivers, and in-lieu payments

** The low and high annual goals reflect the cumulative parity goals for all member cities, as updated for inflation in 2018.

In recent years, the dramatic rise of housing prices has placed enormous pressures on communities across the region, leading to conversations about strategies to scale up a range of housing strategies, including direct investment. In June of 2018, the ARCH Executive Board transmitted a recommendation to city councils to adopt a technical update to the parity formula to account for inflation, and engage councils in a subsequent conversation on setting a future aspirational increases in response to the increased need for affordable housing. The passage of HB 1406 now provides a vehicle for continued discussion and progress toward goals for local investment in housing.

New Funding Tool: HB 1406

HB 1406 allows cities and counties to retain a portion of the sales tax for investment in affordable or supportive housing. This portion is offset by a reduction in the state’s portion, and therefore does not result in an increased tax on consumers. The bill sets up a system for cities and counties to share the revenue, with two tiers based on whether a jurisdiction has adopted a “qualifying local tax”. Seattle is currently the only city in King County with a qualifying tax.

The bill gives 6 months for jurisdictions to declare their intent and 12 months to act on legislation. After 12 months, a county may implement any authority that has gone unused by cities. For the first 12 months, the tax is limited to:

- 0.0073% for a city without a qualifying local tax, or a county within the limits of a nonparticipating city
- 0.0146% for a city with a qualifying tax, or a participating city in a county that declares it will not levy the tax, or a county within unincorporated areas or within cities that declare they will not levy the tax

After 12 months, the tax is limited to:

- 0.0073% for a city without a qualifying local tax, or a county within the limits of a participating city
- 0.0146% for a city with a qualifying tax, or a participating city in a county that declares it will not levy the tax, or a county within unincorporated areas or within any nonparticipating cities.

Cities have a choice of whether to be a participating or nonparticipating city, and a choice of whether to adopt a qualifying tax to increase the portion they may retain. After 12 months, any available revenue that is not collected by a city will be retained by the County.

Figure 2. Illustration of available taxing authorities.

First 12 months:

| participating city w/ qualifying tax | participating city w/out qualifying tax | nonparticipating cities | in unincorporated areas | in cities that declare they will not levy the tax |
|--------------------------------------|---|-------------------------------|-------------------------|---|
| 0.0146% - city | 0.0073% - city 0% - county | 0% - city 0.0073% - county | 0.0146% - county | 0.0146% - county |

After 12 months:

| participating city w/ qualifying tax | participating city w/out qualifying tax | nonparticipating cities | in unincorporated areas |
|--------------------------------------|---|-------------------------|-------------------------|
| 0.0146% - city | 0.0073% - city 0.0073% - county | 0.0146% - county | 0.0146% - county |

Qualifying Local Taxes

Qualifying local taxes include the following:

- An affordable housing levy authorized under RCW 84.52.105, which allows cities or counties to impose up to fifty cents per thousand dollars of assessed value of

property for up to ten years if approved by a majority of voters in the taxing district. The governing body of the jurisdiction must first declare the existence of a housing emergency, and adopt a financing plan.

- The sales and use tax for housing and related services authorized under RCW 82.14.530, provided the city has imposed the tax at a minimum of at least half of the authorized rate (0.1%). Cities must place a ballot proposition before voters for approval.
- The sales tax for chemical dependency and mental health treatment services or therapeutic courts authorized under RCW 582.14.460 imposed by a city. Because King County has already authorized this tax, cities within King County would not be eligible to use this authority.
- The levy authorized under RCW 84.55.050, if used solely for affordable housing. RCW 84.55.050 sets forth procedures for increasing levy authority if a proposition is approved by a majority of voters of a taxing district.

A qualifying tax must be “instated” no later than twelve months after the effective date of the law, which means no later than July 30, 2020. The Association of Washington Cities (AWC) is currently seeking a clarification to confirm that “instated” means that an ordinance has been adopted.

Potential Revenue Estimates

The maximum amount a city may collect will be limited by the amount of taxable retail sales within a jurisdiction in fiscal year 2019 times the applicable rate. Figure 2 shows the estimated revenue potential based on Taxable Retail Sales in ARCH cities in 2018.

Figure 2. Revenue Potential in ARCH Cities based on Taxable Retail Sales in 2018

| Location | Taxable Retail Sales | .0073% | .0146% |
|--------------------|----------------------|-----------|-----------|
| BEAUX ARTS VILLAGE | 6,769,158 | 494 | 988 |
| BELLEVUE RTA | 8,107,493,934 | 591,847 | 1,183,694 |
| BOTHELL/KING | 744,325,187 | 54,336 | 108,671 |
| CLYDE HILL | 76,829,233 | 5,609 | 11,217 |
| HUNTS POINT | 17,061,939 | 1,246 | 2,491 |
| ISSAQUAH RTA | 1,718,731,158 | 125,467 | 250,935 |
| KENMORE | 270,571,011 | 19,752 | 39,503 |
| KIRKLAND | 2,673,063,240 | 195,134 | 390,267 |
| MEDINA | 124,696,680 | 9,103 | 18,206 |
| MERCER ISLAND | 497,503,623 | 36,318 | 72,636 |
| NEWCASTLE | 158,413,823 | 11,564 | 23,128 |
| REDMOND RTA | 3,499,834,893 | 255,488 | 510,976 |
| SAMMAMISH RTA | 715,541,878 | 52,235 | 104,469 |
| WOODINVILLE RTA | 783,625,291 | 57,205 | 114,409 |
| YARROW POINT | 31,228,953 | 2,280 | 4,559 |
| | | 1,418,075 | 2,836,151 |

Eligible Housing and Services Uses

The housing and services funded with the tax must serve populations earning up to 60% of the county median income. In determining the use of funds, a county or city must consider the income of the individuals and families to be served, the leveraging of the resources made available under this section, and the housing needs within the jurisdiction.

Attachment 1 shows incomes and affordable monthly rents for households earning up to 30%, 50% and 60% of median income. **Attachment 2** shows data on housing cost burden by income level in each ARCH member city.

All cities and counties may use the funds for:

- (i) Acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services under RCW 71.24.385; or
- (ii) Funding the operations and maintenance costs of new units of affordable or supportive housing.

Cities with population under 100,000 and counties with population under 400,000 may also use the funds for rental assistance.

Bonding Authority / Interlocal Agreements

Cities and counties may pledge the funds for repayment of general obligation or revenue bonds, and may also enter into interlocal agreements with other counties, cities, or public housing authorities to pool the tax receipts received under this section. The existing ARCH Interlocal Agreement (ILA) provides a structure to enable cities to pool revenue for investment in housing. Since 2010, the ILA authorized the City of Bellevue (Administering Agency for ARCH) to establish and maintain a centralized Housing Trust Fund Account for the purpose of administering the contributions of ARCH members to affordable housing projects and programs. The Housing Trust Fund Account includes a sub-account for each member city, with contributions to be released only when directed by each individual city.

Deadlines to Act

To impose the tax, a county or city legislative authority must adopt within 6 months of the effective date of the legislation a resolution of intent to adopt legislation to authorize the maximum capacity of the tax. The resolution requires simple majority approval. In addition, the legislative authority must approve actual legislation within 12 months. The bill takes effect 90 days after the end of the session, which means that cities must adopt a resolution by January 31, 2020, and actual legislation by July 27, 2020. The tax expires 20 years after the jurisdiction first imposes the tax.

A sample resolution is provided in **Attachment 4**.

Staff Recommendation

Staff recommend that councils of ARCH member cities take advantage of this new tool and adopt a resolution declaring their intent to adopt legislation to authorize the maximum capacity of the tax by January 31, 2020.

Attachments:

- 1. Household Incomes and Affordable Rents by Percent of Area Median Income in 2019 (Seattle-Bellevue HUD Metro FMR Area)**
- 2. Number of Households with Housing Cost Burden by Income in ARCH Cities**
- 3. Sample Form of Ordinance/Resolution of Intent Pursuant to HB 1406 (prepared by Pacifica Law Group LLP)**

Attachment 1. Household Incomes and Affordable Rents by Percent of Area Median Income in 2019 (Seattle-Bellevue HUD Metro FMR Area)

Household Incomes by Percent of Area Median Income (AMI)

| | 1 person | 2 person | 3 person | 4 person | 5 person | 6 person |
|----------|----------|----------|----------|-----------|-----------|-----------|
| 30% AMI | \$22,806 | \$26,064 | \$29,322 | \$32,580 | \$35,186 | \$37,793 |
| 50% AMI | \$38,010 | \$43,440 | \$48,870 | \$54,300 | \$58,644 | \$62,988 |
| 60% AMI | \$45,612 | \$52,128 | \$58,644 | \$65,160 | \$70,373 | \$75,586 |
| 80% AMI | \$60,816 | \$69,504 | \$78,192 | \$86,880 | \$93,830 | \$100,781 |
| 100% AMI | \$76,020 | \$86,880 | \$97,740 | \$108,600 | \$117,288 | \$125,976 |

Affordable Monthly Rent by Household Size and Income

| | 1 person | 2 person | 3 person | 4 person | 5 person | 6 person |
|----------|----------|----------|----------|----------|----------|----------|
| 30% AMI | \$570 | \$652 | \$733 | \$815 | \$880 | \$945 |
| 50% AMI | \$950 | \$1,086 | \$1,222 | \$1,358 | \$1,466 | \$1,575 |
| 60% AMI | \$1,140 | \$1,303 | \$1,466 | \$1,629 | \$1,759 | \$1,890 |
| 80% AMI | \$1,520 | \$1,738 | \$1,955 | \$2,172 | \$2,346 | \$2,520 |
| 100% AMI | \$1,901 | \$2,172 | \$2,444 | \$2,715 | \$2,932 | \$3,149 |

Attachment 2. Number of Households with Housing Cost Burden by Income in ARCH Cities

(Source: 2011-2015 CHAS 5-Year Estimates)

| | Not cost burdened | Cost burdened (30-49%) | Severely cost burdened (50%+) | Sum of Cost burdened and Severely cost burdened | Total Households |
|---------------------------|----------------------|------------------------------|-------------------------------------|--|---------------------|
| EKC cities | 130,150 | 31,833 | 26,484 | 58,317 | 188,467 |
| <=30% AMI | 2,358 | 1,714 | 13,614 | 15,328 | 17,686 |
| 31% - 50% AMI | 3,102 | 5,409 | 6,768 | 12,177 | 15,279 |
| 51% - 80% AMI | 7,289 | 7,389 | 2,978 | 10,367 | 17,656 |
| 81% - 100% AMI | 7,705 | 5,156 | 1,341 | 6,497 | 14,202 |
| >100% AMI | 109,696 | 12,165 | 1,783 | 13,948 | 123,644 |
| Beaux Arts Village | 98 | 28 | 24 | 52 | 150 |
| <=30% AMI | - | 4 | 12 | 16 | 16 |
| 31% - 50% AMI | - | 8 | 4 | 12 | 12 |
| 51% - 80% AMI | 8 | - | - | - | 8 |
| 81% - 100% AMI | 8 | 4 | 4 | 8 | 16 |
| >100% AMI | 82 | 12 | 4 | 16 | 98 |
| Bellevue | 37,115 | 8,945 | 8,139 | 17,084 | 54,199 |
| <=30% AMI | 860 | 530 | 4,370 | 4,900 | 5,760 |
| 31% - 50% AMI | 885 | 1,755 | 2,000 | 3,755 | 4,640 |
| 51% - 80% AMI | 2,455 | 1,880 | 869 | 2,749 | 5,204 |
| 81% - 100% AMI | 2,255 | 1,650 | 420 | 2,070 | 4,325 |
| >100% AMI | 30,660 | 3,130 | 480 | 3,610 | 34,270 |
| Bothell | 10,601 | 3,064 | 2,308 | 5,372 | 15,973 |
| <=30% AMI | 199 | 249 | 1,399 | 1,648 | 1,847 |
| 31% - 50% AMI | 419 | 665 | 525 | 1,190 | 1,609 |
| 51% - 80% AMI | 818 | 815 | 284 | 1,099 | 1,917 |
| 81% - 100% AMI | 1,010 | 665 | 40 | 705 | 1,715 |
| >100% AMI | 8,155 | 670 | 60 | 730 | 8,885 |
| Clyde Hill | 751 | 136 | 172 | 308 | 1,059 |
| <=30% AMI | 4 | 4 | 32 | 36 | 40 |
| 31% - 50% AMI | 8 | 19 | 54 | 73 | 81 |
| 51% - 80% AMI | 8 | 14 | 42 | 56 | 64 |
| 81% - 100% AMI | 23 | 4 | 14 | 18 | 41 |
| >100% AMI | 708 | 95 | 30 | 125 | 833 |
| Hunts Point | 106 | 60 | 58 | 118 | 224 |
| <=30% AMI | 4 | - | 20 | 20 | 24 |
| 31% - 50% AMI | - | 8 | 4 | 12 | 12 |
| 51% - 80% AMI | - | 4 | 12 | 16 | 16 |
| 81% - 100% AMI | 4 | 8 | 4 | 12 | 16 |
| >100% AMI | 98 | 40 | 18 | 58 | 156 |

| | Not cost burdened | Cost burdened (30-49%) | Severely cost burdened (50%+) | Sum of Cost burdened and Severely cost burdened | Total Households |
|----------------------|----------------------|------------------------------|-------------------------------------|--|---------------------|
| Issaquah | 9,400 | 2,555 | 2,090 | 4,645 | 14,045 |
| <=30% AMI | 225 | 110 | 1,070 | 1,180 | 1,405 |
| 31% - 50% AMI | 355 | 290 | 575 | 865 | 1,220 |
| 51% - 80% AMI | 440 | 790 | 240 | 1,030 | 1,470 |
| 81% - 100% AMI | 645 | 315 | 85 | 400 | 1,045 |
| >100% AMI | 7,735 | 1,050 | 120 | 1,170 | 8,905 |
| Kenmore | 5,334 | 1,549 | 1,113 | 2,662 | 7,996 |
| <=30% AMI | 99 | 220 | 634 | 854 | 953 |
| 31% - 50% AMI | 225 | 329 | 250 | 579 | 804 |
| 51% - 80% AMI | 425 | 250 | 84 | 334 | 759 |
| 81% - 100% AMI | 390 | 215 | 80 | 295 | 685 |
| >100% AMI | 4,195 | 535 | 65 | 600 | 4,795 |
| Kirkland | 23,349 | 6,576 | 5,434 | 12,010 | 35,359 |
| <=30% AMI | 284 | 198 | 2,695 | 2,893 | 3,177 |
| 31% - 50% AMI | 695 | 1,125 | 1,555 | 2,680 | 3,375 |
| 51% - 80% AMI | 1,410 | 1,690 | 659 | 2,349 | 3,759 |
| 81% - 100% AMI | 1,485 | 1,118 | 250 | 1,368 | 2,853 |
| >100% AMI | 19,475 | 2,445 | 275 | 2,720 | 22,195 |
| Medina | 701 | 183 | 173 | 356 | 1,057 |
| <=30% AMI | - | - | 72 | 72 | 72 |
| 31% - 50% AMI | 10 | 18 | 12 | 30 | 40 |
| 51% - 80% AMI | 4 | 8 | 25 | 33 | 37 |
| 81% - 100% AMI | 12 | 4 | 35 | 39 | 51 |
| >100% AMI | 675 | 153 | 29 | 182 | 857 |
| Mercer Island | 6,638 | 1,360 | 1,574 | 2,934 | 9,572 |
| <=30% AMI | 160 | 40 | 610 | 650 | 810 |
| 31% - 50% AMI | 75 | 170 | 440 | 610 | 685 |
| 51% - 80% AMI | 299 | 240 | 150 | 390 | 689 |
| 81% - 100% AMI | 244 | 120 | 100 | 220 | 464 |
| >100% AMI | 5,860 | 790 | 274 | 1,064 | 6,924 |
| Newcastle | 2,972 | 649 | 492 | 1,141 | 4,113 |
| <=30% AMI | 18 | 15 | 210 | 225 | 243 |
| 31% - 50% AMI | 105 | 70 | 163 | 233 | 338 |
| 51% - 80% AMI | 34 | 165 | 39 | 204 | 238 |
| 81% - 100% AMI | 210 | 39 | 55 | 94 | 304 |
| >100% AMI | 2,605 | 360 | 25 | 385 | 2,990 |
| Redmond | 17,229 | 3,444 | 2,690 | 6,134 | 23,363 |
| <=30% AMI | 460 | 180 | 1,545 | 1,725 | 2,185 |
| 31% - 50% AMI | 195 | 600 | 750 | 1,350 | 1,545 |
| 51% - 80% AMI | 975 | 990 | 205 | 1,195 | 2,170 |
| 81% - 100% AMI | 944 | 609 | 95 | 704 | 1,648 |

| | Not cost burdened | Cost burdened (30-49%) | Severely cost burdened (50%+) | Sum of Cost burdened and Severely cost burdened | Total Households |
|---------------------|----------------------|------------------------------|-------------------------------------|--|---------------------|
| >100% AMI | 14,655 | 1,065 | 95 | 1,160 | 15,815 |
| Sammamish | 12,309 | 2,322 | 1,564 | 3,886 | 16,195 |
| <=30% AMI | 45 | 55 | 655 | 710 | 755 |
| 31% - 50% AMI | 75 | 125 | 294 | 419 | 494 |
| 51% - 80% AMI | 209 | 324 | 295 | 619 | 828 |
| 81% - 100% AMI | 205 | 300 | 125 | 425 | 630 |
| >100% AMI | 11,775 | 1,518 | 195 | 1,713 | 13,488 |
| Woodinville | 3,280 | 893 | 570 | 1,463 | 4,743 |
| <=30% AMI | - | 105 | 270 | 375 | 375 |
| 31% - 50% AMI | 55 | 223 | 130 | 353 | 408 |
| 51% - 80% AMI | 200 | 215 | 60 | 275 | 475 |
| 81% - 100% AMI | 270 | 105 | 20 | 125 | 395 |
| >100% AMI | 2,755 | 245 | 90 | 335 | 3,090 |
| Yarrow Point | 267 | 69 | 83 | 152 | 419 |
| <=30% AMI | - | 4 | 20 | 24 | 24 |
| 31% - 50% AMI | - | 4 | 12 | 16 | 16 |
| 51% - 80% AMI | 4 | 4 | 14 | 18 | 22 |
| 81% - 100% AMI | - | - | 14 | 14 | 14 |
| >100% AMI | 263 | 57 | 23 | 80 | 343 |
| King County | 529,895 | 159,155 | 130,605 | 289,760 | 819,655 |
| <=30% AMI | 15,780 | 18,750 | 82,205 | 100,955 | 116,735 |
| 31% - 50% AMI | 25,395 | 39,980 | 27,625 | 67,605 | 93,000 |
| 51% - 80% AMI | 49,170 | 37,210 | 11,725 | 48,935 | 98,105 |
| 81% - 100% AMI | 50,655 | 23,255 | 4,330 | 27,585 | 78,240 |
| >100% AMI | 388,895 | 39,960 | 4,720 | 44,680 | 433,575 |

SAMPLE FORM OF ORDINANCE/RESOLUTION OF INTENT PURSUANT TO HB 1406
Prepared by Pacifica Law Group LLP

[ORDINANCE/RESOLUTION]

No. _____

[AN ORDINANCE][A RESOLUTION] OF THE [CITY COUNCIL][_____
COUNTY BOARD OF COMMISSIONERS] OF [_____
DECLARING THE INTENT OF THE [_____] TO ADOPT
LEGISLATION TO AUTHORIZE A SALES AND USE TAX FOR
AFFORDABLE AND SUPPORTIVE HOUSING IN ACCORDANCE WITH
SUBSTITUTE HOUSE BILL 1406 (CHAPTER 338, LAWS OF 2019), AND
OTHER MATTERS RELATED THERETO.

WHEREAS, in the 2019 Regular Session, the Washington State Legislature approved, and the Governor signed, Substitute House Bill 1406 (Chapter 338, Laws of 2019) (“SHB 1406”); and

WHEREAS, SHB 1406 authorizes the governing body of a city or county to impose a local sales and use tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, [and] for the operations and maintenance costs of affordable or supportive housing, [*FOR COUNTIES of 400,000 or less, or CITIES of 100,000 or less: or, if eligible, for providing rental assistance to tenants*]; and

WHEREAS, the tax will be credited against state sales taxes collected within the [City/County] and, therefore, will not result in higher sales and use taxes within the [City/County] and will represent an additional source of funding to address housing needs in the [City/County]; and

WHEREAS, the tax must be used to assist persons whose income is at or below sixty percent of the [City/County] median income; and

WHEREAS, the [City/County] has [describe housing need] and has determined that imposing the sales and use tax to address this need will benefit its citizens; and

WHEREAS, in order for a city or county to impose the tax, within six months of the effective date of SHB 1406, or January 28, 2020, the governing body must adopt a resolution of intent to authorize the maximum capacity of the tax, and within twelve months of the effective date of SHB 1406, or July 28, 2020, must adopt legislation to authorize the maximum capacity of the tax; and

WHEREAS, this [ordinance/resolution] constitutes the resolution of intent required by SHB 1406; and

WHEREAS, the [City Council/County Board of Commissioners] now desires to declare its intent to impose a local sales and use tax as authorized by SHB 1406 as set forth herein;

NOW, THEREFORE, BE IT [RESOLVED][ORDAINED] BY THE [CITY COUNCIL/COUNTY BOARD OF COMMISSIONERS] OF THE [CITY OF _____/ _____ COUNTY] AS FOLLOWS:

Section 1. Resolution of Intent. The [City Council/County Board of Commissioners] declares its intent to adopt legislation to authorize the maximum capacity of the sales and use tax authorized by SHB 1406 within one year of the effective date of SHB 1406, or by July 28, 2020.

Section 2. Further Authority; Ratification. All [City/County] officials, their agents, and representatives are hereby authorized and directed to undertake all action necessary or desirable from time to time to carry out the terms of, and complete the actions contemplated by, this [resolution][ordinance]. All acts taken pursuant to the authority of this [resolution][ordinance] but prior to its effective date are hereby ratified.

Section 3. Effective Date. This [resolution][ordinance] shall take effect [immediately upon its passage and adoption][____ days after the passage and publication].

Passed by majority vote of the _____ in open meeting this _____ day of _____, 2019.

[insert appropriate signature blocks]

FINAL BILL REPORT

E2SHB 1923

C 348 L 19
Synopsis as Enacted

Brief Description: Increasing urban residential building capacity.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Fitzgibbon, Macri, Appleton, Doglio, Dolan, Santos and Frame).

House Committee on Environment & Energy
House Committee on Appropriations
Senate Committee on Housing Stability & Affordability
Senate Committee on Ways & Means

Background:

Growth Management Act.

The Growth Management Act (GMA) is the comprehensive land use planning framework for counties and cities in Washington. Originally enacted in 1990 and 1991, the GMA establishes land use designation and environmental protection requirements for all Washington counties and cities. The GMA also establishes a significantly wider array of planning duties for 29 counties, and the cities within those counties, that are obligated to satisfy all planning requirements of the GMA. These jurisdictions are sometimes said to be "fully planning" under the GMA.

The GMA directs fully planning jurisdictions to adopt internally consistent comprehensive land use plans. Comprehensive plans are implemented through locally adopted development regulations, and both the plans and the local regulations are subject to review and revision requirements prescribed in the GMA. In developing their comprehensive plans, counties and cities must consider various goals set forth in statute. These goals include:

- *Urban Growth.* Encourage development in urban areas where adequate public facilities and services exist or can be provided in an efficient manner.
- *Housing.* Encourage the availability of affordable housing to all economic segments of the population of Washington, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.
- *Public Facilities and Services.* Ensure that those public facilities and services necessary to support development are adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Counties that fully plan under the GMA must include a plan, scheme, or design for different types of land use areas, including Urban Growth Areas (UGAs)—areas within which urban growth must be encouraged and outside of which growth can occur only if it is not urban in nature. Planning jurisdictions must include within their UGAs sufficient areas and densities to accommodate projected urban growth for the succeeding 20-year period. In addition, cities must include sufficient areas to accommodate the broad range of needs and uses that will accompany the projected urban growth, including, as appropriate, medical, governmental, institutional, commercial, service, retail, and other nonresidential uses.

State Environmental Policy Act.

The SEPA establishes a review process for state and local governments to identify environmental impacts that may result from governmental decisions, such as the issuance of permits or the adoption of land use plans. The SEPA environmental review process involves a project proponent or the lead agency completing an environmental checklist to identify and evaluate probable environmental impacts. Government decisions that the SEPA-checklist process identifies as having significant adverse environmental impacts must then undergo a more comprehensive environmental analysis in the form of an Environmental Impact Statement (EIS). Decisions made under SEPA may generally, although not always, be appealed, first at the administrative level, and then at the judicial level.

State Environmental Policy Act—Subarea Plans.

A city with a population greater than 5,000 may adopt optional elements of its comprehensive plans and optional development regulations that apply within specified subareas of the cities that are either: areas designated as mixed-use or urban centers in a land use or transportation plan adopted by a regional transportation planning organization; or areas within 0.5 miles of a major transit stop that are zoned to have an average minimum density of 15 dwelling units or more per gross acre.

State Environmental Policy Act—Categorical Exemptions.

Under SEPA, certain nonproject actions are categorically exempted from the requirements of SEPA. Examples of categorically exempt nonproject actions include certain amendments to development regulations and certain amendments to technical codes.

State Environmental Policy Act—Categorical Exemptions—Infill Development.

Counties and cities planning fully under GMA may establish categorical exemptions from the requirements of SEPA to accommodate infill development. Locally authorized categorical exemptions may differ from the categorical exemptions established by the Department of Ecology by rule. Under the infill development categorical exemption, cities and counties may adopt categorical exemptions to exempt government action related to development that is new residential development, mixed-use development, or commercial development up to 65,000 square feet, under certain circumstances.

Summary:

Increased Residential Building Capacity and Housing Affordability.

Cities planning fully under the Growth Management Act (GMA) are encouraged to take two or more of the following actions in order to increase residential building capacity:

- authorize development of at least 50 residential units per acre in one or more areas of not fewer than 500 acres that include one or more train stations served by commuter rail or light rail;
- authorize development of an average of at least 25 residential units per acre in one or more areas of not fewer than 500 acres in cities with a population greater than 40,000, or areas of not fewer than 250 acres in cities with a population less than 40,000, that include one or more bus stops served by scheduled bus service of at least four times per hour for 12 or more hours per day;
- authorize at least one duplex, triplex, or courtyard apartment on each parcel in one or more zoning districts that permit single-family residences unless a city documents a specific infrastructure or physical constraint that would make this requirement unfeasible for a particular parcel;
- authorize cluster zoning or lot size averaging in all zoning districts that permit single-family residences;
- authorize accessory dwelling units on all lots located in zoning districts that permit single-family residences, subject to certain restrictions;
- adopt a subarea plan pursuant to the State Environmental Policy Act (SEPA);
- adopt a planned action pursuant to the planned action provisions of SEPA, except that an Environmental Impact Statement (EIS) need not be prepared for such a planned action;
- adopt increases in categorical exemptions pursuant to the infill development provisions of SEPA for single-family and multifamily development;
- adopt a form-based code in one or more zoning districts that permit residential uses;
- authorize a duplex on each corner lot within all zoning districts that permit single-family residences;
- allow for the division or redivision of land into the maximum number of lots through the short subdivision process; and
- authorize a minimum net density of six dwelling units per acre in all residential zones.

Cities planning fully under the GMA may adopt a housing action plan. The goal of the housing action plan must be to encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes. The housing action plan should, among other things, quantify existing and projected housing needs for all income levels and develop strategies to increase the supply of housing, and should consider strategies to minimize displacement of low-income residents resulting from redevelopment and review and evaluate the current housing element.

If taken prior to April 1, 2021, the actions taken by a city to implement the residential building capacity elements described above, with the exception of the adoption of a sub-area plan, are exempt from administrative or judicial appeal under SEPA and the GMA.

A city with a population over 20,000 that is planning to take at least two actions to increase residential building capacity by April 1, 2021, is eligible to apply for a grant of up to \$100,000 from the Department of Commerce (Commerce) to support planning and outreach efforts. A city seeking to develop a housing action plan is also eligible to apply for a grant of up to \$100,000 from Commerce. Commerce must establish grant award amounts that take

into consideration whether the proposed action will create a significant amount of housing capacity or regulatory streamlining.

Growth Management Act—Definitions.

The following terms are added to the definitions within the GMA:

- "affordable housing" means, unless the context clearly indicates otherwise, residential housing whose monthly costs, including utilities other than telephone, do not exceed 30 percent of the monthly income of a household whose income is, for rental housing 60 percent or for owner-occupied housing 80 percent, of the median family income adjusted for family size, for the county where the household is located, as reported by the United States Department of Housing and Urban Development (HUD);
- "extremely low-income household" means a single person, family, or unrelated persons living together, whose adjusted income is at or below 30 percent of the median family income adjusted for family size, for the county where the household is located, as reported by the HUD;
- "low-income household" means a single person, family, or unrelated persons living together, whose adjusted income is at or below 80 percent of the median family income adjusted for family size, for the county where the household is located, as reported by the HUD; and
- "very low-income household" means a single person, family, or unrelated persons living together, whose adjusted income is at or below 50 percent of the median family income adjusted for family size, for the county where the household is located, as reported by the HUD; and
- "permanent supportive housing" means subsidized, leased housing with no limit on length of stay, paired with on-site or off-site voluntary services designed to support a person living with a disability to be a successful tenant in a housing arrangement, improve the resident's health status, and connect residents of the housing with community-based health care, treatment, and employment services.

Housing Supply and Affordability Report.

The University of Washington, through the Washington Center for Real Estate Research, must produce a report every two years that compiles housing supply and affordability metrics for each city planning under the GMA with a population of 10,000 or more. The report must be a compilation of objective criteria relating to development regulations, zoning, income, housing and rental prices, housing affordability programs, and other metrics relevant to assessing housing supply and affordability for all income segments. The Washington Center for Real Estate Research must collaborate with the Washington Housing Finance Commission and the Office of Financial Management to develop the metrics compiled in the report. The report must be submitted to the Legislature by October 15 of each even-numbered year beginning in 2020.

Growth Management Act—Minimum Residential Parking Requirements.

For affordable housing units that are affordable to very low-income or extremely low-income individuals and that are located within 0.25 miles of a transit stop that receives transit service at least four times per hour for 12 or more hours per day, minimum residential parking requirements may be no greater than one parking space per bedroom or 0.75 spaces per unit.

For housing units that are specifically for seniors or people with disabilities, that are located within 0.25 miles of a transit stop that receives transit service at least four times per hour for 12 or more hours per day, no minimum residential parking requirement may be imposed, with certain exceptions.

State Environmental Policy Act—Transportation Elements.

A project action evaluated under SEPA by a city, county, or town planning fully under the GMA is exempt from appeals under SEPA on the basis of the evaluation of or impacts to transportation elements of the environment, so long as the project does not present significant adverse impacts to state highways as determined by the Department of Transportation and the project is:

- consistent with either a locally adopted transportation plan or the transportation element of a comprehensive plan; and
- consistent with the transportation element of a comprehensive plan, and either a project for which traffic or parking impact fees are imposed pursuant to, or a project for which traffic or parking impacts are expressly mitigated by an ordinance adopted by the city, town, or county.

State Environmental Policy Act—Subarea Plans.

The requirement that cities with populations greater than 500,000 take certain actions regarding notice of scoping for a nonproject EIS related to subarea plans is eliminated. The requirement that cities with populations greater than 500,000 analyze whether an adopted subarea plan will result in displacement or fragmentation of certain populations is eliminated.

Until July 1, 2029, a proposed development that meets the criteria described below is exempt from appeal under SEPA as long as a complete application for such a development is submitted to the city within a time frame established by the city, not to exceed 19 years from the date of issuance of the final EIS for projects that are consistent with an optional element adopted by a city as of the effective date the act, or 10 years from the date of issuance of the final EIS for projects that are consistent with an optional element adopted by a city after the effective date the act.

The criteria that a proposed development must meet in order to qualify for the SEPA appeal exemption are:

- the development must be consistent with the optional comprehensive plan or subarea plan policies and development regulations adopted under the SEPA subarea plan provisions;
- the development must set aside or require the occupancy of at least 10 percent of the dwelling units, or a greater percentage as determined by city development regulations, within the development for low-income households at a sale price or rental amount that is considered affordable by a city's housing program, for projects that are consistent with an optional element of a subarea plan adopted after the effective date of the act; and
- the development must be environmentally reviewed through a nonproject EIS pursuant to the SEPA subarea plan provisions.

Growth Management Planning and Environmental Review Fund.

The scope of permissible uses of the GMA Planning and Environmental Review Fund is expanded to include planning grants, the biennial study prepared by Washington Center for Real Estate Research, and costs associated with the adoption of optional elements of comprehensive plans.

Permanent Supportive Housing.

A city may not prohibit permanent supportive housing in areas where multifamily housing is permitted.

Recording Fee.

A surcharge of \$2.50 must be charged by the county auditor for each document recorded. Each county auditor must remit the collected funds to the Washington State Treasurer. The funds must initially be deposited in the GMA Planning and Environmental Review Fund. Beginning in 2024, sufficient funds must be deposited in the GMA Planning and Environmental Review Fund for the costs associated with the biennial report on housing supply and affordability required by the act, and the remainder of the funds must be deposited into the Home Security Fund Account. The surcharge does not apply to certain documents, including, among others, documents recording a birth, marriage, divorce, or death.

Votes on Final Passage:

- House 66 30
- Senate 33 12 (Senate amended)
- House (House refused to concur.)
- Senate 33 16 (Senate receded/amended)
- House 75 19 (House concurred)

Effective: July 28, 2019



Increasing Residential Building Capacity E2SHB 1923 Grant Opportunity Overview

Growth Management Services

Local Government Division

E2SHB 1923 (2019) encourages all cities planning under the Growth Management Act (GMA) to adopt actions to increase residential building capacity. Cities are especially encouraged to increase residential building capacity in areas that have supportive transportation and utility infrastructure, and are served with frequent transit service. Cities are also encouraged to prioritize the creation of affordable, inclusive neighborhoods and to consider the risk of residential displacement, particularly in neighborhoods with communities at high risk of displacement.

This bill provides a total \$5,000,000 in grants assistance, prioritized by the legislature for cities over 20,000 in population. A city may receive up to \$100,000 in grant funds for:

1. taking at least two of the actions to increase residential building capacity listed below,
- or
2. developing a housing action plan.

Commerce will reach out directly to eligible cities to apply for the funding. Those cities will be asked to complete a survey about eligible actions, specifically if they already have them, and for which ones they intend to apply for funding. Commerce will use the information to make decisions about the grant program. Applications will be available in August. In the meantime, we recommend that eligible jurisdictions work with decision makers to review the list of eligible activities below, and decide which ones they may pursue for funding. If your city has not received notification of the survey, please contact Paul Johnson at (360) 725-3048 or paul.johnson@commerce.wa.gov.

After the first round of grants, if funding allows, Commerce may consider accepting and funding applications from cities with a population of less than 20,000 if the actions proposed will result in significant housing capacity or regulatory streamlining.

Commerce contacts:

Dave Andersen, GMS Managing Director / Project Lead, (509) 434-4491

Paul Johnson, GMS Grants Coordinator, (360) 725-3048

Email: dave.andersen@commerce.wa.gov and paul.johnson@commerce.wa.gov

Activities eligible for E2SHB 1923 funding

1. Select at least two of the actions listed below:

- a) ***Increase residential density near commuter or light rail stations to 50 dwelling units per acre. Designated areas should be at least 500 acres in size.***

This may be done in the form of a sub-area plan or rezoning within a designated area in response to or anticipation of commuter or light rail stations. Special attention should be paid to prioritize bicycle, pedestrian, and transit access to station areas. Regulations should require *no more than an average of one on-site parking space per two bedrooms* in multifamily areas.

- b) ***Increase residential density along high frequency transit corridors to 25 dwelling units per acre. Designated areas should be at least 250 acres for cities with a population of less than 40,000 people, or 500 acres for cities with a population over 40,000.***

This may be done in the form of a sub-area plan or rezoning along a transit corridor in response to or in anticipation of high frequency transit corridors. *High frequency transit service is defined as bus service at least four times per hour, at least 12 hours per day.* Rezones should include higher density residential development within a 10- to 15-minute walk of transit stops, with special attention to considerations for road crossings to transit service. Regulations should require *no more than an average of one on-site parking space per two bedrooms* in multifamily areas.

- c) ***Authorize at least one duplex, triplex, or courtyard apartment on each parcel in one or more zoning districts that permit single-family residences unless a city documents a specific infrastructure or physical constraint that would make this requirement unfeasible for a particular parcel.***

This option would allow much more diversity in housing stock within single family zoning districts. Documentation of specific infrastructure or physical constraints should go beyond whether sewer or other services currently exist at the location. Documentation should describe how specific geographic features of the land, such as water bodies or critical areas make it extremely difficult to develop, or serve isolated parcels with urban services.

- d) ***Authorize cluster zoning or lot size averaging in all zoning districts that permit single-family residences;***

Cluster zoning is a zoning method in which development density is determined for an entire specified area, rather than on a lot-by-lot basis. Within the specified cluster

zone, a developer can exercise greater flexibility in designing and placing structures, as long as the total density requirement is met.

Lot size averaging allows the size of individual lots within a development to vary from the zoned maximum density, provided that the average lot size in the development as a whole meets that maximum. Housing can then be developed on lots smaller than otherwise permitted in a zone, allowing for greater densities in some areas and more diversity throughout the development.

These tools can be especially useful in lands encumbered by critical areas or other constraints that point to a more flexible approach.

- e) ***Authorize attached accessory dwelling units (ADUs) on all parcels containing single-family homes where the lot is at least 3,200 square feet in size, and permit both attached and detached ADUs on all parcels containing single-family homes, provided lots are at least 4,356 square feet in size. Qualifying city ordinances or regulations may not provide for on-site parking requirements, owner occupancy requirements, or square footage limitations below 1,000 square feet for the accessory dwelling unit, and must not prohibit the separate rental or sale of accessory dwelling units and the primary residence. Cities must set applicable impact fees at no more than the projected impact of the accessory dwelling unit. To allow local flexibility, other than these factors, accessory dwelling units may be subject to such regulations, conditions, procedures, and limitations as determined by the local legislative authority, and must follow all applicable state and federal laws and local ordinances.***

All jurisdictions planning under the GMA over 20,000 in population and all counties over 125,000 in population are already required to allow accessory dwelling units (ADUs) in single family zones.¹ To be eligible for funding under E2SHB 1923, eligible jurisdictions must adopt an ADU ordinance that is consistent with these specifications for lot size, unit size, no parking requirement, no owner occupancy requirement, reduced impact fees, and subsequent separate sale of separate units. Beyond these items, local governments may choose to waive utility connection fees, building or permit fees, or address design. For more information please review [MRSC’s guidance](#) on this topic, except that the [1994 CTED ADU guidance](#) is superseded by these requirements.

- f) ***Adopt a subarea plan pursuant to RCW 43.21C.420.***

Cities with populations over 5,000 may adopt optional elements of comprehensive plans of development regulations that apply within subareas for areas that are either:

- a. Areas designated as mixed use or urban centers in a land use or transportation plan adopted by a regional transportation planning organization; or

¹ See RCW 36.70A.400 and RCW 43.63A.215(3) (laws of 1993)

- b. Areas within one half mile of a major transit stop, zoned for an average minimum density of 15 units per gross acre. A major transit stop is defined as a stop on a high capacity transportation service funded under RCW 81.104, commuter rail stops, stops on rail or fixed guideways, stops on bus rapid transit routes or routes that run on high occupancy vehicle lanes; or stops for a bus or other transit mode providing fixed route service at intervals of at least thirty minutes during the peak hours of operation.

The plan must be accompanied by an environmental impact statement (EIS) assessing and disclosing the probable significant adverse environmental impacts. Any development proposed within 10 years of the EIS, which is consistent with the plan and regulations may not be challenged under SEPA.²

g) Adopt a planned action pursuant to RCW 43.21C.440(1)(b)(ii).

A planned action is an adopted plan and environmental review on a sub-area within an urban growth area, consistent with a comprehensive plan adopted under the Growth Management Act. The plan and environmental review are completed before projects are proposed. Project-level significant impacts must be addressed in a State Environmental Policy Act (SEPA) document, unless the impacts are specifically deferred for consideration at the project level. The SEPA document may be a determination of non-significance (DNS), a mitigated determination of significance (MDNS), or an environmental impact statement EIS). To be eligible for funding, the planned action area should:

- Contain mixed use or residential development; and
- Encompasses an area that is within one-half mile of a major transit stop; or will be within one-half mile of a major transit stop no later than five years from the date of the designation of the planned action. Major transit stop means a commuter rail stop, a stop on a rail or fixed guideway or transitway system, or a stop on a high capacity transportation service funded or expanded under chapter [81.104](#) RCW.

For more information see <http://mrsc.org/Home/Explore-Topics/Planning/Land-Use-Administration/Planned-Action.aspx>

h) Adopt an infill exemption under RCW 43.21C.229 for residential or mixed-use development

This section allows for exemptions from SEPA evaluation if the city or county's applicable comprehensive plan was previously subjected to environmental analysis and if the local government considers the specific probable adverse environmental impacts of the proposed action and determines they are adequately addressed by the development regulations or other requirements.

² See RCW 43.21C.420 (amended by E2SHB 1923, laws of 2019)

Such an exemption categorically exempts government action related to development proposed to fill in an urban growth area, where current density and intensity of use in the area is lower than called for in the goals and policies of the applicable comprehensive plan and the development is either (i) Residential development, (ii) Mixed-use development, or (iii) Commercial development up to 65,000 square feet, excluding retail development. It does not exempt government action related to development that is inconsistent with the applicable comprehensive plan or would exceed the density or intensity of use called for in the comprehensive plan.

- i) Adopt a form-based code in one or more zoning districts that permit residential uses. "Form-based code" means a land development regulation that uses physical form, rather than separation of use, as the organizing principle for the code;***

The purpose of a form-based code is to control the size and bulk of buildings, instead of regulating by the number of units. This can help a local government encourage development that meets the desired community character, but encourages a greater number of units of a given parcel, as the number of units are not restricted. For more information see mrsc.org/Home/Explore-Topics/Planning/Development-Types-and-Land-Uses/Form-Based-Codes.aspx.

- j) Authorize a duplex on each corner lot within all zoning districts that permit single-family residences.***

A duplex on a corner lot can have the advantage of looking like a single-family housing unit with a front-facing door on each corner. This approach can add density in single-family areas without appearing to add a traditional duplex, but provides the benefit of additional smaller units which can be more affordable.

- k) Allow for the division or redivision of land into the maximum number of lots through the short subdivision process provided in chapter 58.17 RCW;***

RCW 58.17.020(6) defines a short subdivision as "the division or re-division of land into four or fewer lots, tracts, parcels, sites, or divisions for the purpose of sale, lease, or transfer of ownership. However, the legislative authority of any city or town may by local ordinance increase the number of lots, tracts, or parcels to be regulated as short subdivisions to a maximum of nine. This applies in all cities and for counties within urban growth areas. By increasing the number of lots in short plat, more development may be permitted by the quicker short plat process, which can be processed administratively, rather than the longer subdivision process, which generally requires approval of the legislative body. Local governments may also wish to review RCW 58.17.100 which allows for delegation of final plat approval to the planning commission or staff rather than going back to council.

- l) Authorize a minimum net density of six dwelling units per acre in all residential zones, where the residential development capacity will increase within the city.**

This option is applicable where net density in residential zones is less than six dwelling units per acre. Net density is the gross acreage minus public right of ways, divided by the number of units. Where areas are encumbered by critical areas, clustering can help achieve the target density.

2. Cities may instead adopt a Housing Action Plan

The goal of any such housing plan must be to encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes, including strategies aimed at the for-profit single-family home market. The housing action plan should:

- (a) Quantify existing and projected housing needs for all income levels, including extremely low-income households, with documentation of housing and household characteristics, and cost-burdened households; and c) Analyze population and employment trends, with documentation of projections;**

Data should document the type and age of housing within the community, and the demographics of the households within the communities. It should look across income segments and identify how many households in each income segment are paying more than 30 percent of their income for housing costs. The analysis should also project population demographics and income levels for the planning period and identify the types and densities of housing that are needed for housing suitable and affordable for all demographic and economic segments. This analysis should specifically consider multifamily and attached housing types. For more information see WAC 365-196-410.

- (b) Develop strategies to increase the supply of housing, and variety of housing types, needed to serve the housing needs identified in (a) of this subsection;**

Data gathered in the previous section should point to the types of housing that should be allowed by local zoning, and the types of incentives and regulations that will be needed to encourage the development of appropriate housing affordable to all income segments of the community. Trade-offs in parking requirements, setbacks, and open space considerations may be reviewed as they affect the yield in housing. Strategies to encourage and support the development of subsidized housing, such as fee waivers and free land should be considered, along with options for creating more

housing. For a full menu of strategies, see www.ezview.wa.gov (Affordable Housing Planning Resources). Policy actions can be evaluated on the whether they are short term, or long term, how effective they are, or whether they have a fiscal impact.

(d) Consider strategies to minimize displacement of low-income residents resulting from redevelopment;

Economic displacement occurs where low-income residents are forced out of traditional low-cost areas as redevelopment occurs and rents rise. Strategies to minimize displacement include preserving existing affordable housing, encouraging greater housing development, including, but not limited to affordable housing (so more housing is available for all income segments), using collective ownership of housing, engaging existing residents in identifying strategies, and taking a broader look using regional rather than localized strategies. For more information consider US Department of Housing and Urban Development (HUD) resources such as: www.huduser.gov/portal/sites/default/files/pdf/DisplacementReport.pdf

(e) Review and evaluate the current housing element adopted pursuant to RCW 36.70A.070, including an evaluation of success in attaining planned housing types and units, achievement of goals and policies, and implementation of the schedule of programs and actions;

The housing element of the comprehensive plan should be evaluated for how well development is implementing policies, specifically whether the community is on track to accommodate the portion of the countywide population allocated to the community within the planning period, and whether the housing types are affordable to all economic segments. If these metrics are not met, new comprehensive plan policies should be proposed to support zoning that allow the size and types of housing that can be affordable to most economic segments of the population. Policies may also encourage or incentivize the development of subsidized affordable housing. Action strategies or housing metrics can help the plan stay on track over time.

(f) Provide for participation and input from community members, community groups, local builders, local realtors, nonprofit housing advocates, and local religious groups; and

Broad participation from all parts of the community can help to understand and communicate the housing need. Members of the public can provide information and perspective on how the community can meet the state requirements to plan for housing affordable to all economic segments.

(g) Include a schedule of programs and actions to implement the recommendations of the housing action plan.

The housing action plan should cumulate in a broad array of potential programs and actions that the jurisdiction has committed to pursue, or can partner with other organizations to implement. The actions should include an update to policies in the comprehensive plan, along with actions to update regulations to implement selected strategies. The schedule should include a timeline for actions and funding, if required to implement the plan.

Actions protected from appeal

If adopted between July 28, 2019, and April 1, 2021, ordinances, amendments to development regulations, and other nonproject actions taken by a city are not subject to administrative or judicial appeal under the State Environmental Policy Act (SEPA).³ This excludes the adoption of a sub-area plan adopted pursuant to RCW 43.21C.420.

In addition, any action taken by a city prior to April 1, 2021 to amend their comprehensive plan, or adopt or amend ordinances or development regulations to enact any of the twelve actions to increase residential building capacity is not subject to appeal to the Growth Management Hearings Boards.⁴

³ E2SHB 1923, Section 1(3)

⁴ E2SHB 1923, Section 1 (4)



Program Assessment
ARCH – A Regional Coalition for Housing

June 11, 2019

Street Level Advisors: Rick Jacobus and Thane Maxwell

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I. Introduction

ARCH (A Regional Coalition for Housing) is a consortium of jurisdictions in Eastern King County, WA that have joined together to coordinate the development and administration of affordable housing. There are currently 15 cities plus King County that are members of ARCH. Since its founding in 1993 ARCH has helped member cities to create over 1000 affordable rental units and more than 700 affordable ownership units through inclusionary or incentive programs, with hundreds more units in development. In addition, ARCH cities have pooled local resources to fund more than 3,600 units or beds through the Housing Trust Fund. In late 2018, ARCH initiated an evaluation of its administrative policies and procedures around the monitoring and stewardship of affordable homes, with emphasis on the 700 ownership homes that make up ARCH's Homeownership Program.

Shared Equity Homeownership

ARCH engaged Street Level Advisors to assess the organization's ongoing stewardship of shared equity homeownership units. There are thousands of similar Shared Equity Homeownership Programs that have been established by local and state governments and community based nonprofit organizations around the country. These programs have generally arisen from the recognition that the levels of public financial assistance needed to help lower-income families into homeownership are unsustainable if the public investment is structured as a grant. Where an earlier era of homeownership programs succeeded in helping people into ownership with "Downpayment grants" of a few thousand dollars, as housing costs have risen, communities found that the amount that buyers needed rose to tens and then hundreds of thousands of dollars. Rather than making grants to a very small set of lucky buyers, shared equity programs structure the public support as a long term investment. These programs share in the future market price appreciation in order to be better able to assist future generations of lower-income buyers. Inclusionary Housing programs like the ones ARCH administers create shared equity homeownership opportunities by requiring builders of for-sale homes to sell a share of these homes at below market prices. These Below Market Rate (BMR) units are sold only to income qualified buyers and buyers must promise to resell at a price restricted by a "resale formula" designed to ensure that the home will be affordable to another lower income buyer. These programs offer assisted homebuyers the opportunity to earn very meaningful home price appreciation even as they limit the amount of appreciation to preserve affordability.

The dual goals of shared equity homeownership programs (helping today's owners and preserving affordability for future buyers) requires a delicate balancing act. Both in the design of the resale pricing formulas and in numerous program design and administrative choices the interests of today's owners might conflict with the interest of future owners. Allowing owners to retain a higher share of market price appreciation means requiring future buyers to pay a higher share of their income. Ensuring that the home is available for future buyers when today's owners no longer need it means that the program must prohibit today's owners from subletting the home, for example. This balancing act is difficult to accomplish and programs have experimented with a number of different legal and financial structures in order to get the

balance right. And as difficult as this balance is to find, programs must also consider the cost of program administration. Programs that are overly permissive or overly restrictive are often less expensive to administer than programs that attempt to balance competing interests. If we were only concerned with the benefit to the initial homeowner, selling them the home with no restrictions would be much simpler. And if we were only concerned about long-term affordability, rental housing preserves affordability with out all of the complexity necessary to offer homebuyers the opportunity to build wealth. This very same dual purpose which makes shared equity homeownership valuable is precisely what makes these programs challenging to administer.

Assessment Process

In order to assess ARCH's homeownership program, Street Level Advisor worked with staff to collect data on the current status of ARCH homes and to identify problems including foreclosures, unauthorized rentals and unauthorized sales. We compiled data on the affordable pricing and current resale formula values for each home in ARCH's portfolio in order to understand the organization's performance in maintaining long-term affordability and growing equity for homeowners.

We administered a comprehensive assessment tool developed by Grounded Solutions Network based on identified best practices for affordable homeownership programs. This assessment involved interviewing staff over two days, collecting and reviewing program legal and administrative documents. This report summarizes the key findings of this assessment and, where possible, recommends specific changes in policies or administrative procedures which ARCH could make to strengthen its monitoring and oversight of affordable homes.

II. Performance Summary

We compiled data to help us understand the extent to which ARCH is succeeding in preserving the affordability of ARCH homes and we conducted an assessment of administrative practices in order to evaluate whether gaps in practice might be contributing to performance problems.

We considered several factors including:

Buyer Incomes

Has the program been serving buyers in the target income range?

Affordability Preservation

Have ARCH homes remained affordable to the same income levels over time?

Value in Trust

How has the public share of equity in ARCH homes grown over time?

Wealth Creation

How much wealth have ARCH homeowners been able to build through the program?

Compliance Violations

How common are problems like foreclosures, subleasing and unauthorized sales?

Administrative Practices and Procedures

Has the program implemented the industry best practices most likely to prevent these problems?

Buyer Incomes

Using a small sample of buyer income data that ARCH staff recently retrieved from paper files, we created a snapshot of ARCH buyer income levels relative to target income restrictions.

Conclusions:

1. We found that the program is serving low-income households. For our small sample of buyers, the median household income was 70.9% of local AMI adjusted for household size.
2. In addition, buyer incomes are well below the income eligibility limits - 94% of buyers had incomes below the income limit for their unit, and the median buyer's income (as a percentage of local AMI, adjusted for household size) was 18.9 percentage points less than the limit.

We also estimate the frequency with which ARCH homes are resold before the 60 day expiration of income eligibility restrictions, sold to non-eligible buyers, or sold at a significantly reduced price.

Conclusions:

1. A significant portion of resales (29%) sold after the 60-day expiration of income restrictions. Of those that did, a significant portion (23%) sold to buyers with incomes above the eligibility cap (7.2% overall).
2. Some homes also sold at prices significantly below their formula resale prices – 11% of those that sold within 60 days, and 41% of those that sold after 60 days.

Affordability Preservation

Using ARCH's main database of properties and sales (698 units with complete data), we evaluated the performance of the program's various resale formulas in preserving affordability across a broad range of market conditions. To do this, we estimated the current affordability level of each unit's maximum resale formula price, and also the original affordability levels of the units, using historical mortgage rate data and a standardized set of housing cost assumptions. We compared these two numbers to assess the change in affordability for each unit, and drill down into the data by year and resale formula type.

Conclusions:

1. Most homes (67%) have lost affordability – i.e. are now affordable to a higher income group than they were at initial sale. Overall, the typical home lost 7.4 percentage points of affordability.
2. Overall, homes sold during the peak of the housing bubble (2006-2009) are significantly more affordable now than they were at initial sale. We believe that this is due primarily to the sharp reversal of the housing index and the sharp decline in interest rates when the bubble burst, rather than the resale formulas themselves. Of the 416 homes sold in all other years, 362 (87%) have lost affordability, and the typical home has lost 12.18 points of affordability.
3. Of the program's 3 most common resale formulas (REI, REI/HUD, and Flat Quarterly), the hybrid REI/HUD formula preserved affordability the best, and the REI formula performed the worst. Two less commonly used formulas, the CPI and HUD formulas both performed even better, but were only used on a very small number of units (5 and 1 respectively), and each was used in only one year.
4. Although the REI/HUD formula has preserved affordability more effectively than the REI and Flat Quarterly formulas in every single year, the REI/HUD formula has still resulted in affordability losses in nearly all conditions other than the peak of the housing bubble.

5. Homes sold in recent years (2012-2018), most of which use the REI/HUD formula, show a linear trend of steady and strong erosion of affordability during these years of steady and strong housing price increase.
6. We would expect that this gradual erosion of affordability would lead to a steady increase in the number of homes that remain unsold after 60 days and ultimately sell to buyers who are above ARCH's income limits.

Value In Trust

For each unit, we estimated the "value in trust" when the home first entered the program, and today's "value in trust" based on the current formula price. The value in trust is the dollar amount difference between a unit's market value and restricted price, using a local real estate index as a proxy for market value. For example if a unit has a market value of \$500,000 but a restricted price of only \$300,000 then the remaining \$200,000 is the "Value in Trust." This is essentially the public asset that ARCH is stewarding. We measured the growth of this number and estimated the portion that represents captured market appreciation. We also approached this question from the buyer's perspective – we compare the discounts that each unit's initial and current sale prices represent relative to market value, and analyze the growth of those discounts by year and formula type.

Conclusions:

1. The program stewards an estimated \$274 million in total "value in trust," and this public asset has grown dramatically over the life of the program.
2. Of that total, we estimate that \$124 million came from the initial discounts of homes entering the program, and the remaining \$150 million came from the recapture of appreciation over time.
3. The typical home was initially sold at a restricted price approximately \$130,000 less than market value, but now has a current formula price that is \$330,000 less than market value.
4. For most homes (74.2%), the discount relative to market value that the current formula price provides is now larger than it was an initial sale. This means that although the program's resale formulas are allowing a steady erosion of affordability overall, they have nonetheless consistently deepened the homes' market discounts – just not enough to preserve affordability perfectly.

Wealth Creation

To understand the other side of the affordability preservation coin, we evaluated the performance of the program's various resale formulas in allowing homeowners to create wealth across a broad range of market conditions. Since actual seller down payment and mortgage data is unavailable, we calculate the total restricted appreciation of each home and

estimate a hypothetical owner's rates of return on initial investment. We compare this rate of return to the growth of the local housing index and the S&P 500.

Conclusions:

1. The program's resale formulas are allowing homeowners to benefit from a significant portion of their homes' market appreciation. The typical ARCH home's current maximum formula price is approximately \$123,000 more than its initial price.
2. In total, the program's restricted prices have appreciated by \$94 million.
3. The program allows homeowners to build significant wealth. In our calculations (which ignore both retired mortgage principal and capital improvements credits), we estimate that a for a typical unit a homeowner who had owned since the unit was placed in ARCH's portfolio would gain \$65,000 at resale (appreciation minus closing costs and downpayment).
4. We estimated the typical annual rate of return on homeowner's investment to be 13.86%.
5. ARCH owners earned nearly twice as much as they would have if they had invested their downpayment and closing costs in the S&P500 index where the median return for ARCH owners would have been 7.56%.
6. The estimated annual rate of return on investment is fairly consistent for the program's older homes, but is lower for homes initially sold during peak housing bubble years (2006-2009) and higher for those sold in recent years of sharp housing price increase.

Compliance Violations

We worked with ARCH staff to compile data on compliance violations. Over the past several months, staff has been reaching out to homeowners and documenting cases where owners are suspected of renting out their ARCH homes. Staff is continuing to resolve some of these cases so final totals are not yet available.

Conclusions:

1. A total of 43 properties have experienced a foreclosure (5.8% of the portfolio). Of these, 20 happened without any formal notification to ARCH, and in most cases where ARCH was notified, ARCH was unable to preserve affordability of these homes.
2. In addition, the audit found 24 units for which the owners' property tax statement is being forwarded to a different address, and 6 additional owners with mail forwarded by USPS, possibly indicating that the owner is no longer occupying the unit as

required by their covenant. ARCH is continuing to work to verify the circumstances of each of these individual owners.

3. Some of these owners have provided documentation proving that they are in compliance and others have admitted to violations and are working out plans to cure their defaults.
4. There have been 9 unauthorized sales of ARCH homes and 3 quit claim deed transfers. ARCH is coordinating with its individual member jurisdictions to consider legal enforcement options for these cases.
5. Overall, as of May 2019, ARCH identified 51 homes (7% of the portfolio) that merited further review, either due to mail being forwarded to a different address, an apparent change of ownership, or other reason. Of these, 24 were determined to be in violation (3.5%), 16 were determined to be in compliance, and 11 were still under review. Violations were categorized as unauthorized sales (1.3%), non-owner occupancy (1.7%), and unauthorized quit claim deed transfers (0.4%).

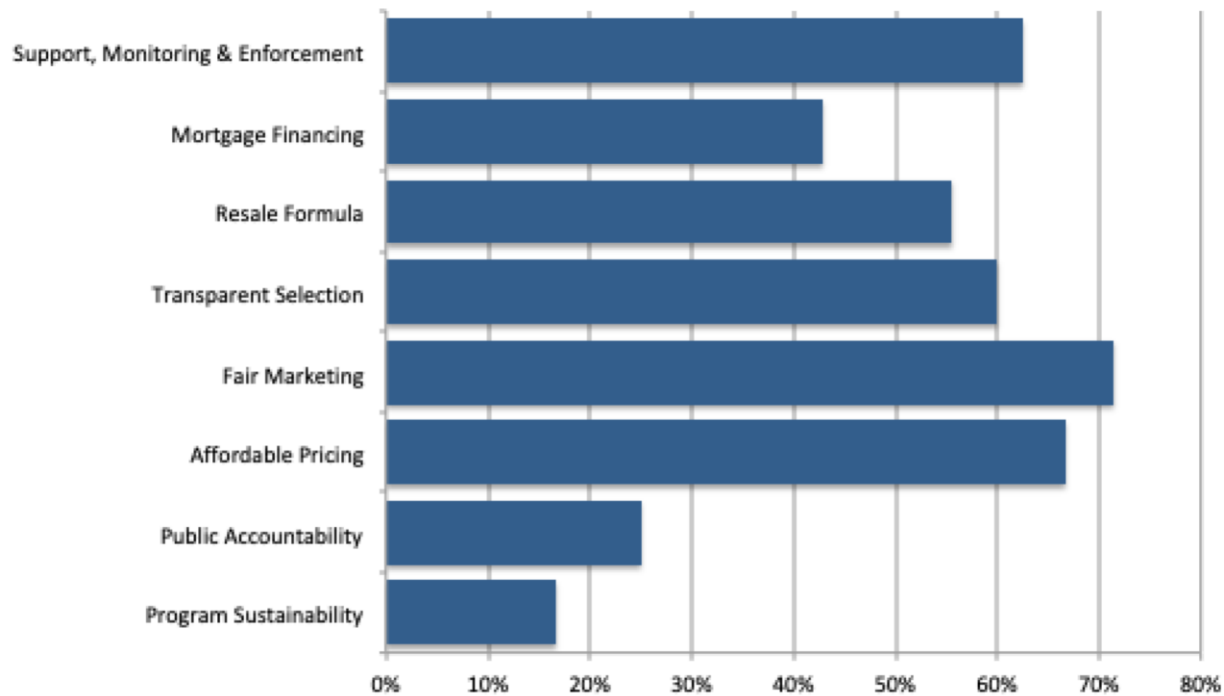
Administrative Practices and Procedures

In order to understand the extent to which the documented compliance problems are the result of problems with ARCH's policies and procedures, we implemented a detailed assessment of best practices. The tool that we used for this assessment was developed by Cornerstone Partnership (Now known as Grounded Solutions Network). Cornerstone convened over 100 experienced shared equity homeownership program administrators to identify Stewardship Standards and best practices¹. The assessment tool asks about over 70 separate 'best practices' that practitioners suggested would improve program performance.

Overall ARCH is currently implementing just over half of the suggested best practices. Figure 1 shows the share of identified best practices which ARCH is currently implementing in each of the eight sections of the assessment.

Figure 1: Share of Best Practices Implemented

¹ <https://groundedsolutions.org/stewardship-standards>



Attachment B highlights many of the best practices which ARCH has not yet implemented and recommends specific priorities for immediate policy and procedure changes based on this assessment.

Overall, we found many areas where ARCH was successfully implementing industry best practices but also a number of ways in which the design of ARCH’s program was not fully consistent with the goal of preserving long term affordability. ARCH’s covenant and other legal documents are state of the art, incorporating many thoughtful and strong protections for the public interest in ARCH homes. But ARCH has been operating with less staff than is necessary to successfully preserve affordability for such a large portfolio of homes. In a number of ways (outlined in detail below) the level of staffing for the program has meant that ARCH has taken a relatively ‘hands off’ approach to stewardship. ARCH has not implemented key best practices related to engaging with buyers before purchase, reviewing mortgage financing and actively monitoring homes after they are sold. These are not unreasonable choices and every program struggles to find the right level of intrusiveness in the lives of homeowners and burden on administrative staff. However, one consequence of the ‘hands off’ approach has been that problems have arisen in the portfolio without ARCH’s knowledge.

III. Seeing the Challenges in Context

Before outlining specific recommendations, it seems helpful to put ARCH’s challenges in context. In the wake of recent news stories, both outside and inside stakeholders have been holding ARCH to a very high standard, but when we evaluate ARCH’s performance alongside peer programs, what we see is that in many ways ARCHs performance may be well above average. We don't mention this in order to undermine momentum for change but in hopes that a temporary focus on challenges does not blind people to the amazing long-term successes of the program.

Two Comparison Communities

Two other communities provide a natural peer group for ARCH: San Mateo County, California (outside of San Francisco) and Fairfax County, Virginia (outside of Washington, DC). Like King County, both of these affluent Suburban Counties have experienced significant tech-led job growth fueling rapidly increasing housing prices. And like King County, both counties have responded by adopting a series of progressive housing policies including many local inclusionary housing programs. All three counties began implementing inclusionary housing in the 1990s and all have implemented it at a comparable scale.

In San Mateo County, 15 of the county’s 21 jurisdictions have Inclusionary Housing programs which together have produced more than 850 affordable for sale units. In Farifax County, the County’s Affordable Dwelling Unit (ADU) program works with local cities and has produced 1,378 affordable ownership units.

Table 1: Comparison Communities

| | Population | Median Income | Median Home Price |
|----------------------|------------|---------------|-------------------|
| King County, WA | 2,189,000 | \$89,675 | \$563,600 |
| San Mateo County, CA | 884,000 | \$116,653 | \$1,398,000 |
| Fairfax County, VA | 1,148,000 | \$118,279 | \$567,000 |

Source: Data USA

Conveniently, both of these communities were assessed by Cornerstone Partnership (Now known as Grounded Solutions Network) using the same assessment tool that Street Level Advisors has used to assess ARCH. Cornerstone assessed 13 separate programs in San Mateo County in 2011 and seven jurisdictions in Virginia (including jurisdictions in both Fairfax County and neighboring Arlington County) in 2012. The results from these 20 peer programs make it very clear that ARCH struggles with many of the same issues as its closest peers. There are some areas where ARCH’s program is less developed and others where it is noticeably stronger, but overall ARCH’s implementation of best practices is quite typical of the programs in these two studies. Table 2 presents the average number of the identified best practices in each

section of the assessment tool which were being implemented in each jurisdiction. These numbers provide only a very rough measure of the strength of each program because the practices are not weighted by importance and the list includes some very critical issues along with some more minor details.

Table 2: Percent of Best Practices Implemented

| | ARCH | Virginia | San Mateo County, CA |
|-----------------------------------|-------------|----------|----------------------|
| Program Sustainability | 17% | 61% | 59% |
| Public Accountability | 25% | 71% | 38% |
| Affordable Pricing | 67% | 81% | 58% |
| Fair Marketing | 71% | 57% | 41% |
| Transparent Selection | 60% | 68% | 49% |
| Resale Formula | 56% | 28% | 56% |
| Mortgage Financing | 43% | 60% | 51% |
| Support, Monitoring & Enforcement | 63% | 57% | 33% |

In comparing ARCH’s responses to those of the 20 jurisdictions in these two studies we see that ARCH is implementing several important best practices which are only inconsistently implemented in these other communities. For example, ARCH’s legal documents are unusually strong. In addition to a long period of restricted resale price, ARCH’s Covenants provide for recapture of a share of appreciation upon the first sale after the end of the restriction period – something that very few programs have thought to do. Rather than relying on developers to find buyers on their own, ARCH maintains a central interest list of applicants. Less than half of the other programs maintain a central list. Similarly ARCH has household size limits, requires lenders to notify the program prior to foreclosure and provides buyers with a plain language summary of the affordability restrictions, all of which are unfortunately rare practices. Most of the comparison programs also have formal documentation including policies manuals, market studies, outreach plans and the like.

The assessment also identified many practices that are widely adopted in these comparison jurisdictions which ARCH has not adopted. Some of these best practices may not make sense in ARCH’s context but many of them could greatly strengthen ARCH’s program and help avoid the kinds of compliance problems that ARCH has been experiencing. Attachment B walks through these differences in some detail and provides 35 specific recommendations. In general, however, ARCH’s program is designed in a way that involves less direct contact with buyers than is common among these peers. About half percent of these other programs, for example, spend significant staff resources reviewing and approving buyer financing products (both to avoid predatory loan products and ensure that lenders recognize the special requirements imposed by the covenant), 62% require buyers to attend a face to face orientation and most require annual documentation of occupancy from homeowners.

Comparing results

Unfortunately we don't have similarly comprehensive data on the performance of these programs in preserving affordability and avoiding compliance violations. But even anecdotal comparisons cast ARCH's long-term impact in a favorable light.

Fairfax County's program has often been held up as a national model and overall they have implemented a stunning 96% of the identified best practices. The program currently has 6 full time staff managing a homeownership portfolio of nearly 1,400 homes. Their staff report that foreclosures have occurred regularly but that they have been able to step in in many cases to prevent loss of affordable units even when homeowners defaulted on their loans. They also report that, because they require annual affidavits of occupancy from each homeowner that they are not aware of any recent cases of homeowners renting out their homes. However, prior to 2006 Fairfax County, like many similar public programs, imposed only 15-year resale restrictions. As a result, all 80 of the units that they created in 2004 are being released from restrictions this year². Fairfax County is currently losing (or re-subsidizing) more ownership units each year than they are producing (though they are continuing to produce many rental units). The loss of restrictions on 80 units has not generated any negative press because the program simply didn't commit to retain affordability on those units for this long.

But this is an important point to keep in mind as we consider ARCH's challenges. In 2004 ARCH was selling homes in Issaquah Highlands and ARCH sold a total of 42 units. Of those units, 5 have since been lost to foreclosure and 1 unit may have been rented without ARCH's approval. While it is important to see the problems with 6 units as a call to do better, it is also important not to lose sight of the 36 homes that would no longer be affordable if it were not for the success of ARCH's program. Had these units been built in Fairfax County, none of them would be affordable today.

One way to explain this difference is that ARCH was ahead of its time in adopting long-term resale price restrictions in the early 1990s. ARCH's founding Executive Director came to King County from Northern California where housing prices were much higher and where permanent affordability was then becoming the norm among public affordable homeownership programs. ARCH adopted this legal framework in an environment where 'affordable' prices were only slightly below market (and in some cases not at all). The founders of ARCH were right to take this forward looking step; housing prices have since risen dramatically and ARCH's portfolio of affordable homes now provides a much needed stock of relatively more affordable homes. But because of the market context at the time, they did not set up ARCH up with the staffing, policies and procedures that generally accompany long term price restrictions. While we might, with the benefit of hindsight, consider this to have been an oversight, it is important to understand that active stewardship is expensive.

A 2007 study found that the level of staffing dedicated to stewarding price restricted ownership units varies significantly between communities but follows a general trajectory where the more

² Fairfax County retains an option to purchase units that are released and they have selectively purchased some expiring units in the past. https://www.huduser.gov/Publications/pdf/HUD-496_new.pdf

deeply discounted affordable units are, the more extensively monitored they generally are³. This is entirely sensible. The cost of monitoring and enforcing resale restrictions can be seen as a form of **asset management** cost. The difference between the restricted price of a home and its market value can be considered a public asset. When that 'value in trust' is low, public agencies understandably spend less effort on monitoring. But as that value rises with the rising housing market, a much higher annual expenditure on monitoring and enforcement becomes appropriate because both the consequences of the loss of a unit are greater and the incentive for homeowners to break the rules becomes greater.

Many of the steps outlined below, which are appropriate today, would not have been cost effective at the time ARCH was created. As the number of homes that ARCH monitors has grown, so too has the value of each home. For example, for an early ARCH home in the mid 1990s the affordable sales price may have been \$100,000 while the market value of the home was \$150,000. ARCH was entrusted to steward the \$50,000 public share of the value of this home. But today the same home might have a restricted value of \$450,000 and a market value of over \$850,000, leaving ARCH responsible for more than \$400,000 in value.

As both the number of homes and their combined value has risen, we would expect that both the effort required to effectively steward them and the associated budget and staffing level would rise. In other asset categories, it is common for the organization responsible for asset management to charge for their services based on the value of the asset being managed. For example a pension fund manager might charge ½ of one percent of the asset value annually. At that rate ARCH would spend \$1.3 million annually managing its homeownership portfolio. Because the homeownership program is not budgeted separately it is difficult to assess what ARCH currently spends on just this one program but it appears that ARCH is spending less than one tenth of that amount. It is easy to see that ARCH's staffing has not kept up with this growth in its responsibilities. In 2004, for example, we estimate that ARCH's portfolio had a combined value in trust of roughly \$20 million and ARCH had a total staff of 4.5 FTE. Today the value of the program's portfolio has grown to \$274 million (and presumably there has been a comparable growth in the value of the rental portfolio) but ARCH's staff has only grown by a half a person to 5.0 FTE.

Many of the monitoring and enforcement challenges today appear to stem not from an initial failure in the design of ARCH's programs but from a failure to keep up with a changing market context. Fairfax County has formally amended their ADU program guidelines 13 times since the early 1990s, generally increasing the level of their oversight and monitoring each time. The 13 programs in San Mateo County followed a similar trajectory. One administrator said

³ Jacobus, Rick. "Delivering on the Promise of Inclusionary Housing: Best Practices in Administration and Monitoring." Oakland, CA: PolicyLink, 2007.
http://www.policylink.org/sites/default/files/DELIVERINGPROMISEINCLUSIONARYZONING_FINAL.PDF.

“We have revised our programs numerous times to address the changing markets, and truly tried to balance affordability and wealth creation, but given the huge discrepancy between affordable and market rate pricing for our BMR units, we have increasingly focused on long term affordability. This is a conscious decision and it has been the direction supported by staff and Council over the years as we have constantly tweaked our program.”

As the value of the public asset that ARCH is entrusted to manage rose, it would have made sense for ARCH to grow its staffing and level of monitoring more aggressively and sooner. But it is not too late. The vast majority of homeownership units entrusted to ARCH’s care remain affordable to and occupied by the targeted income group and ARCH has retained the legal rights necessary to ensure that they remain affordable over the very long term.

IV. Priorities

Attachment B summarizes our detailed assessment results and outlines 35 specific recommendations for program improvements organized by topic area. While a number of these proposed changes would have an immediate impact in addressing the current compliance challenges, others are intended to help avoid common problems that ARCH is not currently facing. While we think all of these recommendations should be implemented eventually, we recognize that limited staff time will prevent ARCH from taking on multiple large changes to the program simultaneously. Our hope is that these recommendations can provide an element of the organization's work plan for the next several years.

Of our recommendations, by far the most important is expanding staffing. By any measure ARCH is understaffed and nearly all of our other recommendations will require some staff time to implement. While new staff is being hired, we suggest focusing limited staff capacity on immediate priorities including convening member city attorneys to more closely coordinate enforcement strategies, developing an enforcement plan and monitoring schedule and adopting new fees to help sustain the organization going forward. Once new staff are on board, we think that the organization will have the capacity to undertake several important but less urgent projects including implementing a data system (HomeKeeper), updating the resale formula used in new covenants, and developing a formal program policy manual.

Immediate Priorities for the Remainder of 2019

- Add **additional full time staff positions** including at least one person focused exclusively on the homeownership program. Invest additional staff time in monitoring units annually, marketing homes (particularly at resale) more proactively and reviewing financing, among other things.
- *Develop a plan for implementing new fees at the time of resale to be charged to selling homeowners and/or to new buyers.*
- *Convene a **working group of attorneys** from partner cities to coordinate short-term enforcement actions and to plan for changes to the legal structure to enable more effective enforcement in the future. In particular, consider implementation of a Performance Deed of Trust which would be recorded along with the current covenants to increase the likelihood that ARCH will be notified in the event of foreclosures or unauthorized sale.*
- *Explore options for outsourcing legal work related to covenants and enforcement from multiple cities to a single outside legal firm.*
- Review the results from Street Level Advisors analysis of the resale data and consider the advantages and disadvantages of common alternative resale formulas.
- If the board decides to **change resale formulas**, implement the new formula in new covenants and consult with attorneys about the practicality of replacing existing covenants at each resale with new covenants with the new formula.
- *Adopt a **monitoring schedule** and have the board approve it. For example, select 20% of the units to monitor each year so that each unit is checked once every 5 years. Change the short list of acceptable documentation every 5 years so that it is harder to for owners to cheat.*

- Adopt an **enforcement plan** outlining the intended steps that staff should take in the event of each common type of violation. Include in the plan criteria for when ARCH would take steps to preserve units facing foreclosure.
- End the practice of physically inspecting every home prior to resale. Adopt a written policy describing the required condition of the home at resale including criteria for when a physical inspection would be necessary.
- Consider obtaining title reports for a randomly selected percentage of ARCH homes, both to establish the frequency of over-borrowing and to understand how ARCH's covenants are currently appearing on title.

Priority Recommendations for 2020

- **Purchase HomeKeeper** to more efficiently manage program data and track outcomes. HomeKeeper will save staff time eventually but will require an initial investment of staff time to set up.
- Develop a **comprehensive program manual** (including mission statement) and have it reviewed and approved by the ARCH Board of Directors. Update it periodically – at least every 5 years.
- Develop a strategy for “rebalancing” units with resale formulas that are considerably out of reach for their targeted income group. Options include resubsidizing units at resale to bring them back down to a price that would be affordable to the current target income group or revising the restrictions to target a higher income group. Either way, once the units are rebalanced, implement a new formula which preserves affordability going forward.
- Adopt a policy limiting buyers to approved mortgage product types. Consider creating a list of approved or preferred lenders.
- Work with ARCH's attorneys to develop an approach that allows member cities to record new covenants at each resale, resetting the 30-year affordability period each time.
- Switch to imposing income limits based on applicant household size rather than the size of the unit. Review other buyer eligibility criteria and consider adopting an asset limit and first time buyer requirement.
- Create a standard application form for homebuyers in order to capture basic data about each applicant.
- Evaluate the feasibility of requiring buyers to participate in a program orientation session with ARCH staff.

Remaining Recommendations

Business Planning:

- Tie program objectives, pricing and marketing decisions, directly to local housing market analyses so that the ARCH board, city and county staff, developers, and general public better understand the specific community needs that the program is meeting.
- Develop a separate budget for ARCH's ownership program.
- Adopt a schedule for regular internal program evaluations.

Marketing and Selection:

- Develop a simple marketing and community outreach plan.

- *Begin tracking demographic data on buyers and evaluate the program's success in reaching certain populations.*
- *Make more effort to fill accessible units with buyers who need accessibility features.*
- *Provide more support for limited English speaking applicants*
- *Develop a new back up sales strategy for cases where sellers are unable to find an eligible buyer.*
- *Develop an appeals policy for applicants who are found to be ineligible*

Initial Pricing:

- *Collect and analyze program data on buyer income levels, downpayments, and actual housing cost burden in order to evaluate the pricing methodology over time.*
- *Develop a list of local homeowner resources and provide it to buyers*

Resale Pricing:

- *Conduct evaluations of resale formula performance every 5 years.*
- *Clarify program policy on how the resale formula functions in various scenarios of index decline.*

Mortgage Financing:

- *Clarify the program's process for monitoring and enforcing compliance with the restrictions on refinance and home equity loans.*
- *Consider obtaining a back up line of credit that would enable ARCH to quickly act to purchase homes prior to foreclosure.*
- *Consider switching to restrictions that don't expire upon foreclosure but only after consultation with local lenders.*

Monitoring and Enforcement:

- *Include sample program forms (e.g. annual certification forms, notice of intent to transfer, request for refinance, etc) as exhibits in the covenant.*

V. Conclusion

The loss of affordable homeownership units is regrettable and in many cases avoidable. There are thousands of publicly administered homeownership programs like ARCH's in operation around the United States. These programs have learned, often through trial and error, how to avoid foreclosures, prevent unauthorized subletting and ensure that homes resell only to income qualified buyers at affordable prices.

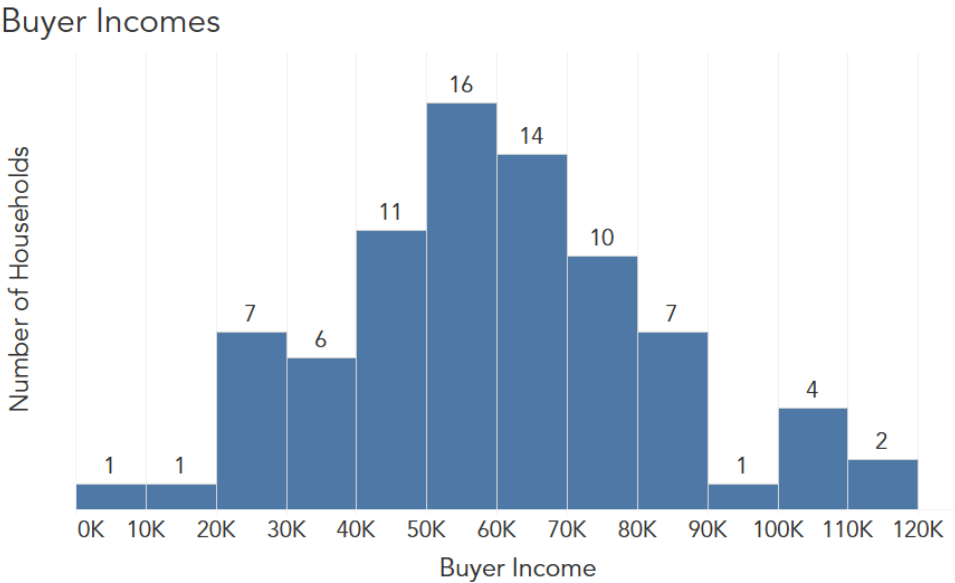
No program is able to avoid problems 100% of the time. Some homeowners will seek to circumvent even the most robust monitoring program but, a high share of compliance problems can be addressed successfully in ways that preserve affordable units. Addressing these challenges will require more staffing. On its own, increased monitoring is not particularly staff intensive but more active monitoring inevitably results in the identification of more problems and each unauthorized sale, foreclosure or sublet requires considerable staff time to resolve. At some point there are diminishing returns where increasing investment in monitoring and enforcement is of limited value but it seems clear that ARCH is at a point where even modest increases in staffing could have very large impacts on the organizations ability to preserve affordability.

While the compliance challenges we have documented are meaningful and deserving of the increased attention that they are receiving, it is important to keep them on perspective. These kinds of challenges appear to be very common among similar programs, even programs with much more staff. Given the scale of ARCH's 700 unit portfolio and the limited level of current staffing, the surprising thing is not that there are some compliance problems but that the program has been as effective as it has been in preserving affordability. For the most part, ARCH has succeeded in ensuring that homes remain affordable to and occupied by income qualified buyers one generation after another. By imposing long-term resale restrictions, ARCH has been able to provide homeownership and significant wealth building opportunities to many hundreds more families than would otherwise have benefited. As home prices in King County have risen rapidly, ARCH's portfolio has become more deeply discounted and represents an increasingly rare source of attainable homeownership opportunities. Without ARCH's stewardship, these homes would not be affordable today.

Attachment A: Data Analysis

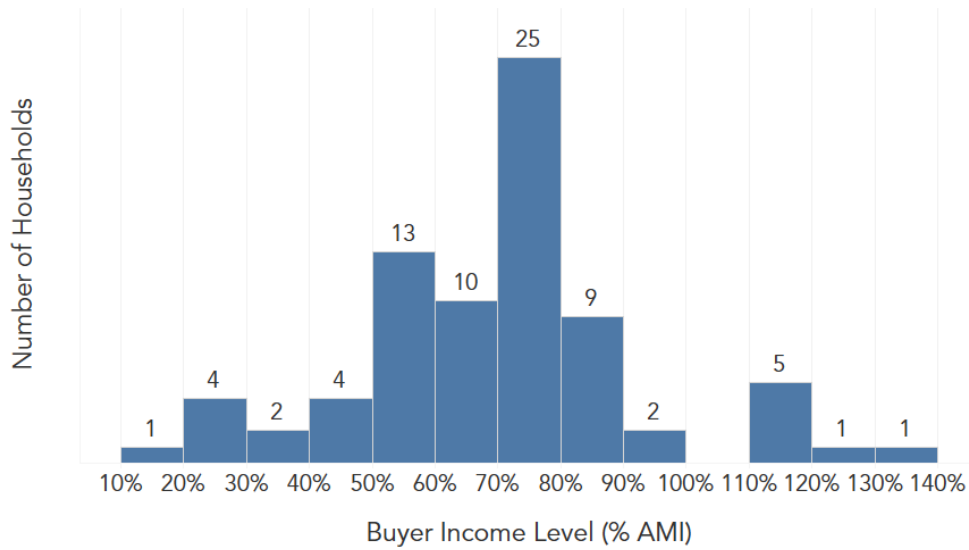
This appendix presents our analysis of data from ARCH’s homeownership program, conducted as part of our comprehensive assessment of the program and included here as a supplement to our memo of recommendations. Each chart is accompanied by interpretive comments and, in some cases, key summary statistics. Our methodology is included at the end of the document, with notes on data completeness, our calculation assumptions, and sources of third party data.

BUYER INCOMES



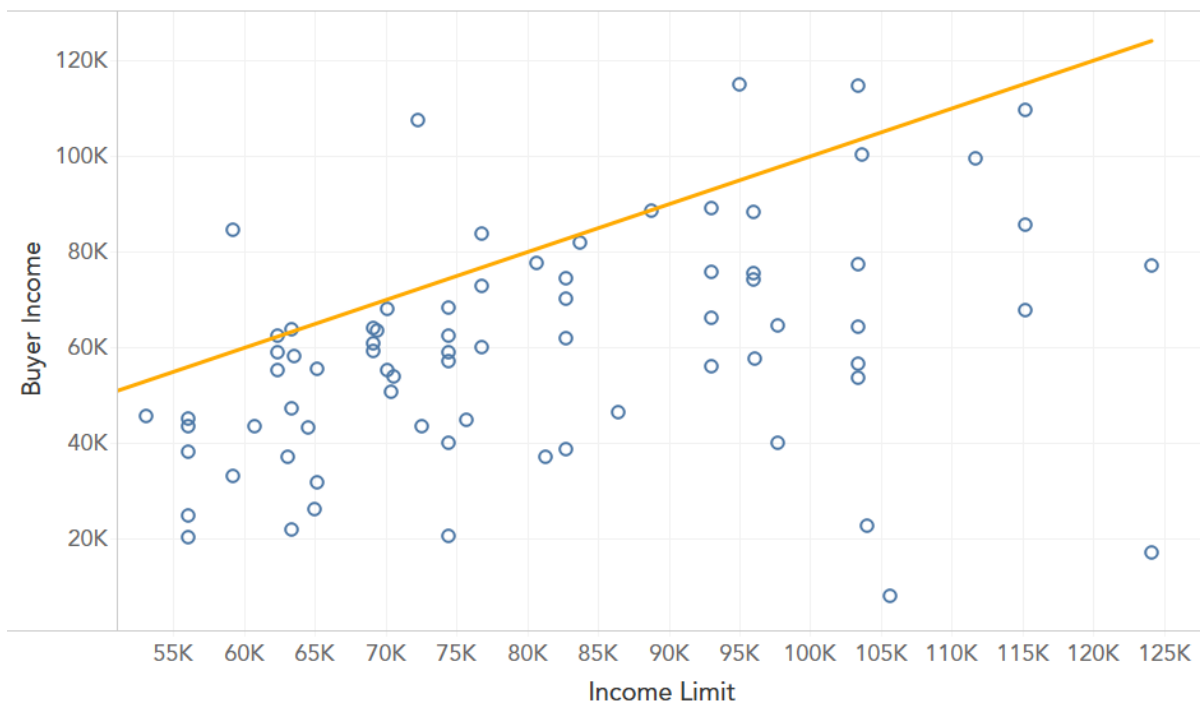
For the small sample of households for which income data was available, the median buyer’s household income was \$59,008.

Buyer Income Levels



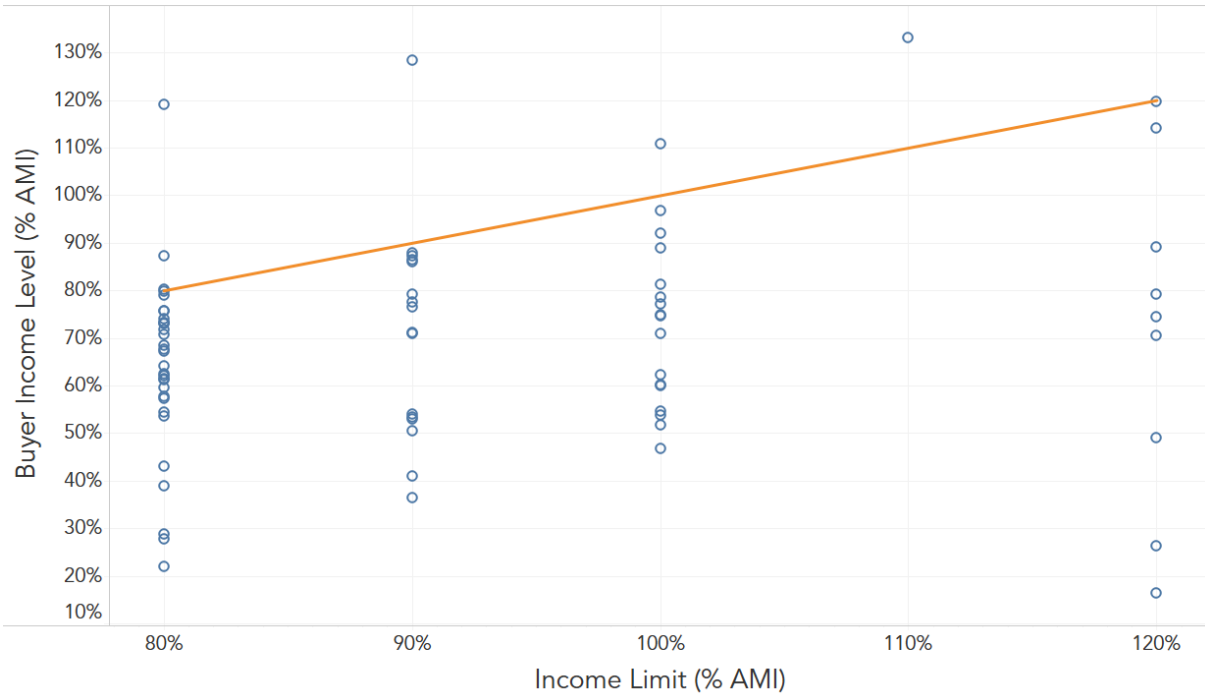
The median buyer’s household income was 71.0% of local AMI, adjusted for household size. The local Area Median Income (AMI) used throughout this analysis is the Median Family Income for the Seattle-Bellevue, WA HUD Metro FMR Area, as provided by HUD.

Buyer Incomes vs. Income Limits



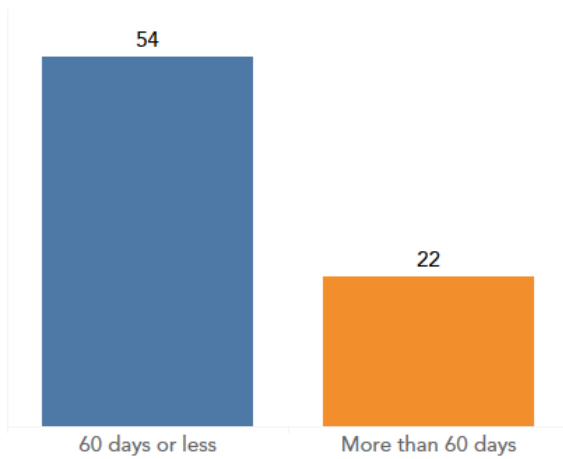
The median buyer’s household income was \$16,329 less than the income limit. Of the 79 buyers for which data was available, 74 had incomes below the income limit (94%).

Buyer Income Levels vs. Income Limits

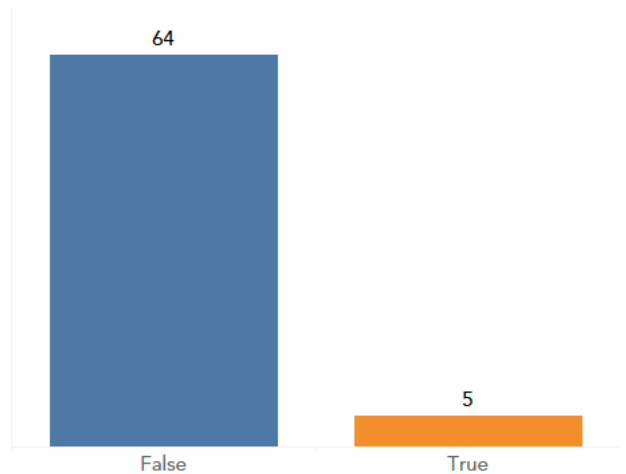


The median buyer’s income (as a percentage of local AMI, adjusted for household size) was 18.7 percentage points less than the income limit.

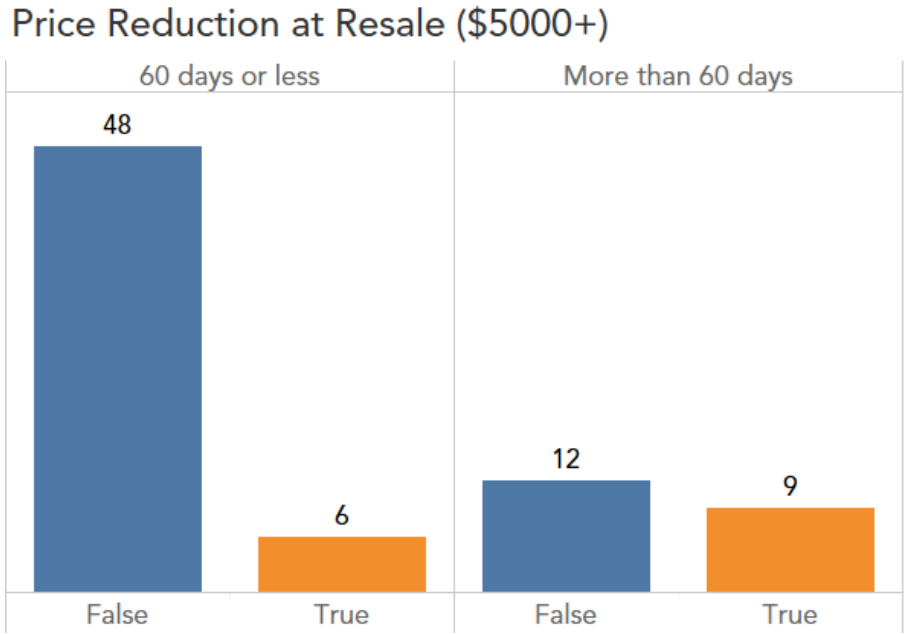
Days on Market at Resale



Resales Sold to Ineligible Buyer

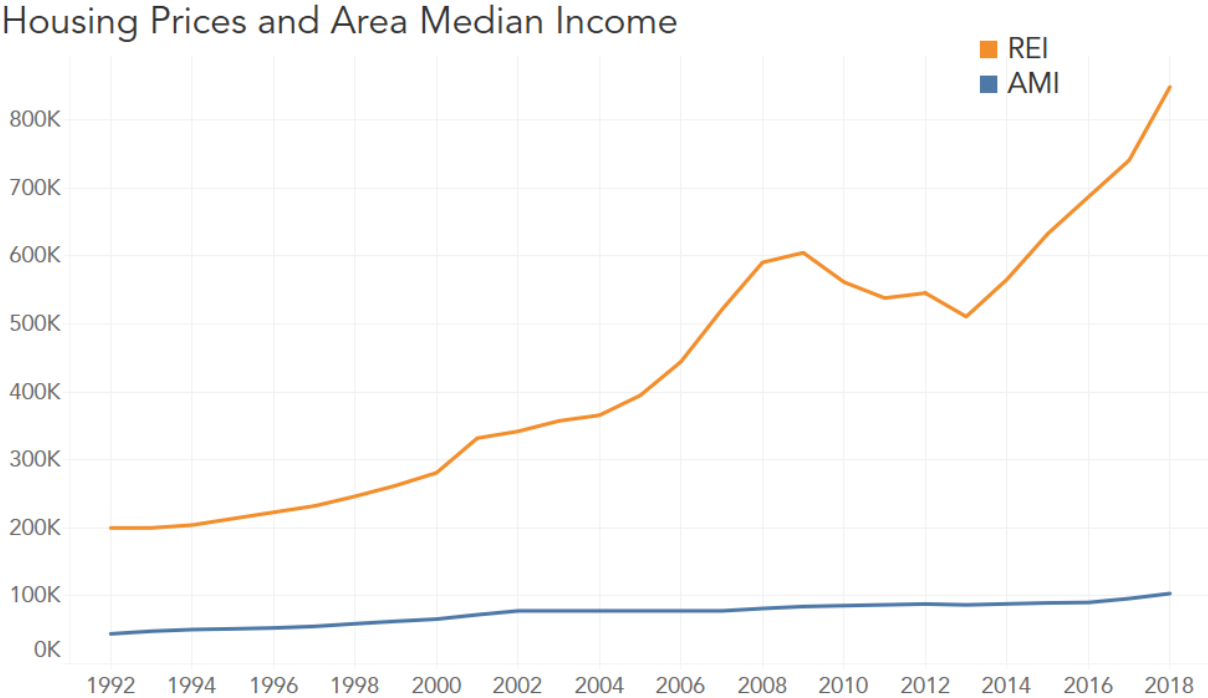


Of the 76 resales for which data was available, 22 homes (29%) sold after the 60-day expiration of income restrictions. Of those 22 homes, 5 sold to buyers with incomes above the eligibility cap.



Of the 54 resales that sold within the 60 day expiration of income eligibility restrictions, 6 homes (11%) sold at prices at least \$5000 less than the maximum formula sales price. Of the 22 homes that sold after 60 days, 9 homes (41%) sold at reduced prices.

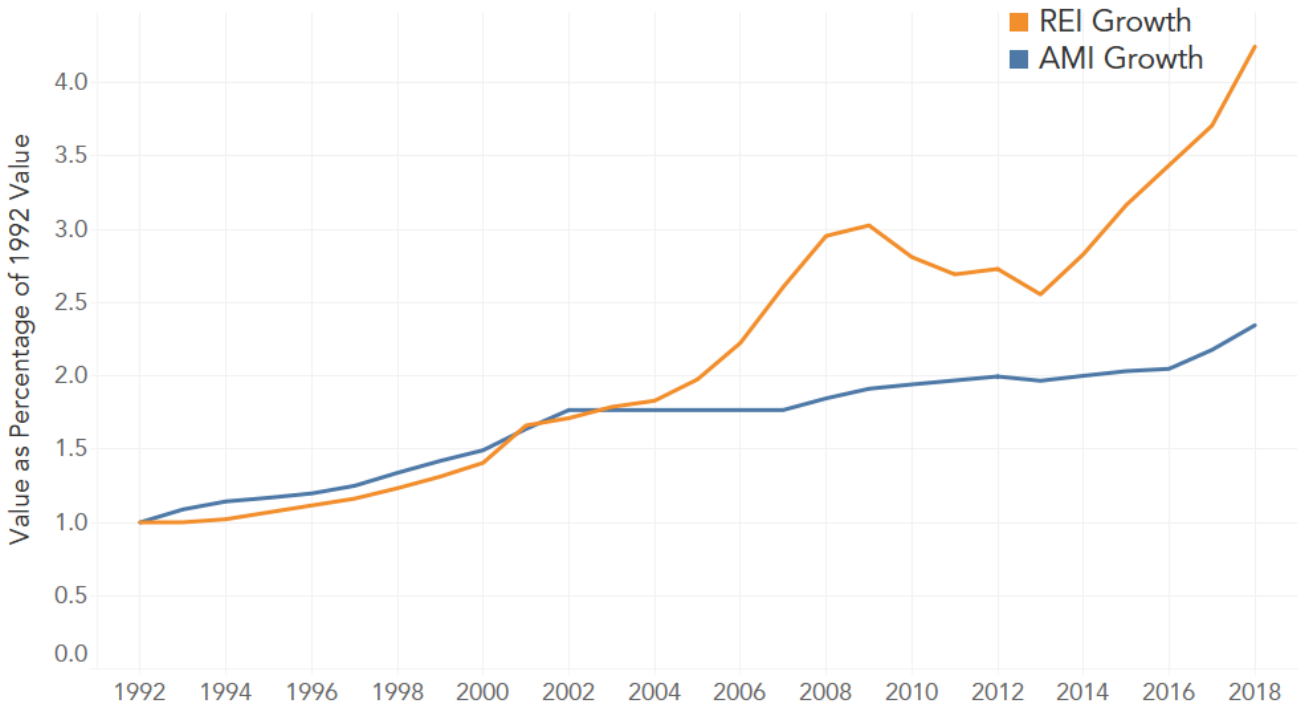
MARKET CONDITIONS



In this chart, the orange line represents the annual values of the customized local real estate index that ARCH staff compute each year, using zip code level sale price data from the Central Puget Sound Real Estate Research Report. Note the housing bubble of approximately 2006-2009, and the subsequent crash from 2009-2013.

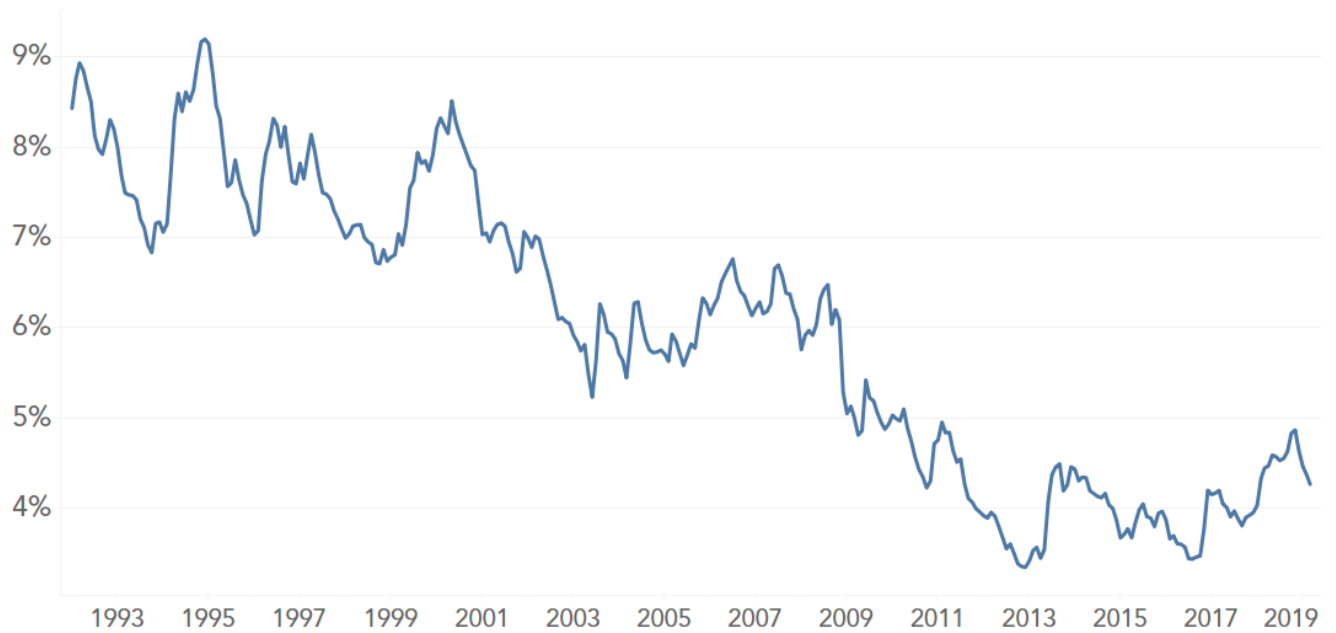
The blue line represents the Area Median Income for the Seattle-Bellevue, WA HUD Metro FMR Area, as provided by the Department of Housing and Urban Development.

Growth of Housing Prices and Area Median Income



This chart shows the historical growth of the Real Estate Index and the local AMI over the life of the program by displaying each year’s value as a percentage of the starting value (in 1992). The indexes grew at similar rates for the first ~10 years, then the Real Estate Index grew much faster than AMI from 2003 until 2009 when the housing bubble burst. Housing prices declined from 2009-2013 and since then have been rising rapidly, while AMI remained relatively flat until just 2 years ago.

Interest Rates



This chart displays national average interest rates for 30-year fixed mortgage products, for each month of the program’s operation. These rates are provided by Freddie Mac, which ARCH staff reports is also the source of the local interest rate value they use in their pricing calculations for new units. We use these rates to calculate the initial and current affordability of the ARCH units, in the “Affordability Preservation” section below.

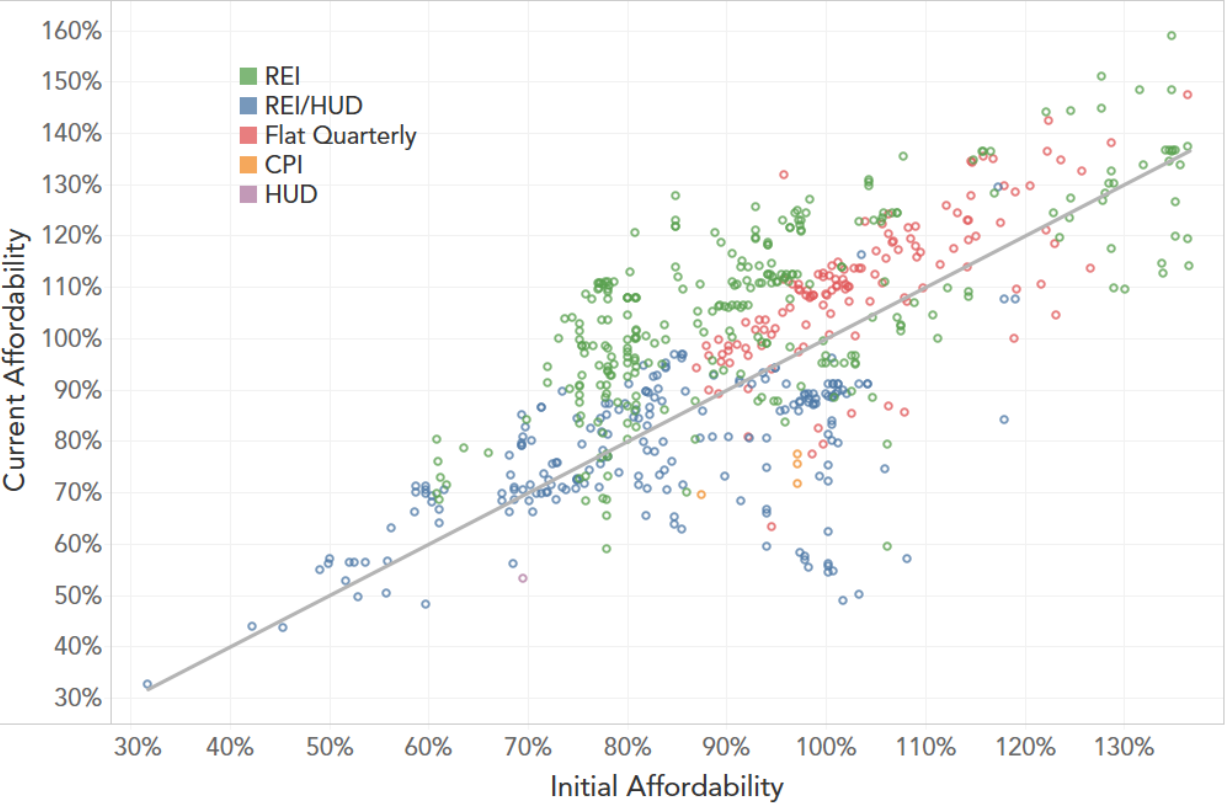
AFFORDABILITY PRESERVATION

Affordability Gain and Loss



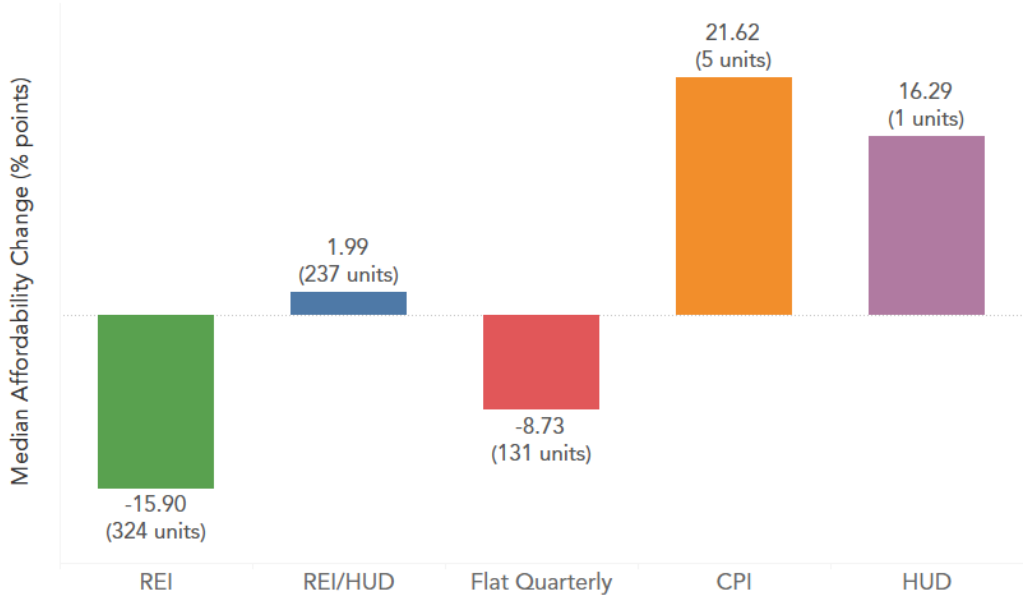
Each dot represents one of the 698 ARCH homes for which data was available. Homes above the orange line have lost affordability (ie a higher income is required to afford them today than at the time of their initial sale). Homes below the orange line have become more affordable. 469 homes (67%) have lost affordability.

Affordability Gain and Loss By Formula Type



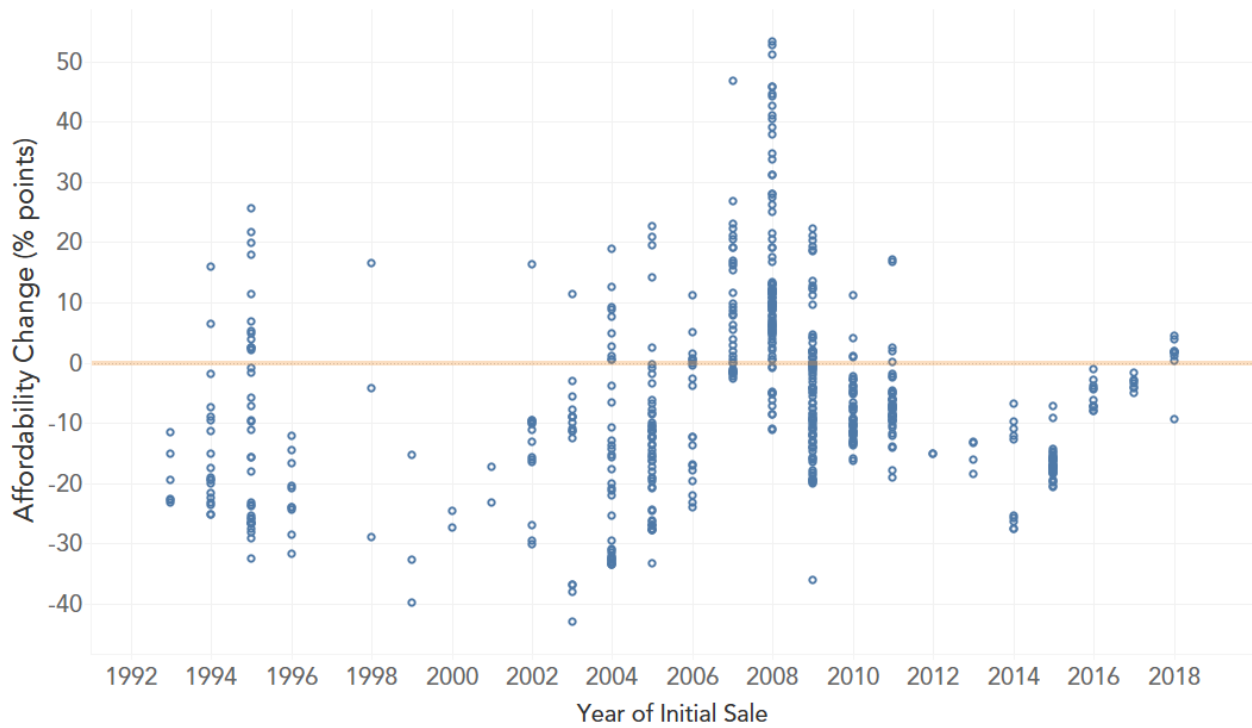
This is the same chart as above, but broken down by resale formula type. Of the 3 most common formulas (REI, REI/HUD, and Flat Quarterly), the green dots of the REI formula and the red dots of the Flat Quarterly formula fall overwhelmingly above the line, representing homes that have lost affordability. The blue dots of the REI/HUD formula are more scattered above and below the line.

Affordability Gain and Loss By Resale Formula Type



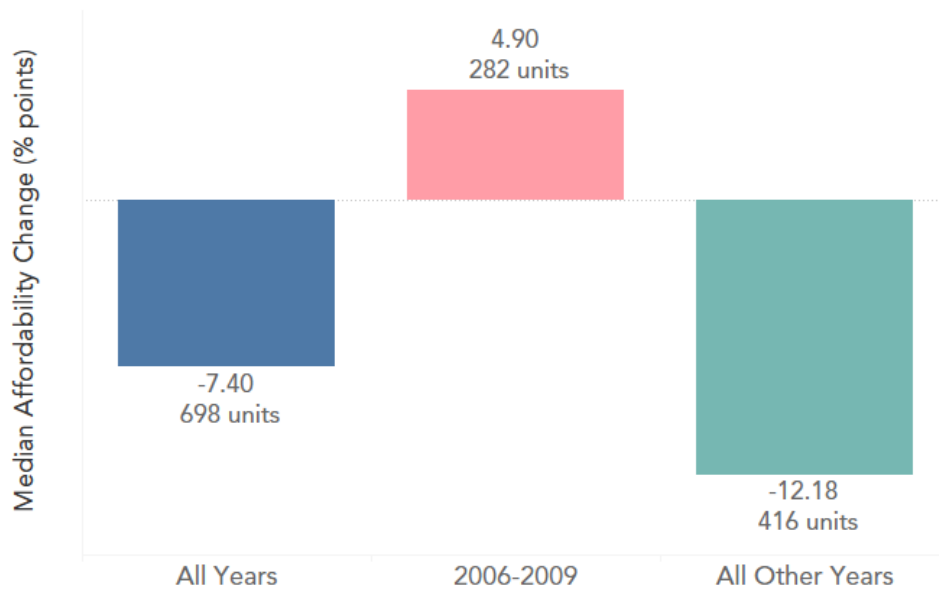
This chart shows median values for the change in affordability for each home (initial affordability level minus current affordability level), for each resale formula type. Positive numbers represent affordability gains, and negative numbers represent affordability losses. Overall, homes using the hybrid REI/HUD formula have preserved affordability (in fact, gained 1.99 percentage points), whereas homes using the REI and Flat Quarterly formulas have lost affordability, with the REI formula performing the worst. Note that the CPI and HUD formulas both performed very well, but were only used on a very small number of units (and each in only one year).

Affordability Gain and Loss By Year



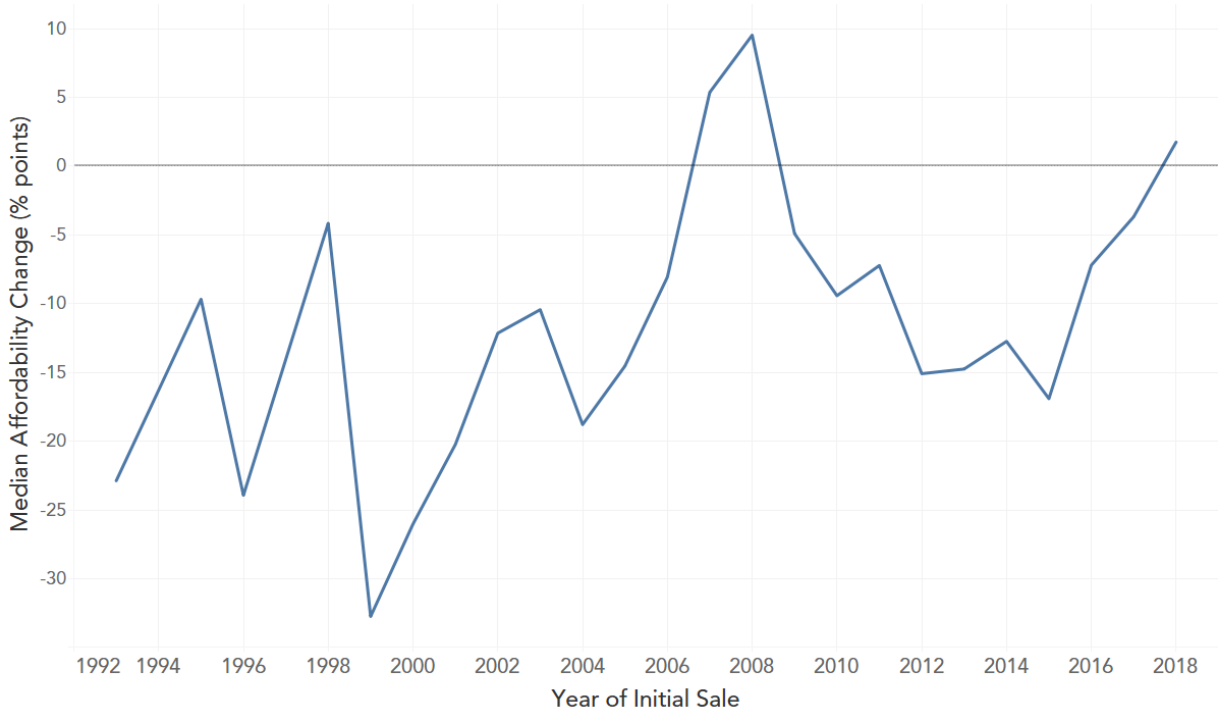
Now we start to consider timing, and changing market conditions. This chart shows the change in affordability for each home, by year of initial sale. Dots above the line have gained affordability, while dots below the line have lost affordability. Note the strong performance of homes sold at the peak of the housing bubble (2006-2009). Note also the relatively linear upward trend from 2012 to 2018, suggesting a steady and strong erosion of affordability during those years of steady and strong housing price increase. We suspect that this linear trend (where age is a direct determinant of affordability loss) is not demonstrated in the early years of the program because REI and AMI were growing at similar rates during that time, and because interest rates were much higher then.

Affordability Gain and Loss During Housing Bubble



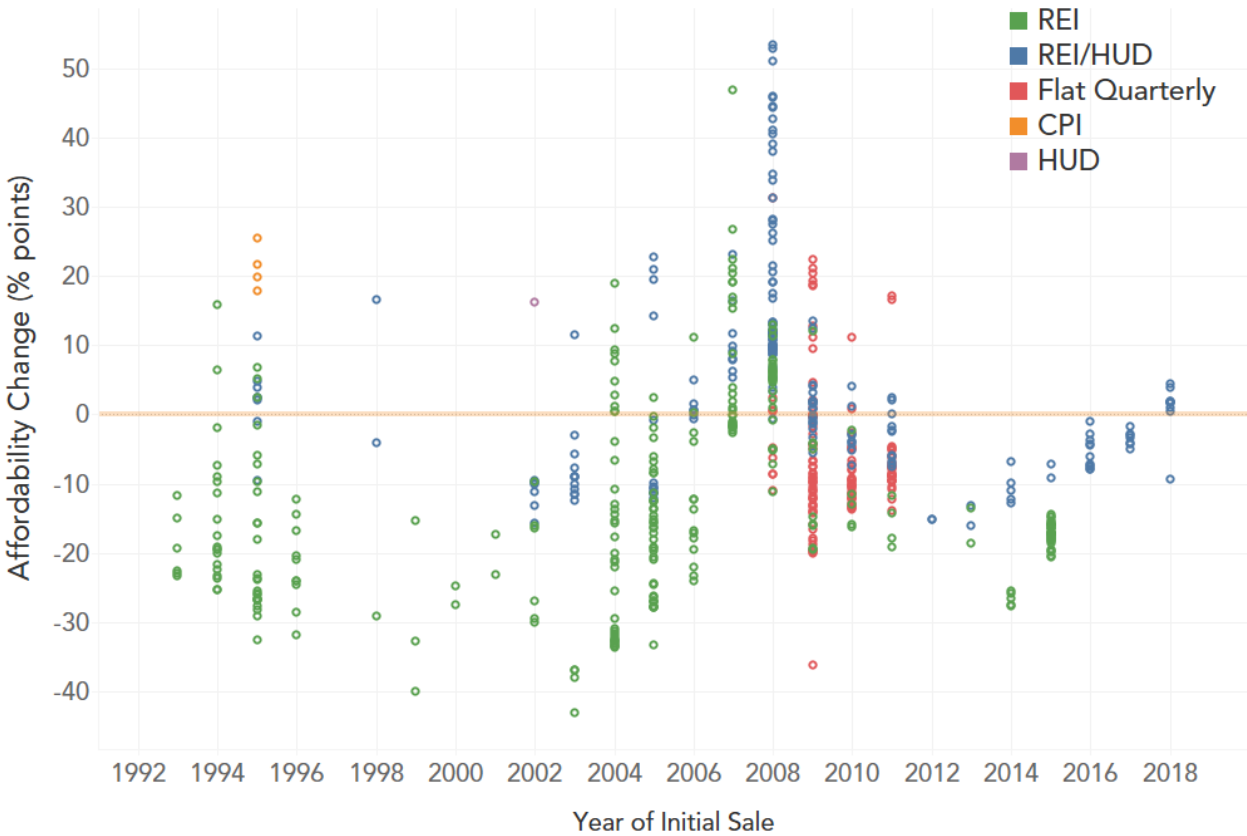
Overall, the typical ARCH home lost 7.4 percentage points of affordability – i.e. the current formula price is now affordable to a household earning 7.4 percentage points more (relative to local AMI, adjusted for household size) than the household that could afford the initial price when it first sold. However, the 282 homes sold during the peak housing bubble years of 2006-2009 have, on average, gained 4.9 percentage points of affordability, while the 416 homes sold in all other years have lost 12.18 points of affordability. We believe that the robust preservation (in fact, gain) of affordability in homes sold during the peak housing bubble years is due primarily to the sharp reversal of the housing index and the sharp decline in interest rates when the bubble burst, rather than the resale formulas themselves. .

Median Affordability Change By Year



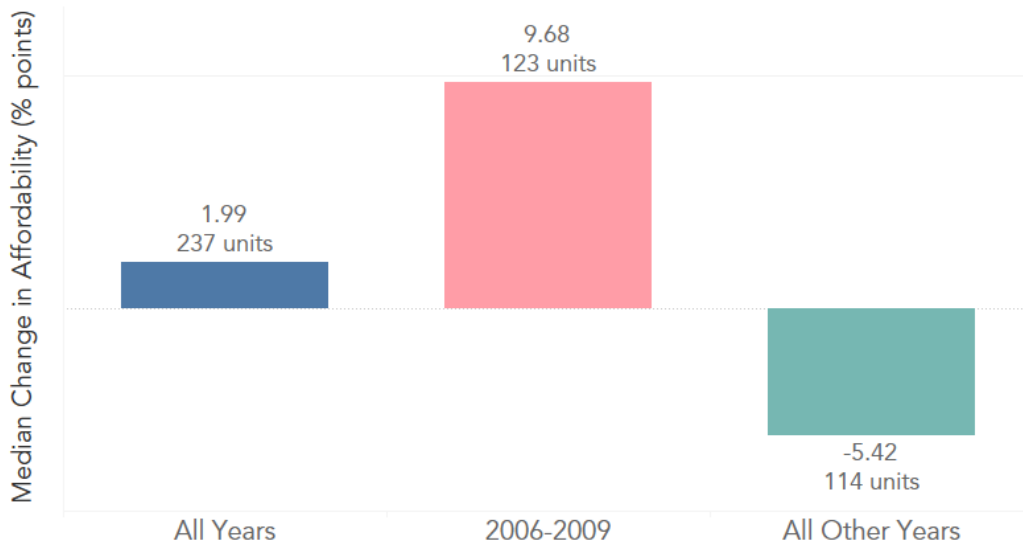
The median change in affordability level varies widely by year. As in the scatterplot above, note the gain in affordability for homes sold at the peak of the housing bubble, and the relatively linear upward trend from 2012 to 2018, suggesting a steady and strong erosion of affordability during those years of steady and strong housing price increase.

Affordability Gain and Loss By Formula Type



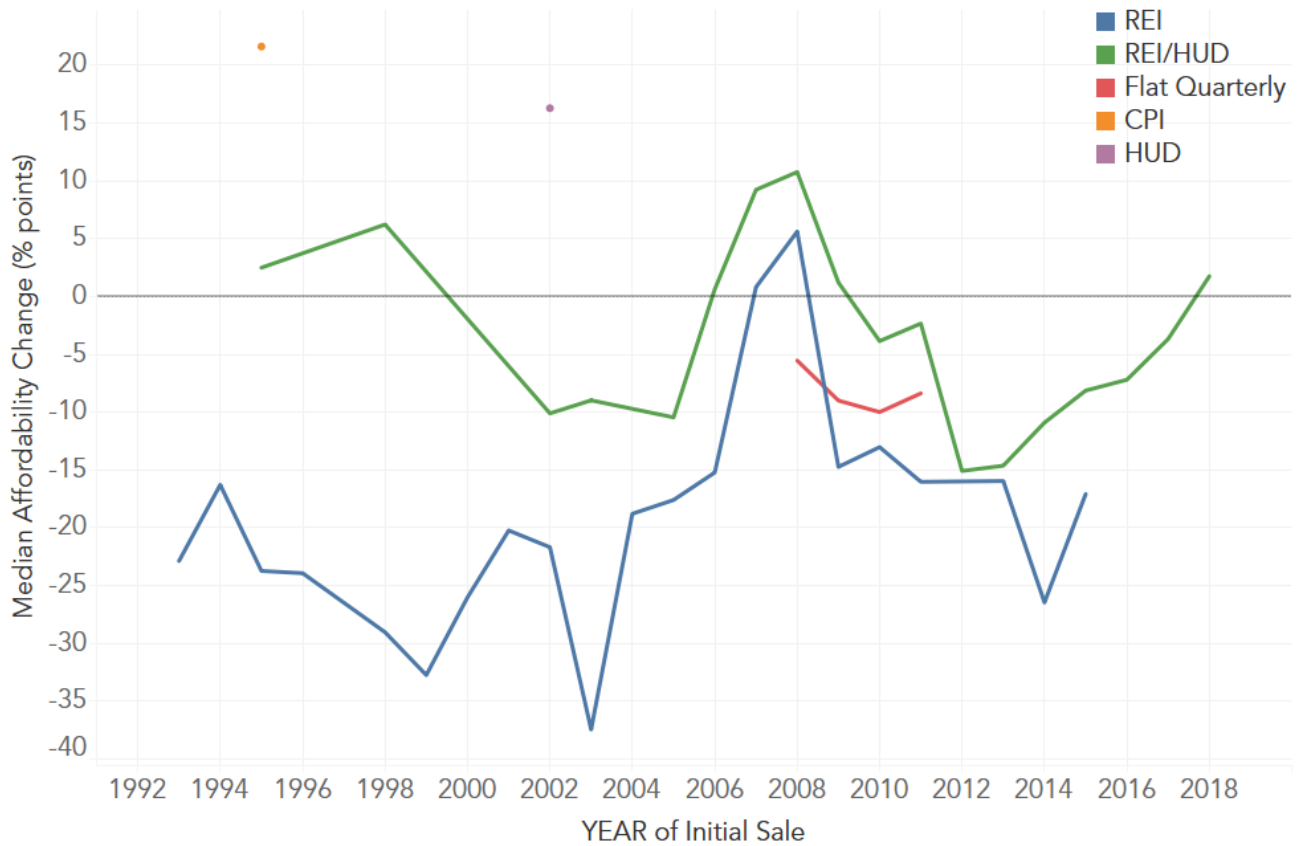
This is the same scatterplot as above, but broken down by resale formula type. Now we can see when each formula was used, and start to combine the insights above about timing and formula type. Many of the homes sold in peak housing bubble years used the REI/HUD formula (blue dots), and these homes have overall gained a lot of affordability due to the decline in the REI index. For example, 15 of the homes sold in 2007-2008 have current formula prices that are actually below their initial prices. While ARCH would allow these owners to sell for up to their initial price, the formula prices have not yet recovered from the sharp decline in the REI index. In contrast, the blue dots in recent years of strong housing price increases (2012-2018) follow a very linear trend of steady affordability loss over time. This helps explain why the median affordability change for all homes using the REI/HUD formula (a gain of 1.99 percentage points) is so much higher than the overall median for all homes (a loss of 7.4 percentage points). It seems that overall, although more effective at preserving affordability than the REI or Flat Quarterly formulas, the REI/HUD formula has still resulted in affordability losses in all conditions other than those of extreme housing bubble bursting. The green dots of the REI formula show consistent affordability losses, except for homes initially sold during peak housing bubble years. The red dots of the Flat Quarterly formula, which show very mixed results, are almost all between 2009 and 2011. We suspect this variation is simply due to variation in the extent to which those homes continued to lose value during those years as the bubble burst.

Affordability Gain and Loss During Bubble (REI/HUD Formula)



This chart confirms the trend noted in the scatterplot above: overall, although more effective at preserving affordability than the REI or Flat Quarterly formulas, the REI/HUD formula has still resulted in affordability losses in all conditions other than those of peak housing bubble. Although the overall median change in affordability for all homes that have used the REI/HUD formula is positive (a gain of 2 percentage points of affordability), the median in all years other than 2006-2009 is negative (a loss of 5.42 percentage points of affordability), which is similar to the program’s overall median (a loss of 7.4 percentage points).

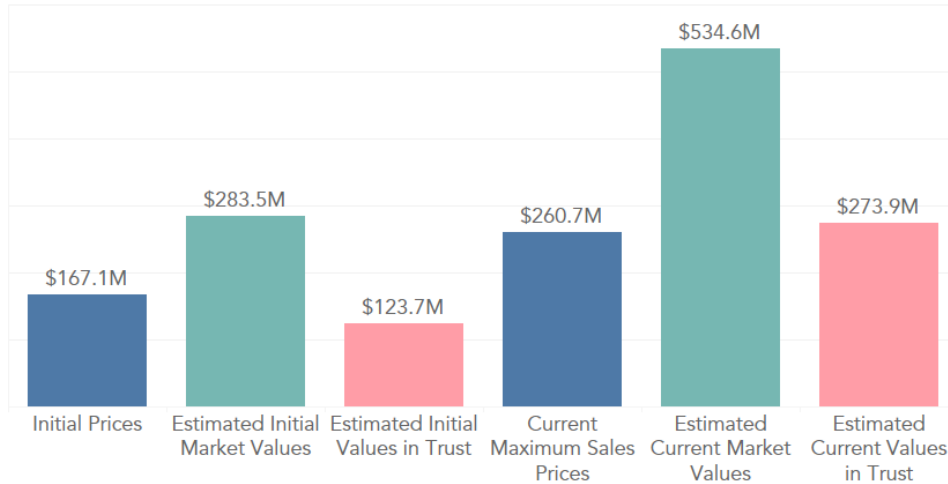
Affordability Gain and Loss By Year and Formula Type



This chart clarifies and confirms some of the same conclusions. Overall, the REI/HUD formula has preserved affordability more effectively than the REI and Flat Quarterly formulas in every single year. However, it has still resulted in affordability losses in most years, with the peak housing bubble years being the main exception.

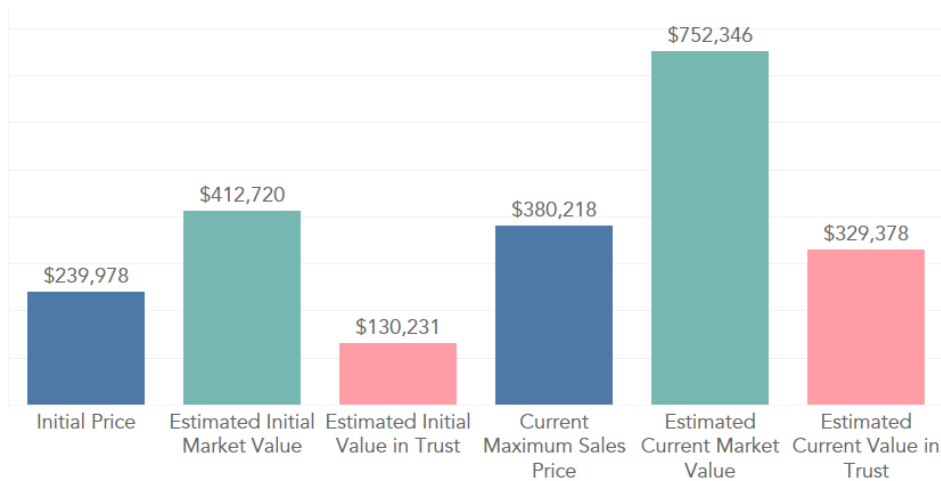
VALUE IN TRUST

Growth of 'Value in Trust' (SUM TOTALS)



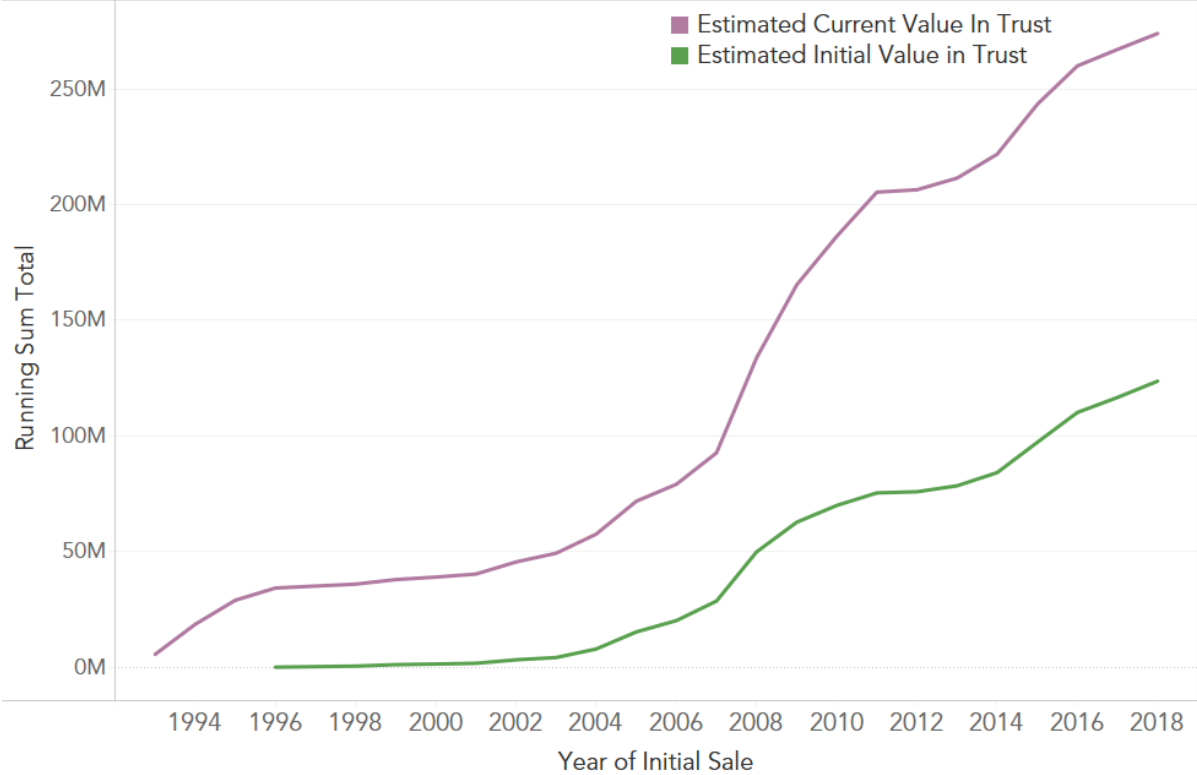
For each unit, we estimate the “value in trust” when the home first entered the program (market value minus initial restricted price) and today’s “value in trust” (market value minus current formula price). As actual market values are unavailable, we use a local housing price index, by zip code, weighted for unit size, as a rough proxy. We estimate that the program stewards a total of \$273.9 million in public assets in the form of discounts relative to market value. Of that \$273.9 million, we estimate that \$123.7 million came from the initial discounts of homes entering the program, and the remaining \$150.2 million came from the retention of appreciation over time. In other words, the use of resale formulas to maintain long-term pricing restrictions has more than doubled the value of public money that the program contributes to affordable homeownership.

Growth of 'Value in Trust' (MEDIANS)



The typical home was initially sold at a restricted price approximately \$130,231 less than market value, but now has a current formula price that is \$329,378 less than market value.

Growth of Value in Trust By Year



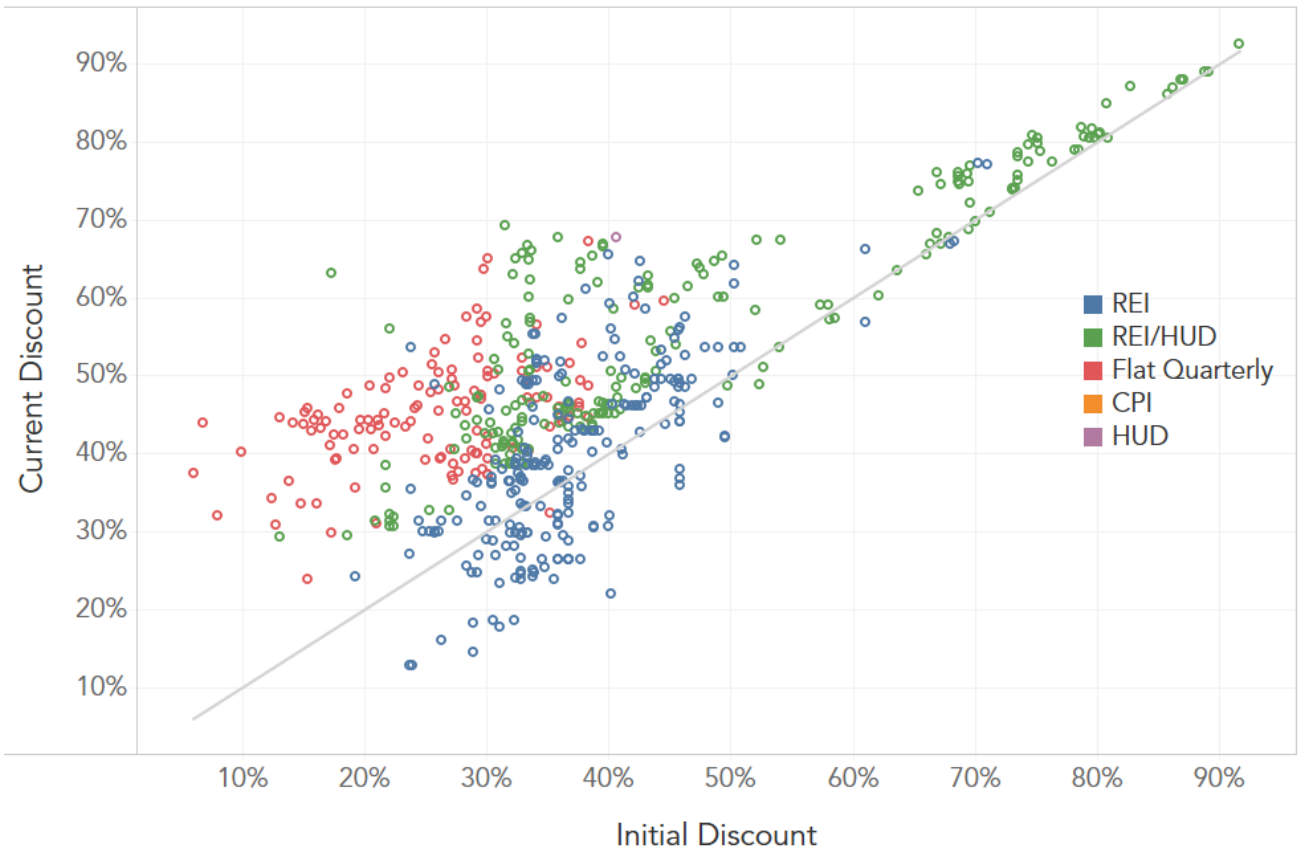
The green line shows the running sum total of the “value in trust” derived from new homes entering the program. The purple line shows the running sum total of the current “value in trust” that the program stewards. The space in between the lines represents recaptured market appreciation, which today constitutes \$150.2 million of the \$273.9 million total (55%).

Growth of Discount Relative to Market Value



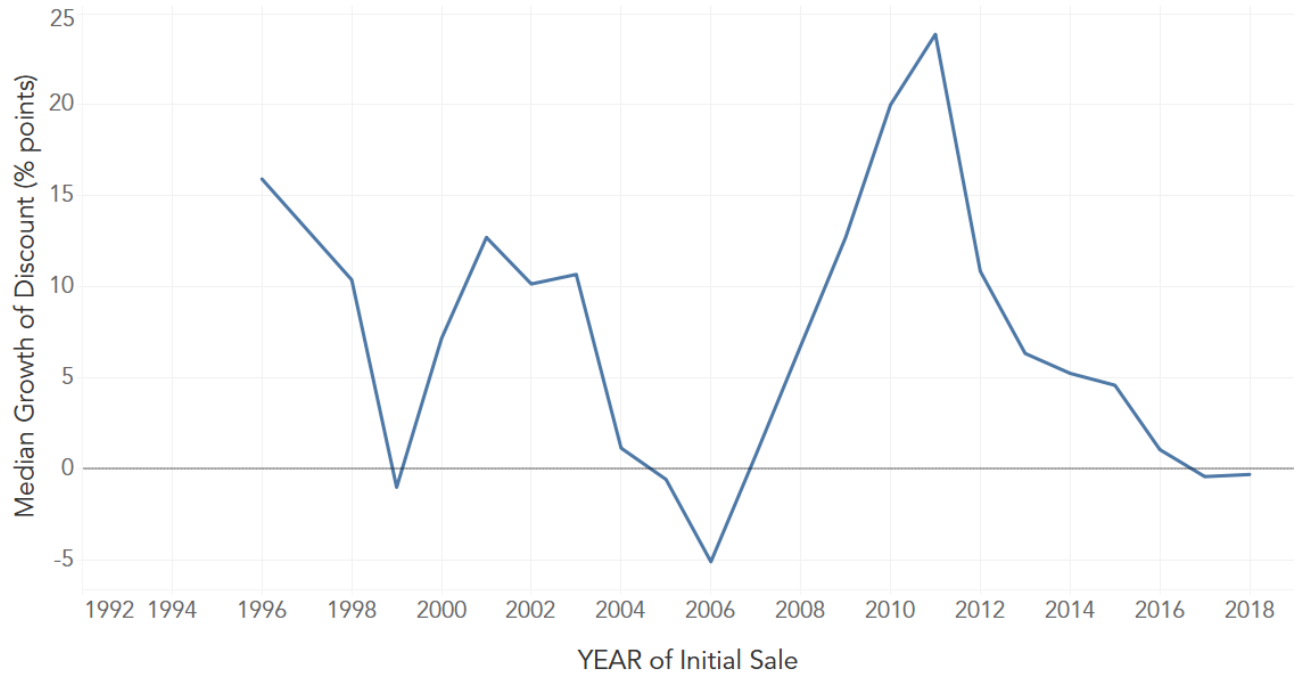
This chart shows the change in market discount from initial sale to the present. Dots above the line represent homes for which the discount has grown, and dots below the line represent homes for which the discount has shrunk. Most dots (67%) are above the line. This adds an important insight to the analysis of affordability preservation presented above – although the program’s resale formulas allow a steady erosion of affordability overall, it seems they have nonetheless consistently deepened the discounts that the restricted prices provide, relative to market value. They simply have not deepened those discounts enough to preserve affordability perfectly.

Growth of Discount By Formula Type



This is the same chart as above, but broken down by resale formula type. Of the 3 most common formulas (REI, REI/HUD, and Flat Quarterly), the green dots of the REI formula and the red dots of the Flat Quarterly formula fall overwhelmingly above the line, representing homes with pricing discounts that have grown over time. The blue dots of the REI/HUD formula are somewhat more scattered above and below the line, but most still fall above the line. Nearly all the homes for which the discount has shrunk use the REI/HUD formula. We suspect that most of these represent homes that entered the program during peak housing bubble years.

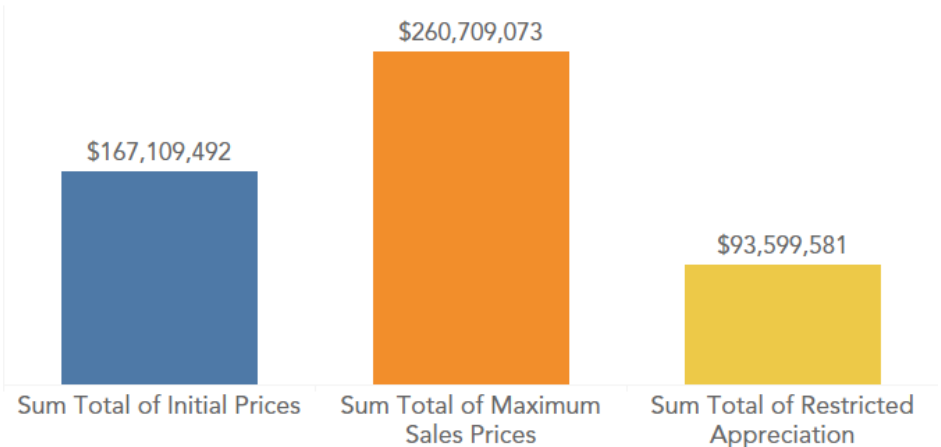
Growth of Discount By Year



This chart shows the median growth in discount (current discount minus initial discount) for each year. Again, we see that overall, the program’s resale formulas have consistently deepened the discounts that the restricted prices provide, relative to market value. Consistent with the affordability preservation trends above, discounts have only shrunk for homes sold during the peak of the housing bubble.

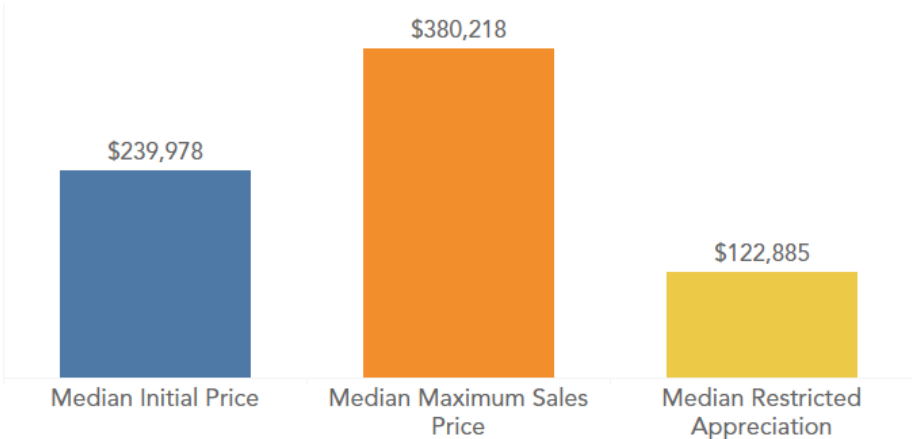
WEALTH CREATION

Sales Volume and Restricted Appreciation



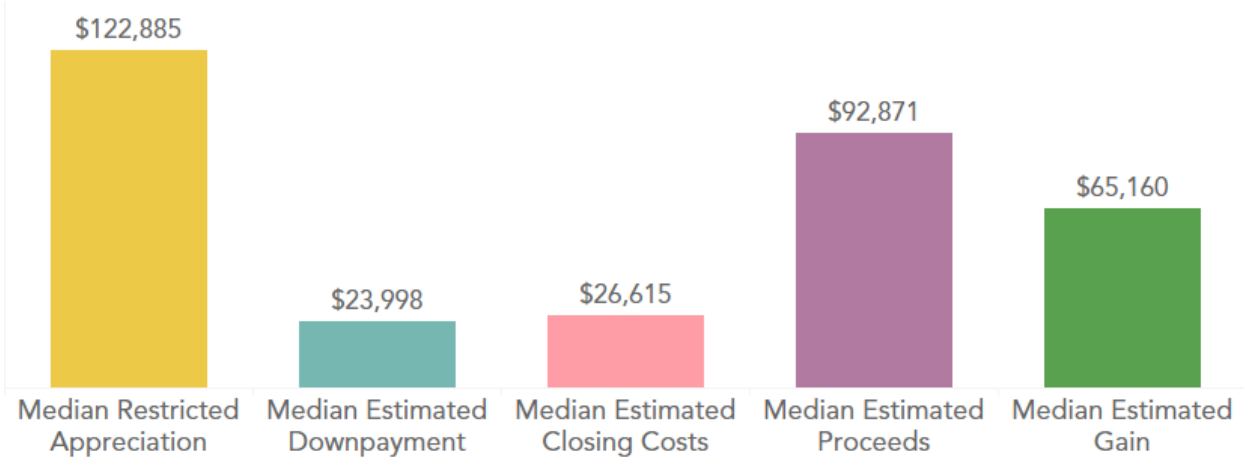
We calculate restricted appreciation as the current maximum formula price minus the initial restricted price, ignoring any resales that may have occurred between then and now. In total, the restricted values of the 698 homes for which data was available have increased by \$94 million. This is approximately the amount of wealth that ARCH homeowners have gained through the program.

Sales Prices and Restricted Appreciation



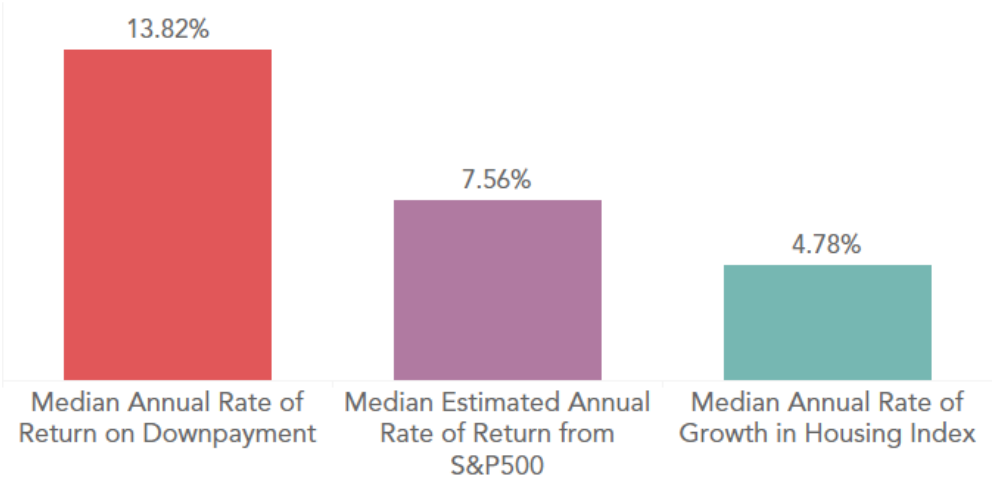
The typical ARCH home’s current maximum formula price is \$123,000 more than its initial price.

Estimated Return on Investment



Data on actual buyer’s downpayments, mortgage terms, closing costs, etc, is not available. However, we can still estimate the degree to which the program is helping homeowners create wealth. Ignoring retired mortgage principal and capital improvements credits, we can think of that restricted appreciation as comprised of three parts: a hypothetical seller’s initial investment (downpyament), closing costs, and proceeds at resale. Using ARCH’s pricing assumption of 10% down payment, the typical ARCH buyer initially invested ~\$24,000 in the home. Using 7% of the sale price as an estimate, their typical closing costs were ~\$26,000. And their proceeds were ~\$92,000. We calculate the hypothetical seller’s gain as Proceeds minus Investment, with a median value of ~\$65,000.

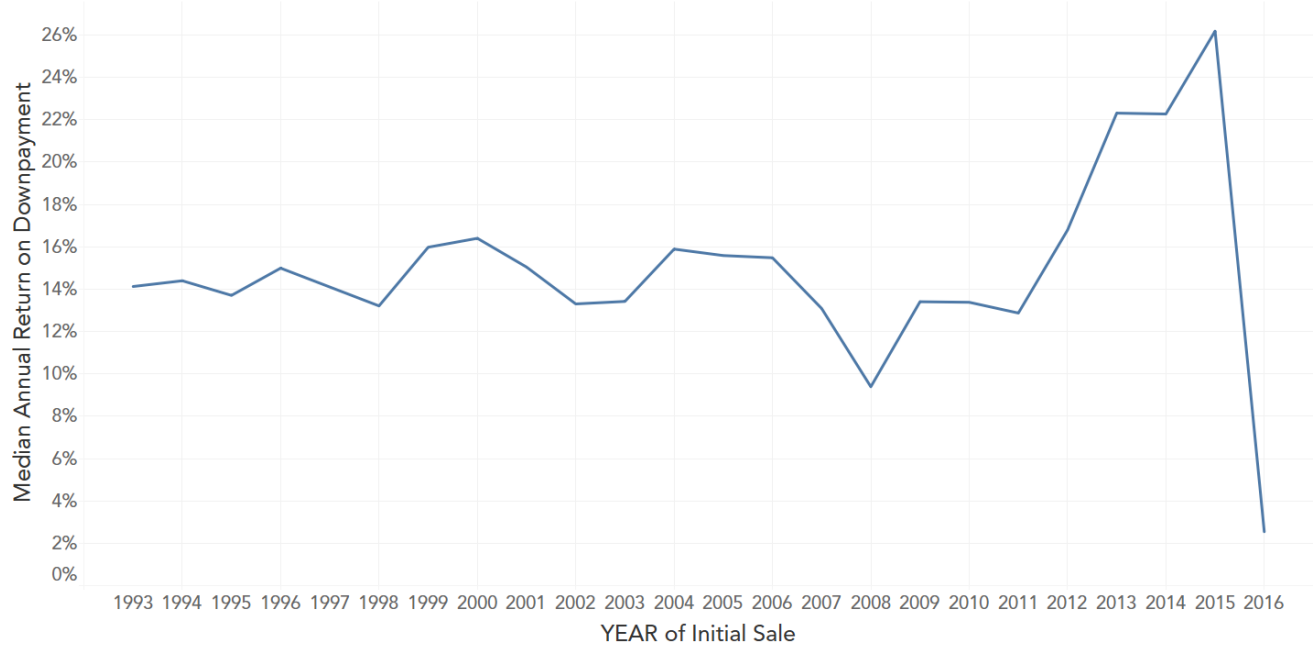
Estimated Annual Rate of Return on Investment



In this chart, we annualize the hypothetical seller’s “estimated gain” over the age of the home, and compare this to other investment options. We estimate that a typical ARCH buyer would benefit from a 13.86% annual rate of return on their initial investment, which is far better than

the growth of the S&P500 index, or the local housing price index, over the same period. ARCH is helping its homeowners build significant wealth.

Annual Return on Investment By Year



The estimated annual rate of return on investment is fairly consistent for the program’s older homes, hovering around its median value of approximately 14%, but is lower for homes initially sold during peak housing bubble years (2006-2009) and higher for those sold in recent years of sharp housing price increase. This is consistent with the pattern of affordability gains we identified for homes sold during peak housing bubble years (2006-2009) the pattern of steady affordability loss we identified for homes sold in recent years.

METHODOLOGY

Data Completeness

The dataset for the Affordability Preservation, Value in Trust, and Wealth Creation analyses includes 698 units. We exclude units that have been lost to foreclosure, or for which pricing and unit size was not available.

Buyer Incomes

Buyer income data was only available for a small number of transactions (80), including all 39 resales from 2018-2019 and a selection of 41 other transactions from a wide range of years. This data was retrieved by ARCH staff from paper files in early April 2019.

The local Area Median Income (AMI) used throughout this analysis is the Median Family Income for the Seattle-Bellevue, WA HUD Metro FMR Area, as provided by HUD. HUD FY 2018 Median Family Income Documentation System, huduser.gov/portal/datasets/il/il2018/2018MedCalc.odn

Market Conditions

Because of the publication schedule of the Central Puget Sound Real Estate Research Report relative to HUD's publication of AMI data, for any given year, ARCH staff uses the REI value of the prior year. We have followed that practice in our analysis (e.g. the values displayed here for year 2000 are the AMI from 2000 and the REI from 1999).

Freddie Mac, 30-Year Fixed Rate Mortgage Average in the United States [MORTGAGE30US], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/MORTGAGE30US>, April 17, 2019.

Affordability Preservation

To calculate affordability levels, we use the initial restricted prices and current maximum formula prices, as reported by ARCH staff. We use the average national 30-year mortgage rate for the month of initial sale (for initial affordability) and for March 2019 (for current affordability). Then, in both calculations, we replicate the housing cost assumptions that ARCH staff uses when pricing new units. We assume a 10% down payment, property taxes equal to 1% of the restricted price, mortgage insurance equal to 0.85% of the loan amount, and HOA dues/homeowner's insurance of \$150-\$200 depending on unit size. We define "affordable" as having total housing costs equal to 30% of household income.

Value in Trust

As a proxy for market value, we use the monthly Zillow Home Value Index for each zip code, weighted for unit size. This data is publicly available from 1996 to the present (Zillow.com/research/data). Although the ZHVI is available by property type (condo vs. single family home), we instead use the ZHVI for all property types combined and then weight for unit

size, as we estimate that this method introduces a smaller margin of error. To weight for size, we use the ratios derived from the March 2019 ZHVI for all of King County: studio = 0.67, 1BR = 0.58, 2 BR = 0.80, 3 BR = 0.98, 4 BR = 1.24.

Wealth Creation

Restricted Appreciation calculation does not account for improvements credits or retired mortgage principal.

To estimate a hypothetical return on investment in the stock market over the same period, we use historical S&P500 index data from the Federal Reserve: S&P Dow Jones Indices LLC, S&P 500 [SP500], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/SP500>, April 17, 2019.

To estimate a hypothetical return on investment in market rate housing over the same period, we calculate the growth of the local real estate index – in this case, we use the customized “REI” index that ARCH staff computes each quarter using data from the Central Puget Sound Real Estate Research Report, weighted for household size using ratios derived from the March 2019 ZHVI for all of King County: studio = 0.67, 1BR = 0.58, 2 BR = 0.80, 3 BR = 0.98, 4 BR = 1.24.

Attachment B

Detailed Assessment and Recommendations

1. BUSINESS PLANNING

1.1. Manual of Internal Policies and Procedures

Program staff currently maintains an informal binder of reference documents and practices but does not have a formal program manual or guidelines for program policies and procedures. It is possible to operate a successful program with only informal procedures. But well run homeownership programs generally adopt formal policies and procedures in order to ensure consistency. In addition, the process of reviewing and discussing procedures can help inform board members of some of the ‘nuts and bolts’ of program implementation and ensure that everyone involved has the same understanding of how the program works.

Formal approval of policies and procedures gives the board the opportunity to better understand how the program really works and gives the staff security knowing that there is support for the sometimes difficult administrative choices that they are making.

Recommendations:

- Develop a comprehensive program manual and have it reviewed and approved by the ARCH Board of Directors. Update it periodically – at least every 5 years.

1.2. Mission Statement and Program Goals

The ARCH homeownership program does not have a written mission statement, and does not have written goals and objectives. Mission statements are sometimes hollow and overlooked, but the recent media coverage has unearthed a challenge related to the fundamental understanding of the program’s mission. Many affordable homeownership programs have a mission that includes preserving affordability permanently or over the longest term possible. But other programs focus primarily on expanding access for initial buyers with resale restrictions, if any, serving mostly to avoid short-term windfalls for these initial buyers. There are elements of ARCH’s program design that suggest that ARCH never intended to preserve affordability over the long term but other elements that indicate that it did. A formal mission statement, approved by the board, would likely have addressed this core question of purpose in a way that helped to ensure that the individual program design decisions all aligned in the same direction.

Recommendations:

- Adopt a mission statement and articulate specific program goals, have the board approve them. This can be done as part of a policies and procedures manual.

1.3. Service Area, Target Markets, Market Analysis

ARCH has a clearly defined service area inherent to its municipal coalition structure, and consistently provides market analyses for both its member cities and King County, to inform comprehensive planning processes and zoning decisions. However, staff report that the program’s target populations (particularly the income targets) are driven primarily by considerations for the economic trade-offs of public and private (developer) benefits, and less by an analysis of housing needs. In part because of this, staff has not historically tracked data on who exactly is being served by the program, though some of this data is stored in paper files and could be retrieved. Staff have taken steps to begin collecting this information and it seems likely that this information would serve the board and local policymakers as well.

Recommendations:

- Tie program objectives, pricing and marketing decisions, directly to local housing market analyses so that the ARCH board, city and county staff, developers, and general public better understand the specific community needs that the program is meeting.

1.4. Staffing

Many of the key challenges facing the program stem from the limited program staff. ARCH currently employs a staff of 5 FTE, but only a fraction of staff time can be considered allocated to the ownership program. ARCH staff estimate that the homeownership program currently receives the equivalent of .75 FTE divided between multiple staff members, and the growth of the program has increasingly placed competing demands on staff with other duties. (The portfolio of rental units monitored by ARCH has also grown significantly in the past few years)

NCB Capital Impact and NeighborWorks America studied the staffing levels of affordable homeownership housing programs in 2007⁴. Based on interviews with program staff, they estimated the number of staff dedicated to homeownership program administration and compared that with the number of homeownership units each program was responsible for. They found a range from 16.4 to 1000 units stewarded per full time equivalent (FTE) staff person. If we assume that ARCH is currently providing .75 FTE dedicated to the homeownership program then that amounts to roughly 938 units per FTE which puts ARCH at the very high end of the surveyed programs. Only two programs were found with such low staff levels. The Housing Assistance Council of Cape Cod, which provides only very minimal oversight of its units, and the City of Denver which recently committed to hiring multiple additional staff members after a series of news stories about significant failures of their monitoring and enforcement.

⁴ Jacobus, Rick. “Stewardship for Lasting Affordability: Administration and Monitoring of Shared Equity Homeownership.” NCB Capital Impact and NeighborWorks America, November 2007.

| Municipality | Shared Equity Ownership Units | Estimated staffing (FTEs) | Est. Units/FTE |
|--|-------------------------------|---------------------------|----------------|
| Somerville, MA | 41 | 2.5 | 16.4 |
| Lafayette, CO | 70 | 0.75 | 93.3 |
| West Sacramento, CA | 80 | 3 | 26.7 |
| Palo Alto, CA | 169 | 1.25 | 135.2 |
| Housing Assistance Council of Cape Cod | 250 | 0.25 | 1000.0 |
| Boston, MA | 400 | 3 | 133.3 |
| Santa Barbara, CA | 453 | 1 | 453.0 |
| Bedminster Township, NJ | 680 | 1 | 680.0 |
| Denver, CO | 700 | 1 | 700.0 |
| Fairfax County, VA | 1400 | 3 | 466.7 |
| Montgomery County, MD | 1976 | 6 | 329.3 |
| NJ Housing and Mortgage Finance Agency | 5000 | 10 | 500.0 |

The kinds of compliance challenges that ARCH has been experiencing recently seem consistent with what would be expected for a program that is significantly understaffed. Nearly all of the recommendations contained in this report will require some level of additional staffing, either at the time of adoption or ongoing or both. Our estimate is that without at least two FTE dedicated to the homeownership program it is unlikely that ARCH will be successful in implementing most of these recommendations. Even at that level, there may be some recommendations that would be difficult to implement. While it is difficult to say with any certainty, we estimate that a staffing of 3 FTE would be needed for ARCH to fully implement all of the best practices identified in our assessment on an ongoing basis given the current size of the portfolio. Over time as the portfolio grows, it will be important that ARCH grow the level of staffing along with the growth in units monitored.

Recommendations:

- Add at least two additional full time ARCH staff positions with at least one person focused exclusively on the homeownership program and the other supporting homeownership and potentially other programs. Bring the total staffing dedicated to the Homeownership program up to at least 2 FTE in order to invest additional staff time in monitoring units annually, marketing homes (particularly at resale) more proactively and reviewing financing, among other things. At the portfolio

grows over time attempt to maintain a staffing ratio of no more than 350 units per FTE dedicated to the homeownership program.

1.5. Legal Counsel

It is a triumph that ARCH has managed to align multiple cities on the same homebuyer covenant and other legal documents. Each city maintains legal responsibility for its restricted units. However working through multiple attorneys can be challenging for staff. ARCH does have access to legal counsel of its own via the City of Bellevue but this role does not extend to representing other ARCH cities in matters related to their individual covenants. While each city must manage enforcement actions independently, if there are changes to the covenant or other legal alternatives to be considered, it is not clear what the process would be for coordination.

Recommendations:

- Explore options for outsourcing legal work related to covenants and enforcement from multiple cities to a single outside legal firm.

1.6. Budgeting

ARCH does not have a separate budget for its ownership program. While this is not inherently problematic, tracking expenses separately for the program would make it easier to make decisions about staffing and to identify the revenues needed to support growth.

Recommendations:

- Develop a separate budget for ARCH's ownership program.

1.7. Program Fees

Almost none of ARCH's administrative costs are covered by revenue from program fees. While administrative fees seldom cover the majority of administrative costs, they are commonly used by public programs like ARCH to help offset the cost of administration and monitoring. Because fee income scales up as the level of program activity increases, they can provide important stability as a program grows. Some common options include:

Broker commissions or marketing fees: When a developer sells new homes, they typically pay a leasing agent a marketing fee or sales commission totaling many thousands of dollars per home sold. To the extent that buyers of affordable homes are identified from the program's interest list, the project sponsor is spared the cost of marketing. Many homeownership programs routinely charge developers for this service.

Resale fees: Another common source of revenue used by other programs is fees charged to homeowners who sell their price restricted homes. Again, to the extent that

the below market price means that buyers can be found from ARCH’s mailing list, the sellers can either avoid the need for a broker or negotiate a lower commission. Some cities have identified brokers that are willing to work with sellers at a reduced commission to handle the paperwork of a transaction but not to do the community marketing that would typically be necessary to sell a market rate home. Eliminating or reducing commissions frees up resources to enable sellers to pay a fee to the program administrator to support the cost of their marketing and compliance role in the resale. ARCH’s covenant currently includes language which seems to authorize the imposition of such a fee at resale:

“The Owner shall pay a reasonable assumption fee to the City and reimburse it for out of pocket costs to cover the costs of administering its rights and obligations under this Covenant.”

One challenge with this approach for ARCH is that it may be perceived as unfair to impose a large fee on current owners who were not informed about such a fee prior to purchase. On the other hand, the language is in the covenant and our analysis suggests that even after paying such a resale fee, current ARCH owners would generally still experience strong gains from appreciation.

Buyer Fees (Assignment fees): For many units, ARCH retains a purchase option (Right of refusal) which it routinely assigns to an income eligible buyer. Some programs charge the selected buyers a fee in exchange for this assignment. This fee simply becomes yet another closing cost in each new transaction. Closing costs ultimately increase the cost of housing to buyers, so any assignment fee would need to be modest, but given the volume of resales that ARCH is managing, even a modest fee could provide a significant new source of program revenue. This type of fee could be charged both to buyers of new units and resale buyers.

Refinancing fees: Currently ARCH is not investing staff time to review and approve each refinancing, but if the organization were to switch to requiring approval for any refinancing, it would make sense to also adopt a small fee to cover the staff time associated with this review and approval.

Some Fee Examples:

Unfortunately there are no standard practices regarding program administrative fees. Fee levels vary quite a bit from program to program and the majority of public agency programs impose no fees at all.

Livermore, CA

Application Fee - \$125 – paid by each applicant that is offered a unit to cover the cost of screening for eligibility

Document Fee - \$400 paid by buyer as a closing cost

Resale Fee - \$5,000 per sale paid by seller – City staffs the process of finding a buyer
 Refinance Fee - \$650 – for review and approval of refinance requests.

Eagle County, Colorado

Resale fee – 2.0% of the restricted sales price.

Massachusetts 40 B program (Statewide)

Resale Fee – 2.5% of restricted resale price paid by the seller to CHAPA, the nonprofit that administers the sales.

Santa Monica, CA

Charges developers a fee of \$190 for eligibility screening at the time of the initial sale of each unit. They charge homeowners an annual monitoring fee of \$30 and then a resale fee of \$120 to cover the cost of monitoring the resale (with no marketing support).

Recommendations for the specific levels of fees to adopt are beyond our current scope but in order to illustrate the potential order of magnitude we provide one hypothetical which illustrates how even fairly modest fees could generate enough revenue to support an additional staff position.

Hypothetical Example

New buyer Fee: \$500 per sale

Resale Fee: 1% of Restricted Sale Price (~3,750 per sale)

| | Fee Amount | Annual Volume | Total Revenue |
|---------------|-------------|--------------------|------------------|
| New Buyer Fee | \$500 | 40 New + 25 Resale | \$32,500 |
| Resale Fee | 1% of price | 25 Resales | \$93,750 |
| TOTAL | | | \$126,250 |

Recommendations:

- Develop a plan to implement one or more administrative fees including potentially both a resale fee charged to sellers and a fee for new buyers. Evaluate the impact of fee levels on affordability and wealth building before finalizing fees. Confirm with an attorney that the current covenant language allows imposition of fee at sale on existing owners. Provide owners with advance notice before implementing a fee.

1.8. Ongoing Program Evaluation

The program does not conduct homebuyer evaluations, and does not conduct regular internal program evaluations or create regular reports on program activities for its board. The program did conduct one limited audit in 2006 in response to a specific problem, and another in 2018-

2019 as a response to specific concerns. ARCH staff does produce a “Housing 101” report every few years, which summarizes community needs and ARCH strategies in order to educate elected officials about the program. Additionally, ARCH staff began to incorporate performance measures for the program in its quarterly report to the ARCH board at the beginning of 2019.

Recommendations:

- Adopt a schedule for regular internal program evaluations and create regular reports for the board summarizing program activities and accomplishments in meeting program objectives. Identify a set of metrics of success and report on the same metrics each year.

1.9. Data and Recordkeeping

ARCH staff does maintain a high-quality Microsoft Excel database of property and transaction data. However, this data is not in a format that is easily queried in order to inform program evaluation and design. Also, all data on buyers is still in paper files, and any information collected via the website signup form is stored in a Microsoft Access database. Staff expressed interest in moving to a different format so that they can ask questions of their data and better understand the program’s impact – e.g. Which demographic groups are we serving? How much affordability are we preserving? How long do buyers stay in the homes and how much wealth do they create?

Recommendations:

- Purchase a license for HomeKeeper, the only software custom-developed for shared equity homeownership programs. Although there is a significant initial cost, this will save staff time in the long run by increasing efficiency and facilitating smooth administrative workflows. Keeping consistent data in a format that is easily queried is essential for effective internal program evaluations.

A Sample Records Retention policy is included in Attachment C

1.10. Conflict of Interest Policy

The program does not currently have a conflict of interest policy. While conflicts of interest are rare, some programs have struggled with whether program staff or their relatives can purchase affordable homes, for example. The time to adopt a policy is before a potential conflict arises.

Recommendations:

- Adopt a conflict of interest policy.

A Sample Conflict of Interest policy is included in Attachment C

2. MARKETING AND SELECTION

2.1. Outreach and Marketing Plan

The ARCH website is the main place that people get information about the program, in addition to some pamphlets in city administrative buildings. Staff also attend some community fairs. Staff report that their sense is that the public is generally aware of ARCH's rental programs, but much less aware of the ownership program. Staff report that most buyers for new units are drawn from the existing interest list but that resale of existing units often requires additional marketing. ARCH has been successful in building a substantial interest list with very limited investment of staff time in outreach. A small increase in marketing/outreach effort could grow the general interest list significantly which would reduce the effort needed to market individual units. Comparable programs report success in reaching interested income eligible buyers through Public Service Announcements on radio and TV, Keyword advertising online (Google AdWords), participation in homebuyer fairs or other community events and outreach partnerships.

The program does not have a marketing plan. For new units, no specific marketing is conducted by ARCH or by the developer. Staff maintains a contact list of interested parties and for each new development, filters this list for eligibility (based on self-reported income and household size), and sends a short list of potential buyers (usually ~10-15 names) to the developer, who handles all subsequent communication with the families. Names appear on the list in the order in which they complete their homebuyer education class, and developers are told they must contact people in order. For each resale, staff filters the list and sends out a notice alerting interested parties to the unit for sale, but typically the seller has a realtor who does all the marketing. Staff report that generally, the new buyer at resale is not from the ARCH list. It is curious that the current interest list appears to be more effective in identifying buyers for initial sales than resales. This may be a symptom of the fact that homes are often relatively less affordable at resale.

ARCH's list is long (~1000 households including ownership and rental interest) but many names are over 5 years old. ARCH has historically not required any action to stay on the list, but there is an option to remove yourself from it. Staff plan to move to a system that requires applicants to respond in order to stay on the list, pending adequate staff time to reach out to the hundreds of households currently on the list.

Investing slightly more effort in marketing ARCH's homeownership program as a whole will improve the organizations ability to ensure that eligible buyers are readily available to fill new openings.

Recommendations:

- Develop a simple marketing and community outreach plan which identifies a small number of additional efforts that the organization will take on an ongoing basis to reach interested homebuyers. The entire plan could be 3-5 pages and care should be taken not to overcommit.

A Sample Community Outreach Plan is included in Attachment C

2.2. Affirmative Marketing

The program currently does not make any special efforts to reach specific minority or difficult to reach populations, or to ensure that ARCH’s list and/or buyers of ARCH units are demographically representative of the target income range of the service area. The signup form to get on the program’s list of potential buyers does not ask for racial/ethnic identity. Staff have committed to collecting demographic information in 2019, and have initiated this for actual applicants at the time of sale. However, refreshing the list of ~1,000 households currently on ARCH’s list is a larger project that will take significantly more staff capacity.

Recommendations:

- As part of a new application process (see section 2.7 “Program Application” below), collect demographic data from applicants. Track demographic data on buyers and evaluate the program’s success in reaching certain populations. In the marketing plan, outline special efforts to reach underserved groups.

2.3. Accessibility

The program’s website, marketing emails, and written materials are not available in other languages. The signup form to get on the program’s list of potential buyers does ask for languages spoken, but staff have not used this information for any specific purpose. However, program staff is multilingual, with fluent speakers of Spanish as well as Mandarin and Cantonese Chinese, and often conducts phone calls with potential buyers and homeowners in these languages. Also, ARCH can tap into the interpreter resources provided through the city of Bellevue, ARCH’s administrating agency, as needed.

The signup form to get on the program’s list of potential buyers does ask whether the household has someone with special needs, but the program has never used this data to ensure that accessible units are sold to people with special needs.

Recommendations:

- Make more effort to fill accessible units with buyers who need accessibility features. Include on the website and in email communications whether a unit has accessibility features. When marketing an accessible unit, filter the list of interested households to target communications to those with special needs.
- Provide more support for limited English speaking applicants. Add language to the web site indicating that Spanish, Mandarin or Cantonese speakers can call the office for assistance in applying for a unit. Add this information to outreach material. Based on the primary language spoken in the home identified on the interest form,

develop a strategy for supporting applicants that speak any additional languages that appear frequently in this data. For example, ARCH could develop partnerships with immigrant service organizations with staff that can support specific languages.

2.4. Timeframe for Selling Units

Until recently, the program's restriction on income eligibility expired after the unit was on the market for 60 days. Staff reports that new units almost always sold quickly, but that for resales, the 60 days expire regularly. Street Level Advisors reviewed resale data for all sales for 2018 and 2019 plus a sample of prior year resales. Of the 76 resales for which data was available, 22 homes (29%) sold after the 60 day expiration of income eligibility restrictions and of those 22, 5 (7% of total resales studied) were sold to buyers with incomes above the cap. In addition, of the 22 sold after 60 days, 10 sold at prices below what the ARCH resale formula would have allowed – which suggests either a problem with the pricing formula or the marketing.

ARCH recently removed the 60 day period from the boilerplate covenant in order to keep future units in the hands of low-income households as often as possible. However, it is important to keep in mind that this problem is likely a symptom of an underlying challenge in marketing the resale units (such as a problem with the affordability of the resale prices). Removing the 60 day expiration does not solve this underlying problem, however it does remove the incentive for owners to wait 60 days in order to sell to non-income qualified buyers that may be more willing to offer the maximum possible purchase price. By removing the 60 day expiration, the seller becomes responsible for pricing the unit at a level that income-qualified buyers are willing to pay even if that is less than the formula resale price. However, for homeowners with the new covenants without this clause, there is no provision for what would happen in the event that an income qualified buyer can not ultimately be found.

Some programs have experienced problems (including negative press coverage) when sellers feel trapped because an eligible buyer cannot be found within a reasonable time. It is a best practice to have some fall back option identified. Removing the income restriction (but retaining the sales price restriction) is a common option. What was uncommon about ARCH's provision was that the time period for this removal was so short. It would be more common for a program to allow this option only after a home has been actively marketed for 120 or even 180 days.

Another approach would be to allow the income cap to be increased but not entirely removed so that, for example, after a period of good faith marketing an 80% of AMI unit could be sold to buyers earning less than 100%, etc.

Yet another option after an extended good faith marketing effort has failed would be to allow the owner to sell the home without income or price restrictions provided that they retain only the formula price and return any excess to the program for reinvestment in another affordable home.

Recommendations:

- Develop a new back up sales strategy for cases where sellers are unable to find an eligible buyer. This might be the same approach but with a longer time period before the income limits are removed a gradual step up to a higher income category but the goal would be to ensure that owners had some way to sell eventually in nearly all circumstances.

Two examples of back up right to sell provisions are included in Attachment C.

2.5. Screening and Selection of Buyers

Currently, the only criteria for eligibility that ARCH uses are income qualification and household size. While ARCH seems to have intentionally avoided much of the bureaucracy associated with HUD housing programs, it may make sense to revisit homebuyer eligibility criteria. Programs often face public scrutiny related to whether the buyers were truly in need of assistance. The more deeply discounted units are below market, the greater this concern. Criteria that were appropriate when the program was new and selling homes only slightly below market may no longer be appropriate.

Many programs limit sales of larger units to households with enough people to ‘need’ the larger number of bedrooms. ARCH currently limits purchase of three-bedroom households to households with at least two people while allowing single people to buy up to two-bedroom units. However, the way that ARCH implements income limits seems to create a strong advantage for smaller households. Most affordable housing programs compare each applicants income to the target median income for the applicant’s household size. For example, HUD defines 80% of AMI for a 4 person household as \$80,250, while, for a single person, 80% of AMI is only \$56,200. Most programs would limit applicants for an 80% AMI unit to \$80,250 if they have 4 people in their household but to only \$56,200 if they have one person.

80% of Area Median Income

| | | | | |
|----------|----------|----------|-----------------|----------|
| 1 Person | 2 People | 3 People | 4 People | 5 People |
| 56,200 | 64,200 | 72,250 | 80,250 | 86,700 |

ARCH currently uses the same income limit for 1-3 person households. For a two-bedroom unit, single applicants might be limited to \$72,250 instead of \$56,200. This gives a strong advantage to smaller households because there will be a much larger range of potential applicants who earn enough to afford the unit but not too much to qualify.

Many similar programs exclude applicants who have owned a home in the prior 3 years (first time buyer requirement) or impose asset limits designed to ensure that scarce affordable housing opportunities are available for families that would otherwise not be able to access homeownership. ARCH staff report that some homes have been purchased with cash, and that

several homeowners also own other homes. Both asset limits and first time buyer requirements can be implemented in ways that are not burdensome to administer and don't impact the eligibility of most applicants.

Recommendations:

- Switch to imposing income limits based on applicant household size rather than the size of the unit. Review other buyer eligibility criteria and consider adopting an asset limit and first time buyer requirement. Review the current income verification procedures and document them in a Policies and Procedures Manual.

Sample asset limit language is included in Attachment C

Sample Income Verification Procedures are included in Attachment C

2.6. Program Application

The program does not currently have an application for interested households. It is nearly universal among comparable programs to have a simple application form which collects buyer contact and demographic information as well as basic data for income verification.

Recommendations:

- Create a standard application form for homebuyers in order to capture basic data about each applicant. On the application, include the list of documentation required for income verification. Plan to eventually build an online application form as part of implementation of a data system such as HomeKeeper.

A sample program application form is included in Attachment C

2.7. Documentation Tracking

Program staff currently uses old fashioned paper files to track the receipt of required documentation from homebuyers. This is actually a proven approach but it works best at lower volumes. ARCH is handling a high volume of sales and resales and an electronic system for tracking application status would likely be both more efficient and more effective. While there is no hard data on this issue, program administrators report that electronic tracking systems help them to process each sale more quickly. On the other hand, setting up a system requires a significant investment of time and money.

Grounded Solutions HomeKeeper application was designed around the specific needs and workflows of programs like ARCH. Many other programs have developed custom database applications and some have built custom MS Excel tools that track applicant status.

Recommendations:

- Plan and budget to implement an electronic system such as HomeKeeper for tracking the status of applications and resales.

2.8. Selection Preferences

Some programs impose selection preferences to, for example, ensure that people who already live in the local area have first opportunity to purchase units. However, particularly in suburban communities, these local preferences have sometimes been found to violate fair housing law. ARCH is following the best practice by not imposing local preferences.

Recommendations:

- No Action Needed.

2.9. Appeals Process

The program does not currently have an appeals process for applicants who feel that they have been treated unfairly or want to challenge the program administrator’s decisions regarding their eligibility. Some lawyers feel that a formal appeals process helps to reduce the risk of discrimination lawsuits.

Recommendations:

- Adopt a process which would enable applicants who are found to be ineligible to appeal staff decisions to a board committee or other body. Notify applicants who are declined that they have a right to appeal within some limited period of time (48 or 72 hours).

A sample Appeals Policy is included in Attachment C

2.10. Communicating the Program to Potential Buyers

The program’s website and email communications explain eligibility conditions, the selection process and the long term restrictions clearly, and staff have begun requiring the buyer to sign a one-page “Summary of Important Resale Covenant Provisions,” acknowledging that they have read and understand the basic restrictions on their home. This kind of plain language disclosure is a best practice, but there is currently no way for staff to know that buyers have read the form. The program does not currently hold workshops or orientations in which staff describes the program and its process, guidelines, and restrictions. Requiring participation in a program orientation workshop provides a much higher degree of certainty that buyers have been adequately informed about the program’s requirements. However, staffing these orientation sessions on a regular basis can be time consuming.

Recommendations:

- Consider requiring buyers to participate in a program orientation session. Consider the budget and workload implications before deciding to implement this practice.

3. INITIAL PRICING

3.1. Pricing Calculations

Units entering the program are consistently priced well below their unrestricted market value, and typically sell quickly. To determine the prices for new units entering the program, staff maintain an annually updated chart of affordable prices for the target income level, broken down by unit size and a range of interest rates. These prices are based on a common definition of affordability (30% of income devoted to housing costs) and a set of common assumptions about the buyers' costs – downpayment (10%), mortgage term (30 years), property taxes (1% of affordable price), mortgage insurance (0.85% of loan amount), and HOA fees (\$150-\$200 depending on unit size). This is all sound practice. Our only cause for concern is the downpayment assumption of 10%, which is higher than that used by many programs serving similar income levels, and likely inconsistent with the actual downpayments of ARCH buyers, though this data has not been recorded or tracked. This assumption means that buyers who actually manage to finance their ARCH unit with a lower downpayment may end up paying more than 30% of their income for their housing costs. This may not be a critical concern. Many programs assume 33% or even 35% of income for moderate-income homebuyers. If the program were tracking buyer data, it would be possible to determine both what the typical buyer's actual downpayment has been and whether buyer cost burdens were leading to foreclosures. Without that data, it seems possible, but not highly likely, that this issue is contributing to the foreclosure problem. Reducing the downpayment assumption will reduce the affordable sales prices and may cause complaints by developers.

Recommendations:

- Collect and analyze program data on buyer income levels, downpayments, and actual housing cost burden in order to evaluate the pricing methodology over time. Consider changing the downpayment assumption to 5% if there is evidence that buyers are over burdened.

3.2. Target Income Levels

For most new units entering the program, ARCH defines an eligible income level that is slightly higher than the income level used for target pricing – e.g. often the unit is priced to be affordable to a family earning 80% of AMI, but families earning up to 90% of AMI are eligible to buy the home. While many comparable programs have not taken this approach, this has been identified as a best practice because it ensures that there are a range of incomes eligible to purchase each unit. While staff report concern that many buyers are very close to the income

limits, our analysis of the data (described in Appendix A) indicates that most buyers are well below the income limits.

Recommendations:

- No Action Needed

3.3. Referring Buyers to Additional Resources

The program does not refer buyers to many additional resources – just homebuyer education through lenders and nonprofit organizations certified by the state finance commission.

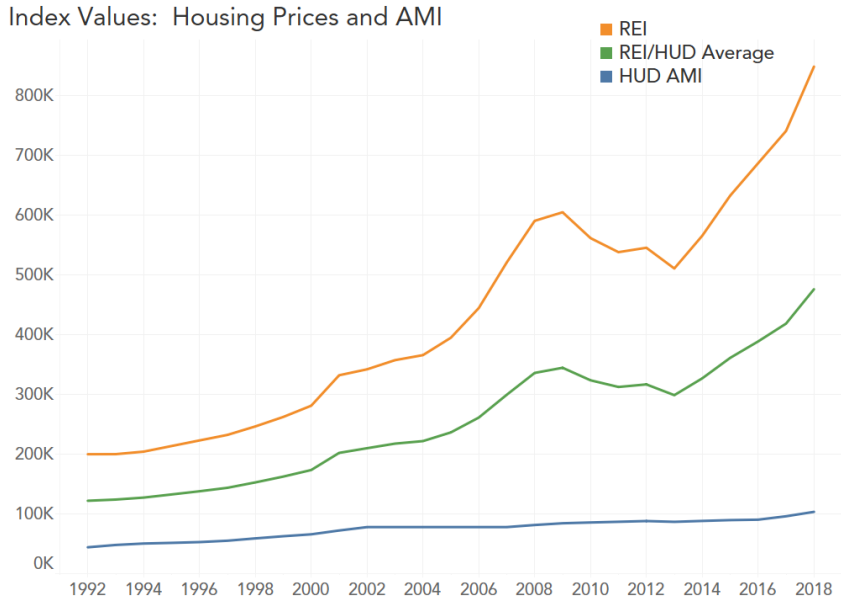
Recommendations:

- Compile and maintain a thorough list of downpayment assistance, credit repair, homebuyer education, financial counseling, and similar resources for low-income buyers, and connect buyers to them. Provide the list to buyers at the time of purchase and remind buyers in any annual letter that ARCH can help refer them to support if they run into difficulty paying their mortgage.

4. RESALE PRICING

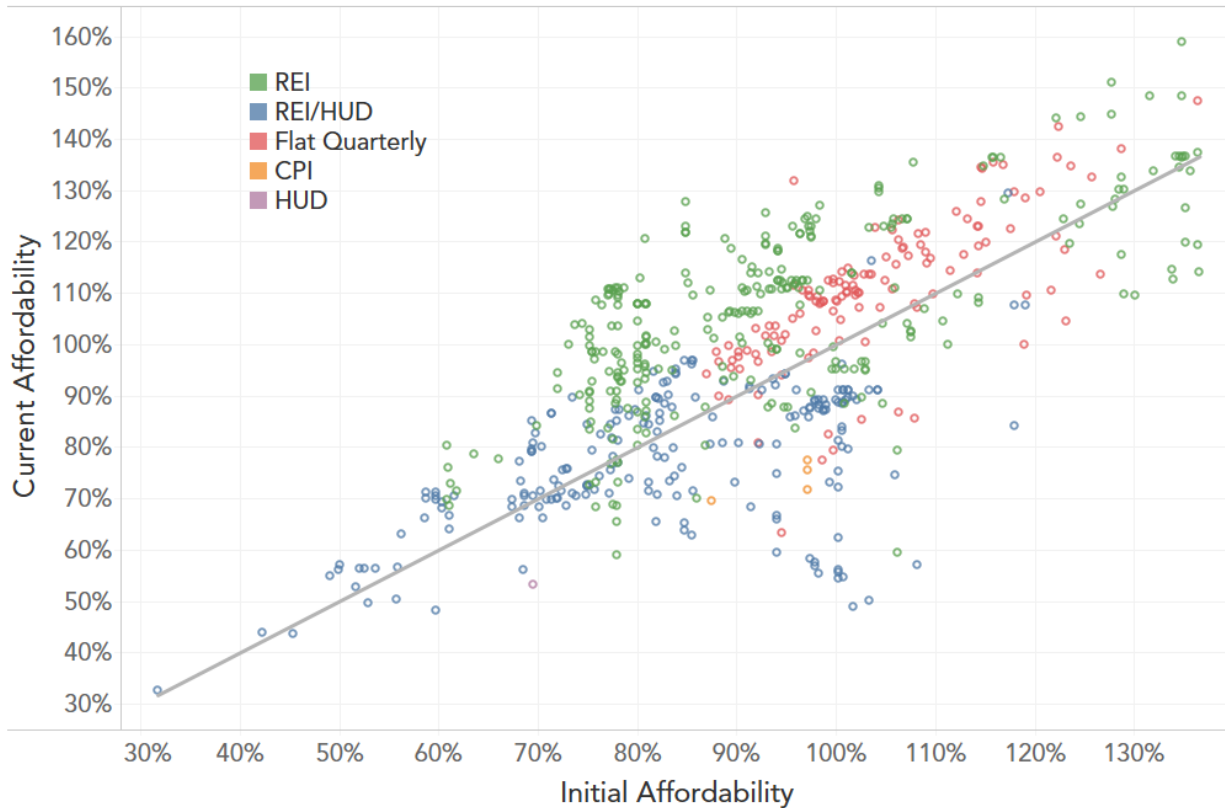
4.1. Resale Formula

The program has used a variety of resale formulas over its 25+ years of operation. Originally, resale prices were linked to increases in the local real estate price index (REI). ARCH switched to a hybrid index (REI/HUD) which averages the increase of the local real estate price index with the increase of local Area Median Income. Most new units use this hybrid index, and staff maintain an annually updated spreadsheet with data and relatively complex math in order to calculate it (the real estate index is a composite of median prices for detached and attached units, by zip code, for different quarters, etc).



In addition, the ARCH units in one development have a resale formula that uses a flat quarterly increase (RRE), another project uses the Consumer Price Index, and one unit is pegged directly to the local AMI because the owner wanted to pay less taxes. As part of our assessment, we conducted an initial analysis of the performance of the programs' resale formulas overall and our findings our included in Appendix A to this report.

Affordability Gain and Loss By Formula Type



While the hybrid (REI/HUD) formula is doing a better job of preserving affordability than the HPI index alone, the trend continues to be that homes are becoming gradually less affordable over time. It seems likely that this trend is contributing to the challenge that some sellers are facing in reselling their ARCH units among other issues.

Over time, as the existing formula prices rise faster than incomes, it will become increasingly difficult to find buyers within the target income ranges who can manage to pay the full formula price. Some sellers will agree to lower their prices to more affordable levels while others will hold out in hopes of receiving the full formula maximum from a higher income buyer but neither resolution solves the underlying problem that the formula prices are becoming unaffordable.

Recommendations:

- Schedule a session with the ARCH Board to review the results from Street Level Advisors analysis of the resale data and consider the advantages and disadvantages of common alternative resale formulas.
- If the board decides to change resale formulas, implement the new formula in new covenants and consult with attorneys about the practicality of replacing existing covenants at each resale with new covenants with the new formula.

- Develop a strategy for “rebalancing” units with resale formulas that are considerably out of reach for their targeted income group. Options include resubsidizing units at resale to bring them back down to a price that would be affordable to the current target income group or revising the restrictions to target a higher income group. Either way, once the units are rebalanced, implement a new formula which preserves affordability going forward.

4.2. Resale Formula Policy when Indices Decline

It is not entirely clear how ARCH handles situations where the indices used to calculate the resale prices have declined. The covenant does not set the resale price below the buyer’s initial purchase price. This provides a strong protection for owners in a declining market. With the hybrid formula, however, it is not clear how to handle a situation where one index declines while the other increases.

Recommendations:

- Clarify program policy on how the resale formula functions in various scenarios of index decline.

4.3. Regular Evaluation of the Resale Formula

The program has not done much to evaluate the performance of its resale formulas in maintaining affordability over time and allowing homeowners to build equity and wealth. In 2010, the Urban Institute conducted [a large study of multiple shared equity homeownership programs](#), including ARCH, which analyzed ARCH’s data. The conclusion of the study was that ARCH was losing affordability over time, at a fairly significant rate. Their statistical regression showed that on average, an increase in tenure of one year was associated with a 3.8 percentage point increase in the income needed to purchase the home. Shortly before this study was conducted, ARCH generally switched to the new hybrid resale formula (REI/HUD) for the majority of its units, in an attempt to lessen the affordability losses by pegging resale prices to a combination of market prices and AMI. However, ARCH has not had the data or the staffing necessary to monitor resale formula performance in maintaining affordability and ensure that the new formula is having the intended result. Our analysis in Appendix A suggests that it has not.

Recommendations:

- Conduct evaluations of resale formula performance every 5 years.

4.4. Inspection of Unit and Damage Deductions

Wisely, ARCH’s covenant does grant the program the right to charge for damages and put money in escrow at resale. This is a best practice overlooked by many programs. However, the

language in the covenant is quite broad and does not provide practical guidance to staff regarding when to impose this remedy. If the buyer purchases their own home inspection, ARCH receives a copy. Staff performs a walk-thru of the unit before resale, but staff reports that they have never identified any major problems and never charged the owner for repairs. This result suggests that physical inspections may not be a good use of very limited staff time. Rather than inspecting each unit, some programs provide sellers with a policy that provides more specific guidance regarding what condition a unit must be in prior to sale and only inspect when concerns arise during the marketing process.

Recommendations:

- End the practice of physically inspecting every home prior to resale. Adopt a written policy describing the required condition of the home at resale including criteria for when a physical inspection would be necessary.

A sample Maintenance Policy is included in Attachment C

4.5. Resetting the Affordability Period

ARCH's covenants were often designed to end at the time of the first sale of a unit after 30 years from the initial sale (some developments required only 15 years, and more recently covenants have required 50 years). At the point of that sale the homeowner is to receive no more than the formula price with any additional proceeds being repaid to the city. This approach provides very strong protection of ongoing affordability and avoids the situation where whoever happens to own the unit in year thirty receives a large windfall. But there is no reason to believe that the value of retaining these specific units in ARCH's portfolio will end after 30 years. The established best practice is to reset the 30 year clock with each individual resale. This does not mean that mean that homes will remain affordable forever. Eventually the buildings will come to the end of their useful life and the covenants may need to be removed or restructured to facilitate redevelopment. But renewing the affordability period at each resale, will mean that the city and ARCH retain the decision about whether and when that happens. Because the covenants give the cities and ARCH a right to purchase they could theoretically choose to sell any unit on the market and retain the cash value of the public's equity at any time it seems necessary.

Recommendations:

- Work with ARCH's attorneys to develop an approach that allows member cities to record new covenants at each resale, resetting the 30-year affordability period each time.

5. MORTGAGE FINANCING

5.1. Approved Mortgage Products/Lenders

The program does not have a written list of which mortgage products (loan types, loan terms) are permitted. The program does not maintain a current list of approved or preferred lenders. Buyers are responsible for finding their own financing. Some programs have found that foreclosures are more common among buyers who use adjustable rate or interest only loans.

ARCH's covenants provide numerous well thought out provisions designed to improve ARCH's ability to protect affordability in the event that a homeowner is unable to pay their mortgage. Ultimately, lenders are able to wipe out ARCH's covenants in the event of a foreclosure, but it is often in the lender's interest to work with ARCH to resolve problems rather than pursue foreclosure. Many programs seek to develop direct relationships with 'approved' or 'preferred' lenders to ensure that lenders understand ARCH's rules and in hopes that lenders will pursue constructive resolutions prior to foreclosure. It is not clear how effective these relationships are at preventing foreclosures but ensuring that buyers use appropriate loan products seems to be significantly beneficial.

While many programs include limitations on mortgage products in their covenants, it seems possible and more flexible to simply adopt a formal policy outlining which types of loans or lenders are acceptable to ARCH.

Recommendations:

- Adopt a policy limiting buyers to approved mortgage product types. Consider creating a list of approved or preferred lenders.

5.2. Refinancing

The program's boilerplate covenant contains clear policies on refinancing and home equity loans but staff does not actively monitor compliance with these restrictions. When ARCH gets a refinance notice, staff records the lender and lien amount but does not send any subordination letter. Owners are not required to obtain ARCH's consent to refinance or take out a new home equity loan, only to provide notice. The current boilerplate covenant includes a clause stating that ARCH's restrictions are not subordinate to any lender if the loan amount is higher than the maximum sale price. This approach seems to rely on lenders or title companies to make a determination regarding whether ARCH's covenant is subordinate. The experience of other programs strongly suggests that neither lenders nor title companies are reliably able to interpret language contained deep within these kinds of covenants. The more common practice is to state (often in bold type) that the covenant may not be subordinated without written consent from the City and then to issue subordination letters only after reviewing the proposed financing to ensure that it meets the requirements. While this is somewhat more staff intensive, over financing is one of the chief sources of loss of affordable homeownership units.

Recommendations:

- Clarify the program's process for monitoring and enforcing compliance with the restrictions on refinance and home equity loans. Consider adding a clause to the covenant requiring ARCH to approve any refinance loan, to provide an additional protection against foreclosure.

5.3. Liens

In addition to the documented problems of unapproved subletting and foreclosures for which ARCH was not properly notified, it is likely that some share of homeowners have obtained second mortgages or refinanced their first mortgages without notifying ARCH. In many cases this will not lead to any additional problems. However, in some of these cases the owners may have managed to borrow more than the restricted resale price of their homes and these owners may later be more likely to end up in foreclosure or attempting to sell for more than the formula price.

Some programs routinely review title reports for monitored homes in order to ensure that homeowners have not taken out additional loans without notifying the program. This practice can be very expensive. Most programs rely on regular communication with homeowners to ensure that they know that they need to contact the program when refinancing and live with the knowledge that this will not be 100% effective.

Some of the program's older covenants didn't have a title cover sheet with the parcel description. This page was included in later versions of the covenant for the convenience of the County Recorder. Staff believes this may have led to missteps on the part of the Recorder's office that make it more difficult for title companies to identify the covenant.

Recommendations:

- Consider obtaining title reports for a randomly selected percentage of ARCH homes, both to establish the frequency of over-borrowing and to understand how ARCH's covenants are currently appearing on title.

5.4. Default and Foreclosure

The program has lost units due to foreclosure. The program follows established best practices by maintaining, through its covenant, a first right of purchase in the event of a default or foreclosure, with the City retaining a right to purchase prior to any trustee's sale, judicial foreclosure sale, or transfer by deed in lieu of foreclosure. The covenant also requires Owners to record a request for a copy of any notice of default or sale under any deed of trust or mortgage, however staff have not enforced this provision. In addition, the covenant provides for the City to receive a portion of the surplus to which the Owner may be entitled in certain circumstances.

In practice, ARCH has not received consistent notices of default or foreclosure, and the bulk of foreclosures took place during 2010-13 when ARCH members were experiencing recessionary impacts to their local operating budgets. In most cases, foreclosures took place without lenders providing the required notice. Sometimes the program is notified of a default, but ARCH and its local city partners have not had a consistent policy for how and when to act to preserve units in these cases. In only one case, a city made the decision to step in to purchase a unit. In another case, a city pursued and was successful in receiving a payment of proceeds out of a settlement to the homeowner. In other exceptional cases, ARCH was able to work with lenders' listing agents to restore the covenant at the time of the foreclosure sale.

While legal enforcement of affordable housing covenants is rare there have been a number of court cases in which jurisdictions have successfully sued to preserve affordable units. A 2006 report by Marshal and Kautz captures the experience of California attorneys in enforcing affordable housing covenants and describes concrete steps that have been widely adopted in California to improve the enforceability of these covenants⁵. While some of their recommendations are California specific, most would be easily adaptable for use in Washington.

ARCH's covenants are designed to terminate after a foreclosure. Years ago this was a necessary concession in order to obtain mortgage financing. Today a number of similar programs use covenants that are designed to survive foreclosure and both Fannie Mae and Freddie Mac have developed rules which allow such covenants. FHA still only allows restrictions that terminate. It is entirely practical for a lender to protect their interests without eliminating the resale restrictions. However many local lenders are still resistant to this approach and it remains more common for programs to terminate restrictions upon foreclosure.

Recommendations:

- Distribute the Marshal and Kautz report to attorneys at each partner city and convene a working group to coordinate short term enforcement actions and to plan for changes to the legal structure to enable more effective enforcement in the future. In particular, consider implementation of a Performance Deed of Trust which would be recorded along with the current covenants to increase the likelihood that ARCH will be notified in the event of foreclosures or unauthorized sale.
- Develop a simple set of criteria for foreclosure response and have each city approve it. For example the policy could indicate that cities will attempt to purchase units in foreclosure only when the units formula price is more than 30% below current market value, etc. The policy could allow cities to retain the option to make a

⁵ Marshall, Polly V., Barbara E. Kautz, and Bill Higgins. *Ensuring Continued Affordability in Homeownership Programs*. Oakland, CA: Institute for Local Government, 2006. http://planningcommunications.com/housing/ensuring_continued_affordability.PDF.

different decision on a case-by-case basis but would make it possible for ARCH staff to anticipate the likely response and move more quickly.

- Consider obtaining a back up line of credit that would enable ARCH to quickly act to purchase homes prior to foreclosure. In addition, consider setting aside reserve funds for temporary increases in staffing or contracted services to respond to a rise in foreclosure activity.
- Consider switching to restrictions that don't expire upon foreclosure but only after consultation with local lenders.

6. MONITORING AND ENFORCEMENT

6.1. Monitoring Compliance

The program does not have a policy on the frequency with which it will monitor homeowner compliance with the terms of the resale covenant. Historically, there has been only very limited monitoring and enforcement of restrictions after a home purchase. When there was a complaint about a specific unit, staff would ask for a statement of occupancy but often not require additional documentation. In 2012, staff sent a notice to owners in one city (Redmond) asking for a statement of occupancy, but not documentation. This proved to be a labor-intensive endeavor that at the time was not deemed an effective strategy for ensuring compliance. Subsequently, the program shifted to providing notice every 2 years to homeowners to remind them of program requirements, but not require any response. It is only in the last 6 months that the program has started to consistently ask for documentation proving owner occupancy. Staff has made a list of acceptable documentation that owners can provide to prove occupancy.

Recommendations:

- Adopt a monitoring schedule as part of the internal manual of policies and procedures, and have the board approve it. For example, ARCH could select 20% of the units to monitor each year so that each unit is checked once every 5 years. Homeowners with past histories of violations may be targeted for more frequent monitoring. Change the short list of acceptable documentation every 5 years so that it is harder to for owners to cheat. Define a schedule for internal evaluation of the program's own files to ensure completeness.

6.2. Enforcement Plan

The program does not have an enforcement plan describing steps that staff will take in the event of various forms of homeowner violations. An Enforcement Plan would outline, for example, the program's response to various forms of non-compliance with owner-occupancy restrictions, a definition of the conditions that would trigger a physical site visit rather than paper monitoring, the program's response to an unauthorized sale, variables to consider when

choosing which units to devote limited resources to, etc. The plan should create a workflow for enforcement action that gives a structure for the process that can then be customized by city and circumstance.

Recommendations:

- Adopt an enforcement plan as part of the internal manual of policies and procedures, and have the board approve it. Develop boilerplate notices to use in various circumstances.

A sample Enforcement Plan is included in Attachment C

6.3. Sample Program Forms

The program's resale covenant does not include sample program forms as exhibits. Attaching sample forms helps homeowners comply with the restrictions and facilitates monitoring and enforcement.

Recommendations:

- Include sample program forms (e.g. annual certification forms, notice of intent to transfer, request for refinance, etc.) as exhibits in the covenant.

Attachment C: Sample Policies

The sample language below is excerpted from real affordable homeownership program policy or legal documents. They have not been edited or adapted to match ARCH's needs or circumstances.

SAMPLE DOCUMENT RETENTION POLICY

The [Name of Program] ("the Program") adopts the following Document Retention Policy, in order to ensure that documents are retained for proper management and reporting, and that may be necessary for the program to monitor and enforce the programmatic restrictions it has imposed on properties assisted with its funds.

- A. The Program Administrator shall keep originals of all irreplaceable documents essential to the defense of each transaction (such as legal agreements, critical correspondence and appraisals) in one location, and copies in a separate location. Original documents are protected from daily use and are secure from fire, floods and other damage.
- B. Financial records, supporting documents, statistical records, and all other records pertinent to an award of funding from an external source shall be retained for a period of three years from the date of the submission of the final expenditure report. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims, or audit findings have been resolved and final action taken.
- C. Records for real property and equipment acquired with federal funds must be retained for three years after final disposition of said property.

Files To Be Maintained on Every Applicant

The Program Administrator will maintain files on every applicant. The file will contain at a minimum:

- Application Form
- Income Verification
- Eligibility Certification
- Approval Letter

Individual files will be maintained throughout the process and will be retained for seven (7) years even if the applicant does not complete a home purchase through the program.

Files To Be Maintained on Every Unit

The Program Administrator will maintain files on every unit for the length of the affordability controls. The unit file will contain at a minimum:

- Street address and/or legal description
- Base sale price
- Inspection report
- Appraisal report
- Description of number of bedrooms
- Floor plan

- Handicap accessibility, if any
- Homebuyer Regulatory Agreement
- Any additional affordability control or restrictive documents, including Declarations of Covenants, Conditions and Restrictions, Deeds, Recapture Mortgages, or Disclosure Statement
- Application materials, verifications and certifications of all present owners, pertinent correspondence, any documentation of home improvement, hardship or income waivers or other approvals granted by a Program Administrator
- Any regular monitoring files (i.e., owner occupancy)

Files To Be Maintained on Every Project

The Program Administrator will maintain files on every project for the length of the affordability controls. The project file will contain at a minimum:

- Master Deed (for condominium projects)
- Crediting Information

Files To Be Maintained on the Applicant Pool

- Any changes to the applicant pool
- Any action taken with regard to the applicant pool
- Any activity that occurs that affects a particular applicant
- Current applications for all applicants whose status is active in the applicant pool
- The application, the initial rejection notice, the applicant's reply to the notice, a copy of the Program Administrator's final response to the applicant, and all documentation of the reason the applicant's name was removed from the applicant pool.

Based on: Model Operating Manual for the Administration of For-Sale Units in Accordance with the Uniform Housing Affordability Controls (State of New Jersey, June 2008)

SAMPLE CONFLICT OF INTEREST POLICY

NOTE: This Conflict of Interest Policy is written for nonprofit corporations and programs administered by nonprofit corporations. Programs that are administered by local governments are subject to the conflicts of interest policy, administrative rules, local code of ordinances, or other rules of their particular jurisdictions.

The Board of Directors of [Name of Program] ("the Program") adopts the following Conflict of Interest Policy. All members of the Board of Directors shall read and understand the Conflict of Interest Policy at the beginning of their term of service. All staff members of the Program shall receive this Conflict of Interest Policy upon their hire.

Insiders and Related Parties. This policy applies to all Program "insiders." For the purposes of this policy, insiders include, but are not limited to, board members, employees, substantial contributors, spouses or children of the foregoing, any person with the ability to influence decisions of the organization, and any person with access to information not available to the

general public (e.g. contract employees, certain volunteers), who has been involved with the Program within the five (5) years prior to the transaction in question.

The Policy includes the following conflict of interest concepts:

1. **Self-Dealing/Private Inurement:** Any situation where an insider (particularly board members, officers, and staff) appears to receive financial benefit from an action taken by the Program;
2. **Private Benefit:** Any situation where a private party with no special relationship to the Program appears to receive undue financial benefit from an action taken by the Program;
3. **Opposing Loyalties:** Any situation where an insider has opposing or competing loyalties due to other business or personal relationships;
4. **Loss of Public Credibility:** Any situation where an insider's actions in professional or personal roles not associated with the Program may cause discomfort or loss of public credibility for the Program.

Disclosure. Annually, all members of the Program's board of directors shall disclose to the Board the existence of any relationships that may be deemed direct or indirect conflicts of interest with the Program. For this purpose, a "direct or indirect conflict of interest" means any situation in which an individual has or may be construed to have a direct or indirect personal or financial interest in any business affairs of the Program, whether related to a proposed contract or transaction to which the Program may be a party or may be considering or simply conceptual because of a similarity of business interests or affairs.

Transactional Conflicts of Interest. Whenever any member of the board of directors first becomes aware that he or she has or may have any direct or indirect actual or potential conflict of interest with the Program concerning any matter that is before the board of directors, that member shall promptly disclose the existence of that conflict of interest to the board of directors, whether or not the conflict has been previously disclosed in an annual report to the board. Full disclosure of the nature and details concerning the conflict is encouraged but not required, so long as the existence of the conflict is disclosed. Any such disclosure shall be duly recorded in the minutes.

The Program does not prohibit the practice of buying property from or selling property to board members, employees, or other insiders. However, such transactions must clearly further the Program's mission, and shall be conducted with transparency. When engaging in property transactions (including purchases, sales, and donations) with insiders, the Program shall, at a minimum:

1. Follow its Conflict of Interest policy, including disclosure and recusal rules;
2. Document that the project meets the Program's mission;
3. Follow all Program transaction policies and procedures;
4. Ensure there is no private inurement or impermissible private benefit.

Recusal. A conflicted board member should voluntarily recuse himself or herself from voting on an issue. In cases where the conflicted insider does not offer voluntary recusal from an issue, the board of directors may determine on whether an actual or apparent conflict of interest warrants exclusion from the discussion or vote. In some cases, where the potentially conflicted insider can provide useful and objective information about a project, the board may determine that the insider can participate in discussion, but not vote.

Leave and Removal from the Board. If the board of directors determines that a board member has violated this policy, the board may remove that board member.

Compliance and Attestation. Members of the board of directors shall automatically be deemed to have agreed to comply with this policy by accepting appointment to the board of directors. Board members shall provide the requested information reasonably required to comply with this policy and by signing additional documents that may reasonably be required to confirm the member's continuing compliance with this policy.

SAMPLE COMMUNITY OUTREACH PLAN

The Program seeks to build community awareness of, understanding of, and support for shared-equity homeownership. Public support for shared-equity homeownership will bolster the success of the Program’s marketing and sales efforts, as well as the likelihood that it will operate in a policy environment this complements its goals and that it will be able to secure the necessary public and/or private funds.

TARGET AUDIENCES: The Program needs to reach diverse audiences, including:

- Neighbors and the general public, via community groups, neighborhood associations, religious institutions, and schools Local government officials (elected and appointed) and staff (city, county, and state)
- Funders and lenders
- Local businesses
- Real estate professionals, including developers, realtors, appraisers, assessors and escrow officers
- Prospective homebuyers, via traditional advertising methods and partnerships with other community-based organizations, nonprofit social service organizations, and local government agencies that provide services oriented to households at the target income levels

MESSAGE: Everyone deserves a chance at homeownership. The Shared-Equity Homeownership Program brings homeownership within reach for first-time homebuyers with moderate incomes, and helps ensure that generations of families will have an opportunity to own their own home.

CONTACTS: The Program Outreach Coordinator

DESIRED OUTCOMES:

- **General Public Desired Outcomes:**
 - **Outcome #1:** Neighbors in the Program’s initial target area are informed that the Shared-Equity Homeownership Program is providing affordable homeownership opportunities.
 - **Outcome #2:** Neighbors have access to accurate information about the Shared-Equity Homeownership Program, including program restrictions and requirements for home purchase.
- **Policy Desired Outcomes:**
 - **Outcome #1:** Policy-makers understand the role that the Shared-Equity Homeownership Program plays in providing affordable homeownership opportunities in the community.
 - **Outcome #2:** There is broad agreement among policy-makers about the need for a Shared-Equity Homeownership Program in preserving access to affordable ownership housing in the future, when the market recovers.

IMPLEMENTATION OF RESULTS: The Program Outreach Coordinator will coordinate the implementation of each outreach activity (recruit and oversee volunteers, prepare print collateral, secure radio spot, obtain bulk mail permit, etc.).

Audience: **General Public**

| TOOLS TO USE | | | |
|------------------|---------------------|-----------------|-------------------------|
| PRINT | ELECTRONIC | VISUALS | PERSONAL CONTACT |
| Brochures | PSAs | Slides | Workshops |
| Fact Sheets | Videos | Photos | Presentations |
| News Releases | E-mails | Displays | Meetings |
| Feature Articles | Radio Interviews | Exhibits | Press Events |
| Inserts | Television | Signs | Face-to-face encounters |
| Flyers | Community Access TV | Bulletin Boards | Community Fairs |

| | | | |
|--------------------------|-----------------|--|--|
| Newsletters | Internet | | |
| Letters to Editor | | | |
| Direct Mailing | | | |

| | |
|--|---|
| <p>Specific Action Steps:</p> | <p>Develop a <u>fact sheet</u> to describe the need for the program, how program works and requirements</p> <p>Develop program <u>brochure</u> with details about program requirements and the opportunity for affordable homeownership</p> <p>Request time on the agenda for the next <u>meeting</u> of the local neighborhood association</p> <p>Develop a <u>flyer</u> (based on the brochure) to advertise the conversation about shared-equity homeownership at the neighborhood association meeting</p> <p>Post the flyer on a <u>community bulletin board</u> – this may be located on a neighborhood kiosk, at the local library, in a local coffee shop or book store, at a community center, or other location.</p> <p>Conduct a <u>presentation</u> on the Program’s launch at the neighborhood association meeting, and distribute the fact sheet and brochure.</p> |
| <p>To reach a broader audience, beyond one neighborhood association, the Program might:</p> | <p>Generate one <u>feature article</u> in local media (Program staff should work with reporters they know, or develop relationships; often helps to “ghost-write” the article so it’s sure to be factually accurate)</p> <p>Do a radio interview with the local radio station to talk about ways to purchase a home through the Program</p> <p>Establish an Internet presence, and use search engine optimization to drive traffic to its website</p> <p>Host a table at a community fair</p> <p>Do a direct-mail campaign, sending a postcard with a photo of a home for sale through the program, to all renters within a specific zip code (data on renter-occupied homes is available through title companies)</p> |

Audience: Policy Makers

| TOOLS TO USE | | | |
|---|---------------------|---|------------------|
| PRINT | ELECTRONIC | VISUALS | PERSONAL CONTACT |
| Brochures | PSAs | PowerPoint | Presentation |
| Fact Sheets | Television | | |
| | Community Access TV | | |
| <p>Multiple audiences can often be reached through a single medium. For example, the Program could:</p> | | <p>Request time on the local governing body’s agenda for a <u>presentation</u> on the program. City Council and County Commission meetings are now routinely taped and broadcast on <u>community access television</u>; any visual presentation (slides or PowerPoint) regarding shared-equity homeownership shown before the governing body would also be seen by community access television viewers. Program staff should check the viewership for community access TV in their community.</p> | |

Resources:

- Personnel needed: 5 volunteers to post flyers; 10 volunteers to staff information table at the neighborhood fair; 2 volunteers to label postcards
- Funds: \$1,500 (design and printing for brochure); \$25 (5 reams paper), \$10 (1 ream cardstock for postcards), \$80 bulk mailer permit number at post office, \$50 (printer labels)
- Supplies:
 - copies of brochure (2,000)
 - fact sheets (2,000: 300 for neighborhood meeting, 100 for County Commission public meeting, 1,600 for community fair)
 - PowerPoint presentation – 15 minutes
 - flyers (25)
 - postcard mailer to rental households in targeted zip code (2,500)
 - bulk mailer permit number (print directly onto postcard)
 - Excel-based data point list of rental household addresses in target zip code (from title company)
 - printer labels (7 boxes at 300 labels per box)

Distribution:

- Brochure and Fact Sheet: At neighborhood meeting; at City Council; at community fair
- Flyer: on neighborhood bulletin boards
- Post card: to target zip code – rental households only

Deadline dates

- Fact Sheet: this week

- Flyer: next week
- Brochure: finalize design; to printer with design in 2 weeks
- Postcard mailer: design in-house with desktop publishing program next week; “label party” at the office in 2 weeks
- Neighborhood association meeting: next month
- Radio interview: next month
- Community fair: in 6 weeks

SAMPLE – Right to Sell Language

Failure to Locate Eligible Purchaser; Homeowner May Sell on Certain Terms (Restrictions Survive). If, despite bona fide good faith documented marketing efforts (including listing the Home on the Multiple Listing Service for the entire time Marketing Period), the Owner is unable to locate an Eligible Purchaser during the six months after the expiration of the Purchase Option, the Owner shall provide written notice to the Program of this fact (including documentation of the Owner's marketing efforts and the Multiple Listing Service listing), in the form shown in Exhibit G attached to this Agreement (the "Owner's Notice of Failure to Locate Eligible Purchaser"). Within fifteen (15) days of receipt of the Owner's Notice of Failure to Locate Eligible Purchaser, the Program shall provide a second response notice to the Owner (the "Second Program Response Notice") stating either (1) the Program will exercise its Option to purchase the Home pursuant to Section 10, or (2) that the Owner may Transfer the Home to a person of the Owner's choosing, who is not an Eligible Purchaser, for a price no greater than the then applicable Resale Restricted Price.

ALTERNATE: Failure to Locate Eligible Purchaser; Unrestricted Sale (Restrictions Terminated, Excess Proceeds Recaptured). If, despite bona fide good faith documented marketing efforts (including listing the Home on the Multiple Listing Service for the entire time Marketing Period), the Owner is unable to locate an Eligible Purchaser during the during the six months after the expiration of the Purchase Option, the Owner shall provide written notice to the Program of this fact (including documentation of the Owner's marketing efforts and the Multiple Listing Service listing), in the form shown in Exhibit G attached to this Agreement (the "Owner's Notice of Failure to Locate Eligible Purchaser"). Within fifteen (15) days of receipt of the Owner's Notice of Failure to Locate Eligible Purchaser, the Program shall provide a second response notice to the Owner stating either (1) the Program will exercise its Option to purchase the Home pursuant to Section 10, or (2) that the Owner may Transfer the Home to a person of the Owner's choosing (a "Market Purchaser") who is not an Eligible Purchaser, at an unrestricted price which is at or near Fair Market Value (supported by an MAI or other qualified appraisal), but shall pay all Excess Sales Proceeds to the Program as set forth in Section ___ below. If the Owner Transfers the Home pursuant to this Section, the purchaser shall not be required to execute a buyer's resale agreement, and the Program shall reconvey the liens of this Agreement and the Program Deed of Trust from the Home, provided that the Owner pays the Excess Sales Proceeds to the Program pursuant to Section ___ below. The Owner shall provide the Program with the following documentation associated with such a Transfer:

- (1) the name and contact information of the purchaser, and;**
- (2) the final sales contract and all other related documents which shall set forth all the terms of the sale of the Home, including a HUD-1 Settlement Statement. Said documents shall include at least the following terms: (a) the sales price; and (b) the price to be paid by the Market Purchaser for the Owner's personal property, if any, for the services of the Owner, if any, and any credits, allowances or other consideration, if any.**

EXHIBIT G: Owner’s Notice of Failure to Locate an Eligible Purchaser

To: The Program

From: _____ (“Owner(s)”)

Property Address: _____ (“Home”)

Date: _____

The Owner hereby certifies to the Program that he/she has made bona fide good faith efforts (including listing the Home in the Multiple Listing Service) to locate an Eligible Purchaser for the Home, but has been unable to locate an Eligible Purchaser.

Date of Expiration of Purchase Option: _____

Attached: Multiple Listing

Owner Signature Date

Owner Signature Date

Sample Asset Limit Policy

Alternative 1: Less Restrictive

A. Liquid Assets Requirements

- 1. Liquid Assets Inclusions: When calculating an Applicant’s assets, all Liquid Assets are to be considered, including, but not limited, to the following: savings accounts, checking accounts, Certificates of Deposit, the total balance of any joint accounts, money market or mutual fund accounts, in trust for accounts (amount accessible), stocks or bonds, gifts, cash on hand, amount used or borrowed (from a life insurance policy, IRA or retirement accounts), and other investments held by any occupant of the Applicant’s household including minors.**

2. **Liquid Assets Exclusions:** The cash surrender value of life insurance policy, the value of an IRA account, the value of retirement accounts (including but not limited to 401K and 403B accounts), or the value of a 529 college savings may be excluded from an applicant's Liquid Assets.
3. **Pre-and Post-Purchase Assets:** Prior to purchase, Applicant can have up to \$300,000 in Liquid Assets. If an Applicant's Liquid Assets exceed \$300,000 at the time Household Income is determined, Applicant will not qualify for an AC BOOST loan. If Applicant's Liquid Assets are less than or equal to \$300,000 at the time the property is purchased, Applicant may retain a maximum of \$60,000 total in Liquid Assets and must apply any Liquid Assets in excess of \$60,000 toward the purchase of the property.
4. **Restrictions:** Evidence that Liquid Assets have been transferred to another individual or into an unavailable asset account, or have been spent (except on unexpected emergencies, such as funeral expenses, travel costs related to illness, repair of a vehicle, medical needs and housing needs) to avoid use in the purchase will result in disqualification of the Applicant's application.
5. **Deposits:** Deposits of \$500 or more into a depository account or newly opened account must be sourced. Recurring non-payroll deposits may indicate additional undisclosed sources of income that may be required to be documented to determine household income compliance. Program Administrator and HCD reserve the right to request source documentation of deposits of any amount.
6. **Withdraw Retirement Accounts:** Withdrawal of retirement accounts towards down payment and closing costs are generally allowed with proof of liquidation. However, the Applicant shall consider all of his/her/their options before using retirement accounts, and consult with a tax advisor to fully understand the potential tax consequences of such withdrawal in addition to the applicable early withdrawal penalty. Any funds withdrawn from retirement accounts shall be considered as Liquid Assets.

Alternative 2: Highly restrictive

The Program will apply an asset test to all applicants, including all custodial accounts held for minors.

Household assets up to \$60,000 will not be counted toward Household income. 10% of all assets above \$60,000 will be added to the total Household income.

Assets include all liquid asset accounts, including but not limited to savings, checking accounts, Certificates of Deposit, stocks, business accounts and gifts. If applicable, a gift can be provided by a relative as defined as an any other individual who is related by blood, marriage, adoption or legal guardianship who is not part of the household. Gifts are not allowed from a fiancé or domestic partner who is not part of the household. Maximum gift amount cannot exceed 50% of the loan-to-value.

The Program will generally not count qualified retirement accounts toward an applicant's income. If, however, an applicant uses a portion of the retirement accounts toward the purchase of the BMR Unit, then that portion of the retirement accounts applied toward the purchase of the BMR Unit will be counted as income. Such retirement accounts are limited to accounts that are intended for retirement and that would incur a penalty if withdrawn before a specified retirement age per each account. Such accounts include but are not limited to 401K and 403B accounts. The Program will also not count 529 college savings toward an applicant's income.

In the case of annuities, if an applicant is receiving post-retirement payments, then these payments are counted as income. If the applicant has the option of withdrawing the balance in an annuity, either with or without penalty, the annuity will be treated like any other liquid asset account (above) as it relates to income. The cash value of the annuity applied toward the liquid asset income calculation will be the full value of the annuity, less the surrender (or withdrawal) penalty and less any taxes or tax penalties that would be due.

Example of Addition of the Asset Test to Baseline Household Income:

Household of 4 earns \$50,000 a year

Total Household assets = \$140,000

First \$60,000 of assets is excused: $\$140,000 - \$60,000 = \$80,000$ remaining

10% of remaining \$80,000 is added to income: $\$80,000 \times 10\% = \$8,000$

Total amount added to income: \$8,000

New total Household income: $\$50,000 + 8,000 = \$58,000$

Sample Application Form and Supporting Documents List

Program/Project Name

Pre-Qualification Application

XXX is a homeownership project located at address . Project Name will include **## 1, 2 and 3** bedroom affordable homes. Resale and occupancy restrictions apply (see Restrictions Document).

| UNIT TYPE | PRICE |
|------------------|---------|
| 1 bedroom/1 bath | \$_____ |
| 2 bedroom/2 bath | \$_____ |
| 3/2.5 bath | \$_____ |

To be eligible to buy an affordable home, applicants must meet the following criteria:

- Must be income qualified
- Must be a First-Time Homebuyer
- Must complete a First-Time Homebuyer Class
- Must have lender pre-approval
- Must Contribute 3% of own funds towards down payment and/or closing costs
- Other Requirements
- Preference will be given to households who live in the City or who have at least one member who works in the City.

| NUMBER OF PERSONS IN HOUSEHOLD | MAXIMUM ALLOWABLE INCOME |
|--------------------------------|--------------------------|
| 1 | \$44,800. |
| 2 | \$51,200. |
| 3 | \$57,600. |
| 4 | \$64,000. |
| 5 | \$69,100. |

Appropriate Units Policy

There are no household size restrictions for 1 and 2 bedroom units. For 3 bedroom homes, there must be a minimum of 2 persons in the household.

Application Instructions

Please print clearly and fill this application as thoroughly as possible. Incomplete applications will cause a delay in the process. Completed forms should be returned to in person or by mail to:

Addressee

Project Name

Address

If you have any questions, please call Name & Phone Number.

APPLICANT INFORMATION

FULL NAME OF APPLICANT: _____

DATE OF BIRTH: _____ SOCIAL SECURITY NUBMER: _____

FULL ADDRESS: _____

PHONE: _____ ALTERNATE PHONE: _____

EMAIL ADDRESS: _____

FULL NAME OF CO-APPLICANT: _____

DATE OF BIRTH: _____ SOCIAL SECURITY NUBMER: _____

FULL ADDRESS: _____

PHONE: _____ ALTERNATE PHONE: _____

EMAIL ADDRESS: _____

FULL NAME OF CO-APPLICANT: _____

DATE OF BIRTH: _____ SOCIAL SECURITY NUBMER: _____

FULL ADDRESS: _____

PHONE: _____ ALTERNATE PHONE: _____

EMAIL ADDRESS: _____

HOUSEHOLD AND INCOME INFORMATION

Please complete the table below to include every person that will be living in the home that you are applying to purchase (including yourself):

| Name | Relationship to Applicant | Date of birth | SSN# |
|------|---------------------------|---------------|------|
| 1. | | | |

| | | | |
|----|--|--|--|
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | | | |
| 6. | | | |

TOTAL NUMBER IN HOUSEHOLD: _____

| NAME | TITLE | EMPLOYER | DATES EMPLOYED | ANNUAL INCOME |
|------|-------|----------|----------------|---------------|
|------|-------|----------|----------------|---------------|

- 1.
- 2.
- 3.
- 4.
- 5.

TOTAL GROSS HOUSEHOLD INCOME:

ADDITIONAL INFORMATION

ARE ALL APPLICANTS A US RESIDENT OR PERMANENT RESIDENT NO YES

HAS APPLICANT OR CO-APPLICANT ATTENDED AN 8-HOUR HOMEBUYER EDUCATION COURSE BY HUD CERTIFIED TRAINER? NO YES

WHAT SIZE UNIT ARE YOU MOST INTERESTED IN? 1bd 2 bd 3bd

WHAT IS THE SMALLEST UNIT YOU WILL ACCEPT? 1bd 2 bd 3bd

DO YOU HAVE FUNDS FOR A MINIMUM 3% DOWNPAYMENT/CLOSING COSTS? NO YES

HAVE YOU OWNED A HOME WITHIN THE PAST 3 YEARS? NO YES

OPTIONAL:

For statistical purposes only, please provide the following information:

1. Are you Hispanic/Latino? No Yes

*Even if you answered Yes to this ethnicity question, please answer the next question which asks about race. 2. What is your race? Please check ONE box below.

One Race:

- White
- Black/African American
- Asian
- Native Hawaiian/
- Other Pacific Islander
- American Indian or Alaskan Native

Multi Race:

- American Indian/Alaskan Native & White
- Asian & White
- Black/African American & White
- American Indian/Alaskan Native & Black/African American
- Other Multi-Racial

APPLICANT CERTIFICATION

By signing below, I/We certify under penalty of perjury under the laws of STATE that the answers given in this Interest Form and Pre-Qualification Form are true and correct to the best of my/our knowledge. I/We acknowledge and understand that information provided on this form will be relied upon for purposes of determining my/our eligibility and priority status for the Program. I/We further acknowledge that a material misstatement fraudulently or negligently made in this application or in any other statement made by me/us in connection with the application for the Program may constitute a violation punishable by a fine and/or denial of my/our application. If my/our approval has been given prior to the discovery of the false statement, I/We may be disqualified from purchasing a home from the Program at this community and any future community by the Program or any division thereof, in addition to any criminal penalty imposed by law.

?? I have read and understood the Summary of Restrictions from the Program, under which I am applying to purchase a unit.

?? I understand that the Program monitors the property ownership, resale, refinancing, and owner occupancy status of properties in all of the Program's Affordable Homeownership Developments, and I agree to reply promptly to any and all requests for information that I may receive from the Program in carrying out its monitoring responsibilities.

?? I understand that if I am approved to purchase a unit at Armstrong Townhomes, I will be required to sign a recorded Declaration of Resale and Occupancy Restriction, a Performance Deed of Trust, and an Option to Purchase, which will be provided for my review before I sign a purchase agreement.

?? I understand that any willful misrepresentation of the information contained herein may be cause for default of the Declaration of Resale Restrictions and/or Performance Deed of Trust and/or may trigger the Program's Option to Purchase.

?? By submitting this pre-application, I/We understand that this does not guarantee the purchase of a home and I understand that all applicants listed below must successfully qualify to meet the program guidelines and selection process.

Applicant Signature

Date

Co-Applicant Signature Date

Co-Applicant Signature

Date



.....

If the program has an asset limit, include the following:

| HOUSEHOLD MEMBER | TYPE OF ASSET | CASH VALUE | CLARIFICATION/NOTES |
|------------------|---------------|------------|---------------------|
| 1. | | | |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | | | |
| Total: | | | |

REQUIRED DOCUMENTATION

PLEASE SUBMIT THE FOLLING DOCUMENTATION WITH YOUR APPLICATION:

- Completed application signed and dated by all applicants who will be listed as owners on the deed
- Signed Authorization to Release Information Form
- Valid pre-approval letter from mortgage lender
- Complete copies of the last 3 years of federal income tax returns, including all W-2s. If you do not have copies of your tax returns, contact the IRS at 1.800.829.1040. The IRS will provide a summary income statement free of charge.
- Copies of last 2 months pay stubs from each employed household member age 15 and older. Alternatively, submit an Employment Verification Form signed by your

employer. If self employed, previous and current year to date Profit and Loss statement.

- Bank statements for past 2 months for ALL checking, savings or other asset accounts, including stocks, bonds, money market accounts, retirement accounts, and government bonds. Interest or dividends earned from these accounts will be added to your annual gross income.
- Proof of additional income (unemployment, disability, etc)
- Copy of driver license or valid US Passport for applicant and co-applicants
- Homebuyer Education Certificate
- Gift Letter, if receiving a financial gift, including amount of gift and when gift will be given
- Divorce Decree or Separation Agreement , if applicable, showing alimony and child support/custody orders, if any.
- If you are disabled and require a property with accommodations, submit documentation of the disability and description of accommodations requested.

Please note that additional information may be requested by program staff.

- SAMPLE CREDIT REPORT AUTHORIZATION** (if Program is pulling)

I / We, hereby agree that Program Name., in partnership with my lender of choice, selected on page 5 of this application (and, if applicable, my alternate lender / broker of choice, selected on page 6) may obtain a copy of my credit report in connection with my application to purchase a BMR home at Project Name in City, State.

If Program Name obtains a copy of my credit report, I understand that Program Name intends to use the information included on my credit report for informational purposes and to assist me in determining if I will be eligible to purchase a home at the at Project Name development. I understand Program Name will not deny me the opportunity to apply for, or participate in the process to purchase, a BMR home at Project Name solely based on the results of my credit report.

Applicant Signature Date

Co-Applicant Signature Date

Applicant Name Date

Co-Applicant Name

Co-Applicant Signature Date

Co-Applicant Name Date

Sample Appeals Policy

Applicants will be given notification in writing if their application is unclear or incomplete and be given time to respond with the clarification and / or necessary information. Applicants determined to be ineligible will be notified of the reasons for ineligibility by Program Staff in writing. They will be given time to respond and given notification of an appeal process.

Appeals Process

Appeals of staff determinations based on these Guidelines must be in the form of a written request by the appellant. The request should be addressed to the Program Director and mailed to mailing address. The applicant may resubmit eligibility documentation at the time of the appeal. The Program Director or designee will convene a meeting of the Appeals Committee consisting of representatives of the City Manager's Office, City Attorney's Office and Community Development Department to hear the appeal and make a recommendation.

Notification of Decision

The Program will send written notice to the appellant within 30 days of receipt of the appeal stating a summary of the decision and reasons for the decision.

SAMPLE MAINTENANCE POLICY

- 1. **CONDITION.** The Homeowner shall maintain the Property in good, safe, and habitable condition in all respects, except for normal wear and tear, and in full compliance with all applicable laws, ordinances, rules and regulations of any governmental authority with jurisdiction over matters concerning the condition of the Property. The Property must meet these minimum housing standards:
 - a. No pest report findings (termite or ant)
 - b. No obvious signs of dry rot or mildew
 - c. Functioning roof without obvious signs of deterioration
 - d. Gutters direct water away from house

- e. Siding and trim are in good condition
 - f. Exterior paint in acceptable condition
 - g. Foundation walls in good condition
 - h. Crawl space or basement is dry, with no water penetration and with appropriate vapor barrier.
 - i. Decking/stoops with safety rails if required by code
 - j. All windows and doors in functioning condition. Operable windows have screens.
 - k. Functioning hot water heater
 - l. Functioning interior heating system
 - m. Functioning and properly grounded electrical system and fixtures
 - n. Plumbing system and fixtures in working order without obvious damage
 - o. Floor coverings do not have holes, tears or missing sections
2. **COST OF MAINTENANCE.** The costs required to maintain these minimum housing standards is the responsibility of the Homeowner. The Homeowner shall not permit any mechanics' liens to be recorded against the Property.
3. **INSPECTION AT RESALE.** Shortly before the resale price limit is determined, the Program Administrator shall have the right to inspect the Property to determine whether the Homeowner has complied fully with the maintenance obligations set forth in Section 1 of this policy, and to confirm that any eligible Capital Improvements (under the Capital Improvements policy) have been completed in a workmanlike manner and the reasonable value thereof. If a buyer has been identified, the Program Administrator may choose to rely upon the buyer's inspection.
4. **EXCESSIVE DAMAGES.** If, after such an inspection, the Program Administrator determines that the Homeowner has not fully complied with this obligation, the Program Administrator may hire a qualified contractor or cost estimator determine the cost to complete such repairs, replacements, and other work necessary to restore the Property to a good, safe and habitable condition in all respects, and to bring it into full compliance with all applicable laws, ordinances, rules and regulations of any governmental authority with jurisdiction over matters concerning the condition of the Property. This amount shall be called the Excessive Damage Assessment, and it shall be included in the calculation of the Resale Price limit.

SAMPLE ENFORCEMENT PLAN

Upon the occurrence of a breach of any of the regulations governing the affordable unit by an Owner, Developer or Tenant the program shall have all remedies provided at law or equity,

including but not limited to foreclosure, tenant eviction, a requirement for household recertification, acceleration of all sums due under a mortgage, recoupment of any funds from a sale in the violation of the regulations, injunctive relief to prevent further violation of the regulations, entry on the premises, and specific performance.

After providing written notice of a violation to an Owner, Developer or Tenant of a low- or moderate-income unit and advising the Owner, Developer or Tenant of the penalties for such violations, the program may take the following action against the Owner, Developer or Tenant for any violation that remains uncured for a period of 60 days after service of the written notice:

1. The program may file a court action pursuant to local statutes alleging a violation or violations of the regulations governing the affordable housing unit. If the Owner, Developer or Tenant is found by the court to have violated any provision of the regulations governing affordable housing units the Owner, Developer or Tenant shall be subject to one or more of the following penalties, at the discretion of the court:
 - a. A fine of not more than [Insert amount] or imprisonment for a period not to exceed 90 days, or both. Each and every day that the violation continues or exists shall be considered a separate and specific violation of these provisions and not as a continuing offense;
 - b. In the case of an Owner who has rented his or her low- or moderate-income unit in violation of the regulations governing affordable housing units, payment to the program of the gross amount of rent illegally collected;
 - c. In the case of an Owner who has rented his or her low- or moderate-income unit in violation of the regulations governing affordable housing units, payment of an innocent tenant's reasonable relocation costs, as determined by the court.
2. The program may file a court action in the Superior Court seeking a judgment, which would result in the termination of the Owner's equity or other interest in the unit, in the nature of a mortgage foreclosure. Any judgment shall be enforceable as if the same were a judgment of default of the first mortgage and shall constitute a lien against the low- and moderate-income unit.
 - a. Such judgment shall be enforceable, at the option of the program, by means of an execution sale by the Sheriff, at which time the low- and moderate-income unit of the violating Owner shall be sold at a sale price which is not less than the amount necessary to fully satisfy and pay off any first mortgage and prior liens and the costs of the enforcement proceedings incurred by the program, including attorney's fees. The violating Owner shall have his right to possession terminated as well as his title conveyed pursuant to the Sheriff's sale.
 - b. The proceeds of the Sheriff's sale shall first be applied to satisfy the first mortgage lien and any prior liens upon the low- and moderate-income unit. The excess, if any, shall be applied to reimburse the program for any and all costs and expenses incurred in connection with either the court action resulting in the judgment of violation or the Sheriff's sale. In the event that the proceeds from the Sheriff's sale are insufficient to reimburse the program in full as aforesaid, the violating Owner shall be personally responsible for and to the extent of such deficiency, in addition to any and all costs incurred by the program in connection with collecting such

- deficiency. In the event that a surplus remains after satisfying all of the above, such surplus, if any, shall be placed in escrow by the program for the Owner and shall be held in such escrow for a maximum period of two years or until such earlier time as the Owner shall make a claim with the program for such. Failure of the Owner to claim such balance within the two-year period shall automatically result in a forfeiture of such balance to the municipality. Any interest accrued or earned on such balance while being held in escrow shall belong to and shall be paid to the program, whether such balance shall be paid to the Owner or forfeited to the program.
- c. Foreclosure by the program due to violation of the regulations governing affordable housing units shall not extinguish the restrictions of the regulations governing affordable housing units as the same apply to the low- and moderate-income unit. Title shall be conveyed to the purchaser at the Sheriff's sale, subject to the restrictions and provisions of the regulations governing the affordable housing unit. The Owner determined to be in violation of the provisions of this plan and from whom title and possession were taken by means of the Sheriff's sale shall not be entitled to any right of redemption.
 - d. If there are no bidders at the Sheriff's sale, or if insufficient amounts are bid to satisfy the first mortgage and any prior liens, the program may acquire title to the low- and moderate-income unit by satisfying the first mortgage and any prior liens and crediting the violating owner with an amount equal to the difference between the first mortgage and any prior liens and costs of the enforcement proceedings, including legal fees and the maximum resale price for which the low- and moderate-income unit could have been sold under the terms of the regulations governing affordable housing units. This excess shall be treated in the same manner as the excess which would have been realized from an actual sale as previously described.
 - e. Failure of the low- and moderate-income unit to be either sold at the Sheriff's sale or acquired by the program shall obligate the Owner to accept an offer to purchase from any qualified purchaser which may be referred to the Owner by the program, with such offer to purchase being equal to the maximum resale price of the low- and moderate-income unit as permitted by the regulations governing affordable housing units.
 - f. The Owner shall remain fully obligated, responsible and liable for complying with the terms and restrictions of governing affordable housing units until such time as title is conveyed from the Owner.

HB 1406 and HB 1923 Briefing & ARCH Update



AB 5608 | September 17, 2019

Agenda

Item 4.

1. Briefing and recommended action steps for HB 1406 and HB 1923.
2. ARCH update on program operations and stewardship of the Homeownership Program.

Brief description: Encouraging investments in affordable and supportive housing.

Summary: County and city legislative authorities are authorized to implement a local sales tax to fund affordable or supportive housing. This is offset by a reduction in the state's portion of sales tax, and therefore does not result in an increased tax on consumers.

20-year tax credit: Can be used for:

- Projects serving those at or below 60% area median income.
- Acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services.
- Funding the operations and maintenance costs of new units of affordable or supportive housing.
- For cities with a population under 100,000, the funds can also be used for rental assistance to tenants.

Potential revenue estimate: Mercer Island revenue potential, based on taxable retail sales in 2018, is \$36,318.

Taxable retail sales (2019 FY) \times 0.0073% = Maximum collection amount

Tight timeline for action: Cities must adopt:

- A resolution of intent to implement the tax credit by January 28, 2020 and
- An ordinance implementing legislation by July 28, 2020.

Recommended next steps:

City Council concurrently pass a resolution of intent and adopt an ordinance to authorize a sales and use tax for affordable and supportive housing in accordance with HB 1406 and to use the collected tax to supplement the City's contribution to the ARCH Housing Trust Fund.

Staff will return with the resolution and ordinance at the October 15 meeting.

Brief description: Increasing urban residential building capacity.

Summary: Encourages all cities planning under the GMA to:

Option 1. Adopt actions to either increase residential building capacity, or

Option 2. Develop a Housing Action Plan to encourage construction of housing to meet the needs of people at all income levels.

Option 1: Cities must take two or more actions in order to increase residential building capacity.

Analysis: The requirements of most of the activities are too onerous or not consistent with the direction Mercer Island is taking in accommodating growth (focusing most growth in the Town Center while seeking to protect single-family neighborhoods).

Option 2: Create a Housing Action Plan (HAP).

Analysis: A HAP may provide opportunities for the City to address necessary planning associated with the 2023 major Comprehensive Plan update and additional regional growth expectations.

Grant opportunity:

- \$5 million in grant assistance is available to encourage local cities (20,000+ pop.) to receive up to \$100,000.
- Applications are due September 30 and awarded October 30.
- If awarded a grant, the City's Housing Action Plan would need to be adopted by June 2021

Alternatives:

1. Apply for a HB 1923 grant to create a Housing Action Plan
 - Q4 2019: budget adjustment to hire a consultant
 - 2020 through Q2 2021: draft and adopt a Housing Action Plan / community engagement strategy
 - Modify 2020 CPD workplan (currently): sign code update, small cells, 2020 Comp Plan amendments, 2017 RDS report

2. Abandon HB 1923 grant application
 - Major Comp Plan update starting in 2021 / 2022, housing action plan together with other work

- News reports beginning in October 2018 identified compliance concerns in the ARCH Homeownership Program
- ARCH audited the ~700 units in the program, identified 3 types of compliance issues
 - Foreclosures
 - Non-owner occupancy
 - Sales or transfers without proper notification
- ARCH conducted follow-up investigations on 50+ units - identified compliance violations in 25 units (3.6% of the total portfolio)

Consultant Report

- In February 2019 ARCH hired Street Level Advisors
- Additional support for audit of ownership units
 - Analyzed data on current status of ARCH homes to identify compliance issues
- Program assessment of Homeownership Program:
 - Compiled data on affordable pricing and current resale formula values for each home to understand ARCH's performance in maintaining affordability and growing equity for homeowners
 - Administered assessment of industry best practices for affordable homeownership programs
 - Summarized key findings and recommended changes in policies and procedures to strengthen the Homeownership Program

Consultant Report

- Report released in June 2019
- Program Assessment findings:
 - The program has succeeded in providing affordable homeownership opportunities while also preserving significant affordability over time
 - Some affordability has been lost due to rising home prices and the intricacies of resale formulas; some units have also been lost due to foreclosure
 - Compliance violations represent a small % of units; ARCH is already implementing more than half of the industry best practices
 - The program has grown substantially and there is now a need for additional capacity and more active monitoring and enforcement
 - Staffing levels have not kept pace with program growth; more staffing is needed to avoid additional compliance violations and to ensure the growing number of units are preserved and used for their intended purpose

ARCH Action Steps

- Enforcement- working with individual jurisdictions' legal counsels
 - Majority of homeowners working to sell to new qualified buyers – 8 homes sold and 3 are listed/pending
- Increasing staff capacity by 2 FTE
 - 1 to support homeownership program, 1 to support rental housing program
 - Adds capacity for monitoring and enforcement as well as supporting long-term affordability preservation and targeting marketing to ensure homes are sold to qualified buyers within 60 days.
- Hiring consultant to recommend changes to the ARCH resale formula and level of resale fees
- Convening a working group of attorneys to improve legal documents to better position jurisdictions to ensure program objectives are met

Next Steps

- Executive Board recommendations for the 2020 Work Plan and Administrative Budget
 - Make permanent the 2 additional staff positions
 - No additional consultant resources at this time
- Mercer Island's contribution to the 2020 Administrative Budget to increase \$50,222 (~ \$17,000 increase)
 - CPD staff will bring this budget amendment and the 2020 Work Plan and Administrative Budget back for Council approval later in the fall

Questions?



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 5592

September 17, 2019

Special Business

AGENDA BILL INFORMATION

| | | |
|----------------------------|---|---|
| TITLE: | AB 5592: Peace Day Proclamation | <input type="checkbox"/> Discussion Only |
| RECOMMENDED ACTION: | Proclaim September 21, Peace Day on Mercer Island, and announce the Mercer Island Rotary Club Peace Walk. | <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution |

| | | |
|--|-------------------------|---|
| DEPARTMENT OF | Parks and Recreation | Diane Mortenson Community Engagement & Program Manager |
| COUNCIL LIAISON | n/a | |
| EXHIBITS | 1. Proclamation No. 243 | |
| 2019-2020 CITY COUNCIL PRIORITY | n/a | |

| | |
|-------------------------------|--------|
| AMOUNT OF EXPENDITURE | \$ n/a |
| AMOUNT BUDGETED | \$ n/a |
| APPROPRIATION REQUIRED | \$ n/a |

SUMMARY

This proclamation commemorates International Day of Peace on September 21, 2019 and announces the Mercer Island inaugural Peace Walk.

BACKGROUND

The International Day of Peace ("Peace Day") is observed around the world each year on September 21. Established in 1981 by unanimous United Nations resolution 36/37, the General Assembly declared this as a day devoted to ***"commemorating and strengthening the ideals of peace both within and among all nations and peoples."*** Peace Day provides a globally shared date for all humanity to commit to peace above all differences and to contribute to building a culture of peace. People in cities, communities and villages worldwide engage in the International Day of Peace in diverse and meaningful ways.

Over the last year, Mercer Island Rotary has partnered with the Parks & Recreation Department to place 20 6' high solid cedar poles, dedicated to Peace in our community. The Parks & Recreation Maintenance team installed a number of these poles in parks and city facilities. Each of these poles are connected along a walkable path on the island. On Saturday, September 21, at 10:00am, the Rotary Club invites the community

on a Peace Walk to view the poles and celebrate Peace Day. The event will commence at the Rotary Park with a short ceremony prior to the walk.

Accepting the proclamation from Mayor Berlin are Rotarians that serve on the Peace Walk committee.

RECOMMENDATION

Proclaim September 21, Peace Day on Mercer Island, and announce the Mercer Island Rotary Club Peace Walk.



City of Mercer Island, Washington

Proclamation

WHEREAS, the International Day of Peace ("Peace Day") is observed around the world each year on September 21; and

WHEREAS, established in 1981 by a unanimous United Nations resolution, Peace Day provides a globally shared date for all humanity to commit to peace above all differences and to contribute to building a Culture of Peace; and

WHEREAS, people in cities, communities and villages worldwide have engaged in the International Day of Peace in diverse and meaningful ways; and

WHEREAS, global crises impel all citizens to work toward converting humanity's noblest aspirations for world peace into the practical reality of a culture of peace for future generations; and

WHEREAS, there is support within our City for the observance of the International Days of Peace, which affirms a vision of our world at peace, and fosters cooperation between individuals, organizations, and nations; and

WHEREAS, the Rotary Club of Mercer Island shares the vision of peace in our community with their dedication to the Peace Pole Project and Peace Walk on Mercer Island.

NOW, THEREFORE, I, Mayor Debbie Bertlin, do hereby proclaim September 21, 2019 as

PEACE DAY ON MERCER ISLAND

and encourage all citizens to join me in attending the Mercer Island Walk for Peace on Saturday, September 21, beginning at 10:00 a.m. at Rotary Park.

APPROVED, this 17th day of September 2019

Debbie Bertlin, Mayor



Proclamation No. 243

CERTIFICATION OF CLAIMS

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

Charles L. Corder
Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

Mayor

Date

| <u>Report</u> | <u>Warrants</u> | <u>Date</u> | <u>Amount</u> |
|----------------|-----------------|-------------|----------------------|
| Check Register | 199795 -199885 | 8/29/2019 | \$ 233,178.42 |
| | | | \$ 233,178.42 |

Accounts Payable Report by GL Key

| PO # | Check # | Vendor: | Transaction Description | Check Amount |
|---|----------|---------------------------|--------------------------------|--------------|
| <i>Org Key: 001000 - General Fund-Admin Key</i> | | | | |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 4,090.26 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 2,418.42 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 2,136.48 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 2,075.26 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 1,262.95 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 1,241.47 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 1,154.07 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 834.40 |
| P0104918 | 00199858 | ROGERS, TRISHA | Returning account credit after | 708.00 |
| P0104922 | 00199809 | CHEN, LINDA | Returning credit on account | 688.00 |
| P0104917 | 00199797 | AKULA, NEELIMA | Rental FA-3304 completed. Retu | 635.00 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 503.46 |
| P0104912 | 00199804 | B'NAI BRITH YOUTH ORG INC | Rental FA-3393 completed. Retu | 500.00 |
| P0104914 | 00199805 | BACURIN, VANESSA | Returning credit on account | 438.00 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 417.58 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 251.19 |
| P0104921 | 00199882 | WELTER, SHANNON | Returning credit on account | 248.00 |
| P0104913 | 00199834 | LIU, CONGZHOU | Returning credit on account | 209.00 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 187.72 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 161.98 |
| P0104919 | 00199822 | GERMACK, JI YOUNG | Returning credit on account | 150.00 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 135.61 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 131.79 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 131.77 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 99.99 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 99.99 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 96.01 |
| P0104920 | 00199815 | CORBETT, ANNE | Rental FA-3463 completed. Retu | 75.00 |
| P0104910 | 00199831 | KING COUNTY | Rental FA-3354 completed. Retu | 75.00 |
| P0104911 | 00199843 | MINDFULNESS NORTHWEST | Rental FA-2942 completed. Retu | 75.00 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 53.99 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 39.41 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 33.43 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 28.84 |
| P0104900 | 00199875 | WA ST TREASURER'S OFFICE | July 19 Court Transmittal | 9.47 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 6.79 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 5.67 |
| P0104901 | 00199876 | WA ST TREASURER'S OFFICE | July 19 NC Court Transmittal | 1.19 |
| <i>Org Key: 402000 - Water Fund-Admin Key</i> | | | | |
| P0104749 | 00199824 | H D FOWLER | INVENTORY PURCHASES | 2,048.18 |
| P0104840 | 00199867 | SUPPLY SOURCE INC,THE | INVENTORY PURCHASES | 1,031.99 |
| P0104748 | 00199824 | H D FOWLER | INVENTORY PURCHASES | 343.20 |
| P0104771 | 00199823 | GRAINGER | INVENTORY PURCHASES | 76.05 |
| <i>Org Key: CR1100 - Human Resources</i> | | | | |
| P0104926 | 00199854 | PUBLIC SAFETY TESTING INC | FF Background - J. Wood | 1,591.22 |
| P0104908 | 00199825 | HEALTHFORCE PARTNERS INC | Medical testing for PD hiring | 1,430.00 |
| <i>Org Key: DS1100 - Administration (DS)</i> | | | | |

Accounts Payable Report by GL Key

Item 6.

| PO # | Check # | Vendor: | Transaction Description | Check Amount |
|--|----------|--------------------------|--------------------------------|--------------|
| P0104886 | 00199820 | FASTSIGNS BELLEVUE | Land Use action signs | 2,898.50 |
| P0104871 | 00199819 | ESA | Peer review for Valentin prope | 1,943.97 |
| P0104870 | 00199828 | HUTCHINSON, LISA K | CART Services for Oct 2018 | 1,058.00 |
| P0104878 | 00199861 | SAFEBUILT WASHINGTON LLC | Temporary inspector | 1,008.00 |
| P0104874 | 00199873 | VERIZON WIRELESS | Phone & data charges for July | 320.40 |
| P0104874 | 00199873 | VERIZON WIRELESS | Mobil hot spots for July | 160.04 |
| P0104874 | 00199873 | VERIZON WIRELESS | New phone for Anthony | 131.99 |
| P0104867 | 00199877 | WABO | Advertising for Inspector posi | 50.00 |
| P0104868 | 00199881 | WCIA | Notary bond for Norine | 40.00 |
| P0104875 | 00199837 | MASTERMARK | new name plate for Council Cha | 32.40 |
| P0104872 | 00199816 | DEPT OF LICENSING | Notary application for Norine | 30.00 |
| P0104869 | 00199801 | ARC DOCUMENT SOLUTIONS | large scale printing for 8709 | 1.75 |
| <i>Org Key: FN4501 - Utility Billing (Water)</i> | | | | |
| P0103098 | 00199840 | METROPRESORT | JUNE 2019 PRINTING AND MAILING | 348.42 |
| P0103098 | 00199840 | METROPRESORT | JUNE 2019 PRINTING AND MAILING | 274.50 |
| <i>Org Key: FN4502 - Utility Billing (Sewer)</i> | | | | |
| P0103098 | 00199840 | METROPRESORT | JUNE 2019 PRINTING AND MAILING | 348.41 |
| P0103098 | 00199840 | METROPRESORT | JUNE 2019 PRINTING AND MAILING | 274.50 |
| <i>Org Key: FN4503 - Utility Billing (Storm)</i> | | | | |
| P0103098 | 00199840 | METROPRESORT | JUNE 2019 PRINTING AND MAILING | 348.41 |
| P0103098 | 00199840 | METROPRESORT | JUNE 2019 PRINTING AND MAILING | 274.50 |
| <i>Org Key: FR1100 - Administration (FR)</i> | | | | |
| P0104819 | 00199833 | KROESENS UNIFORM COMPANY | Uniforms/Fire Marshal | 434.19 |
| P0104923 | 00199841 | MI HARDWARE - FIRE | GFI Plug | 28.70 |
| P0104924 | 00199813 | COMCAST | Internet Charges/Fire | 11.49 |
| <i>Org Key: FR2100 - Fire Operations</i> | | | | |
| P0104898 | 00199860 | RWC GROUP | Replace Twister Remote Throttl | 2,054.89 |
| P0104927 | 00199833 | KROESENS UNIFORM COMPANY | Uniform Hat/Horschman | 136.84 |
| P0104929 | 00199869 | TEC EQUIPMENT INC | Misc. Apparatus Parts | 70.80 |
| P0104928 | 00199874 | VERIZON WIRELESS | Cell Charges/Fire | 16.45 |
| <i>Org Key: FR2500 - Fire Emergency Medical Svcs</i> | | | | |
| P0104925 | 00199796 | AIRGAS USA LLC | Oxygen/Fire | 10.45 |
| <i>Org Key: GGM001 - General Government-Misc</i> | | | | |
| P0104876 | 00199853 | POT O' GOLD INC | Coffee & Tea supplies | 736.89 |
| P0104344 | 00199807 | BRINKS INC | #08115 Location 1 MI City Hall | 446.43 |
| P0102379 | 00199811 | COMCAST | CITY HALL HIGH SPEED INTERNET | 111.44 |
| P0104876 | 00199853 | POT O' GOLD INC | water cooler | 27.50 |
| P0104882 | 00199807 | BRINKS INC | AUG 2019 ARMORED CAR SERVICE | 1.60 |
| <i>Org Key: GGM004 - Gen Govt-Office Support</i> | | | | |
| P0104877 | 00199857 | RESERVE ACCOUNT | Postage refill of reserve acco | 2,500.00 |
| P0104873 | 00199885 | XEROX CORPORATION | Print & copy charges for CM co | 1,068.23 |
| P0104873 | 00199885 | XEROX CORPORATION | Print & copy charges for CM co | 670.46 |
| P0104873 | 00199885 | XEROX CORPORATION | Print & copy charges for Mail | 542.30 |
| P0104873 | 00199885 | XEROX CORPORATION | Print & copy charges for mail | 480.89 |
| P0104873 | 00199885 | XEROX CORPORATION | Print & copy charges for CPD c | 178.00 |

Accounts Payable Report by GL Key

Item 6.

| PO # | Check # | Vendor: | Transaction Description | Check Amount |
|--|----------|-------------------------|--------------------------------|--------------|
| P0104873 | 00199885 | XEROX CORPORATION | Print & copy charges for CPD c | 171.40 |
| <i>Org Key: GGM005 - Genera Govt-LI Retiree Costs</i> | | | | |
| P0104879 | 00199878 | WALLACE, THOMAS | LEOFF1 Retiree Medical Expense | 3,273.60 |
| P0104880 | 00199883 | WHEELER, DENNIS | LEOFF1 Retiree Medical Expense | 2,499.98 |
| P0104855 | 00199836 | LOISEAU, LERI M | LEOFF1 Retiree Medical Expense | 210.12 |
| P0104859 | 00199817 | DOWD, PAUL | LEOFF1 Retiree Medical Expense | 183.07 |
| P0104858 | 00199806 | BOOTH, GLENDON D | LEOFF1 Retiree Medical Expense | 173.02 |
| P0104890 | 00199795 | ADAMS, RONALD E | LEOFF1 Retiree Medical Expense | 150.33 |
| P0104857 | 00199845 | MYERS, JAMES S | LEOFF1 Retiree Medical Expense | 94.51 |
| P0104856 | 00199818 | ELSOE, RONALD | LEOFF1 Retiree Medical Expense | 33.80 |
| <i>Org Key: IGMA02 - Alcoholism Program</i> | | | | |
| P0103913 | 00199829 | KC FINANCE | Remit Quarterly Liquor Excise | 1,599.94 |
| <i>Org Key: IGV012 - MW Pool Operation Subsidy</i> | | | | |
| P0102579 | 00199842 | MI SCHOOL DISTRICT #400 | MI Pool Operation Subsidy | 11,611.88 |
| <i>Org Key: MT2150 - Pavement Marking</i> | | | | |
| P0103849 | 00199800 | APPLY A LINE INC | 2019 PAVEMENT MARKING | 19,074.57 |
| <i>Org Key: MT2255 - Urban Forest Management (ROW)</i> | | | | |
| P0101797 | 00199799 | APPLIED ECOLOGY LLC | 10% RETAINAGE | 1,289.87 |
| <i>Org Key: MT2500 - ROW Administration</i> | | | | |
| P0102454 | 00199856 | REPUBLIC SERVICES #172 | 2019 ROW DISPOSAL/RECYCLING SE | 1,984.03 |
| <i>Org Key: MT3100 - Water Distribution</i> | | | | |
| P0104749 | 00199824 | H D FOWLER | 351-01-403 1/4" ARBOR PILOT DR | 370.81 |
| P0104841 | 00199872 | USABlueBook | ELECTRODE STORAGE SOLUTION | 47.10 |
| P0104822 | 00199823 | GRAINGER | DEWALT WRENCH & FLANGE SET | 19.85 |
| P0104823 | 00199823 | GRAINGER | 3 MM T-HANDLE HEX KEY | 7.09 |
| <i>Org Key: MT3300 - Water Associated Costs</i> | | | | |
| P0102454 | 00199856 | REPUBLIC SERVICES #172 | 2019 SEWER DISPOSAL/RECYCLING | 220.45 |
| <i>Org Key: MT3400 - Sewer Collection</i> | | | | |
| P0104814 | 00199823 | GRAINGER | LED FLASHLIGHTS | 144.80 |
| P0104812 | 00199823 | GRAINGER | FULL BRIM HARD HAT (YELLOW) | 10.67 |
| <i>Org Key: MT3600 - Sewer Associated Costs</i> | | | | |
| P0102454 | 00199856 | REPUBLIC SERVICES #172 | 2019 WATER DISPOSAL/RECYCLING | 220.45 |
| <i>Org Key: MT4101 - Support Services - General Fd</i> | | | | |
| P0104885 | 00199838 | MERCER ISLAND REPORTER | SUBSCRIPTION RENEWAL 167112 | 45.00 |
| P0104885 | 00199838 | MERCER ISLAND REPORTER | SUBSCRIPTION RENEWAL 431188 | 45.00 |
| <i>Org Key: MT4150 - Support Services - Clearing</i> | | | | |
| P0102657 | 00199812 | COMCAST | 2019 PW WIFI CONNECTION | 96.39 |
| <i>Org Key: MT4200 - Building Services</i> | | | | |
| P0104895 | 00199846 | PACIFIC AIR CONTROL INC | F591 CONDENSING COIL CLEANING | 333.30 |
| P0104893 | 00199850 | PART WORKS INC., THE | OPERATING SUPPLIES | 273.16 |
| <i>Org Key: MT4300 - Fleet Services</i> | | | | |

Accounts Payable Report by GL Key

| PO # | Check # | Vendor: | Transaction Description | Check Amount |
|---|----------|----------------------------|--------------------------------|--------------|
| P0104888 | 00199865 | SME SOLUTIONS LLC | FIRE STATION TANK SERVICE CALL | 2,851.18 |
| P0104778 | 00199827 | HORIZON | PARKS MOWER PARTS 3M320274 | 528.89 |
| P0104865 | 00199839 | MERCER ISLAND TOWING | FL-0437 TOW INV 33422 | 481.25 |
| P88915 | 00199830 | KIA MOTORS FINANCE | 6 MONTH LEASE EXTENSION (MONTH | 263.96 |
| P0104849 | 00199827 | HORIZON | EXMARK PARTS | 106.47 |
| P0104813 | 00199823 | GRAINGER | GAUGE, LEVEL/TEMP, 5 IN | 21.87 |
| <i>Org Key: MT4501 - Water Administration</i> | | | | |
| P0104205 | 00199803 | AZTECA SYSTEMS LLC | CITYWORKS SERVER AMS ADMIN TRA | 1,760.00 |
| <i>Org Key: MT4502 - Sewer Administration</i> | | | | |
| P0104205 | 00199803 | AZTECA SYSTEMS LLC | CITYWORKS SERVER AMS ADMIN TRA | 1,760.00 |
| <i>Org Key: MT4503 - Storm Water Administration</i> | | | | |
| P0104205 | 00199803 | AZTECA SYSTEMS LLC | CITYWORKS SERVER AMS ADMIN TRA | 880.00 |
| <i>Org Key: PO2200 - Marine Patrol</i> | | | | |
| P0104749 | 00199824 | H D FOWLER | 2" GALV. PIPE (FT) | 968.58 |
| <i>Org Key: PO4300 - Police Training</i> | | | | |
| P0104909 | 00199864 | SKAGIT SHOOTING SPORTS INC | training rounds | 2,376.15 |
| <i>Org Key: PR0000 - Parks & Recreation-Revenue</i> | | | | |
| P0104899 | 00199852 | PETER FEWING SOCCER CAMP | Refund Due 2013 field rental | 225.00 |
| <i>Org Key: PR1100 - Administration (PR)</i> | | | | |
| P0104844 | 00199814 | CONSOLIDATED PRESS | Fall 2019/Winter 2020 Recepti | 1,803.81 |
| P0104844 | 00199814 | CONSOLIDATED PRESS | Fall 2019/Winter 2020 Recepti | 999.99 |
| P0104844 | 00199814 | CONSOLIDATED PRESS | Fall 2019/Winter 2020 Recepti | 500.09 |
| P0102472 | 00199884 | XEROX CORPORATION | Monthly lease charges for Upst | 144.00 |
| P0102472 | 00199884 | XEROX CORPORATION | Use charge for copier 5-30-19 | 7.75 |
| <i>Org Key: PR2101 - Youth and Teen Camps</i> | | | | |
| P0104916 | 00199862 | SEATTLE ADVENTURE SPORTS | Program payment for paddle cam | 8,680.00 |
| P0104860 | 00199810 | CHRISTIANSEN, ANNE | Instructor Payment for Cheer C | 3,762.50 |
| P0104915 | 00199880 | WATSON, MARY | Program payment for Mary Art | 1,915.20 |
| P0104862 | 00199802 | ART FOR KIDS SCHOOL LLC | Program payment for Art for Ki | 1,260.00 |
| P0104915 | 00199880 | WATSON, MARY | Program payment for Mary Art | 705.60 |
| <i>Org Key: PR2108 - Health and Fitness</i> | | | | |
| P0104863 | 00199859 | ROSENSTEIN, SUSIE | Person Training sessions for A | 825.00 |
| P0104861 | 00199851 | PAULETTO, MAUDE | Instructor Payment for Yoga fo | 487.20 |
| P0104861 | 00199851 | PAULETTO, MAUDE | Instructor payment for Yoga co | 310.80 |
| P0104861 | 00199851 | PAULETTO, MAUDE | Yoga Drop-ins | 289.80 |
| P0104863 | 00199859 | ROSENSTEIN, SUSIE | Instuctor Payment for July Enh | 240.00 |
| <i>Org Key: PR3500 - Senior Services</i> | | | | |
| P0104844 | 00199814 | CONSOLIDATED PRESS | Fall 2019/Winter 2020 Recepti | 3,999.97 |
| P0104844 | 00199814 | CONSOLIDATED PRESS | Fall 2019/Winter 2020 Recepti | 999.99 |
| <i>Org Key: PR4100 - Community Center</i> | | | | |
| P0104844 | 00199814 | CONSOLIDATED PRESS | Fall 2019/Winter 2020 Recepti | 1,499.99 |
| P0104932 | 00199846 | PACIFIC AIR CONTROL INC | EXPANSION TANK FAILURE DIAGNOS | 528.00 |
| P0104344 | 00199807 | BRINKS INC | #08115 Location 3 MICEC Deposi | 446.43 |

Accounts Payable Report by GL Key

Item 6.

| PO # | Check # | Vendor: | Transaction Description | Check Amount |
|---|----------|-----------------------------|---------------------------------|--------------|
| P0102461 | 00199813 | COMCAST | MICEC - High Speed Connection | 165.94 |
| <i>Org Key: PR5600 - Cultural & Performing Arts</i> | | | | |
| P0104853 | 00199863 | SEATTLE SHAKESPEARE COMPANY | Shakespeare in the park - summ | 7,000.00 |
| P0104572 | 00199844 | MORGAN SOUND INC | Sound engineering services for | 1,130.80 |
| P0104906 | 00199849 | PARENTMAP | Web e-newsletter - June through | 750.00 |
| P0104905 | 00199879 | WASHINGTON GRAPHICS | Banners - mostly music in the | 314.60 |
| <i>Org Key: PR5700 - Special Programs</i> | | | | |
| P0104834 | 00199866 | STROUM JEWISH COMMUNITY CTR | Seajam sponsorship 2019 | 1,000.00 |
| <i>Org Key: PR6100 - Park Maintenance</i> | | | | |
| P0104852 | 00199827 | HORIZON | Mower Equipment - 52" Exmark M | 2,309.63 |
| P0104348 | 00199871 | UNITED SITE SERVICES | Portable toilet rental for Sea | 1,350.60 |
| P0102454 | 00199856 | REPUBLIC SERVICES #172 | 2019 PARKS DISPOSAL/RECYCLING | 881.79 |
| <i>Org Key: PR6120 - Landscape Maint - Buildings</i> | | | | |
| P0102454 | 00199856 | REPUBLIC SERVICES #172 | 2019 FACILITIES DISPOSAL/RECYC | 220.45 |
| <i>Org Key: PR6200 - Athletic Field Maintenance</i> | | | | |
| P0104852 | 00199827 | HORIZON | Mower Equipment - 52" Exmark M | 2,309.63 |
| P0104842 | 00199835 | LLOYD ENTERPRISES INC | PLAYFIELD SAND (30.95 TONS) | 796.66 |
| <i>Org Key: PR6500 - Luther Burbank Park Maint.</i> | | | | |
| P0104896 | 00199846 | PACIFIC AIR CONTROL INC | DIAGNOSE CONDENSATE PUMP ISSUE | 333.30 |
| <i>Org Key: PR6600 - Park Maint-School Related</i> | | | | |
| P0104852 | 00199827 | HORIZON | Mower Equipment - 52" Exmark M | 2,309.63 |
| <i>Org Key: PR6900 - Aubrey Davis Park Maintenance</i> | | | | |
| P0104852 | 00199827 | HORIZON | Mower Equipment - 52" Exmark M | 2,309.64 |
| P0104348 | 00199871 | UNITED SITE SERVICES | Portable toilet rental for Sea | 1,650.74 |
| P0102454 | 00199856 | REPUBLIC SERVICES #172 | 2019 PARKS DISPOSAL/RECYCLING | 881.79 |
| P0102466 | 00199868 | T-MOBILE | Monthly services for Boat Laun | 20.00 |
| <i>Org Key: ST0001 - ST Traffic Safety Enhancements</i> | | | | |
| P0103076 | 00199832 | KPG | W MERCER WAY ELEMENTRY SPEED | 8,026.80 |
| <i>Org Key: ST0020 - ST Long Term Parking</i> | | | | |
| P0104897 | 00199826 | HEARTLAND LLC | July 2019 Commuter Parking Pro | 2,362.50 |
| <i>Org Key: WD534C - Sub Basin 51a</i> | | | | |
| P0104887 | 00199870 | UNITED REPROGRAPHICS | WATERCOURSE BANK | 76.52 |
| <i>Org Key: WD722R - Sub Basin 3b.4 Watercourse</i> | | | | |
| P0101491 | 00199808 | CARDNO INC | WATERCOURSE STABALISATION PROJ | 400.84 |
| <i>Org Key: WD724R - Sub Basin 29.2 Watercourse</i> | | | | |
| P0101491 | 00199808 | CARDNO INC | WATERCOURSE STABILIZATION PROJE | 744.41 |
| <i>Org Key: WG130E - Equipment Rental Vehicle Repl</i> | | | | |
| P94483 | 00199830 | KIA MOTORS FINANCE | DSG 2016 KIA SOUL LEASE | 211.36 |
| <i>Org Key: WP122P - Open Space - Pioneer/Engstrom</i> | | | | |
| P0103001 | 00199821 | GARDEN CYCLES | MI Open Space Restoration 2019 | 13,397.00 |
| P0103565 | 00199799 | APPLIED ECOLOGY LLC | Pioneer Park Open Space Restor | 5,268.48 |

Accounts Payable Report by GL Key

Item 6.

| PO # | Check # | Vendor: | Transaction Description | Check Amount |
|---|----------|------------------------------|--------------------------------|--------------|
| <i>Org Key: WP122R - Vegetation Management</i> | | | | |
| P0103001 | 00199821 | GARDEN CYCLES | MI Open Space Restoration 2019 | 12,506.00 |
| <i>Org Key: WS590R - KC Sewer Interceptor Project</i> | | | | |
| P0104831 | 00199824 | H D FOWLER | 12" CLASS 50 PIPE & CATCH BASI | 3,892.76 |
| <i>Org Key: WW523R - EMW 5400-6000 Block Watermain</i> | | | | |
| P0104902 | 00199798 | ANDREWS, ROBERT | Homeowner reimbursement per | 8,375.00 |
| <i>Org Key: XG118T - Maintenance Mgmt System</i> | | | | |
| P0104205 | 00199803 | AZTECA SYSTEMS LLC | CITYWORKS SERVER AMS ADMIN TRA | 4,400.00 |
| <i>Org Key: XP520R - Recreational Trail Connections</i> | | | | |
| P0104159 | 00199848 | PACIFIC RIM EQUIPMENT RENTAL | Hawthorn trail - Equipment Ren | 6,116.06 |
| <i>Org Key: XR810R - SE 36th and NMW Crosswalk</i> | | | | |
| P0103076 | 00199832 | KPG | NMW & SE 36TH PED EXING | 7,642.77 |
| <i>Org Key: YF1100 - YFS General Services</i> | | | | |
| P0104344 | 00199807 | BRINKS INC | #08115 Location 2 Luther Burba | 87.26 |
| <i>Org Key: YF1200 - Thrift Shop</i> | | | | |
| P0104344 | 00199807 | BRINKS INC | #08115 Location 4 Thrift Shop | 446.43 |
| P0104866 | 00199855 | RAINIER BUILDING SERVICES | QUARTERLY WAXING | 355.00 |
| P0104892 | 00199847 | PACIFIC MODULAR LLC | CARPET CLEANING | 315.00 |
| P0104882 | 00199807 | BRINKS INC | AUG 2019 ARMORED CAR SERVICE | 3.20 |
| Total | | | | 233,178.42 |

Accounts Payable Report by Check Number

| Check No | Check Date | Vendor Name/Description | PO # | Invoice # | Invoice Date | Check Amount |
|----------|------------|---|----------|------------|--------------|--------------|
| 00199795 | 08/29/2019 | ADAMS, RONALD E LEOFF1 Retiree Medical Expense | P0104890 | OH012223 | 08/21/2019 | 150.33 |
| 00199796 | 08/29/2019 | AIRGAS USA LLC Oxygen/Fire | P0104925 | 9091920654 | 08/13/2019 | 10.45 |
| 00199797 | 08/29/2019 | AKULA, NEELIMA Rental FA-3304 completed. Retu | P0104917 | FA3304 | 08/22/2019 | 635.00 |
| 00199798 | 08/29/2019 | ANDREWS, ROBERT Homeowner reimbursement per | P0104902 | OH012224 | 08/21/2019 | 8,375.00 |
| 00199799 | 08/29/2019 | APPLIED ECOLOGY LLC 10% RETAINAGE | P0103565 | 1034 | 07/23/2019 | 6,558.35 |
| 00199800 | 08/29/2019 | APPLY A LINE INC 2019 PAVEMENT MARKING | P0103849 | 13734 | 07/31/2019 | 19,074.57 |
| 00199801 | 08/29/2019 | ARC DOCUMENT SOLUTIONS large scale printing for 8709 | P0104869 | 2172284 | 07/24/2019 | 1.75 |
| 00199802 | 08/29/2019 | ART FOR KIDS SCHOOL LLC Program payment for Art for Ki | P0104862 | 6040 | 08/20/2019 | 1,260.00 |
| 00199803 | 08/29/2019 | AZTECA SYSTEMS LLC CITYWORKS SERVER AMS ADMIN TRA | P0104205 | INV1060 | 08/13/2019 | 8,800.00 |
| 00199804 | 08/29/2019 | B'NAI BRITH YOUTH ORG INC Rental FA-3393 completed. Retu | P0104912 | FA3393 | 08/22/2019 | 500.00 |
| 00199805 | 08/29/2019 | BACURIN, VANESSA Returning credit on account | P0104914 | OH012226 | 08/22/2019 | 438.00 |
| 00199806 | 08/29/2019 | BOOTH, GLENDON D LEOFF1 Retiree Medical Expense | P0104858 | OH012225 | 08/20/2019 | 173.02 |
| 00199807 | 08/29/2019 | BRINKS INC #08115 Location 1 MI City Hall | P0104882 | 4452940 | 08/01/2019 | 1,431.35 |
| 00199808 | 08/29/2019 | CARDNO INC WATERCOURSE STABALISATION PROJ | P0101491 | 276233 | 07/08/2019 | 1,145.25 |
| 00199809 | 08/29/2019 | CHEN, LINDA Returning credit on account | P0104922 | OH012229 | 08/22/2019 | 688.00 |
| 00199810 | 08/29/2019 | CHRISTIANSEN, ANNE Instructor Payment for Cheer C | P0104860 | 4865 | 08/20/2019 | 3,762.50 |
| 00199811 | 08/29/2019 | COMCAST CITY HALL HIGH SPEED INTERNET | P0102379 | OH012232 | 08/12/2019 | 111.44 |
| 00199812 | 08/29/2019 | COMCAST 2019 PW WIFI CONNECTION | P0102657 | OH012227 | 08/07/2019 | 96.39 |
| 00199813 | 08/29/2019 | COMCAST Internet Charges/Fire | P0102461 | OH012231 | 08/11/2019 | 177.43 |
| 00199814 | 08/29/2019 | CONSOLIDATED PRESS Fall 2019/Winter 2020 Recreati | P0104844 | 23870 | 08/09/2019 | 9,803.84 |
| 00199815 | 08/29/2019 | CORBETT, ANNE Rental FA-3463 completed. Retu | P0104920 | FA3463 | 08/22/2019 | 75.00 |
| 00199816 | 08/29/2019 | DEPT OF LICENSING Notary application for Norine | P0104872 | OH012238 | 08/20/2019 | 30.00 |
| 00199817 | 08/29/2019 | DOWD, PAUL LEOFF1 Retiree Medical Expense | P0104859 | OH012233 | 08/20/2019 | 183.07 |
| 00199818 | 08/29/2019 | ELSOE, RONALD LEOFF1 Retiree Medical Expense | P0104856 | OH012234 | 08/20/2019 | 33.80 |
| 00199819 | 08/29/2019 | ESA Peer review for Valentin prope | P0104871 | 140298 | 10/15/2018 | 1,943.97 |
| 00199820 | 08/29/2019 | FASTSIGNS BELLEVUE Land Use action signs | P0104886 | B101219 | 08/12/2019 | 2,898.50 |

Accounts Payable Report by Check Number

| Check No | Check Date | Vendor Name/Description | PO # | Invoice # | Invoice Date | Check Amount |
|----------|------------|---|----------|------------------|--------------|--------------|
| 00199821 | 08/29/2019 | GARDEN CYCLES MI Open Space Restoration 2019 | P0103001 | 119/133/125/123/ | 07/09/2019 | 25,903.00 |
| 00199822 | 08/29/2019 | GERMACK, JI YOUNG Returning credit on account | P0104919 | OH012235 | 08/22/2019 | 150.00 |
| 00199823 | 08/29/2019 | GRAINGER 3 MM T-HANDLE HEX KEY | P0104771 | 9256864795 | 08/08/2019 | 280.33 |
| 00199824 | 08/29/2019 | H D FOWLER INVENTORY PURCHASES | P0104831 | I5232233/5240895 | 08/01/2019 | 7,623.53 |
| 00199825 | 08/29/2019 | HEALTHFORCE PARTNERS INC Medical testing for PD hiring | P0104908 | 15350 | 07/31/2019 | 1,430.00 |
| 00199826 | 08/29/2019 | HEARTLAND LLC July 2019 Commuter Parking Pro | P0104897 | 12101005 | 08/15/2019 | 2,362.50 |
| 00199827 | 08/29/2019 | HORIZON EXMARK PARTS | P0104778 | 3M320274 | 08/09/2019 | 9,873.89 |
| 00199828 | 08/29/2019 | HUTCHINSON, LISA K CART Services for Oct 2018 | P0104870 | 3676 | 10/29/2018 | 1,058.00 |
| 00199829 | 08/29/2019 | KC FINANCE Remit Quarterly Liquor Excise | P0103913 | 2118203 | 08/16/2019 | 1,599.94 |
| 00199830 | 08/29/2019 | KIA MOTORS FINANCE 6 MONTH LEASE EXTENSION (MONTH | P94483 | OH012237 | 08/16/2019 | 475.32 |
| 00199831 | 08/29/2019 | KING COUNTY Rental FA-3354 completed. Retu | P0104910 | FA3354 | 08/22/2019 | 75.00 |
| 00199832 | 08/29/2019 | KPG W MERCER WAY ELEMENTRY SPEED | P0103076 | 73019 | 08/14/2019 | 15,669.57 |
| 00199833 | 08/29/2019 | KROESENS UNIFORM COMPANY Uniform Hat/Horschman | P0104819 | 56672 | 08/08/2019 | 571.03 |
| 00199834 | 08/29/2019 | LIU, CONGZHOU Returning credit on account | P0104913 | OH012228 | 08/02/2019 | 209.00 |
| 00199835 | 08/29/2019 | LLOYD ENTERPRISES INC PLAYFIELD SAND (30.95 TONS) | P0104842 | 3313678 | 08/09/2019 | 796.66 |
| 00199836 | 08/29/2019 | LOISEAU, LERI M LEOFF1 Retiree Medical Expense | P0104855 | OH012239 | 08/20/2019 | 210.12 |
| 00199837 | 08/29/2019 | MASTERMARK new name plate for Council Cha | P0104875 | 2589375 | 08/02/2019 | 32.40 |
| 00199838 | 08/29/2019 | MERCER ISLAND REPORTER SUBSCRIPTION RENEWAL 167112 | P0104885 | OH012240 | 08/02/2019 | 90.00 |
| 00199839 | 08/29/2019 | MERCER ISLAND TOWING FL-0437 TOW INV 33422 | P0104865 | 33422 | 03/12/2019 | 481.25 |
| 00199840 | 08/29/2019 | METROPRESORT JUNE 2019 PRINTING AND MAILING | P0103098 | IN612214/369/616 | 07/12/2019 | 1,868.74 |
| 00199841 | 08/29/2019 | MI HARDWARE - FIRE GFI Plug | P0104923 | OH012242 | 07/31/2019 | 28.70 |
| 00199842 | 08/29/2019 | MI SCHOOL DISTRICT #400 MI Pool Operation Subsidy | P0102579 | OH012243 | 08/26/2019 | 11,611.88 |
| 00199843 | 08/29/2019 | MINDFULNESS NORTHWEST Rental FA-2942 completed. Retu | P0104911 | FA2942 | 08/22/2019 | 75.00 |
| 00199844 | 08/29/2019 | MORGAN SOUND INC Sound engineering services for | P0104572 | OH012244 | 08/26/2019 | 1,130.80 |
| 00199845 | 08/29/2019 | MYERS, JAMES S LEOFF1 Retiree Medical Expense | P0104857 | OH012241 | 08/20/2019 | 94.51 |
| 00199846 | 08/29/2019 | PACIFIC AIR CONTROL INC F591 CONDENSING COIL CLEANING | P0104896 | 22735 | 08/09/2019 | 1,194.60 |

Accounts Payable Report by Check Number

| Check No | Check Date | Vendor Name/Description | PO # | Invoice # | Invoice Date | Check Amount |
|----------|------------|--|----------|------------------|--------------|--------------|
| 00199847 | 08/29/2019 | PACIFIC MODULAR LLC CARPET CLEANING | P0104892 | 7787 | 08/05/2019 | 315.00 |
| 00199848 | 08/29/2019 | PACIFIC RIM EQUIPMENT RENTAL Hawthorn trail - Equipment Ren | P0104159 | 27596/597/599 | 07/31/2019 | 6,116.06 |
| 00199849 | 08/29/2019 | PARENTMAP Web e-newsletter - June through | P0104906 | 20149CI1866 | 06/13/2019 | 750.00 |
| 00199850 | 08/29/2019 | PART WORKS INC., THE OPERATING SUPPLIES | P0104893 | INV45352 | 07/31/2019 | 273.16 |
| 00199851 | 08/29/2019 | PAULETTO, MAUDE Instructor payment for Yoga co | P0104861 | 6675/6681 | 08/20/2019 | 1,087.80 |
| 00199852 | 08/29/2019 | PETER FEWING SOCCER CAMP Refund Due 2013 field rental | P0104899 | OH012245 | 08/21/2019 | 225.00 |
| 00199853 | 08/29/2019 | POT O' GOLD INC Coffee & Tea supplies | P0104876 | 0220126/0222460 | 07/22/2019 | 764.39 |
| 00199854 | 08/29/2019 | PUBLIC SAFETY TESTING INC FF Background - J. Wood | P0104926 | PSTI190150 | 08/15/2019 | 1,591.22 |
| 00199855 | 08/29/2019 | RAINIER BUILDING SERVICES QUARTERLY WAXING | P0104866 | 18903 | 08/15/2019 | 355.00 |
| 00199856 | 08/29/2019 | REPUBLIC SERVICES #172 2019 ROW DISPOSAL/RECYCLING SE | P0102454 | 0172007934142 | 07/31/2019 | 4,408.96 |
| 00199857 | 08/29/2019 | RESERVE ACCOUNT Postage refill of reserve acco | P0104877 | OH012247 | 08/20/2019 | 2,500.00 |
| 00199858 | 08/29/2019 | ROGERS, TRISHA Returning account credit after | P0104918 | OH012246 | 08/22/2019 | 708.00 |
| 00199859 | 08/29/2019 | ROSENSTEIN, SUSIE Person Training sessions for A | P0104863 | 151 | 08/04/2019 | 1,065.00 |
| 00199860 | 08/29/2019 | RWC GROUP Replace Twister Remote Throttl | P0104898 | 172998 | 08/21/2019 | 2,054.89 |
| 00199861 | 08/29/2019 | SAFEBUILT WASHINGTON LLC Temporary inspector | P0104878 | 0059182IN | 07/31/2019 | 1,008.00 |
| 00199862 | 08/29/2019 | SEATTLE ADVENTURE SPORTS Program payment for paddle cam | P0104916 | 7076 | 08/22/2019 | 8,680.00 |
| 00199863 | 08/29/2019 | SEATTLE SHAKESPEARE COMPANY Shakespeare in the park - summ | P0104853 | OH012248 | 08/26/2019 | 7,000.00 |
| 00199864 | 08/29/2019 | SKAGIT SHOOTING SPORTS INC training rounds | P0104909 | 11145 | 08/14/2019 | 2,376.15 |
| 00199865 | 08/29/2019 | SME SOLUTIONS LLC FIRE STATION TANK SERVICE CALL | P0104888 | 281711 | 07/31/2019 | 2,851.18 |
| 00199866 | 08/29/2019 | STROUM JEWISH COMMUNITY CTR Seajam sponsorship 2019 | P0104834 | 51895020 | 08/15/2019 | 1,000.00 |
| 00199867 | 08/29/2019 | SUPPLY SOURCE INC,THE INVENTORY PURCHASES | P0104840 | 1903584 | 08/13/2019 | 1,031.99 |
| 00199868 | 08/29/2019 | T-MOBILE Monthly services for Boat Laun | P0102466 | OH012249 | 08/09/2019 | 20.00 |
| 00199869 | 08/29/2019 | TEC EQUIPMENT INC Misc. Apparatus Parts | P0104929 | 313265/316614/31 | 07/16/2019 | 70.80 |
| 00199870 | 08/29/2019 | UNITED REPROGRAPHICS WATERCOURSE BANK STABLAIZATION | P0104887 | 9088984IN | 07/03/2019 | 76.52 |
| 00199871 | 08/29/2019 | UNITED SITE SERVICES Portable toilet rental for Sea | P0104348 | 1148942045 | 08/09/2019 | 3,001.34 |
| 00199872 | 08/29/2019 | USABlueBook ELECTRODE STORAGE SOLUTION | P0104841 | 973128 | 08/06/2019 | 47.10 |

Accounts Payable Report by Check Number

| Check No | Check Date | Vendor Name/Description | PO # | Invoice # | Invoice Date | Check Amount |
|----------|------------|--|----------|------------------|--------------|-------------------|
| 00199873 | 08/29/2019 | VERIZON WIRELESS New phone for Anthony | P0104874 | 9834679447 | 07/23/2019 | 612.43 |
| 00199874 | 08/29/2019 | VERIZON WIRELESS Cell Charges/Fire | P0104928 | 9835535431 | 08/06/2019 | 16.45 |
| 00199875 | 08/29/2019 | WA ST TREASURER'S OFFICE July 19 Court Transmittal | P0104900 | OH012253 | 07/31/2019 | 11,857.54 |
| 00199876 | 08/29/2019 | WA ST TREASURER'S OFFICE July 19 NC Court Transmittal | P0104901 | OH012254 | 07/31/2019 | 5,751.65 |
| 00199877 | 08/29/2019 | WABO Advertising for Inspector posi | P0104867 | 37759 | 07/22/2019 | 50.00 |
| 00199878 | 08/29/2019 | WALLACE, THOMAS LEOFF1 Retiree Medical Expense | P0104879 | OH012251 | 08/20/2019 | 3,273.60 |
| 00199879 | 08/29/2019 | WASHINGTON GRAPHICS Banners - mostly music in the | P0104905 | 190609 | 05/29/2019 | 314.60 |
| 00199880 | 08/29/2019 | WATSON, MARY Program payment for Mary Art | P0104915 | 6035/6037 | 08/22/2019 | 2,620.80 |
| 00199881 | 08/29/2019 | WCIA Notary bond for Norine | P0104868 | 14527 | 07/22/2019 | 40.00 |
| 00199882 | 08/29/2019 | WELTER, SHANNON Returning credit on account | P0104921 | OH012252 | 08/22/2019 | 248.00 |
| 00199883 | 08/29/2019 | WHEELER, DENNIS LEOFF1 Retiree Medical Expense | P0104880 | OH012250 | 08/20/2019 | 2,499.98 |
| 00199884 | 08/29/2019 | XEROX CORPORATION Monthly lease charges for Upst | P0102472 | 097507391 | 07/13/2019 | 151.75 |
| 00199885 | 08/29/2019 | XEROX CORPORATION Print & copy charges for Mail | P0104873 | 97404586/9748823 | 07/01/2019 | 3,111.28 |
| | | | | | Total | <u>233,178.42</u> |

CERTIFICATION OF CLAIMS

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

Charles L. Corder
Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

Mayor

Date

| <u>Report</u> | <u>Warrants</u> | <u>Date</u> | <u>Amount</u> |
|----------------|-----------------|-------------|----------------------|
| Check Register | 199886 -199995 | 9/05/2019 | \$ 364,750.59 |
| | | | \$ 364,750.59 |

Accounts Payable Report by GL Key

| PO # | Check # | Vendor: | Transaction Description | Check Amount |
|--|----------|------------------------------|---------------------------------|--------------|
| Org Key: 001000 - General Fund-Admin Key | | | | |
| P0104961 | 00199929 | HERRON, CAROLINE | Returning credit on account | 780.00 |
| P0104958 | 00199971 | SAMAVEDI, VANDITA | Rental FA-3460 completed. Retu | 500.00 |
| P0104936 | 00199965 | PRIME ELECTRIC | Rental FA-3262 completed. Retu | 450.00 |
| P0104957 | 00199980 | SUNKARA, USHA | Rental FA-3331 completed. Retu | 450.00 |
| P0104959 | 00199943 | LANNING, LIZ | Rental FA-0451 completed. Retu | 400.00 |
| P0104963 | 00199967 | RAHMAN, ASIF | Rental checked out late. Retur | 385.00 |
| P0102958 | 00199940 | KING CO PROSECUTING ATTORNEY | 2019 COURT REMITTANCE KC CRIME | 246.58 |
| P0104938 | 00199937 | KC WATER AND LAND RESOURCES | Cancelled 8/29/19 rental. Retu | 234.00 |
| P0104960 | 00199925 | HANSEN, JORDIN | Withdrew from camps | 215.00 |
| P0102957 | 00199936 | KC PET LICENSES | 2019 KC PET LICENSE FEES COLLE | 155.00 |
| P0104955 | 00199986 | UWAJIMAYA | Rental FA-3449 completed. Retu | 75.00 |
| P0104962 | 00199979 | STRANDBERG, PAM | Rental cancelled. \$25 cancella | 50.00 |
| P0104937 | 00199896 | CARE PARTNERS | Rental FA-3433 completed. Retu | 30.00 |
| P0104956 | 00199902 | COLLABORATIVE CLASSROOM | Rental FA-2910 completed. Retu | 25.00 |
| P0104985 | 00199964 | PETTY CASH FUND FINANCE DEPT | Replenish Petty Cash Fund | 2.76 |
| Org Key: 402000 - Water Fund-Admin Key | | | | |
| P0104972 | 00199913 | FERGUSON ENTERPRISES LLC | INVENTORY PURCHASES | 5,157.11 |
| P0104974 | 00199922 | H D FOWLER | INVENTORY PURCHASES | 5,000.30 |
| P0104975 | 00199922 | H D FOWLER | INVENTORY PURCHASES | 1,550.35 |
| | 00199933 | JAYMARC CUSTOM HOMES LLC | OVERPAYMENT REFUND | 1,212.23 |
| | 00199933 | JAYMARC CUSTOM HOMES LLC | OVERPAYMENT REFUND | 523.71 |
| P0104990 | 00199949 | LUA, JANET | Permit 1803-257 Refund deposit | 310.37 |
| | 00199970 | RUDDER ESTATE, VIOLET MAE | OVERPAYMENT REFUND | 194.08 |
| | 00199976 | SOMANI, HANIFF | OVERPAYMENT REFUND | 160.51 |
| Org Key: 814072 - United Way | | | | |
| | 00199984 | UNITED WAY OF KING CO | PAYROLL EARLY WARRANTS | 80.00 |
| Org Key: 814074 - Garnishments | | | | |
| | 00199983 | UNITED STATES TREASURY | PAYROLL EARLY WARRANTS | 940.43 |
| Org Key: 814075 - Mercer Island Emp Association | | | | |
| | 00199954 | MI EMPLOYEES ASSOC | PAYROLL EARLY WARRANTS | 295.00 |
| Org Key: 814076 - City & Counties Local 21M | | | | |
| | 00199993 | WSCCCE AFSCME AFL-CIO | PAYROLL EARLY WARRANTS | 56.55 |
| Org Key: 814083 - Vol Life Ins - States West Lif | | | | |
| | 00199891 | AWC | SEPTEMBER 2019 | 344.90 |
| Org Key: 814085 - GET Program Deductions | | | | |
| | 00199916 | GET Washington | PAYROLL EARLY WARRANTS | 250.00 |
| Org Key: CA1100 - Administration (CA) | | | | |
| P0104995 | 00199938 | KEATING BUCKLIN & MCCORMACK | Professional Services - Invoic | 9,499.00 |
| P0104951 | 00199961 | OGDEN MURPHY WALLACE PLLC | Professional Services - Invoic | 9,450.00 |
| | 00199963 | PARK, BIO | MILEAGE EXPENSE | 8.35 |
| Org Key: CA1200 - Prosecution & Criminal Mngmnt | | | | |
| P0104996 | 00199931 | HONEYWELL, MATTHEW V | Professional Services - Invoic | 1,050.00 |
| P0105008 | 00199931 | HONEYWELL, MATTHEW V | Professional Services - Invoic | 600.00 |

Accounts Payable Report by GL Key

| PO # | Check # | Vendor: | Transaction Description | Check Amount |
|---|----------|--------------------------------|--------------------------------|--------------|
| <i>Org Key: CM1100 - Administration (CM)</i> | | | | |
| P0104946 | 00199987 | VERIZON WIRELESS | P&R & CM Monthly cell phone bi | 69.87 |
| <i>Org Key: CM1200 - City Clerk</i> | | | | |
| P0104978 | 00199977 | SOUND PUBLISHING INC | Ntc. 7/31 Canceled Meeting (8/ | 44.33 |
| <i>Org Key: CO6100 - City Council</i> | | | | |
| | 00199978 | SPIETZ, ALLISON | COUNCIL MEETING SUPPLIES | 45.14 |
| <i>Org Key: CR1100 - Human Resources</i> | | | | |
| | 00199919 | GOODWIN, CINDY | EMPLOYEE RECOGNITION SUPPLIES | 100.00 |
| <i>Org Key: CT1100 - Municipal Court</i> | | | | |
| P0104954 | 00199932 | INTERCOM LANGUAGE SERVICES INC | Intercom invoice #19-273 - can | 130.00 |
| <i>Org Key: DS1100 - Administration (DS)</i> | | | | |
| P0104985 | 00199964 | PETTY CASH FUND FINANCE DEPT | Replenish Petty Cash Fund | 12.20 |
| <i>Org Key: FN1100 - Administration (FN)</i> | | | | |
| P0104985 | 00199964 | PETTY CASH FUND FINANCE DEPT | Replenish Petty Cash Fund | 63.12 |
| <i>Org Key: FN2100 - Data Processing</i> | | | | |
| P0102377 | 00199953 | MI CHAMBER OF COMMERCE | MONTHLY BILLING FOR SERVICES | 1,200.00 |
| <i>Org Key: FR1100 - Administration (FR)</i> | | | | |
| | 00199900 | CENTURYLINK | ENERGY USE AUGUST 2019 | 822.57 |
| <i>Org Key: FR5100 - Community Risk Reduction</i> | | | | |
| P0104985 | 00199964 | PETTY CASH FUND FINANCE DEPT | Replenish Petty Cash Fund | 30.59 |
| <i>Org Key: GGM004 - Gen Govt-Office Support</i> | | | | |
| P0104985 | 00199964 | PETTY CASH FUND FINANCE DEPT | Replenish Petty Cash Fund | 56.37 |
| <i>Org Key: GGM005 - Genera Govt-LI Retiree Costs</i> | | | | |
| | 00199945 | LEOFF HEALTH & WELFARE TRUST | POLICE RETIREES SEPTEMBER 2019 | 5,989.60 |
| | 00199944 | LEOFF HEALTH & WELFARE TRUST | FIRE RETIREES SEPTEMBER 2019 | 2,994.80 |
| | 00199930 | HILTNER, PETER | LEOFF1 Medicare Reimb | 556.00 |
| | 00199973 | SCHOENTRUP, WILLIAM | LEOFF1 Medicare Reimb | 483.60 |
| | 00199897 | CARLSON, LARRY | QTLY FIRE LEOFF1 RET MEDI REIM | 406.50 |
| | 00199975 | SMITH, RICHARD | LEOFF1 Medicare Reimb | 223.10 |
| | 00199924 | HAGSTROM, JAMES | LEOFF1 Medicare Reimb | 216.50 |
| | 00199892 | BARNES, WILLIAM | LEOFF1 Medicare Reimb | 211.50 |
| | 00199905 | DEEDS, EDWARD G | LEOFF1 Medicare Reimb | 211.50 |
| | 00199918 | GOODMAN, J C | LEOFF1 Medicare Reimb | 194.20 |
| | 00199992 | WHEELER, DENNIS | LEOFF1 Medicare Reimb | 181.70 |
| | 00199988 | WALLACE, THOMAS | LEOFF1 Medicare Reimb | 170.10 |
| | 00199910 | ELSOE, RONALD | LEOFF1 Medicare Reimb | 169.50 |
| | 00199887 | ADAMS, RONALD E | LEOFF1 Medicare Reimb | 169.30 |
| | 00199890 | AUGUSTSON, THOR | LEOFF1 Medicare Reimb | 168.00 |
| | 00199894 | BOOTH, GLENDON D | LEOFF1 Medicare Reimb | 168.00 |
| | 00199907 | DEVENY, JAN P | LEOFF1 Medicare Reimb | 168.00 |
| | 00199942 | KUHN, DAVID | LEOFF1 Medicare Reimb | 168.00 |
| | 00199895 | CALLAGHAN, MICHAEL | LEOFF1 Medicare Reimb | 164.40 |
| | 00199934 | JOHNSON, CURTIS | LEOFF1 Medicare Reimb | 163.70 |

Accounts Payable Report by GL Key

Item 6.

| PO # | Check # | Vendor: | Transaction Description | Check Amount |
|---|----------|------------------------------|--------------------------------|--------------|
| | 00199948 | LOISEAU, LERI M | LEOFF1 Medicare Reimb | 162.10 |
| | 00199969 | RUCKER, MANORD J | LEOFF1 Medicare Reimb | 162.10 |
| | 00199908 | DOWD, PAUL | LEOFF1 Medicare Reimb | 159.40 |
| | 00199886 | ABBOTT, RICHARD | LEOFF1 Medicare Reimb | 151.60 |
| | 00199990 | WEGNER, KEN | LEOFF1 Medicare Reimb | 146.60 |
| | 00199957 | MYERS, JAMES S | LEOFF1 Medicare Reimb | 137.40 |
| | 00199968 | RAMSAY, JON | LEOFF1 Medicare Reimb | 136.20 |
| | 00199915 | FORSMAN, LOWELL | LEOFF1 Medicare Reimb | 135.50 |
| | 00199950 | LYONS, STEVEN | LEOFF1 Medicare Reimb | 134.30 |
| | 00199982 | THOMPSON, JAMES | LEOFF1 Medicare Reimb | 123.30 |
| P0104968 | 00199942 | KUHN, DAVID | LEOFF1 Retiree Medical Expense | 50.76 |
| Org Key: GGM606 - Excess Retirement-Fire | | | | |
| | 00199892 | BARNES, WILLIAM | LEOFF1 Excess Benefit | 1,604.31 |
| | 00199903 | COOPER, ROBERT | LEOFF1 Excess Benefit | 1,566.16 |
| | 00199934 | JOHNSON, CURTIS | LEOFF1 Excess Benefit | 837.28 |
| | 00199973 | SCHOENTRUP, WILLIAM | LEOFF1 Excess Benefit | 824.19 |
| | 00199968 | RAMSAY, JON | LEOFF1 Excess Benefit | 448.41 |
| Org Key: GX9996 - Employee Benefits-Police | | | | |
| | 00199945 | LEOFF HEALTH & WELFARE TRUST | POLICE ACTIVE SEPT 2019 | 52,207.88 |
| | 00199945 | LEOFF HEALTH & WELFARE TRUST | POLICE SUPPORT SEPT 2019 | 5,175.35 |
| Org Key: GX9997 - Employee Benefits-Fire | | | | |
| | 00199944 | LEOFF HEALTH & WELFARE TRUST | FIRE ACTIVE SEPTEMBER 2019 | 60,908.97 |
| | 00199945 | LEOFF HEALTH & WELFARE TRUST | BILLING ADJ SEPT 2019 | 0.03 |
| Org Key: IS2100 - IGS Network Administration | | | | |
| | 00199900 | CENTURYLINK | ENERGY USE AUGUST 2019 | 2,139.45 |
| Org Key: MT2100 - Roadway Maintenance | | | | |
| | 00199966 | PUGET SOUND ENERGY | ENERGY USE AUGUST 2019 | 1,773.35 |
| Org Key: MT2300 - Planter Bed Maintenance | | | | |
| | 00199966 | PUGET SOUND ENERGY | ENERGY USE AUGUST 2019 | 13.80 |
| Org Key: MT3100 - Water Distribution | | | | |
| | 00199952 | MCDANIEL, BRIAN | MEETING EXPENSES | 86.76 |
| P0104973 | 00199913 | FERGUSON ENTERPRISES LLC | STORZ HYDRANT WRENCH | 30.25 |
| Org Key: MT3200 - Water Pumps | | | | |
| | 00199966 | PUGET SOUND ENERGY | ENERGY USE AUGUST 2019 | 3,551.18 |
| | 00199900 | CENTURYLINK | ENERGY USE AUGUST 2019 | 59.69 |
| Org Key: MT3300 - Water Associated Costs | | | | |
| P0102596 | 00199920 | GRCC/WW | WASTER/WASTEWATER | 1,900.00 |
| Org Key: MT3400 - Sewer Collection | | | | |
| | 00199952 | MCDANIEL, BRIAN | MEETING EXPENSES | 86.76 |
| Org Key: MT3500 - Sewer Pumps | | | | |
| | 00199966 | PUGET SOUND ENERGY | ENERGY USE AUGUST 2019 | 2,267.41 |
| | 00199900 | CENTURYLINK | ENERGY USE AUGUST 2019 | 505.01 |
| Org Key: MT3600 - Sewer Associated Costs | | | | |

Accounts Payable Report by GL Key

Item 6.

| PO # | Check # | Vendor: | Transaction Description | Check Amount |
|---|----------|--------------------------------|--------------------------------|--------------|
| P0102596 | 00199920 | GRCC/WW | SEWER WATER/WASTEWATER | 1,900.00 |
| <i>Org Key: MT4200 - Building Services</i> | | | | |
| | 00199966 | PUGET SOUND ENERGY | ENERGY USE AUGUST 2019 | 4,729.98 |
| | 00199966 | PUGET SOUND ENERGY | ENERGY USE AUGUST 2019 | 2,139.59 |
| <i>Org Key: MT4300 - Fleet Services</i> | | | | |
| P0104991 | 00199959 | NELSON PETROLEUM | PUBLIC WORKS FUEL - FIRE INV 7 | 2,495.03 |
| P0104991 | 00199959 | NELSON PETROLEUM | PUBLIC WORKS SHOP FUEL INV 707 | 1,192.17 |
| P0104985 | 00199964 | PETTY CASH FUND FINANCE DEPT | Replenish Petty Cash Fund | 11.25 |
| <i>Org Key: MT4501 - Water Administration</i> | | | | |
| | 00199900 | CENTURYLINK | ENERGY USE AUGUST 2019 | 59.04 |
| <i>Org Key: PO2200 - Marine Patrol</i> | | | | |
| P0104743 | 00199958 | NATIONAL CONST RENTALS INC | Barricades and fencing for Sea | 495.00 |
| <i>Org Key: PR0000 - Parks & Recreation-Revenue</i> | | | | |
| P0104964 | 00199935 | KAKUBAL, VIJAY | Refund Due MICEC rental deposi | 183.75 |
| <i>Org Key: PR1100 - Administration (PR)</i> | | | | |
| P0104979 | 00199939 | KELLEY IMAGING SYSTEMS | Polypropylene paper for the | 317.00 |
| P0104981 | 00199939 | KELLEY IMAGING SYSTEMS | 1 roll of polypropylene paper | 60.66 |
| P0104946 | 00199987 | VERIZON WIRELESS | P&R & CM Monthly cell phone bi | 40.00 |
| | 00199981 | THOMAS-SCHADT, MERRILL | BOAT LAUNCH MACHINE TEST | 11.00 |
| <i>Org Key: PR2100 - Recreation Programs</i> | | | | |
| P0104953 | 00199911 | EMERALD BALLET THEATRE | Program payment for Pre-Ballet | 2,271.50 |
| <i>Org Key: PR2101 - Youth and Teen Camps</i> | | | | |
| P0104942 | 00199904 | ALLENBAUGH, LUKAS | Instructor Payment for Sci Fi | 3,570.00 |
| P0104940 | 00199995 | YOUTH TECH INC | Program payment for Roblox Stu | 2,292.50 |
| P0104952 | 00199901 | CHRISTIANSEN, ANNE | Instructor payment for Cheer C | 1,332.80 |
| P0104941 | 00199914 | FIRST STUDENT INC | 8/14/19 trip to Kidz Bounce | 519.50 |
| <i>Org Key: PR2108 - Health and Fitness</i> | | | | |
| P0104943 | 00199899 | CASCADE KENDO-KAI | Program payment for Kendo #850 | 1,254.40 |
| P0104944 | 00199989 | WANG NING MARTIAL ARTS ACA LLC | Instructor Payment for Tai Chi | 681.27 |
| P0104935 | 00199962 | PACIFIC NW NAGINATA FEDERATION | Program payment for Naginata # | 378.00 |
| <i>Org Key: PR3500 - Senior Services</i> | | | | |
| P0104946 | 00199987 | VERIZON WIRELESS | P&R & CM Monthly cell phone bi | 54.35 |
| <i>Org Key: PR4100 - Community Center</i> | | | | |
| P0104945 | 00199974 | SEATTLE TIMES COMPANY, THE | Seattle Times Subscription 9/8 | 717.60 |
| | 00199966 | PUGET SOUND ENERGY | ENERGY USE AUGUST 2019 | 107.23 |
| | 00199900 | CENTURYLINK | ENERGY USE AUGUST 2019 | 56.65 |
| P0104946 | 00199987 | VERIZON WIRELESS | P&R & CM Monthly cell phone bi | 33.44 |
| <i>Org Key: PR5600 - Cultural & Performing Arts</i> | | | | |
| P0104978 | 00199977 | SOUND PUBLISHING INC | Ntc. 7/31 P&R Mostly Music in | 72.00 |
| <i>Org Key: PR6100 - Park Maintenance</i> | | | | |
| | 00199966 | PUGET SOUND ENERGY | ENERGY USE AUGUST 2019 | 1,122.24 |
| P0104946 | 00199987 | VERIZON WIRELESS | P&R & CM Monthly cell phone bi | 179.61 |

Accounts Payable Report by GL Key

Item 6.

| PO # | Check # | Vendor: | Transaction Description | Check Amount |
|--|----------|------------------------------|---------------------------------|--------------|
| | 00199981 | THOMAS-SCHADT, MERRILL | TEAM MEETING SUPPLIES | 39.49 |
| <i>Org Key: PR6200 - Athletic Field Maintenance</i> | | | | |
| P0104946 | 00199987 | VERIZON WIRELESS | P&R & CM Monthly cell phone bi | 115.36 |
| | 00199900 | CENTURYLINK | ENERGY USE AUGUST 2019 | 92.12 |
| <i>Org Key: PR6500 - Luther Burbank Park Maint.</i> | | | | |
| | 00199966 | PUGET SOUND ENERGY | ENERGY USE AUGUST 2019 | 712.72 |
| | 00199900 | CENTURYLINK | ENERGY USE AUGUST 2019 | 239.60 |
| P0104946 | 00199987 | VERIZON WIRELESS | P&R & CM Monthly cell phone bi | 130.83 |
| <i>Org Key: PR6600 - Park Maint-School Related</i> | | | | |
| P0104969 | 00199991 | WESTERN EQUIPMENT | TINES | 1,227.28 |
| P0104970 | 00199991 | WESTERN EQUIPMENT | TINES HD 7/8 MT & CLAMP HOLDER | 578.99 |
| | 00199966 | PUGET SOUND ENERGY | ENERGY USE AUGUST 2019 | 274.79 |
| P0104946 | 00199987 | VERIZON WIRELESS | P&R & CM Monthly cell phone bi | 15.48 |
| P0104969 | 00199991 | WESTERN EQUIPMENT | CREDIT- TINES RETURNED | -1,123.02 |
| <i>Org Key: PR6900 - Aubrey Davis Park Maintenance</i> | | | | |
| | 00199966 | PUGET SOUND ENERGY | ENERGY USE AUGUST 2019 | 139.90 |
| P0104946 | 00199987 | VERIZON WIRELESS | P&R & CM Monthly cell phone bi | 130.83 |
| <i>Org Key: PY4619 - Flex Spending Admin 2019</i> | | | | |
| | 00199941 | KRAMP, ROBERT A | FLEX SPEND REIMB | 482.23 |
| | 00199926 | HARB, SAM | FLEX SPEND REIMB | 270.00 |
| <i>Org Key: ST0020 - ST Long Term Parking</i> | | | | |
| P0104994 | 00199889 | ASPECT CONSULTING LLC | Professional Services - Invoice | 49,813.48 |
| P0105017 | 00199956 | KUZNICKI, SCOTT OWEN | MERCER ISLAND BUS INTERCEPT OP | 9,460.00 |
| P0104951 | 00199961 | OGDEN MURPHY WALLACE PLLC | Professional Services - Invoice | 7,440.00 |
| P0104994 | 00199889 | ASPECT CONSULTING LLC | Professional Services - Invoice | 7,393.67 |
| P0104950 | 00199951 | MARTEN LAW | Professional Services - Invoice | 6,445.39 |
| P0104949 | 00199946 | LIGHTHOUSE LAW GROUP PLLC | Professional Services - Invoice | 2,730.00 |
| P0104948 | 00199906 | DEPT OF TRANSPORTATION | Invoice No. RE 41 JZ0405 L002 | 966.64 |
| <i>Org Key: VCP432 - CIP Storm Drainage Salaries</i> | | | | |
| | 00199921 | GU, FRED Y | CONFERENCE EXPENSES | 1,271.83 |
| | 00199921 | GU, FRED Y | PER DIEM REIMBURSEMENT | 242.10 |
| <i>Org Key: WG550R - Fuel Clean Up</i> | | | | |
| P0099477 | 00199912 | FARALLON CONSULTING LLC | PHASE 3 TECHNICAL SERVICES FOR | 13,408.31 |
| <i>Org Key: WP122P - Open Space - Pioneer/Engstrom</i> | | | | |
| P0102736 | 00199909 | EARTHCORPS INC | 2019-2020 Forest Restoration | 775.00 |
| <i>Org Key: WP122R - Vegetation Management</i> | | | | |
| P0103218 | 00199923 | HABITAT RESTORATION SPEC LLC | MI Open Space Restoration 2019 | 13,588.00 |
| P0102736 | 00199909 | EARTHCORPS INC | 2019-2020 Forest Restoration | 1,440.00 |
| P0104971 | 00199927 | HD SUPPLY CONST & INDSTRL- | 2" DEWATERING PUMP | 625.91 |
| <i>Org Key: WS713T - SCADA System Upgrade</i> | | | | |
| P0103848 | 00199898 | CAROLLO ENGINEERS INC | CHLORINATION SYSSTEN OPTIMIZAT | 11,042.75 |
| <i>Org Key: WS901E - Sewer Sys Emergency Repairs</i> | | | | |
| P0104987 | 00199985 | UTILITIES SERVICE CO INC | PS #4 BLOWER MOTOR | 650.10 |

Accounts Payable Report by GL Key

Item 6.

| PO # | Check # | Vendor: | Transaction Description | Check Amount |
|--|----------|------------------------------|--------------------------------|--------------|
| <i>Org Key: WW120S - Meter Replacement Residential</i> | | | | |
| P0097695 | 00199928 | HDR ENGINEERING INC | WATER METER MASTER | 1,890.11 |
| <i>Org Key: YF1100 - YFS General Services</i> | | | | |
| P0104983 | 00199893 | BERK CONSULTING | July work on YFS Community Nee | 4,891.73 |
| P0104982 | 00199947 | LITHO CRAFT | Annual newsletter: Here to Hel | 3,425.50 |
| P0104980 | 00199960 | NW MODULAR SYSTEMS FURNITURE | Used cubical and installation | 522.50 |
| P0104979 | 00199939 | KELLEY IMAGING SYSTEMS | Polypropylene paper for the | 317.05 |
| P0102593 | 00199994 | XEROX CORPORATION | Lease and billable prints/copi | 182.32 |
| P0104981 | 00199939 | KELLEY IMAGING SYSTEMS | 1 roll of polypropylene paper | 60.65 |
| <i>Org Key: YF1200 - Thrift Shop</i> | | | | |
| | 00199966 | PUGET SOUND ENERGY | ENERGY USE AUGUST 2019 | 593.73 |
| <i>Org Key: YF2300 - VOICE Program</i> | | | | |
| | 00199888 | AGUILAR, BRITTANY | VOICE MEETING SUPPLIES | 25.83 |
| | 00199917 | GONG, REGAN | PARKING FEES | 13.75 |
| | 00199972 | SAMPSON, KYLIE | PARKING FEE | 7.00 |
| | 00199955 | MICHAELS, HADLEY | FILM SCREENING PROJECT | 4.16 |
| Total | | | | 364,750.59 |

Accounts Payable Report by Check Number

| Check No | Check Date | Vendor Name/Description | PO # | Invoice # | Invoice Date | Check Amount |
|----------|------------|---|----------|---------------|--------------|--------------|
| 00199886 | 09/05/2019 | ABBOTT, RICHARD LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 151.60 |
| 00199887 | 09/05/2019 | ADAMS, RONALD E LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 169.30 |
| 00199888 | 09/05/2019 | AGUILAR, BRITTANY VOICE MEETING SUPPLIES | | OH012261 | 08/20/2019 | 25.83 |
| 00199889 | 09/05/2019 | ASPECT CONSULTING LLC Professional Services - Invoic | P0104994 | 33964/34047 | 07/23/2019 | 57,207.15 |
| 00199890 | 09/05/2019 | AUGUSTSON, THOR LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 168.00 |
| 00199891 | 09/05/2019 | AWC SEPTEMBER 2019 | | OH012255 | 08/28/2019 | 344.90 |
| 00199892 | 09/05/2019 | BARNES, WILLIAM LEOFF1 Medicare Reimb | | SEPT2019A | 08/29/2019 | 1,815.81 |
| 00199893 | 09/05/2019 | BERK CONSULTING July work on YFS Community Nee | P0104983 | 103570719 | 08/06/2019 | 4,891.73 |
| 00199894 | 09/05/2019 | BOOTH, GLENDON D LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 168.00 |
| 00199895 | 09/05/2019 | CALLAGHAN, MICHAEL LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 164.40 |
| 00199896 | 09/05/2019 | CARE PARTNERS Rental FA-3433 completed. Retu | P0104937 | FA3433 | 08/25/2019 | 30.00 |
| 00199897 | 09/05/2019 | CARLSON, LARRY QTLY FIRE LEOFF1 RET MEDI REIM | | OH012256 | 08/28/2019 | 406.50 |
| 00199898 | 09/05/2019 | CAROLLO ENGINEERS INC CHLORINATION SYSSTEN OPTIMIZAT | P0103848 | 0179515 | 08/13/2019 | 11,042.75 |
| 00199899 | 09/05/2019 | CASCADE KENDO-KAI Program payment for Kendo #850 | P0104943 | 8501/8502 | 08/26/2019 | 1,254.40 |
| 00199900 | 09/05/2019 | CENTURYLINK ENERGY USE AUGUST 2019 | | OH012278 | 08/16/2019 | 3,974.13 |
| 00199901 | 09/05/2019 | CHRISTIANSEN, ANNE Instructor payment for Cheer C | P0104952 | 5976 | 08/27/2019 | 1,332.80 |
| 00199902 | 09/05/2019 | COLLABORATIVE CLASSROOM Rental FA-2910 completed. Retu | P0104956 | FA2910 | 08/27/2019 | 25.00 |
| 00199903 | 09/05/2019 | COOPER, ROBERT LEOFF1 Excess Benefit | | SEPT2019A | 08/29/2019 | 1,566.16 |
| 00199904 | 09/05/2019 | ALLENBAUGH, LUKAS Instructor Payment for Sci Fi | P0104942 | 4773 | 08/26/2019 | 3,570.00 |
| 00199905 | 09/05/2019 | DEEDS, EDWARD G LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 211.50 |
| 00199906 | 09/05/2019 | DEPT OF TRANSPORTATION Invoice No. RE 41 JZ0405 L002 | P0104948 | RE41JZ405L002 | 08/13/2019 | 966.64 |
| 00199907 | 09/05/2019 | DEVENY, JAN P LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 168.00 |
| 00199908 | 09/05/2019 | DOWD, PAUL LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 159.40 |
| 00199909 | 09/05/2019 | EARTHCORPS INC 2019-2020 Forest Restoration | P0102736 | 7509 | 07/31/2019 | 2,215.00 |
| 00199910 | 09/05/2019 | ELSOE, RONALD LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 169.50 |
| 00199911 | 09/05/2019 | EMERALD BALLET THEATRE Program payment for Pre-Ballet | P0104953 | 6012/6015 | 08/27/2019 | 2,271.50 |

Accounts Payable Report by Check Number

| Check No | Check Date | Vendor Name/Description | PO # | Invoice # | Invoice Date | Check Amount |
|----------|------------|--------------------------------|----------|-------------|--------------|--------------|
| 00199912 | 09/05/2019 | FARALLON CONSULTING LLC | P0099477 | 0033494 | 08/19/2019 | 13,408.31 |
| | | PHASE 3 TECHNICAL SERVICES FOR | | | | |
| 00199913 | 09/05/2019 | FERGUSON ENTERPRISES LLC | P0104973 | 0797624 | 08/12/2019 | 5,187.36 |
| | | INVENTORY PURCHASES | | | | |
| 00199914 | 09/05/2019 | FIRST STUDENT INC | P0104941 | 9311635 | 08/14/2019 | 519.50 |
| | | 8/14/19 trip to Kidz Bounce | | | | |
| 00199915 | 09/05/2019 | FORSMAN, LOWELL | | SEPT2019B | 08/29/2019 | 135.50 |
| | | LEOFF1 Medicare Reimb | | | | |
| 00199916 | 09/05/2019 | GET Washington | | 30AUG2019 | 08/30/2019 | 250.00 |
| | | PAYROLL EARLY WARRANTS | | | | |
| 00199917 | 09/05/2019 | GONG, REGAN | | OH012271 | 08/07/2019 | 13.75 |
| | | PARKING FEES | | | | |
| 00199918 | 09/05/2019 | GOODMAN, J C | | SEPT2019B | 08/29/2019 | 194.20 |
| | | LEOFF1 Medicare Reimb | | | | |
| 00199919 | 09/05/2019 | GOODWIN, CINDY | | OH012274 | 08/29/2019 | 100.00 |
| | | EMPLOYEE RECOGNITION SUPPLIES | | | | |
| 00199920 | 09/05/2019 | GRCC/WW | P0102596 | 2004 | 08/22/2019 | 3,800.00 |
| | | WASTER/WASTEWATER DISINFECTION | | | | |
| 00199921 | 09/05/2019 | GU, FRED Y | | OH012276 | 08/27/2019 | 1,513.93 |
| | | CONFERENCE EXPENSES | | | | |
| 00199922 | 09/05/2019 | H D FOWLER | P0104975 | I5247227 | 08/15/2019 | 6,550.65 |
| | | INVENTORY PURCHASES | | | | |
| 00199923 | 09/05/2019 | HABITAT RESTORATION SPEC LLC | P0103218 | 55 | 08/14/2019 | 13,588.00 |
| | | MI Open Space Restoration 2019 | | | | |
| 00199924 | 09/05/2019 | HAGSTROM, JAMES | | SEPT2019B | 08/29/2019 | 216.50 |
| | | LEOFF1 Medicare Reimb | | | | |
| 00199925 | 09/05/2019 | HANSEN, JORDIN | P0104960 | OH012291 | 08/27/2019 | 215.00 |
| | | Withdrew from camps | | | | |
| 00199926 | 09/05/2019 | HARB, SAM | | 30-AUG-19 | 08/30/2019 | 270.00 |
| | | FLEX SPEND REIMB | | | | |
| 00199927 | 09/05/2019 | HD SUPPLY CONST & INDSTR-L- | P0104971 | 50011019543 | 08/15/2019 | 625.91 |
| | | 2" DEWATERING PUMP | | | | |
| 00199928 | 09/05/2019 | HDR ENGINEERING INC | P0097695 | 1200209872 | 08/19/2019 | 1,890.11 |
| | | WATER METER MASTER REPLACEMENT | | | | |
| 00199929 | 09/05/2019 | HERRON, CAROLINE | P0104961 | OH012290 | 08/27/2019 | 780.00 |
| | | Returning credit on account | | | | |
| 00199930 | 09/05/2019 | HILTNER, PETER | | SEPT2019B | 08/29/2019 | 556.00 |
| | | LEOFF1 Medicare Reimb | | | | |
| 00199931 | 09/05/2019 | HONEYWELL, MATTHEW V | P0105008 | 1123 | 08/27/2019 | 1,650.00 |
| | | Professional Services - Invoic | | | | |
| 00199932 | 09/05/2019 | INTERCOM LANGUAGE SERVICES INC | P0104954 | 19273 | 08/21/2019 | 130.00 |
| | | Intercom invoice #19-273 - can | | | | |
| 00199933 | 09/05/2019 | JAYMARC CUSTOM HOMES LLC | | OH012267 | 08/28/2019 | 1,735.94 |
| | | OVERPAYMENT REFUND | | | | |
| 00199934 | 09/05/2019 | JOHNSON, CURTIS | | SEPT2019A | 08/29/2019 | 1,000.98 |
| | | LEOFF1 Medicare Reimb | | | | |
| 00199935 | 09/05/2019 | KAKUBAL, VIJAY | P0104964 | OH012283 | 08/27/2019 | 183.75 |
| | | Refund Due MICEC rental deposi | | | | |
| 00199936 | 09/05/2019 | KC PET LICENSES | P0102957 | OH012280 | 07/31/2019 | 155.00 |
| | | 2019 KC PET LICENSE FEES COLLE | | | | |
| 00199937 | 09/05/2019 | KC WATER AND LAND RESOURCES | P0104938 | OH012287 | 08/25/2019 | 234.00 |
| | | Cancelled 8/29/19 rental. Retu | | | | |

Accounts Payable Report by Check Number

| Check No | Check Date | Vendor Name/Description | PO # | Invoice # | Invoice Date | Check Amount |
|----------|------------|--|----------|---------------|--------------|--------------|
| 00199938 | 09/05/2019 | KEATING BUCKLIN & MCCORMACK Professional Services - Invoic | P0104995 | 12854 | 08/06/2019 | 9,499.00 |
| 00199939 | 09/05/2019 | KELLEY IMAGING SYSTEMS 1 roll of polypropylene paper | P0104979 | IN560971 | 08/07/2019 | 755.36 |
| 00199940 | 09/05/2019 | KING CO PROSECUTING ATTORNEY 2019 COURT REMITTANCE KC CRIME | P0102958 | OH012281 | 07/31/2019 | 246.58 |
| 00199941 | 09/05/2019 | KRAMP, ROBERT A FLEX SPEND REIMB | | 30-AUG-19 | 08/30/2019 | 482.23 |
| 00199942 | 09/05/2019 | KUHN, DAVID LEOFF1 Medicare Reimb | P0104968 | OH012285 | 08/28/2019 | 218.76 |
| 00199943 | 09/05/2019 | LANNING, LIZ Rental FA-0451 completed. Retu | P0104959 | FA0451 | 08/27/2019 | 400.00 |
| 00199944 | 09/05/2019 | LEOFF HEALTH & WELFARE TRUST FIRE RETIREES SEPTEMBER 2019 | | OH012259 | 08/28/2019 | 63,903.77 |
| 00199945 | 09/05/2019 | LEOFF HEALTH & WELFARE TRUST POLICE RETIREES SEPTEMBER 2019 | | OH012257 | 08/28/2019 | 63,372.86 |
| 00199946 | 09/05/2019 | LIGHTHOUSE LAW GROUP PLLC Professional Services - Invoic | P0104949 | 20414 | 08/01/2019 | 2,730.00 |
| 00199947 | 09/05/2019 | LITHO CRAFT Annual newsletter: Here to Hel | P0104982 | 22971281 | 08/15/2019 | 3,425.50 |
| 00199948 | 09/05/2019 | LOISEAU, LERI M LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 162.10 |
| 00199949 | 09/05/2019 | LUA, JANET Permit 1803-257 Refund deposit | P0104990 | 1803257 | 08/29/2019 | 310.37 |
| 00199950 | 09/05/2019 | LYONS, STEVEN LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 134.30 |
| 00199951 | 09/05/2019 | MARTEN LAW Professional Services - Invoic | P0104950 | 44089012 | 08/08/2019 | 6,445.39 |
| 00199952 | 09/05/2019 | MCDANIEL, BRIAN MEETING EXPENSES | | OH012275 | 08/20/2019 | 173.52 |
| 00199953 | 09/05/2019 | MI CHAMBER OF COMMERCE MONTHLY BILLING FOR SERVICES | P0102377 | OH012284 | 08/31/2019 | 1,200.00 |
| 00199954 | 09/05/2019 | MI EMPLOYEES ASSOC PAYROLL EARLY WARRANTS | | 30AUG2019 | 08/30/2019 | 295.00 |
| 00199955 | 09/05/2019 | MICHAELS, HADLEY FILM SCREENING PROJECT | | OH012272 | 08/09/2019 | 4.16 |
| 00199956 | 09/05/2019 | KUZNICKI, SCOTT OWEN MERCER ISLAND BUS INTERCEPT OP | P0105017 | MTC19020031 | 08/23/2019 | 9,460.00 |
| 00199957 | 09/05/2019 | MYERS, JAMES S LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 137.40 |
| 00199958 | 09/05/2019 | NATIONAL CONST RENTALS INC Barricades and fencing for Sea | P0104743 | 5453678 | 07/31/2019 | 495.00 |
| 00199959 | 09/05/2019 | NELSON PETROLEUM PUBLIC WORKS SHOP FUEL INV 707 | P0104991 | 707195/707196 | 08/26/2019 | 3,687.20 |
| 00199960 | 09/05/2019 | NW MODULAR SYSTEMS FURNITURE Used cubical and installation | P0104980 | OH012292 | 08/19/2019 | 522.50 |
| 00199961 | 09/05/2019 | OGDEN MURPHY WALLACE PLLC Professional Services - Invoic | P0104951 | 827130 | 07/10/2019 | 16,890.00 |
| 00199962 | 09/05/2019 | PACIFIC NW NAGINATA FEDERATION Program payment for Naginata # | P0104935 | 6448 | 08/25/2019 | 378.00 |
| 00199963 | 09/05/2019 | PARK, BIO MILEAGE EXPENSE | | OH012270 | 08/29/2019 | 8.35 |

Accounts Payable Report by Check Number

| Check No | Check Date | Vendor Name/Description | PO # | Invoice # | Invoice Date | Check Amount |
|----------|------------|--|----------|------------|--------------|--------------|
| 00199964 | 09/05/2019 | PETTY CASH FUND FINANCE DEPT Replenish Petty Cash Fund | P0104985 | OH012282 | 08/28/2019 | 176.29 |
| 00199965 | 09/05/2019 | PRIME ELECTRIC Rental FA-3262 completed. Retu | P0104936 | FA3262 | 08/25/2019 | 450.00 |
| 00199966 | 09/05/2019 | PUGET SOUND ENERGY ENERGY USE AUGUST 2019 | | OH012277 | 08/23/2019 | 17,425.92 |
| 00199967 | 09/05/2019 | RAHMAN, ASIF Rental checked out late. Retur | P0104963 | OH012288 | 08/27/2019 | 385.00 |
| 00199968 | 09/05/2019 | RAMSAY, JON LEOFF1 Medicare Reimb | | SEPT2019A | 08/29/2019 | 584.61 |
| 00199969 | 09/05/2019 | RUCKER, MANORD J LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 162.10 |
| 00199970 | 09/05/2019 | RUDDER ESTATE, VIOLET MAE OVERPAYMENT REFUND | | OH012269 | 08/28/2019 | 194.08 |
| 00199971 | 09/05/2019 | SAMAVEDI, VANDITA Rental FA-3460 completed. Retu | P0104958 | FA3460 | 08/27/2019 | 500.00 |
| 00199972 | 09/05/2019 | SAMPSON, KYLIE PARKING FEE | | OH012273 | 08/09/2019 | 7.00 |
| 00199973 | 09/05/2019 | SCHOENTRUP, WILLIAM LEOFF1 Medicare Reimb | | SEPT2019A | 08/29/2019 | 1,307.79 |
| 00199974 | 09/05/2019 | SEATTLE TIMES COMPANY, THE Seattle Times Subscription 9/8 | P0104945 | OH012286 | 09/05/2019 | 717.60 |
| 00199975 | 09/05/2019 | SMITH, RICHARD LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 223.10 |
| 00199976 | 09/05/2019 | SOMANI, HANIFF OVERPAYMENT REFUND | | OH012268 | 08/29/2019 | 160.51 |
| 00199977 | 09/05/2019 | SOUND PUBLISHING INC Ntc. 7/31 Canceled Meeting (8/ | P0104978 | 7933556 | 07/31/2019 | 116.33 |
| 00199978 | 09/05/2019 | SPIETZ, ALLISON COUNCIL MEETING SUPPLIES | | OH012262 | 08/23/2019 | 45.14 |
| 00199979 | 09/05/2019 | STRANDBERG, PAM Rental cancelled. \$25 cancella | P0104962 | OH012289 | 08/27/2019 | 50.00 |
| 00199980 | 09/05/2019 | SUNKARA, USHA Rental FA-3331 completed. Retu | P0104957 | FA3331 | 08/27/2019 | 450.00 |
| 00199981 | 09/05/2019 | THOMAS-SCHADT, MERRILL BOAT LAUNCH MACHINE TEST | | OH012264 | 08/22/2019 | 50.49 |
| 00199982 | 09/05/2019 | THOMPSON, JAMES LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 123.30 |
| 00199983 | 09/05/2019 | UNITED STATES TREASURY PAYROLL EARLY WARRANTS | | 30AUG2019 | 08/30/2019 | 940.43 |
| 00199984 | 09/05/2019 | UNITED WAY OF KING CO PAYROLL EARLY WARRANTS | | 30AUG2019 | 08/30/2019 | 80.00 |
| 00199985 | 09/05/2019 | UTILITIES SERVICE CO INC PS #4 BLOWER MOTOR | P0104987 | 2061 | 08/15/2019 | 650.10 |
| 00199986 | 09/05/2019 | UWAJIMAYA Rental FA-3449 completed. Retu | P0104955 | FA3449 | 08/27/2019 | 75.00 |
| 00199987 | 09/05/2019 | VERIZON WIRELESS P&R & CM Monthly cell phone bi | P0104946 | 9836672520 | 08/23/2019 | 769.77 |
| 00199988 | 09/05/2019 | WALLACE, THOMAS LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 170.10 |
| 00199989 | 09/05/2019 | WANG NING MARTIAL ARTS ACA LLC Instructor Payment for Tai Chi | P0104944 | 6452/6450 | 08/26/2019 | 681.27 |

Accounts Payable Report by Check Number

| Check No | Check Date | Vendor Name/Description | PO # | Invoice # | Invoice Date | Check Amount |
|----------|------------|---|----------|-----------|--------------|--------------|
| 00199990 | 09/05/2019 | WEGNER, KEN LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 146.60 |
| 00199991 | 09/05/2019 | WESTERN EQUIPMENT TINES | P0104970 | 707922700 | 08/05/2019 | 683.25 |
| 00199992 | 09/05/2019 | WHEELER, DENNIS LEOFF1 Medicare Reimb | | SEPT2019B | 08/29/2019 | 181.70 |
| 00199993 | 09/05/2019 | WSCCCE AFSCME AFL-CIO PAYROLL EARLY WARRANTS | | 30AUG2019 | 08/30/2019 | 56.55 |
| 00199994 | 09/05/2019 | XEROX CORPORATION Lease and billable prints/copi | P0102593 | 097840192 | 08/20/2019 | 182.32 |
| 00199995 | 09/05/2019 | YOUTH TECH INC Program payment for Roblox Stu | P0104940 | 6200/6128 | 08/26/2019 | 2,292.50 |
| | | | | | Total | 364,750.59 |



CITY OF MERCER ISLAND CERTIFICATION OF PAYROLL

Item 7.

| | |
|------------------------------|------------------|
| PAYROLL PERIOD ENDING | 9.6.2019 |
| PAYROLL DATED | 9.13.2019 |

| | | |
|---|-----------|-------------------|
| Net Cash | \$ | 551,128.19 |
| Net Voids/Manuals | \$ | 297.30 |
| Net Total | \$ | 551,425.49 |
| | | |
| Federal Tax Deposit - Key Bank | \$ | 88,530.84 |
| Social Security and Medicare Taxes | \$ | 46,505.38 |
| Medicare Taxes Only (Fire Fighter Employees) | \$ | 2,566.29 |
| 9 Public Employees Retirement System 2 (PERS 2) | \$ | 28,943.74 |
| 34 Public Employees Retirement System 3 (PERS 3) | \$ | 6,548.52 |
| 29 Public Employees Retirement System (PERSJM) | \$ | 737.83 |
| 36 Public Safety Employees Retirement System (PSERS) | \$ | 209.64 |
| 11 Law Enforc. & Fire fighters System 2 (LEOFF 2) | \$ | 27,607.91 |
| B +C+N+O Regence & LEOFF Trust - Medical Insurance | \$ | 12,811.37 |
| 21 Domestic Partner/Overage Dependand - Insurance | \$ | 2,159.74 |
| T Group Health Medical Insurance | \$ | 985.32 |
| H Health Care - Flexible Spending Accounts | \$ | 2,136.78 |
| D Dependent Care - Flexible Spending Accounts | \$ | 1,531.09 |
| U United Way | \$ | 80.00 |
| K+6 ICMA Deferred Compensation | \$ | 28,693.50 |
| 5 Fire 457 Nationwide | \$ | 9,405.44 |
| 25 Roth - ICMA | \$ | 510.00 |
| 1 Roth - Nationwide | \$ | 951.82 |
| TL Tax Levy | \$ | 780.29 |
| 23 Child Support | \$ | 599.99 |
| E Mercer Island Employee Association | \$ | 300.00 |
| 13 Cities & Towns/AFSCME Union Dues | \$ | - |
| P Police Union Dues | \$ | - |
| F Fire Union Dues | \$ | 2,111.33 |
| 31 Fire Union - Supplemental Dues | \$ | 160.00 |
| L Standard - Supplemental Life Insurance | \$ | - |
| Q Unum - Long Term Care Insurance | \$ | 544.40 |
| A+I AFLAC - Supplemental Insurance Plans | \$ | 495.36 |
| 27 Coffee Fund | \$ | 152.00 |
| R Transportation | \$ | 62.08 |
| HRA HRA - VEBA | \$ | 4,727.28 |
| M Miscellaneous | \$ | 1,658.70 |
| 28 Nationwide Extra | \$ | 2,056.85 |
| 3 GET | \$ | 250.00 |
| Tax & Benefit Obligations Total | \$ | 274,813.49 |

| | |
|----------------------------|----------------------|
| TOTAL GROSS PAYROLL | \$ 826,238.98 |
|----------------------------|----------------------|

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

Charles L. Corder

 Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

 Mayor Date



CITY COUNCIL MINUTES REGULAR MEETING SEPTEMBER 3, 2019

Item 8.

CALL TO ORDER & ROLL CALL, 5:00 PM

Mayor Debbie Bertlin called the meeting to order at 5:00 pm in the Council Chambers of City Hall, 9611 SE 36th Street, Mercer Island, Washington.

Mayor Debbie Bertlin, Deputy Mayor Salim Nice, and Councilmembers Lisa Anderl, Bruce Bassett, Wendy Weiker (arrived 7:37 pm), David Wisenteiner and Benson Wong were present.

AGENDA APPROVAL

It was moved by Wisenteiner; seconded by Wong to:

Approve the agenda as presented.

Passed: 6-0

FOR: 6 (Anderl, Bassett, Bertlin, Nice, Wisenteiner, and Wong)

ABSENT: 1 (Weiker)

EXECUTIVE SESSION

At 5:01 pm, Mayor Bertlin convened the Executive Session to discuss pending or potential litigation with legal counsel pursuant to RCW 42.30.110(1)(i) for approximately 60 minutes.

At 6:02 Mayor Bertlin adjourned the Executive Session and called the Regular Meeting to order.

STUDY SESSION, 6:00 PM

AB 5597: Preliminary Public Safety Planning for Light Rail

Police Chief Ed Holmes and Fire Chief Steve Heitman outlined the top five public safety concerns related to the Light Rail and provided information on how each area of focus would be addressed:

- Safety for Pedestrians and Bicyclists
- Safe and Efficient Vehicular Traffic Flow
- Individual / Personal Safety
- Timely Responses to Emergencies
- Minimize Negative Impacts on Parks, Town Center, and Neighborhoods.

In response to Council questions, both Chief Holmes and Chief Heitman explained that they would continue to assess resource availability and work with partner agencies in the development of safety plans.

Interim City Manager Jessi Bon responded to questions regarding the number of passengers that Sound Transit and Metro anticipate for light rail and buses. She explained that the numbers are still not certain at this time, but staff is continuing to seek clarification.

AB 5606: Cougar Response Update

Police Services Commander Jeff Magnan briefly summarized the cougar sighting on the Island and the Police Department's response, outreach, and ongoing coordination with the Washington Department of Fish and Wildlife (WDFW). Sargent Kim Chandler and Brian Kertson with WDFW gave a detailed report and video presentation addressing several questions and concerns raised by the community, including:

- Cougars Living in Wildland-Urban/Residential Areas
- Cougar Territory

- Tracking Cougars with Dogs
- Cougar-Human Interaction
- Cougar Noises and Vocalizations
- Response to Potential Cougar Sightings
- Cougar Population
- What to Do If You Encounter a Cougar

In response to Council questions regarding whether the cougar was still on the Island, WDFW speculated that the cougar was gone and likely returned to where it originated.

SPECIAL BUSINESS, 7:30 PM

AB 5603: Mayor's Day of Concern for the Hungry Proclamation No. 244

Youth and Family Services Director Cindy Goodwin introduced Bob Kessler from the Friends of the Needy program at St. Monica's Church along with Bridget Olsen, Promotions and Community Manager, and Chenoa Philabaum, Community Relations Officer with New Seasons Market.

Mayor Bertlin presented the proclamation and proclaimed September 21, 2019 as Mayor's Day of Concern for the Hungry and encouraged all Islanders to join in support of the Emergency Feeding Program and the Island's local food pantry at Youth and Family Services to nourish those who are hungry.

AB 5604: Emergency Preparedness Month Proclamation No. 245

Emergency Manager Jennifer Franklin introduced Emergency Volunteer Pat Hackett, who has volunteered with Emergency Management for over five years and helped lead Mercer Island Radio Operators and Map Your Neighborhood programs.

Mayor Bertlin presented the proclamation and proclaimed September 2019 as Emergency Preparedness Month in the City of Mercer Island and encouraged all Mercer Island residents to join the City of Mercer Island in making a commitment to be personally prepared for 7 to 14 days following a disaster.

CITY MANAGER REPORT

Interim City Manager Jessi Bon reported on the following:

- Youth and Family Services Annual Newsletter & 2018 Service Highlights
- 2019 East Mercer Way Resurfacing Project
- Tree Removal/I-90 Overpass
- Community Facility Zone Next Steps
- Recology Update:
 - Welcome packets
 - Private Road Waivers & Compost modification
 - Open House & Other Events
- Emergency Response & Disaster Preparedness Training
- Doo Wop & Daisies Senior Appreciation Event

APPEARANCES

Michele Drov Dahl & Kirsten Corning, with the KCLS and the Mercer Island Library, provided a 2018 update on library activities, usage, and their partnership with the Mercer Island Arts Council.

Jon Hanlon, Mercer Island, expressed concern that the Sound Transit Study is intended to circumvent the settlement agreement.

CONSENT CALENDAR

Payables: \$908,439.76 (08/15/2019) & \$1,081,936.67 (08/22/2019)

Recommendation: Certify that the materials or services hereinbefore specified have been received and that all warrant numbers listed are approved for payment.

Payroll: \$970,575.56 (08/30/2019)

Recommendation: Certify that the materials or services specified have been received and that all fund warrants are approved for payment.

Minutes: August 20, 2019 Regular Meeting & August 28, 2019 Special Meeting

Recommendation: Approve the August 20, 2019 Regular Meeting minutes and August 28, 2019 Special Meeting minutes as written.

AB 5599: Public Display of Fireworks Permit Approval at a Private Residence

Recommendation: Approve Western Display Fireworks' application for a Public Display of Fireworks Permit at a private residence on September 20, 2019, pursuant to MICC 8.35.020(C).

AB 5602: Interlocal Agreement for Inmate Housing with South Correctional Entity (SCORE)

Recommendation: Authorize the City Manager to sign the Interlocal Agreement for Inmate Housing between the City of Mercer Island and the South Correctional Entity (SCORE).

It was moved by Bassett; seconded by Wong to:

Approve the Consent Calendar as presented.

Passed: 7-0

FOR: 7 (Anderl, Bassett, Bertlin, Nice, Weiker, Wisenteiner, and Wong)

REGULAR BUSINESS

AB 5605: Second Quarter 2019 Financial Status Report & 2019-2020 Budget Adjustments

Assistant City Manager/Finance Director Chip Corder reviewed a presentation with City Council summarizing the Second Quarter 2019 Financial Status Report and 2019 Budget Adjustment, reviewing the following:

- General Fund (revenues, general sales tax, utility tax, licenses, expenditures by department);
- Utility Fund (water, sewer, stormwater);
- All Other Funds
- Real Estate Excise Tax; and
- 2019-2020 Budget Adjustments (previously approved and new requests).

It was moved by Wong; seconded by Bassett to:

Suspend City Council Rules of Procedure 6.3 requiring a second reading of an ordinance.

Passed: 7-0

FOR: 7 (Anderl, Bassett, Bertlin, Nice, Weiker, Wisenteiner, and Wong)

It was moved by Wong; seconded by Bassett to:

Adopt Ordinance No. 19-12, amending the 2019-2020 Budget.

Passed: 7-0

FOR: 7 (Anderl, Bassett, Bertlin, Nice, Weiker, Wisenteiner, and Wong)

AB 5598: Short-Term Parking Project Update

Interim Recreation Manager Zach Houvener reviewed a presentation with City Council to provide a project update on the short-term paid parking pilot project proposed for the BP/ARCO Property and the adjacent east end of the Sunset Highway cul-de-sac. He outlined steps taken since the June 4 City Council meeting, explaining that staff identified the permit requirements for the project, which would increase the projects costs by approximately \$7,500. He also noted that an additional three months was needed to implement the project. Interim Manager Houvener also explained that the BP/ARCO site would require a Conditional Use Permit and private enforcement.

Council debated both sites and provided staff direction accordingly:

1. Move forward with implementation of the paid parking technology at the Mercer Island boat launch with a "go live" date of January 1, 2020 where the cost of operation is captured in the fee.
2. Staff will return with an update for City Council on October 7 with an outline of available opportunities cul-de-sac to cul-de-sac and seek final confirmation on whether to proceed with the pilot project at the BP/ARCO site.

OTHER BUSINESS

Planning Schedule

Interim City Manager Jess Bon reviewed the following items with Council:

- The October 1 Regular Meeting was canceled and rescheduled for October 7 as a Special Meeting.
- Staff are working to develop the Planning Schedule through 2019 and into the first part of 2020, while also trying to keep the schedule limited to one meeting in December.

Board Appointments

Mayor Bertlin reported that there were two open board positions; one with the Design Commission and the other with the Open Space Conservancy Trust Board of Directors, noting that applications are available online or by contacting the City Clerk. The deadline to apply is September 18 and we hope to have both positions filled by the October 7 Council Meeting.

Councilmember Absences

Councilmember Wisenteiner reported he would be absent at the September 17 Regular Meeting.

Councilmember Reports

Councilmember Weiker reminded Council that the Mercer Island Chamber of Commerce was hosting "ArtUncorked" on Friday, September 6.

Mayor Bertlin reported that the first home football game on the Island was scheduled for Friday, September 6.

EXECUTIVE SESSION

At 9:41 pm, Mayor Bertlin convened the Executive Session to discuss pending or potential litigation with legal counsel pursuant to RCW 42.30.110(1)(i) for approximately 60 minutes. No action was to be taken.

At 10:00 pm, Mayor Bertlin adjourned the Executive Session.

ADJOURNMENT

The Regular Meeting adjourned at 10:02 pm.

Debbie Bertlin, Mayor

Attest:

Deborah A. Estrada, City Clerk



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 5609

September 17, 2019

Regular Business

AGENDA BILL INFORMATION

| | | |
|----------------------------|--|--|
| TITLE: | AB 5609: King County Regional 2020 Hazard Mitigation Plan Update | <input checked="" type="checkbox"/> Discussion Only |
| RECOMMENDED ACTION: | Receive update; no action required. | <input type="checkbox"/> Action Needed: |
| | | <input type="checkbox"/> Motion |
| | | <input type="checkbox"/> Ordinance |
| | | <input type="checkbox"/> Resolution |

| | | |
|--|---|--------------------------------------|
| DEPARTMENT OF | Police | Jennifer Franklin, Emergency Manager |
| COUNCIL LIAISON | n/a | |
| EXHIBITS | 1. Draft Mercer Island Annex to King County Regional 2020 Hazard Mitigation Plan Update | |
| 2019-2020 CITY COUNCIL PRIORITY | n/a | |

| | |
|-------------------------------|--------|
| AMOUNT OF EXPENDITURE | \$ n/a |
| AMOUNT BUDGETED | \$ n/a |
| APPROPRIATION REQUIRED | \$ n/a |

SUMMARY

BACKGROUND

The Disaster Mitigation Act of 2000 (Public Law 106-390), requires applicants seeking funding through the federal Hazard Mitigation Grant Program to have an approved Hazard Mitigation Plan. The City of Mercer Island’s first plan was created in 2004, an update was adopted in 2011, and the last update was approved March 16, 2015. Plans must be updated every five years to remain eligible for funding.

In January 2013, a partnership of King County cities and special purpose districts embarked on a planning process to prepare for and lessen the impacts and costs of each jurisdiction having to pay for and update individual plans. The partnership was formed to pool resources and to create a uniform hazard mitigation strategy that can be consistently applied to the defined planning area and used to ensure eligibility for specified grant funding success.

This effort represents the second comprehensive update to the initial hazard mitigation plan, approved by the Federal Emergency Management Agency (FEMA) in November of 2004, as well as a return to a truly regional effort following the truncated 2009 planning process. The planning area for the hazard mitigation plan was defined as all incorporated and unincorporated areas of King County as well as the incorporated areas of cities that cross County boundaries: Auburn, Bothell, Milton and Pacific. The result of the organizational effort

will be a FEMA and State Emergency Management Agency (WAEMD) approved multi-jurisdictional, multi-hazard mitigation plan.

Mitigation is defined in this context as any sustained action taken to reduce or eliminate long-term risk to life and property from a hazard event. Mitigation planning is the systematic process of learning about the hazards that can affect the community, setting clear goals, identifying appropriate actions and following through with an effective mitigation strategy. Mitigation encourages long-term reduction of hazard vulnerability and can reduce the enormous cost of disasters to property owners and all levels of government. Mitigation can also protect critical community facilities, reduce exposure to liability, and minimize post-disaster community disruption.

The hazard identification and profiling in the hazard mitigation plan addresses the following hazards of concern within the planning area:

1. Earthquake
2. Flood
3. Landslide
4. Severe weather
5. Severe winter weather
6. Tsunami/Seiche
7. Volcano
8. Fire

The King County Office of Emergency Management has been the lead agency in developing the hazard mitigation plan. All participating jurisdictions have been responsible for the development of their respective annexes. These annexes include identifying the natural hazards, risks, factors and the mitigation action strategies for their respective jurisdictions and organizations. The Plan represents the accumulated information in a unified framework to ensure a comprehensive and coordinated plan covering the entire King County planning area. Each jurisdiction has been responsible for the review and approval of their individual sections of the Plan.

The Plan was prepared in accordance with the guidelines established by the Washington Military Department Emergency Management Division and has been aligned with the goals, objectives and priorities of the State's multi-hazard mitigation plan.

A Steering Committee composed of representative stakeholders was formed early in the planning process to guide the development of the Plan. In addition, residents were asked to contribute by sharing local knowledge of their individual area's vulnerability to natural hazards. Public involvement has been solicited via a multi-media campaign that included two public comment periods, an emergency preparedness fair on June 22 at Luther Burbank Park and a web-based interactive survey which solicited feedback on the prioritization of the hazard mitigation projects identified by city staff.

MITIGATION DISCUSSION

The Mercer Island Annex to the Plan has 7 main goals:

1. Identify Mercer Island Hazards.
2. Update Mercer Island Hazard Maps.
3. Identify Mercer Island assets that could be at risk from these identified hazards.

4. Establish mitigation strategies (projects) that address the asset risk.
5. Integrate equity and social justice into understanding of risk, vulnerability, and development of mitigation strategies.
6. Prioritize the mitigation projects using public feedback.
7. Discuss funding options, knowing that Mercer Island currently cannot use grant match funding.

BOTTOM-LINE BENEFITS

With an approved Plan, the City is able to compete for both mitigation project funding and reimbursement following a declared disaster. In a declared disaster, the State of Washington and FEMA can reimburse the City up to 82% of the cost of incurred damages as long as the City is in compliance with state and federal guidelines, including having an approved Hazard Mitigation Plan and City Emergency Management Plan.

Mercer Island has sought and received FEMA funding several times over the years. The most notable example is a landslide in 2017 that caused over \$540,000 worth of damage, where the City was awarded a grant to cover the repair costs due to having a current Hazard Mitigation Plan.

COST OF THE PLAN UPDATE

In 2004, the cost to the City to contract out drafting the Mercer Island Hazard Mitigation Plan was \$50,000. In 2011, the estimated cost of the update to the Mercer Island Hazard Mitigation Plan was \$30,000 and the City was awarded a federal grant that paid 75% of the cost. In 2014, King County decided to create a regional plan to offset the cost for local jurisdictions. In 2014 and in 2020, the Regional Hazard Mitigation Plan was funded solely by King County through an awarded grant, culminating in no cost to the City of Mercer Island.

NEXT STEPS

The Draft Mercer Island Annex to the Regional Hazard Mitigation Plan will be submitted to King County by October 4, 2019. King County will review all Annexes and then submit the entire regional plan to FEMA in December 2019. FEMA will then approve the plan by spring of 2020 at which time King County and local jurisdictions will adopt the final approved plan.

The City of Mercer Island will be eligible to apply for specified grants after this approval. The grant funds are made available to states and local governments and can be used to implement the long-term hazard mitigation measures specified within the City of Mercer Island's annex of the RHMP before and after a major disaster declaration. The RHMP is considered a living document such that, as awareness of additional hazards develops and new strategies and projects are conceived to offset or prevent losses due to natural disasters, the RHMP will be evaluated and revised on a continual 5-year time frame.

RECOMMENDATION

Receive update. No action required.



City of Mercer Island Jurisdiction Plan Annex

Introduction

The following is a summary of key information about the jurisdiction and its history:

- **Location and Description** - Mercer Island is just over five miles long and two miles wide and lies in the southern section of Lake Washington east of the City of Seattle and west of the City of Bellevue. The Island is 6.2 square miles of land area. There are several exits from I-90 to Mercer Island with four main roads on the island. Island Crest Way runs north/south down the middle of the island. West Mercer Way follows the shoreline from the north/south on the west side of the island with steep slopes, ravines and gullies. East Mercer Way follows the shoreline from the north/south on the east side of the island. North Mercer Way follows the shoreline from the east/west on the north side of the island. The Town Center (Central Business District) is centered on the north end of the island south of I-90, and a smaller business district is on the south end. The Town Center is a 76-acre bowl-shaped area that includes the Island’s main post office, the main Fire Station (Station 91), medical and dental offices, drug stores, restaurants and coffee shops, apartment houses and condos, service stations, a bookstore, several retirement homes, two supermarkets, office buildings, and banks. The South End Village is just across the road from Pioneer Park with 120 acres of woods and trails, including horse trails. The Village includes several businesses: a post office, gasoline station, retail and service businesses. It also includes a Park ‘n Ride for metro bus commuters. Abutting the Village is Mercer Island’s second fire station: Fire Station 92 (South Fire Station). Mercer Island boasts 467 acres of parklands and open spaces that feature ball fields, extensive bike trails and picnic areas. In addition, there are more than 150 miles of marked walking trails. The bridge linking Mercer Island to Seattle is the renowned multi-lane Mercer Island Floating Bridge. The East Channel Bridge links the island to Bellevue, the State’s third most populous city.

- **Brief History** - Settlement of the Island by non-Native Americans began in the late 1870s. The Island is named after one of the three pioneering Mercer brothers from Illinois, all of whom had great influence in the Seattle area. Although none of the brothers lived on Mercer Island, they would often hunt in and explore throughout the island’s secluded forests. The early settlers traveled by rowboats to the neighboring community of Seattle to pick up necessities. An occasional tramp steamer would drop off items that were too large to transport by rowboat. Because of the inconveniences of island living, settlement lagged until C.C. Calkins platted the town of East Seattle, having purchased 160 acres; nearly three percent (3%) of the island’s total acreage. In 1891 he built a luxurious resort on the western side of the island, which spurred the building of a ferry dock, and small steamers

Jurisdiction Profile

The city of Mercer Island...

- **Date of Incorporation**
July 5, 1960
- **Full-Service City**
Police, Fire, Parks & Recreation, Water, Sewer & Stormwater Utilities, & Youth & Family Services
- **Location**
Between Seattle and Bellevue in Lake Washington
- **Area**
Just over five miles long and two miles wide
- **Parks & Open Space**
Over 35 parks and open space areas boasting over 400 acres and trails in excess of 50 miles
- **Current Population**
25,261 as of 2017
- **Population Growth**
Population increased from 22,699 residents in 2010 to 25,261 in 2017.



began to make regular trips. This availability of transportation attracted more residents. Ferry travel continued until July 2, 1940 when the floating bridge from Mercer Island to Seattle was opened.

- **Climate** - Mercer Island enjoys the mild climate prominent in the Puget Sound Region. The average winter temperature is 40 degrees Fahrenheit and the average summer temperature is 70 degrees Fahrenheit. The average annual rainfall is 35 inches with half typically falling within the months of October and January.
- **Governing Body Format** - The City of Mercer Island has a Council-Manager form of government with seven City Councilmembers, who are all elected at large for staggered four-year terms. The Council elects the Mayor from its members. The City Manager is appointed by, reports directly to, and serves at the pleasure of the City Council. . The City Manager, who serves as the chief executive officer, is responsible for implementing the policies and goals of the City Council and provides leadership, coordination and development of 10 City departments: Police, Fire, Public Works, Human Resources, City Attorney’s Office, City Manager’s Office, Community Planning & Development, Youth and Family Services, Finance and Parks and Recreation. The City of Mercer Island City Council assumes responsibility for the adoption of this plan; the Emergency Manager will oversee its implementation.
- **Development Trends** – Population has changed minimally in the past two decades due mainly to the geographic limitations of the Island. The risks have also remained the same with science showing Mercer Island still situated on the Seattle Fault. Risks from earthquake damage, severe winter storms, volcano eruptions, landslides and wildfires are still a concern and planned for by the city. Anticipated development levels for Mercer Island include low to moderate development consisting primarily of residential units. The majority of recent development has been mixed-use, low rises with retail shops located on the ground level and residential units above. There has been minimal infill development. The City of Mercer Island’s City Emergency Management Plan was updated and approved by Washington State Emergency Management Division and FEMA March of 2018. City actions, such as those relating to land use allocations, zoning subdivision and design review, redevelopment, and capital improvements, must be consistent with such a plan.

Jurisdiction Point of Contact:

Name: Jennifer Franklin
 Title: Emergency Manager
 Entity: City of Mercer Island
 Phone: 206-275-7905
 Email: jennifer.franklin@mercergov.org

Plan Prepared By:

Name: Jennifer Franklin
 Title: Emergency Manager
 Entity: City of Mercer Island
 Phone: 206-275-7905
 Email: jennifer.franklin@mercergov.org



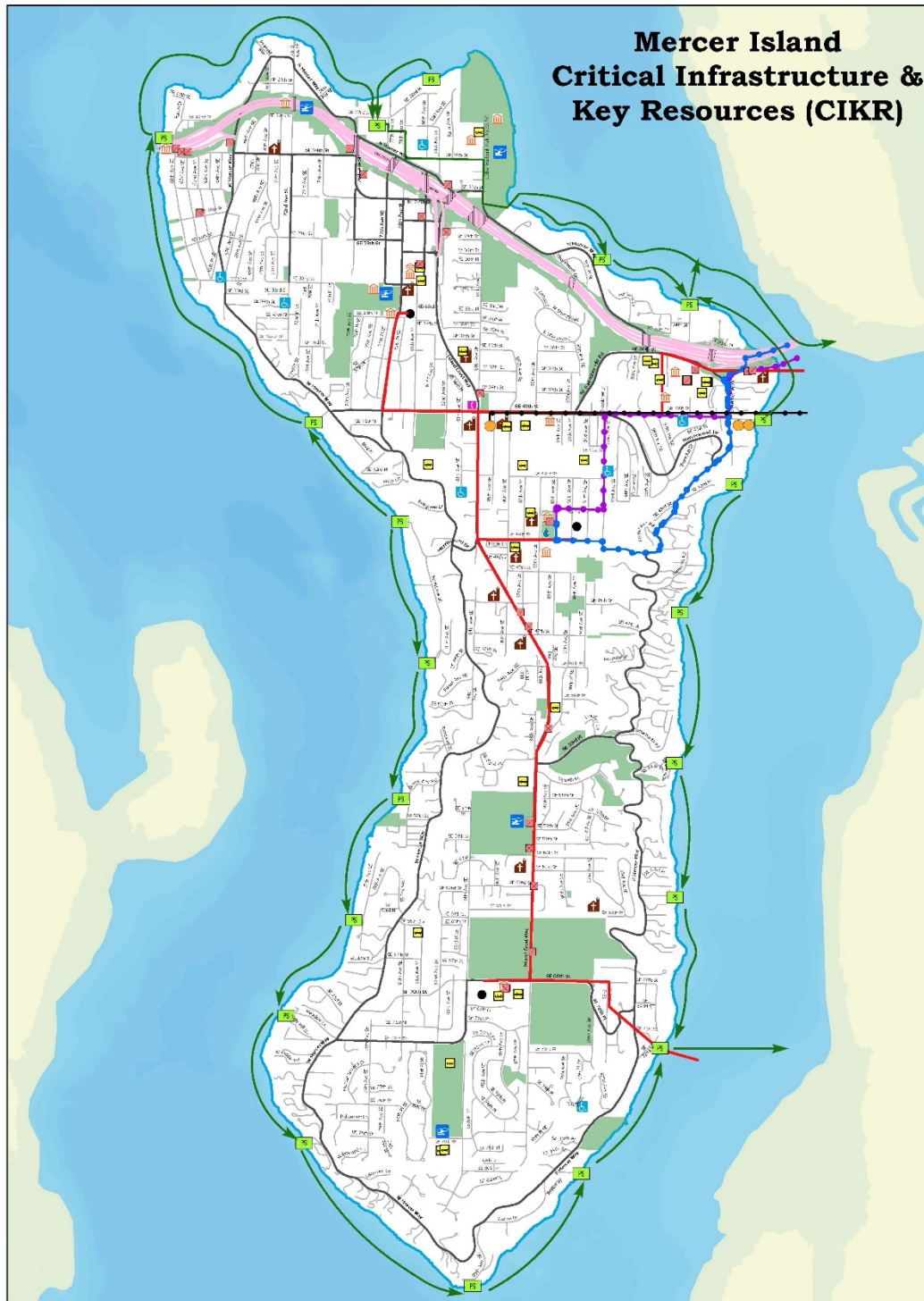
City of Mercer Island Risk Summary

Hazard Risk and Vulnerability Summary

| HAZARD | ASSET RISK | VULNERABILITY | IMPACT ON COMMUNITY |
|------------------------------------|----------------------------------|--|---|
| Earthquake | 1. Station 91 Fire Door | Unable to open | Fire Apparatus cannot respond to emergencies |
| | 2. MICEC generator | Not able to support shelter site and back up City Hall | Unable to shelter residents or maintain city operations |
| | 3. Roadway damage | Roadways impassable | Emergency Vehicles unable to respond |
| | 4. City Hall Columns | Will collapse, cause damage to west wing of City Hall & EOC entrance to be blocked | City Hall function limited and EOC may be inaccessible |
| | 5. Luther Burbank Boiler chimney | Chimney is not to code and may collapse | Risk to public from falling brick |
| | 6. City-owned docks | May be unusable from damage | Marine Patrol limited in response/supplies unable to be offloaded |
| | 7. City's fiber infrastructure | Unable to link critical facilities and provide failover communications | City operations affected |
| | 8. Water and Sewer lines | May fail in earthquake – need redundant lines | Community water and sewer impacted |
| | 9. Drinking water | No current Emergency Well on South end of Mercer Island | Drinking water availability for South Island residents limited |
| | 10. Stormwater pipe | Damage may cause stormwater pipes to fail | Urban flooding for residents |
| Severe Winter Weather | 2. MICEC generator | May not be able to support shelter site and back up City Hall | Unable to shelter residents or maintain city operations |
| | 3. Roadway damage | Roadways impassable | Emergency Vehicles unable to respond |
| Landslide | 3. Roadway damage | Roadways impassable | Emergency Vehicles unable to respond |
| Severe Weather (non-winter) | 2. MICEC generator | May not be able to support shelter site and back up City Hall | Unable to shelter residents or maintain city operations |
| Wildfire | | | |
| Seiche | 6. City-owned docks | May be unusable from damage | Marine Patrol limited in response/supplies unable to be offloaded |
| | 8. Water and Sewer lines | May fail in earthquake – need redundant lines | Community water and sewer impacted |
| Volcano | | | |



Hazard and Asset Overview Map(s)



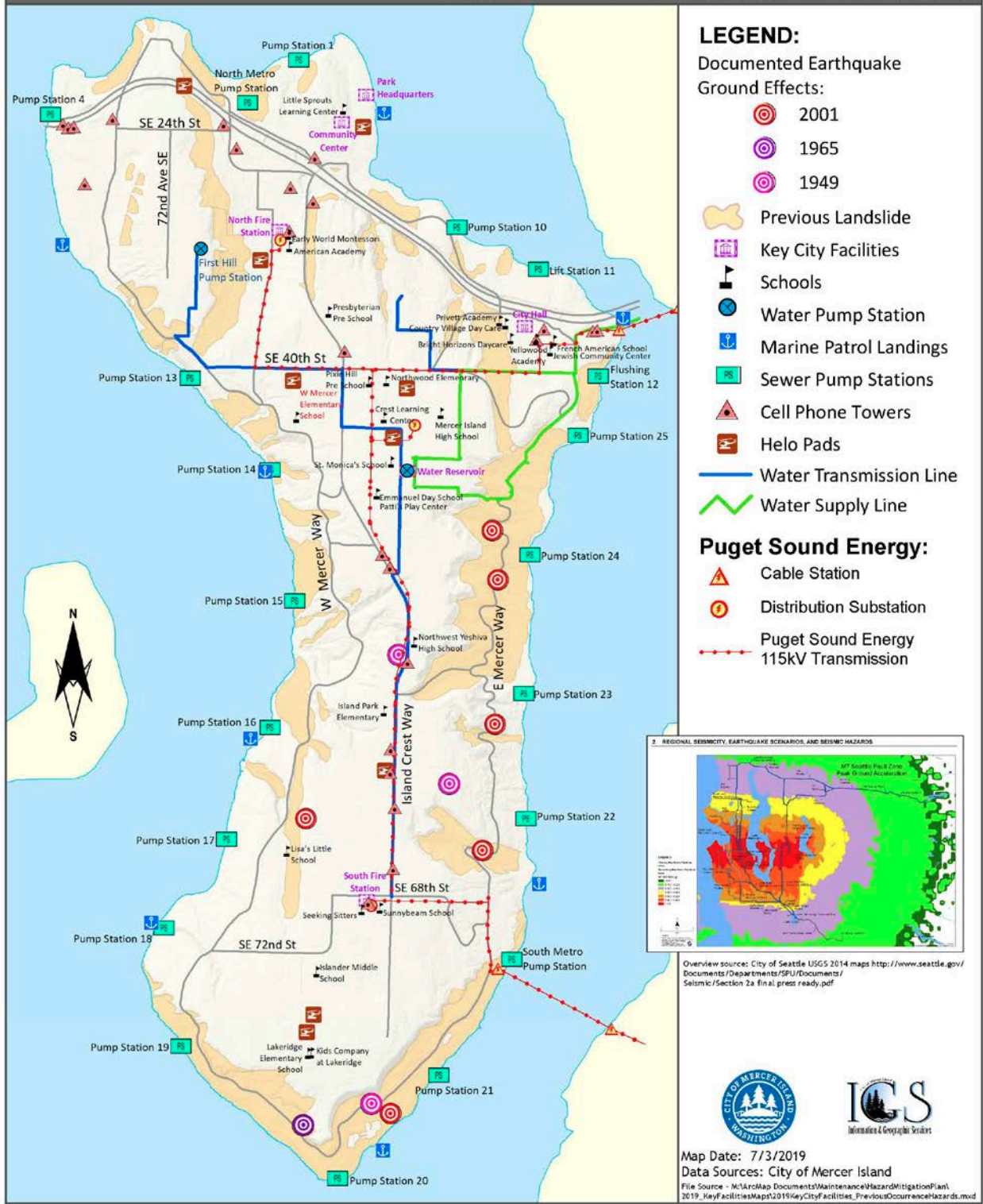
Legend

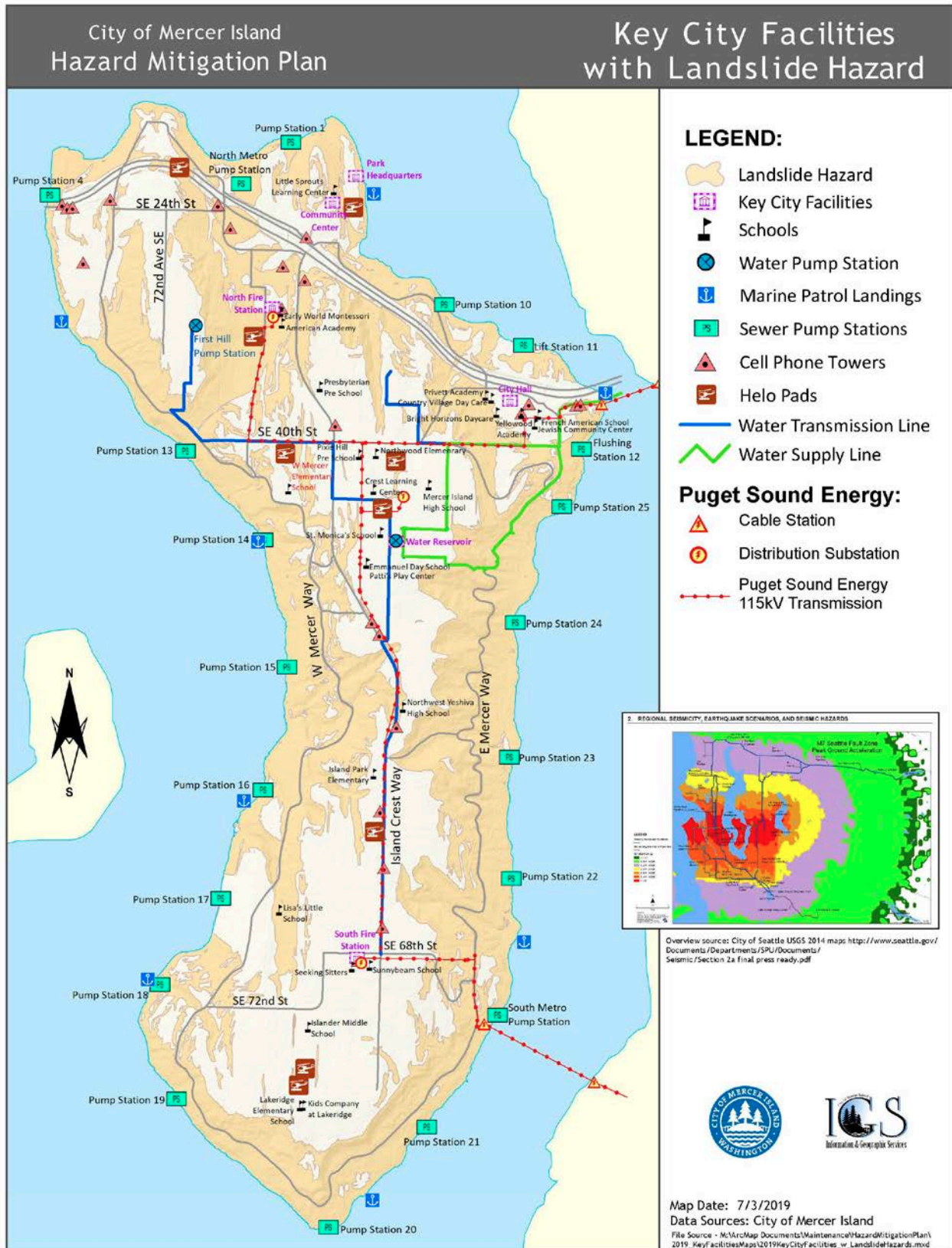
- Electric Transmission Line
 - Electric Distribution Substation
 - PSE High Pressure Natural Gas Main
 - PSE District Pressure Regulating Station
 - SPU Primary Supply Line
 - SPU Secondary Supply Line
 - City Water Well
 - Sewer Direction of Flow
 - PS Pump Station
 - I-90 I-90 Overpasses
 - I-90 I-90 Freeway
 - Schools/Daycares
 - Government Buildings
 - Helicopter Landing Zones
 - Central Telephone Location
 - Wireless Facility Locations
 - Places of Worship
 - Adult Home
 - Parks
- Map Date: 7/2/2019
2019CriticalInfrastructureKeyResources.mxd



City of Mercer Island Hazard Mitigation Plan

Key City Facilities with Previous Occurrence Hazard

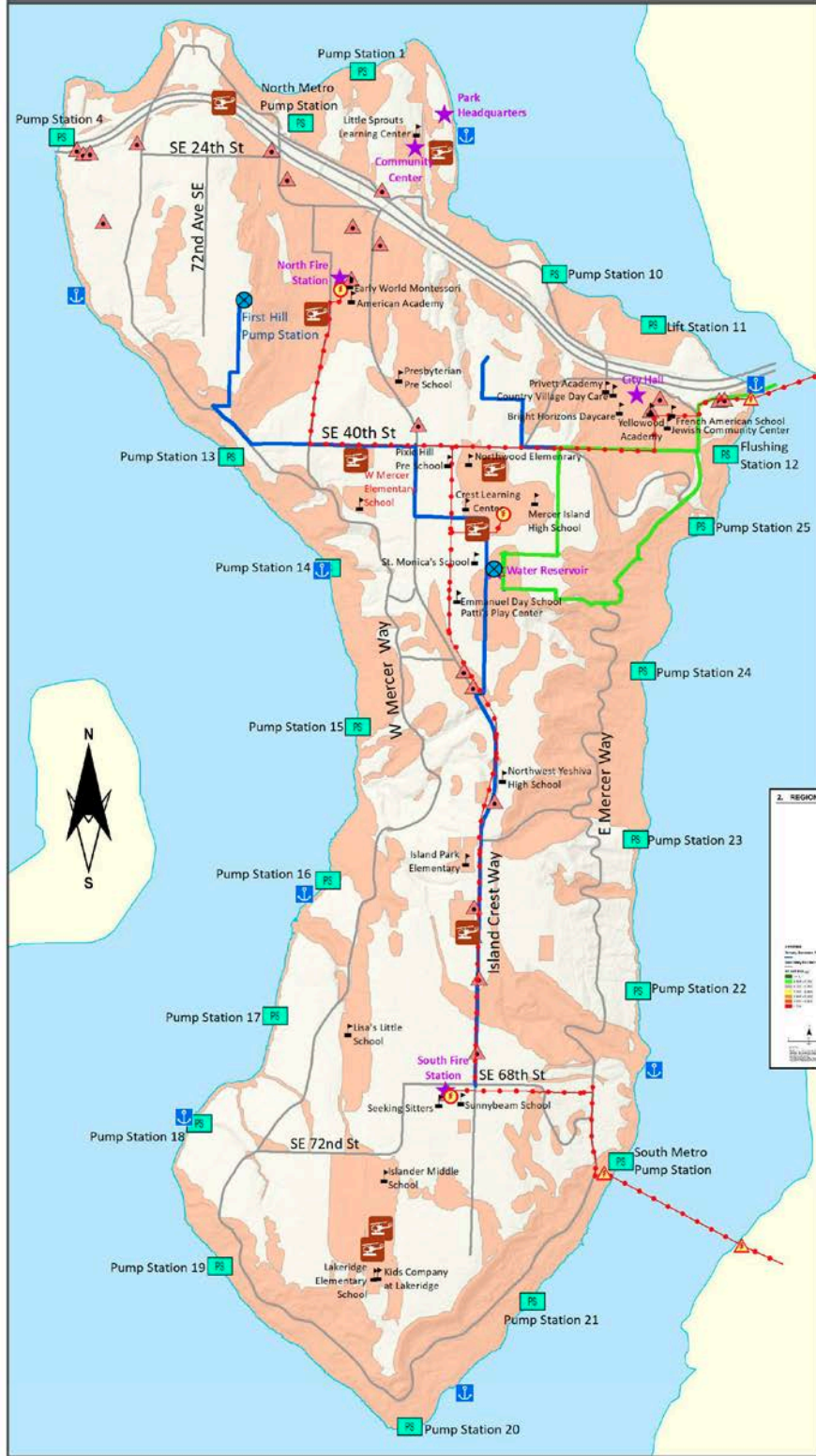






City of Mercer Island Hazard Mitigation Plan

Key City Facilities with Seismic Hazard

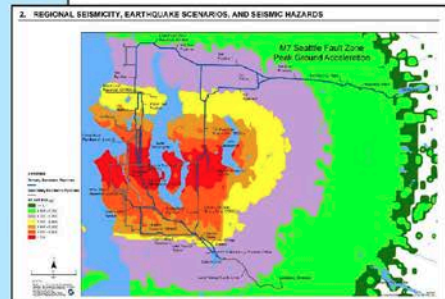


LEGEND:

- Seismic Hazard
- Key City Facilities
- Schools
- Water Pump Station
- Marine Patrol Landings
- Sewer Pump Stations
- Cell Phone Towers
- Helo Pads
- Water Transmission Line
- Water Supply Line

Puget Sound Energy:

- Cable Station
- Distribution Substation
- Puget Sound Energy 115kV Transmission



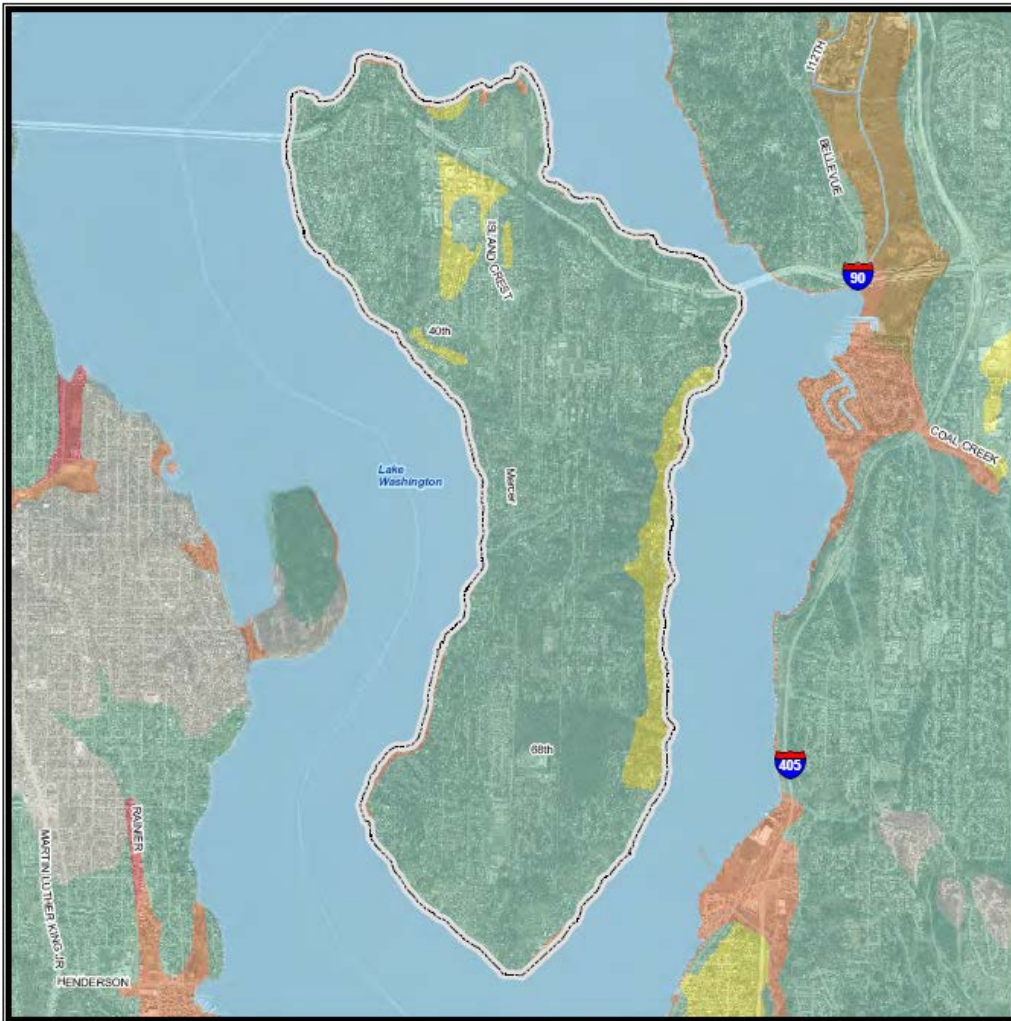
Overview source: City of Seattle USGS 2014 maps [http://www.seattle.gov/Documents/Departments/SPU/Documents/Seismic/Section 2a final press ready.pdf](http://www.seattle.gov/Documents/Departments/SPU/Documents/Seismic/Section%20Final%20press%20ready.pdf)



Map Date: 7/3/2019

Data Sources: City of Mercer Island

File Source - M:\ArcMap Documents\Maintenance\HazardMitigationPlan\2019_KeyFacilitiesMaps\2019KeyCityFacilities_w_SeismicHazards.mxd



CITY OF MERCER ISLAND

Liquefaction Susceptibility

| Susceptible | Not Susceptible |
|--|---|
| ■ High | ■ Bedrock |
| ■ Moderate to High | ■ Peat |
| ■ Moderate | ■ Water |
| ■ Low to Moderate | ■ Ice |
| ■ Low | |
| ■ Very Low to Low | |
| ■ Very Low | |

Liquefaction data provided by the Washington State Department of Natural Resources, Division of Geology and Earth Resources. Data is based solely on surficial geology published at a scale of 1:100,000.

A liquefaction susceptibility map provides an estimate of the likelihood that soil will liquefy as a result of earthquake shaking. This type of map depicts the relative susceptibility in a range that varies from very low to high. Areas underlain by bedrock or peat are mapped separately as these earth materials are not liquefiable, although peat deposits may be subject to permanent ground deformation caused by earthquake shaking.

Base Map Data Sources:
King County, U.S. Geological Survey

0 0.5 1 Miles



CITY OF MERCER ISLAND

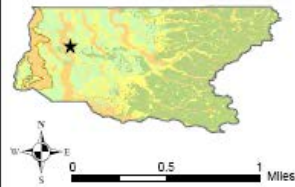
National Earthquake Hazard Reduction Program (NEHRP) Soil Classification

- Site Class B - Rock
- Site Class C - Very Dense Soil, Soft Rock
- Site Class D - Stiff Soil
- Site Class E - Soft Soil

Soil classification data provided by Washington State Department of Natural Resources, Geology and Earth Resources Division.

The dataset identifies site classes for approximately 33,000 polygons derived from the geologic map of Washington. The methodology chosen for developing the site class map required the construction of a database of shear wave velocity measurements. This database was created by compiling shear wave velocity data from published and unpublished sources, and through the collection of a large number of shear wave velocity measurements from seismic refraction surveys conducted for this project. All of these sources of data were then analyzed using the chosen methodologies to produce the statewide site class maps.

Base Map Data Sources:
King County, U.S. Geological Survey





CITY OF MERCER ISLAND

2008 LANDFIRE Fire Behavior Fuel Model

Anderson 13 Fuel Classes

| Burnable | Non-Burnable |
|--|---|
| FBFM1 | Developed |
| FBFM2 | Agriculture |
| FBFM3 | Water |
| FBFM5 | Barren |
| FBFM8 | |
| FBFM8 | |
| FBFM9 | |
| FBFM10 | |
| FBFM11 | |

Fuel Class data (LANDFIRE REFRESH 2008 (f_1.1.D)) provided by the Wildland Fire Science, Earth Resources Observation and Science Center, U.S. Geological Survey. The LANDFIRE fuel data describe the composition and characteristics of both surface fuel and canopy fuel. Thirteen typical surface fuel arrangements or "collections of fuel properties" (Anderson 1982) were described to serve as input for Rothermel's mathematical surface fire behavior and spread model (Rothermel 1972). These fire behavior fuel models represent distinct distributions of fuel loadings found among surface fuel components (live and dead), size classes and fuel types. The fuel models are described by the most common fire carrying fuel type (grass, brush, timber litter or slash), loading and surface area-to-volume ratio by size class and component, fuelbed depth and moisture of extinction.

Base Map Data Sources:
King County, U.S. Geological Survey

0 0.5 1 Miles



Assets at Risk

| ASSET | VALUE (\$) | RISK SUMMARY | VULNERABILITY SUMMARY | IMPACT - HISTORICAL |
|---|------------|--|---|---------------------------------------|
| 1. Station 91 Fire Doors | 400K | Unable to open | Fire Apparatus cannot respond to emergencies | Public may not be served in emergency |
| 2. MICEC generator | 500K | May not be able to support city operations if needed as back up city hall – needed as shelter site as well | Unable to maintain city operations and shelter site | City government may be compromised |
| 3. Roadway Damage | 15M | Roadways impassable | Emergency Vehicles unable to respond | Public may not be served in emergency |
| 4. City Hall Columns | 30K | May collapse, cause damage to west wing of city hall and EOC entrance to be blocked | City hall function limited and EOC may be inaccessible | Unable to manage disasters |
| 5. Luther Burbank Boiler chimney | 250K | Chimney is not to code and may collapse | Risk to public from falling brick | Public may be injured |
| 6. City owned docks | 7M | May be unusable from damage | Marine Patrol limited in response/supplies unable to be offloaded | Limited water response |
| 7. City’s fiber infrastructure | 7.25M | Unable to link critical facilities and provide failover communications | City operations affected | limited communications |
| 8. Water and Sewer lines | 15M | May fail in earthquake – need redundant lines | Community water and sewer impacted | Limited or no water/sewer |
| 9. Drinking water | 4M | No current Emergency Well on South end of Mercer Island | Drinking water availability for South Island residents limited | Limited water to south end of MI |
| 10. Stormwater pipe | 2.5M | Damage may cause stormwater pipes to fail | Urban flooding for residents | Homes/streets may see urban flooding |

Plan Update Process

The City of Mercer Island participated in the multi-jurisdictional planning process led by King County by participating in the HMP steering committee that met monthly. Additionally, the MI planning team met in person, over email and phone the hazards, mitigation strategies and projects that could most benefit Mercer Island. Once this information was compiled it was presented to the public for comment. Two events listed below were used to capture public comment. Once that information was compiled it was incorporated into the Mercer Island HMP Annex. Each team member below provided a mitigation strategy to address a known hazard. This annex once compiled was review by city staff and King County for accuracy.



Jurisdiction Planning Team

| NAME | TITLE | ORGANIZATION | CONTRIBUTION |
|---------------------|------------------------|-----------------|--------------|
| Jennifer Franklin | Emergency Manager | MI Police | Write Plan |
| Jason Kintner | Public Works Director | MI Public Works | HM Strategy |
| Evan Maxim/Don Cole | CPD Director/Inspector | MI DSG | HM Strategy |
| Ali Spietz | Asst. to the City Mgr. | MI CM | HM Strategy |
| Steve Heitman | MI Fire Chief | MI Fire | HM Strategy |
| Ryan Daly | MI Parks Director | MI Parks | HM Strategy |
| Alfredo Moreno | MI Senior Systems Mgr. | MI IGS | HM Strategy |
| Marcy Olson | Facilities Manager | MI Finance | HM Strategy |

Plan Update Timeline

| PLANNING ACTIVITY | DATE | SUMMARY | ATTENDEES |
|--------------------------------------|-----------------|---------|-----------|
| Start Up meeting with KC | 03/11/2019 | | |
| Meeting with Leadership Team | 04/03/2019 | | |
| First public outreach | 06/22/2019 | | |
| Second Public outreach | 08/03-8/26/2019 | | |
| Strategy Forms Completed | 08/19/2019 | | |
| Draft Plan to Directors for review | 09/09/2019 | | |
| Draft Plan Presented to City Council | 09/17/2019 | | |
| Draft Plan to King County for review | 10/04/2019 | | |
| Final Plan Presented to City Council | April of 2020 | | |

Public Outreach Events

| EVENT | DATE | SUMMARY | ATTENDEES |
|-----------------------------------|--------------------|---|-----------|
| Booth at EM Prep Day | Sat. June 22, 2019 | Public Input on most vulnerable hazards and effected assets | All |
| “Let’s Talk” community engagement | August 3-August 26 | Input from community on prioritization of mitigation projects previously identified by staff to be focused on over the next 5 years | All |

Two engagement opportunities for public comment on identified risks and mitigation projects.

- **June 22** - Emergency Preparedness Fair which asked for public to comment on the below document; identifying which “Factors” were supported by the proposed project idea and then rank the project based on the public’s view of its priority. (13 comments from public)



- **August 3 - August 26** - Online Survey that again asked the public to rank the mitigation project based on what they considered the highest priority. (36 comments from public)

Tool Used to Prioritize Mitigation Projects. For both events the public was asked using the factors below to prioritize the project from 1 (being highest) to 10 (being lowest) and only using a number once what project they believed should be addressed first.

| MERCER ISLAND HAZARD MITIGATION PLAN 2020 UPDATE PUBLIC COMMENT TO PRIORITIZE MITIGATION PROJECTS | | | | |
|--|-------------------|-----------|---|--|
| MERCER ISLAND NATURAL HAZARDS: | | | | |
| Earthquake Severe Winter Weather Severe Non-Winter Weather Landslide Wildfire Volcano Tsunami/Seiche | | | | |
| FACTORS FOR CONSIDERATION: | | | | |
| <ol style="list-style-type: none"> 1. Equity, Social Justice, and Vulnerability - to benefit, account for, and include vulnerable populations 2. Collaborative - supported by multiple jurisdictions or agencies 3. Multiple-Benefit - has benefits beyond hazard risk reduction, including environmental, social, or economic 4. Adaptation and Sustainability - helps people, property, and the environment become resilient to the effects of climate change, regional growth, and development 5. Effectiveness - best-possible benefit-cost ratio 6. Urgent - is urgently needed to reduce risk to lives and property 7. Shovel-ready - project is largely ready to go, with few remaining roadblocks that could derail it | | | | |
| PROJECT DESCRIPTION | COST (Approx.) | TIMELINE | FACTORS List factor number (above) attributed to project | PRIORITY RANK (1-10) 1 = highest priority |
| 1. Fire Doors at Station 91 will not open after an earthquake. | \$400K | 2 years | 1,2,3,5,6 | |
| 2. Upgrading MICEC Generator for use as shelter site and back up for City Hall. | \$500K | Long-term | 1,2,3,5,6,7 | |
| 3. Reinforce roadways to with stand landslide damage. | \$15M | Long-term | 1,2,3,4,5,6 | |
| 4. City Hall columns need retrofitting. | \$30K | 2 years | 1,2,3,4,5,6,7 | |
| 5. Luther Burbank Boiler Building chimney needs to be replaced to code. | \$250K | 2 years | 4,5,7 | |
| 6. City owned docks need to be replaced and rebuilt to withstand seiches. | \$7M | Long-term | 1,2,3,4,6,7 | |
| 7. Upgrade City's fiber infrastructure to link critical facilities and deliver failover communications. | \$1.4M | Long-term | 1,2,3,4,5,6 | |
| 8. Water lines and sewer lines will fail in an earthquake; redundant lines are needed. | \$15M | Long-term | 1,2,3,4,5,6 | |
| 9. Second Emergency Well for drinking water and fire flow. | \$4.2M | Long-term | 1,2,3,5,6 | |
| 10. Stormwater pipe replacement to mitigate failures due to landslides. | \$2.5M | Long-term | 1,2,3,4,5,6 | |



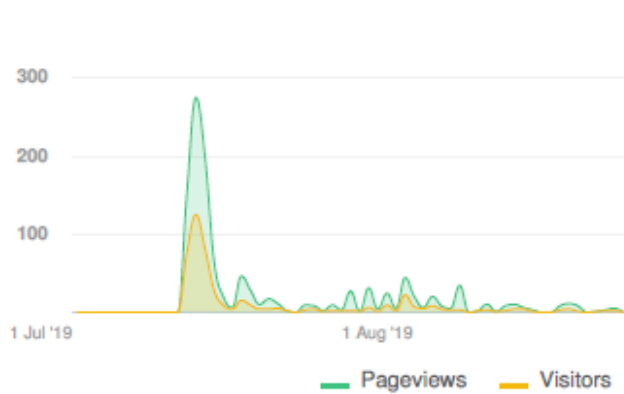
Project Report

03 August 2018 - 26 August 2019

Let's Talk Mercer Island Hazard Mitigation Plan Update

by Being the Table

Visitors Summary



Highlights

| | | | |
|-------------------|-----|----------------------|-----|
| TOTAL VISITS | 600 | MAX VISITORS PER DAY | 124 |
| NEW REGISTRATIONS | 6 | ENGAGED VISITORS | 36 |
| | | INFORMED VISITORS | 225 |
| | | AWARE VISITORS | 404 |

| | | | | | |
|-----------------------------------|---------------------|----------------------------------|-------------------|-------------------|------------------|
| Aware Participants | 404 | Engaged Participants | 36 | | |
| Aware Actions Performed | Participants | Engaged Actions Performed | Registered | Unverified | Anonymous |
| Visited a Project or Tool Page | 404 | | | | |
| Informed Participants | 225 | Contributed on Forums | 0 | 0 | 0 |
| Informed Actions Performed | Participants | Participated in Surveys | 9 | 27 | 0 |
| Viewed a video | 0 | Contributed to Newsfeeds | 0 | 0 | 0 |
| Viewed a photo | 0 | Participated in Quick Polls | 0 | 0 | 0 |
| Downloaded a document | 142 | Posted on Guestbooks | 0 | 0 | 0 |
| Visited the Key Dates page | 0 | Contributed to Stories | 0 | 0 | 0 |
| Visited an FAQ list Page | 0 | Asked Questions | 1 | 0 | 0 |
| Visited Instagram Page | 0 | Placed Pins on Places | 0 | 0 | 0 |
| Visited Multiple Project Pages | 122 | Contributed to Ideas | 1 | 0 | 0 |
| Contributed to a tool (engaged) | 36 | | | | |



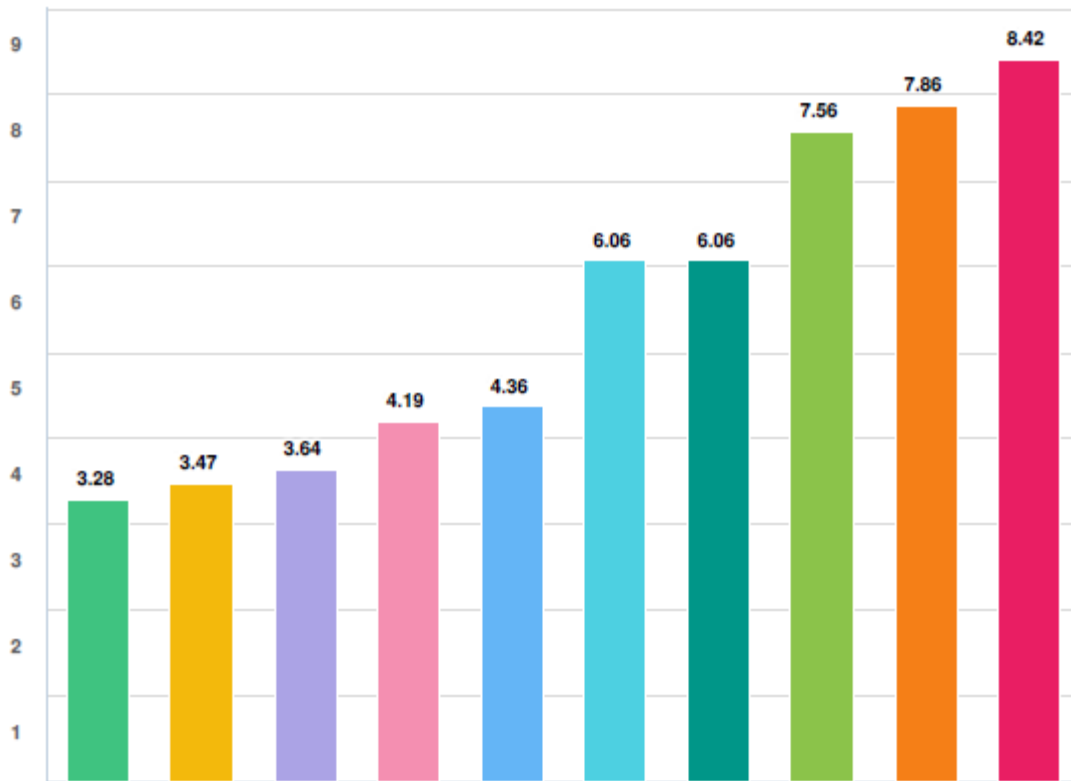
Let's Talk Mercer Island : Summary Report for 03 August 2018 to 26 August 2019

ENGAGEMENT TOOL: SURVEY TOOL

Prioritizing Hazard Mitigation Projects

| | | |
|--|---|--|
| VISITORS 232 | CONTRIBUTORS 36 | CONTRIBUTIONS 36 |
|--|---|--|

Rank the following hazard mitigation projects from highest priority (1) to lowest (10).



Question options

- Build second Emergency Well for drinking water and fire flow (\$4M)
- Upgrade MICEC Generator - MICEC will serve as a community shelter and back up for City Hall (\$200k)
- Install secondary / backup water and sewer lines to mitigate failures caused by earthquakes (\$15M)
- Upgrade Station 91 Fire Doors - current doors will not open after an earthquake (\$400k)
- Upgrade City fiber infrastructure to link critical facilities and deliver failover communications (\$7.25M)
- Reinforce roadways to withstand landslide damage (\$15M)
- Replace stormwater pipe to mitigate failures caused by landslides (\$2.5M)
- Retrofit City Hall columns (\$30k)
- Rebuild City owned docks to withstand seiches / large tsunami-like waves caused by earthquakes (\$7M)
- Replace and bring Luther Burbank Boiler Building chimney up to code (\$250k)



Jurisdiction Hazard Mitigation Program

Every 5 years FEMA requires jurisdictions to update their Hazard Mitigation Plan(HMP). The HMP will reassess the risks and vulnerabilities of the jurisdiction’s natural hazards and develop strategies to reduce the risk to those hazards. In the past jurisdictions have had to pay private consultants to update their Hazard Mitigation Plans. In 2015 King County was able to alleviate this burden for its jurisdictions and write a regional hazard mitigation plan that the represented cities could annex to. The plan is a requirement for receiving federal Hazard Mitigation Assistance grants.

Hazard mitigation strategies were developed through a two-step process. Each jurisdiction met with an internal planning team to identify a comprehensive range of mitigation strategies. These strategies were then prioritized using a process established at the county level and documented in the base plan.

Plan Monitoring, Implementation, and Future Updates

King County leads the mitigation plan monitoring and update process and schedules the annual plan check-ins and bi-annual mitigation strategy updates. Updates on mitigation projects are solicited by the county for inclusion in the countywide annual report. As part of participating in the 2020 update to the Regional Hazard Mitigation Plan, every jurisdiction agrees to convene their internal planning team at least annually to review their progress on hazard mitigation strategies and to update the plan based on new data or recent disasters.

As part of leading a countywide planning effort, King County Emergency Management will send to planning partner any federal notices of funding opportunity for the Hazard Mitigation Assistance Grant Program. Proposals from partners will be assessed according to the prioritization process identified in this plan and the county will, where possible, support those partners submitting grant proposals. This will be a key strategy to implement the plan.

The next plan update is expected to be due in April 2025. All jurisdictions will submit letters of intent by 2023, at least two years prior to plan expiration. The county will lead the next regional planning effort, beginning at least 18 months before the expiration of the 2020 plan.

Continued Public Participation

King County and its partner cities already maintains substantial public outreach capabilities, focusing on personal preparedness and education. Information on ongoing progress in implementing the hazard mitigation plan will be integrated into public outreach efforts. This will provide Mercer Island residents, already engaged in personal preparedness efforts, with context and the opportunity to provide feedback on the city’s progress and priorities in

Plan Goals

1. Identify Mercer Island Hazards. (Natural)
2. Update Mercer Island Hazard Maps.
3. Identify Mercer Island assets that could be at risk from these identified hazards.
4. Establish mitigation strategies (projects) that address the asset risk.
5. Integrate equity and social justice into understanding of risk, vulnerability, and development of mitigation strategies.
6. Prioritize the mitigation projects using public feedback.
7. Discuss funding options, knowing that Mercer Island currently cannot use grant match funding.
8. Mitigation projects may have to wait until a funding source can be identified.



large-scale mitigation. In the vertical integration of risk-reduction activities from personal to local to state and federal, it is important that the public understand how its activities support, and are supported by, larger-scale efforts. The outreach and mitigation teams will also continue to work with media and other agency partners to publicize mitigation success stories and help explain how vulnerabilities are being fixed.

Hazard Mitigation Authorities, Responsibilities, and Capabilities

Plans

| PLAN TITLE | RESPONSIBLE AGENCY | POINT OF CONTACT | RELATIONSHIP TO HAZARD MITIGATION PLAN |
|--|--|-------------------|--|
| Comprehensive Emergency Management Plan: to include Continuity of Operation Plans, Pandemic Plan, Terrorism response Plan and Threat and Hazard Identification and Risk Assessment, Debris Management Plan, Volunteer Operations Plan, Shelter Plan | City of Mercer Island – Emergency Management | Jennifer Franklin | Guides planning, operations and recovery efforts |
| Comprehensive Plan | City of Mercer Island – Community Planning Development | Evan Maxim | Provides policies for Land Use, Housing, Transportation, Utilities, Capital Facilities, and designated Environments. |
| Capital Improvement Plan | City of Mercer Island – City Manager’s Office | Ali Spietz | City Facilities, Pedestrian and Bicycle Facilities, Parks, Streets and Right of Way, Storm and Surface Water Drainage, Water System, Sanitary Sewer System and Schools |
| Shoreline Management Plan | City of Mercer Island – Community Planning Development | Evan Maxim | Provides development regulations generally within 200 feet of the shoreline of Lake Washington. |
| Transportation Improvement Plan | City of Mercer Island – Public Works | Jason Kintner | Guides future planning for roadway, pedestrian and bicycle projects. |
| Pedestrian and Bicycle Facilities Plan | City of Mercer Island – Public Works | Jason Kintner | Guides investments and other actions relating to pedestrian and bicycle facilities such as trails, crosswalks, bike lanes, and sidewalks. |
| Floodplain or Basin Plan | City of Mercer Island – Public Works | Jason Kintner | Assists with urban flood control |



| | | | |
|------------------------|--------------------------------------|---------------|--|
| Stormwater Plan | City of Mercer Island – Public Works | Jason Kintner | Conforms to Puget Sound Water Quality Plan |
|------------------------|--------------------------------------|---------------|--|

Programs, Policies, and Processes

| PROGRAM/POLICY | RESPONSIBLE AGENCY | POINT OF CONTACT | RELATIONSHIP TO HAZARD MITIGATION PLAN |
|---|--|-------------------------|--|
| Construction Codes Including: site plan review, | City of Mercer Island – Community Planning Development | Evan Maxim | Hazards and mitigation opportunities are reviewed when new versions of construction codes are adopted. All construction work conducted under a hazard mitigation project is subject to the current or vested construction codes at the time of permit application. |
| Development Code Including: zoning, critical areas, watercourses, wetlands, subdivisions, trees, Town Center development, and design standards. | City of Mercer Island – Community Planning Development | Evan Maxim | Hazards and mitigation opportunities are reviewed when extensive code amendments are made to the development code. Development for a hazard mitigation project is subject to the current or vested development regulations at the time of permit application. |
| Stormwater Management Program | City of Mercer Island – Public Works | Jason Kintner | Hazards and mitigation opportunities are reviewed when changes are made to the Stormwater Management Program. |
| Growth Management | City of Mercer Island – Community Planning Development | Evan Maxim | New policies adopted for growth management are reviewed for hazards or mitigation opportunities to protect the people and property on Mercer Island. |
| Public Health and Safety | Police and Fire Departments Seattle-King County Public Health | Steve Heitman | Hazards and mitigation opportunities are reviewed when changes to public health and |



| | | | |
|---|---|-------------------|--|
| | | | safety policies and procedures occur |
| Emergency Management Program Including Personal Preparedness Outreach | City of Mercer Island – Emergency Management | Jennifer Franklin | Hazards and mitigation opportunities are routinely reviewed as part of the Emergency Management Program including informing the public of the hazards. |

Entities Responsible for Hazard Mitigation

| AGENCY/ORGANIZATION | POINT OF CONTACT | RESPONSIBILITY(S) |
|--|------------------|-------------------------------|
| Public Works Department | Jason Kintner | Director |
| Community Planning and Development Department | Evan Maxim | Director |
| City Manager’s Office | Ali Spietz | Assistant to the City Manager |



National Flood Insurance Program

National Flood Insurance Program Compliance

| | |
|---|--|
| | |
| What department is responsible for floodplain management in your community? | Public Works |
| Who is your community's floodplain administrator? (title/position) | Public Works Director |
| What is the date of adoption of your flood damage prevention ordinance? | June 30, 1997 FEMA classified Mercer Island as a Zone C (minimal Flood Hazard) However, Mercer Island Participates in the NFIP |
| When was the most recent Community Assistance Visit or Community Assistance Contact? | None |
| Does your community have any outstanding NFIP compliance violations that need to be addressed? If so, please state what they are? | No |
| Do your flood hazard maps adequately address the flood risk within your community? If so, please state why. | Yes |
| Does your floodplain management staff need any assistance or training to support its floodplain management program? If so, what type of training/assistance is needed? | No |
| Does your community participate in the Community Rating System (CRS)? If so, what is your CRS Classification and are you seeing to improve your rating? If not, is your community interested in joining CRS? | No |
| How many Severe Repetitive Loss (SRL) and Repetitive Loss (RL) properties are located in your jurisdiction? | SRL: None RL: None |
| Has your community ever conducted an elevation or buy out of a flood-prone property? If so, what fund source did you use? If not, are you interested in pursuing buyouts of flood prone properties? | No |



2020 Hazard Mitigation Strategies

Project 1. Fire Doors

| | | | |
|--|---|--|--|
| Lead Points of Contact MIFD DC Mike Mandella | Partner Points of Contact MI Finance-Chip Corder MI Facilities-Marcy Olson | Hazards Mitigated / Goals Addressed Earthquake | Funding Sources and Estimated Costs ~400K/Grants or Capital Budget |
| Strategy Vision/Objective Station 91 has 5 bays with electric roll-up doors that need to be replaced with doors similar to those at Station 92. Station 92 has bi-fold doors which are fast opening and manually operable if damaged by an earthquake shifting the building. | | | |
| Mitigation Strategy An earthquake impacting the ability to move fire apparatus out of the station will hinder emergency life-saving response following an earthquake. Bi-fold doors with the ability to manually open will assist with emergency response. The current fire doors at Station 91 have the potential for structural damage which may not allow the doors to be manually opened thus necessitating the need to drive the fire apparatus through the doors, damaging the vehicle as well as destroying the doors, and causing a security risk at station 91. | | | |
| 2-Year Objectives <ul style="list-style-type: none"> • Secure the funding source/s • Structural review for bi-fold doors • Publish RFP • Select vendor • Make changes required to install bi-fold doors • Install doors | 5-Year Objectives | Long-Term Objectives | |
| Implementation Plan/Actions <ul style="list-style-type: none"> • Secure the funding source/s – Apply for FEMA Hazard Mitigation Assistance grant – if that is not an option include in study in 2021 to 2026 CIP – Allocate capital funding to design and implement projects • Structural review for bi-fold doors • Publish RFP • Select vendor • Make changes required to install bi-fold doors • Install doors | | | |
| Performance Measures Research has shown that bi-fold doors withstand earthquake damage better than overhead opening doors. Structural damage from the necessity of driving through the doors could prevent a return to the apparatus bay by apparatus preventing the apparatus from hooking up to air and battery chargers that keep them in service. | | | |



Project 2. MICEC Generator

| | | | |
|--|--|--|---|
| Lead Points of Contact Ryan Daly | Partner Points of Contact Zach Houvener Marcy Olson | Hazards Mitigated / Goals Addressed Earthquake/Loss of Power to Critical Facilities | Funding Sources and Estimated Costs 500K Capital / Grant |
| Strategy Vision/Objective Provide continuous power to MICEC to operate as an Emergency Shelter as well as back up operations for City Hall | | | |
| Mitigation Strategy The MICEC has a diesel generator on site that powers critical areas of the building (full use of kitchen, restrooms, gymnasium (dormitory), and emergency lighting that enables it to operate as a Red Cross Emergency Shelter. The current generator however is not able to provide enough power should the facility be necessary as a back-up City Hall. To mitigate this risk a larger 400K generator would need to be installed close to the existing electrical panel which is located on the east side of the community center. This would involve mitigating issues with hill slide sloping concerns, new wiring, ground excavation. | | | |
| 2-Year Objectives: <ul style="list-style-type: none"> Begin outreach to public on critical facilities and capabilities Research sloping concerns and costs | 5-Year Objectives: <ul style="list-style-type: none"> Determine funding amount and implementation timetable Provide funding outline for system implementation | Long-Term Objectives: <ul style="list-style-type: none"> Continue to use the MICEC as an Emergency Shelter with the potential for being a backup city hall even with limited power | |
| Implementation Plan/Actions: <ul style="list-style-type: none"> Begin outreach to public on critical facilities and capabilities Research sloping concerns and costs Determine funding amount and implementation timetable Secure the funding source/s – Apply for FEMA Hazard Mitigation Assistance grant – if that is not an option include in study in 2021 to 2026 CIP – Allocate capital funding to design and implement projects RFP for project Select vendors Install generator/wiring | | | |
| Performance Measures Quarterly tests with generators to confirm capabilities. Annual drills on shelter plan as well as back up city hall operations. | | | |



Project 3. Road Damage

| Lead Points of Contact Public Works Jason Kintner | Partner Points of Contact <ul style="list-style-type: none"> • Dept of Fish and Wildlife • Army Corp of Engineers • Department of Transportation | Hazards Mitigated / Goals Addressed <ul style="list-style-type: none"> • Mitigate roadway failures due to landslides • Stabilize arterials and city roads • Protect infrastructure/private property. • Provide for public safety access • Environmental protection | Funding Sources and Estimated Costs \$15M Design Construction Monitor |
|--|--|--|--|
| <p>Strategy Vision/Objective</p> <p>Historically, the Residential Street Preservation program has consisted of hot mix asphalt (HMA) overlays on an average of 1.0 to 1.5 miles of residential streets annually. The Residential Street Preservation Program improves about one substandard street per biennium, as the need arises.</p> <p>The City’s pavement condition data is an integral part of determining the locations and schedule of future residential street asphalt overlays and chip seal work. Pavement Condition Index (PCI) data was collected in 2013 and 2016 and will be collected again in 2019. When PCI falls below a score of 70, staff considers a roadway for resurfacing. For roadways with resurfacing needs that also have pending utility work (storm drainage, new water main, etc.), these roadways are typically scheduled for paving in the years following completion of that major utility work. The timing and limits of residential street resurfacing work in future TIPs may change, as determined by updated pavement condition information.</p> <p>In a catastrophic event, roads will fail. Identifying risks for failure will improve accessibility. Maintaining critical infrastructure is essential to providing routes for essential public safety.</p> | | | |
| <p>Mitigation Strategy</p> <p>The City must ensure that access is maintained for public safety. Located in Lake Washington, Mercer Island is a largely residential community bisected by I90. As such, during a catastrophic event, transportation to and from mercer Island may be significantly impacted. Maintaining access for public safety is critical.</p> <p>During a catastrophic event, the City’s road network will most likely be severely damaged and access will likely be significantly impacted. Identifying ageing infrastructure and replacing critical infrastructure will mitigate future risk. Completing the PCI study and identifying future street improvement projects will help the City prioritize replacement. Other considerations in identifying mitigation/prioritization of projects include:</p> <ul style="list-style-type: none"> • Stormwater conveyance and existing infrastructure condition • Topography and soil composition issues • Cut/fill roadway construction (East/West Mercer Ways) • Identify primary public safety routes | | | |
| <p>2-Year Objectives:</p> <ul style="list-style-type: none"> • Complete stormwater conveyance assessment • Complete Pavement Condition Inventory • Identify primary public safety routes • Identify proximity to slopes | <p>5-Year Objectives:</p> <ul style="list-style-type: none"> • Identify projects for inclusion of ongoing tip. • Allocate funding in the capital budget/street for construction | <p>Long-Term Objectives:</p> <ul style="list-style-type: none"> • Stabilize all slopes | |



Implementation Plan/Actions:

- Complete stormwater assessment of which may be improved to prevent future slides.
 - Apply for an Advanced Assistance grant from FEMA Hazard Mitigation Assistance through DR 4418 in 2019 and PDM 2019 (only if city can match funds 75/25 match)
- If FEMA grant applications are unsuccessful, include study in 2021 to 2026 CIP
- Allocate capital funding to design and implement the projects

Performance Measures

Successfully identify an option to reduce impacted roadways and limit access for public safety to provide efficient services.



Project 4. City Hall Columns

| | | | |
|--|--|--|---|
| Lead Points of Contact Don Cole Building Inspector | Partner Points of Contact Marcy Olson Facilities Manager | Hazards Mitigated / Goals Addressed Earthquake | Funding Sources and Estimated Costs 30K Capital/Grant |
| Strategy Vision/Objective Reinforce columns under City Planning Department to ensure integrity of the west wing of city hall and the entrance/ egress into and out of the Emergency Operation Center. | | | |
| Mitigation Strategy Most city owned buildings were constructed to recent codes. The City Hall facility was constructed to older codes, but its construction techniques do not hinder effective mitigation except for two columns beneath the CPD wing (near the EOC entry doors) that should be retrofitted at a cost of approximately \$30,000. | | | |
| 2-Year Objectives: <ul style="list-style-type: none"> • Design/Construction • Fund through capital program • Construction • Complete operation plan | 5-Year Objectives: | Long-Term Objectives: | |
| Implementation Plan/Actions: <ul style="list-style-type: none"> • Apply for an Advanced Assistance grant for design and construction from FEMA Hazard Mitigation Assistance through DR 4418 in 2019 and PDM 2019 <ul style="list-style-type: none"> ○ If FEMA grant applications are unsuccessful, include in 2021-2026 CIP • Construct & complete operation plan | | | |
| Performance Measures Successful design and construction | | | |



Project 5. Luther Burbank Boiler Chimney

| | | | |
|---|--|--|--|
| Lead Points of Contact Don Cole Building Inspector | Partner Points of Contact Marcy Olson Facilities Manager | Hazards Mitigated / Goals Addressed Earthquake | Funding Sources and Estimated Costs 250K Capital / Grant |
| Strategy Vision/Objective The chimney structure at the Luther Burbank Boiler (near the dock) appears to be under-reinforced when compared to today’s codes and should be assessed/mitigated or potentially removed due to risk of falling debris during an earthquake. | | | |
| Mitigation Strategy Dismantle unstable Chimney to prevent risk to public. | | | |
| 2-Year Objectives <ul style="list-style-type: none"> • Design/Construction • Fund through capital program • Construction • Complete operation plan | 5-Year Objectives | Long-Term Objectives | |
| Implementation Plan/Actions <ul style="list-style-type: none"> • Apply for an Advanced Assistance grant for design and construction from FEMA Hazard Mitigation Assistance through DR 4418 in 2019 and PDM 2019 <ul style="list-style-type: none"> ◦ If FEMA grant applications are unsuccessful, include in 2021-2026 CIP • Construct & complete operation plan | | | |
| Performance Measures If it doesn’t fall down in an earthquake | | | |



Project 6. City Docks

| | | | |
|--|---|--|--|
| Lead Points of Contact Don Cole – City Inspector | Partner Points of Contact <ul style="list-style-type: none"> Seattle Public Utilities Department of Health Department of Ecology Department of Fish and Wildlife Army Corp of Engineers | Hazards Mitigated / Goals Addressed Earthquake/Seiche | Funding Sources and Estimated Costs Approx. 7M Capital/Grant |
| Strategy Vision/Objective The city-owned docks at Luther Burbank Park, Groveland Park, Clarke Beach and the Boat Launch are susceptible to damage from seiches. Without these docks our Marine Patrol will be limited in function. Additionally, supplies arriving by boat may not be able to be offloaded without the use of these docks. Several of these structures are nearing the end of their useful life and are in need of either substantial repairs or complete replacement. | | | |
| Mitigation Strategy <ul style="list-style-type: none"> Identify repair/replacement needed for each dock. Contact partners for permitting Determine actual cost for repair/replacement Find Funding source for repair/replacement Begin design and construction Complete design and construction | | | |
| 2-Year Objectives | 5-Year Objectives | Long-Term Objectives <ul style="list-style-type: none"> Design/Construction Fund through capital program Construction Complete operation plan | |
| Implementation Plan/Actions <ul style="list-style-type: none"> Apply for an Advanced Assistance grant for design and construction from FEMA Hazard Mitigation Assistance through DR 4418 in 2019 and PDM 2019 <ul style="list-style-type: none"> If FEMA grant applications are unsuccessful, include in 2021-2026 CIP Construct & complete operation plan | | | |
| Performance Measures – | | | |



Project 7. City's Fiber Infrastructure

| | | | |
|---|---|---|--|
| Lead Points of Contact (Title) Alfredo Moreno Sr. Systems Administrator | Partner Points of Contact (Title) Chip Corder Finance Director | Hazards Mitigated / Goals Addressed 1,2,3,4,5,6 | Funding Sources and Estimated Costs 1.4M |
| Strategy Vision/Objective: <ul style="list-style-type: none"> • City network is critical infrastructure, supporting all departments, functions, and services. • Buildings, devices, vehicles, sensors, employees, other government agencies, Internet, telephony, 911, etc. all connect via fiber, copper, satellite, and cellular connections owned or leased by the City. • The City's continuous improvement goal has been to design and maintain a network that is: <ul style="list-style-type: none"> ○ Responsive – Fast and adequate bandwidth for City service delivery. ○ Resilient – Capable of both automated disaster recovery and enables business continuity ○ Cost Effective – Achieve the first two within reason, best practices, and available resources. | | | |
| Mitigation Strategy: <ul style="list-style-type: none"> • Continued long-term investments in City's fiber infrastructure to link Critical Facilities: <ul style="list-style-type: none"> ○ City Hall ○ Mercer Island Community and Event Center ○ Mercer Island Fire Department Station 91 and Station 92 ○ Public Works (Main Facility, Reservoir, 1st Hill Booster Station, Pump Stations) • Redundant Fiber Ring <ul style="list-style-type: none"> ○ Opportunistic ○ Cost Effective ○ City Owned • Failover Communications <ul style="list-style-type: none"> ○ Fiber Ring ○ Cellular | | | |
| 2-Year Objectives Ingress/egress primary communications failover/hot standby on secondary disaster recovery site. Critical City facilities have failover/hot standby connection at the <i>site</i> level. | 5-Year Objectives All City facilities have at least one failover/hot standby connection at the <i>site</i> level. | Long-Term Objectives Fiber ring deployed, allowing default redundancy to all City facilities. | |
| Implementation Plan/Actions: <ul style="list-style-type: none"> • Continue to develop, improve, and act on the City's communication strategy. • Submit funding requests – Through FEMA grants and/or CIP • Conduct education, training, and outreach to decision makers • Continue to seek out opportunities to partner/liaison with other agencies where long-term goals align. | | | |
| Performance Measures Completion of project objectives. | | | |



Project 7. City's Fiber Infrastructure

| | | | |
|---|---|---|--|
| Lead Points of Contact (Title) Alfredo Moreno Sr. Systems Administrator | Partner Points of Contact (Title) Chip Corder Finance Director | Hazards Mitigated / Goals Addressed 1,2,3,4,5,6 | Funding Sources and Estimated Costs 1.4M |
| Strategy Vision/Objective: <ul style="list-style-type: none"> • City network is critical infrastructure, supporting all departments, functions, and services. • Buildings, devices, vehicles, sensors, employees, other government agencies, Internet, telephony, 911, etc. all connect via fiber, copper, satellite, and cellular connections owned or leased by the City. • The City's continuous improvement goal has been to design and maintain a network that is: <ul style="list-style-type: none"> ○ Responsive – Fast and adequate bandwidth for City service delivery. ○ Resilient – Capable of both automated disaster recovery and enables business continuity ○ Cost Effective – Achieve the first two within reason, best practices, and available resources. | | | |
| Mitigation Strategy: <ul style="list-style-type: none"> • Continued long-term investments in City's fiber infrastructure to link Critical Facilities: <ul style="list-style-type: none"> ○ City Hall ○ Mercer Island Community and Event Center ○ Mercer Island Fire Department Station 91 and Station 92 ○ Public Works (Main Facility, Reservoir, 1st Hill Booster Station, Pump Stations) • Redundant Fiber Ring <ul style="list-style-type: none"> ○ Opportunistic ○ Cost Effective ○ City Owned • Failover Communications <ul style="list-style-type: none"> ○ Fiber Ring ○ Cellular | | | |
| 2-Year Objectives Ingress/egress primary communications failover/hot standby on secondary disaster recovery site. Critical City facilities have failover/hot standby connection at the <i>site</i> level. | 5-Year Objectives All City facilities have at least one failover/hot standby connection at the <i>site</i> level. | Long-Term Objectives Fiber ring deployed, allowing default redundancy to all City facilities. | |
| Implementation Plan/Actions: <ul style="list-style-type: none"> • Continue to develop, improve, and act on the City's communication strategy. • Submit funding requests – Through FEMA grants and/or CIP • Conduct education, training, and outreach to decision makers • Continue to seek out opportunities to partner/liaison with other agencies where long-term goals align. | | | |
| Performance Measures Completion of project objectives. | | | |



Project 8. Redundant Water and Sewer Service

| Lead Points of Contact (Title) | Partner Points of Contact (Title) | Hazards Mitigated / Goals Addressed | Funding Sources and Estimated Costs |
|-----------------------------------|--|--|---|
| Utility Engineer City engineer | <ul style="list-style-type: none"> • Seattle Public Utilities • Department of Health • Department of Ecology • Department of Fish and Wildlife • Army Corp of Engineers | <ul style="list-style-type: none"> • Environmental Safety • Provide water as a resource • Fire suppression • Ensuring utility service in an emergency • Protect infrastructure & private property | \$15M <ul style="list-style-type: none"> • Feasibility • Permitting • Design • Construction • Operations |

Strategy Vision/Objective:

In an earthquake, waterlines and sewer lines will fail. Identifying aging infrastructure and replacing pipes with a greater risk of failure will mitigate future risk of failure.

Mitigation Strategy

During a catastrophic event, the City’s water system will most likely be severely damaged and the water supply delivery to the customers will be disrupted. The City’s sanitary sewer system will also likely be severely damaged. The City is also continuing public education to emphasize the importance of water conservation during normal and unusual situations and identify aging infrastructure that is at greater risk of failure and prioritize replacements.

The sanitary collection system consists of approximately 2,400 manholes and 105 miles of pipe. The majority of the system was originally constructed by the Mercer Island Sewer District through three Utility Local Improvement Districts (ULIDs) in the late 1950s and early 1960s. In the coming decades, the City will need to make decisions between continuing maintenance, repairing, or replacing its aging infrastructure. The Remaining Useful Life analyses found that approximately 500,000 ft (95 miles) of pipe will reach the end of its useable life by 2029. This would require R&R of approximately 39,000 ft (7.3 miles) of pipe per year through 2029.

The City obtains all of its water supply from SPU. The City purchases and distributes all of the water consumed on the Island under a long-term contract that guarantees an adequate supply through the year 2062. The majority of the water supplied by SPU to the City originates in the Cedar River Watershed, although occasionally the City is supplied from the Tolt River supply system. The water is delivered through the Cedar East Side Supply Line (CESSL) to the 30-inch Mercer Island supply line at Factoria. The 30-inch supply line along I-90 reduces to a 20-inch line at the Bellevue side of the Lake Washington East Channel and then crosses beneath the Lake to the island. A second 16-inch supply line parallels the 20-inch line and is attached to the I-90 Freeway East Channel Bridge structure. The SPU supply lines feed directly into the reservoirs with no service connections along the way. The existing system is comprised of the following elements: Two 4 million-gallon storage tanks for a total of 8 million gallons of water storage; Two independent transmission line routes to fill the reservoirs; Two pump stations; 115 miles of watermains, ranging in size from 2-inch to 30-inch; 85 pressure reducing valves.

The majority of the distribution system was constructed between 1956 and 1960 by utility local improvement districts (ULID). There were major improvements made at the north end of the system around 1984 in conjunction with the I-90 freeway construction. The majority of the distribution system consists of 6- and 8-



inch mains, which account for about 67% of the total pipe linear-footage in the system, however many 4-inch mains still remain. Larger diameter pipes ranging in size from 10 to 30 inches serve as major feed lines or transmission mains to various parts of the system.

Implementation of the recommendations from the General Sewer Plan, the City’s Water System Plan, and the 2004 Seismic Vulnerability Assessment Study, including: isolation valves, structural stabilization of the reservoir tank anchors, non-structural stabilization of building and components, flexible hoses, and continued public education. Grants and other public funding sources will be pursued to supplement funding

2-Year Objectives
Identify and prioritize critical projects

5-Year Objectives

- Fund through capital program
- Design/construct

Long-Term Objectives

- Continue
- Updated water/sewer system plans

Implementation Plan/Actions:

- Identify and prioritize critical projects and timing strategy for implementation
- Apply for an Advanced Assistance grant from FEMA Hazard Mitigation Assistance through DR 4418 in 2019 and PDM 2019
 - If FEMA grant applications are unsuccessful,
- Include project design and construction of future Capital Improvement Program
- Identify funding mechanism through water utility
- Construct & complete operation plan.
- Include in future updates to Water System Plan & General Sewer System Plan

Performance Measures

Successful design, construction and operation of water & sewer lines



Project 10. Stormwater Pipe

| Lead Points of Contact (Title) | Partner Points of Contact (Title) | Hazards Mitigated / Goals Addressed | Funding Sources and Estimated Costs |
|---|---|--|---|
| Utility Engineer City engineer | <ul style="list-style-type: none"> • Department of Fish and Wildlife • Army Corp of Engineers | <ul style="list-style-type: none"> • Mitigate failures due to landslides • Stabilize hillside • Protect infrastructure/private property • Environmental protection • Ensuring utility service in an emergency | \$2.5M: <ul style="list-style-type: none"> • Design • Construction • Monitor |
| <p>Strategy Vision/Objective:</p> <p>Mercer Island’s stormwater system serves a complex network of 87 drainage basins. The system relies heavily on “natural” conveyances. There are more than 13 miles of ravine watercourses that carry stormwater and 20 miles of open drainage ditches. 40 percent of the ravine watercourses are privately owned, while roughly 70 percent of the drainage ditches are on public property. Mercer Island has no known locations where stormwater recharges an aquifer or feeds any other source used for drinking water.</p> <p>The artificial components of the system include 117 miles of stormwater pipes and more than 5300 catch basins. These components function to convey stormwater into Lake Washington and help prevent localized flooding and landslides. System inspections and timely repairs are required to maintain the integrity of the stormwater utility and prevent landslides.</p> <p>The overall objective is to ensure the City complies with all applicable federal and state stormwater requirements, Western Washington Phase II Municipal (NPDES) Permit issued by the Washington State Department of Ecology. Mercer Island is urban/residential in nature and all the Island’s stormwater eventually flows into Lake Washington. The prevention of nonpoint pollution is a major priority.</p> | | | |
| <p>Mitigation Strategy</p> <p>The City must ensure the stormwater is collected and discharged properly. Mercer Island’s stormwater system services a complex network and relies heavily on “natural” conveyances. During a catastrophic event, the City’s stormwater system will most likely be severely damaged and the conveyance of stormwater will likely be significantly impacted.</p> <p>Identifying ageing infrastructure and replacing infrastructure with a higher risk of failure will mitigate future risk. Completing a comprehensive stormwater conveyance system assessment that includes known topography and soil composition issues, and identification of future stormwater reinvestment needs will help the City prioritize replacement to minimize risk and unintended landslides.</p> | | | |
| <p>2-Year Objectives</p> <p>Complete stormwater conveyance assessment</p> | <p>5-Year Objectives</p> <ul style="list-style-type: none"> • Identify and select alternatives for stormwater improvements. • Allocate funding in the capital budget to fund | <p>Long-Term Objectives</p> <p>Identify and repair critical infrastructure to prevent future unintended landslides</p> | |



Implementation Plan/Actions:

- Complete stormwater assessment of which may be improved to prevent future slides.
 - Apply for an Advanced Assistance grant from FEMA Hazard Mitigation Assistance through DR 4418 in 2019 and PDM 2019 (Only if city can match grant funds 75/25)
- If FEMA grant applications are unsuccessful, include study in 2021 to 2026 CIP
- Allocate capital funding to design and implement the projects

Performance Measures

Successfully identify, design, and construct (repair or replace) stormwater improvements that will prevent localized flooding and landslides.



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

AB 5607

September 17, 2019

Regular Business

AGENDA BILL INFORMATION

| | | |
|----------------------------|--|--|
| TITLE: | AB 5607: State Initiative 976, Limits on Motor Vehicle Taxes and Fees Measures | <input checked="" type="checkbox"/> Discussion Only |
| RECOMMENDED ACTION: | Receive report | <input type="checkbox"/> Action Needed: |
| | | <input type="checkbox"/> Motion |
| | | <input type="checkbox"/> Ordinance |
| | | <input type="checkbox"/> Resolution |

| | | |
|--|---------------------------------|---|
| DEPARTMENT OF COUNCIL LIAISON | City Manager | Ali Spietz, Assistant to the City Manager |
| EXHIBITS | 1. Initiative Measure No. I-976 | |
| 2019-2020 CITY COUNCIL PRIORITY | n/a | |

| | |
|-------------------------------|--------|
| AMOUNT OF EXPENDITURE | \$ n/a |
| AMOUNT BUDGETED | \$ n/a |
| APPROPRIATION REQUIRED | \$ n/a |

SUMMARY

[Initiative Measure No. 976](#) (I-976), entitled "AN ACT Relating to limiting state and local taxes, fees, and other charges relating to vehicles; amending RCW 46.17.350, 46.17.355, 46.17.323, 82.08.020, 82.44.065, 81.104.140, and 81.104.160; adding a new section to chapter 46.17 RCW; adding a new section to chapter 82.44 RCW; adding a new section to chapter 81.112 RCW; creating new sections; repealing RCW 46.17.365, 46.68.415, 82.80.130, 82.80.140, 82.44.035, and 81.104.160; and providing an effective date," has been certified and will be presented to the voters of the State of Washington at the general election on November 5, 2019 (see Exhibit 1).

Initiative Measure No. 976 concerns motor vehicle taxes and fees and is described as follows:

Description: This measure would repeal, reduce, or remove authority to impose certain vehicle taxes and fees; limit annual motor-vehicle-license fees to \$30, except voter-approved charges; and base vehicle taxes on Kelley Blue Book value. Should this measure be enacted into law? Yes No

BACKGROUND

I-976, sponsored by Tim Eyman, was filed in March of 2018 as an initiative to the legislature to repeal, reduce, and remove authority to impose a range of state and local taxes, fees, and other charges relating to vehicles.

I-976 is often described as the “\$30 car tab initiative,” but it also proposes significant changes to many other aspects of the state’s transportation system.

As an initiative to the legislature, the Legislature was allowed three options:

1. Take no action and the initiative will be placed on the November ballot;
2. Propose an alternative and the alternative and the original initiative will be placed on the November ballot; or,
3. Pass the initiative as written into law.

The 2019 legislative session ended on April 28, 2019 without action being taken to approve I-976 or to offer an alternative measure. As a result, the initiative was placed on the November 2019 ballot as a stand-alone measure.

FUNDING IMPACTS OF I-976

The Sound Cities Association (SCA) presented the following information to the Public Issues Committee regarding I-976:

“If passed, the I-976 would reduce funds for state and local government transportation projects by over \$700 million in the 2019-2020 biennium and more than \$4.2 billion in the next 10 years. This includes an estimated annual loss of at least \$124 million in established Transportation Benefit Districts (TBDs). In addition, the measure would eliminate nearly \$7 billion in Sound Transit Revenues forecast through 2041.

Many of the funds proposed to be reduced or eliminated in the Initiative are currently deposited in the state Multimodal account, which provides flexible funding to support a variety of local mobility projects. Mobility investments that would be impacted may include new transit service, park and ride lots, demand management programs, as well as speed and reliability improvements.

I-976 would impact the following state and local funding sources:

- Repeal the authority for Transportation Benefit Districts (TBDs) to impose any vehicle license fee, including voter-approved license fees, eliminating this as a local funding option (TBDs would still be authorized to impose a 0.2% sales tax with voter approval);
- Repeal the authority for Regional Transit Authorities (Sound Transit) to impose motor vehicle excise taxes (MVET);
- Repeal the authority for Public Transportation Benefit Areas to impose an MVET for passenger ferry service and for Sound Transit;
- Limit all other vehicle license and registration fees to \$30, including the electric vehicle fee, commercial trailer and snowmobile fees, and weight-based fees for vehicles up to 10,000 pounds; and,
- Repeal the 0.3% tax on motor vehicle retail sales.

The repeal of authority for TBDs to impose an MVET would eliminate the funding source for 13 TBDs in King County. 18 King County cities have voted to authorize TBDs. Of these, 13 are funded at least in part by MVET. The remaining five are unfunded or are supported by sales tax only.

Impacts to the State Multimodal Account

In addition to impacting local TBD’s, much of the funding proposed to be reduced or eliminated

by I-976 is currently deposited in the state Multimodal Account, which provides flexible funding to support a variety of local mobility projects. The specific impacts of the elimination of these funds on local projects and services is difficult to project as reductions would have to be determined by the Legislature. However, if the Legislature were to choose to make an across-the-board reduction in programs, Metro estimates the region would lose approximately \$134 million in Metro services between 2020 and 2025, including:

- \$22.8 million in grant funds to support Metro projects, including RapidRide expansion, bus layover facilities, transit access, transit integration, transportation demand management, speed and reliability projects, and 10,000 annual service hours on the Route 101 in Renton;
- \$29.2 million in cuts to grants awarded to the cities of Burien, Kent, Tukwila, and Seattle for RapidRide investments, access to transit, and speed and reliability improvements;
- \$12.2 million in cuts to the Access paratransit program;
- \$30 million in cuts to replace Metro vanpool vans;
- \$2 million in cuts to Metro/Sound Transit coordination programs, including one for affordability and accessibility improvements for low-income passengers;
- \$485,000 in cuts to the ORCA Summer Program, which provides passes to income-qualified high school students in the Lake Washington and Highline districts;
- \$1 million in cuts to a program to provide incentives to non-profits and small businesses in King, Pierce, and Snohomish County to provide ORCA passes to their employees;
- \$350,000 for the transit-oriented development pilot project at the Kirkland Kingsgate Park and Ride; and,
- \$36 million to support electrification of the bus fleet.

Impacts to Sound Transit

I-976 would require the retirement or refinancing of all Sound Transit bonds that have MVET revenue pledged to them. The agency indicates this will likely lead to other fund sources Sound Transit collects being diverted away from local projects to repay bonds that are currently being repaid with MVET funds. The agency estimates I-976 will have a \$20 billion total impact through 2041, which includes approximately \$7 billion in lost revenue and \$13 billion in increased interest and construction costs.”

IMPACTS OF I-976 FOR THE CITY OF MERCER ISLAND

In 1987, the State Legislature created Transportation Benefit Districts (TBD) as an option for local governments to fund transportation improvements. A TBD is a quasi-municipal corporation and independent taxing district created for the sole purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the district. It is an independent taxing authority. Since 2005, the legislature has amended the TBD statute to expand its uses and revenue authority. In 2015, the legislature amended the TBD statute to increase the amount of vehicle license fees that may be imposed without a public vote.

Mercer Island’s TBD (MI TBD) was formed in 2014 and assumed by the City Council in 2015. In November 2014, the MI TBD Board (the City Council) adopted [Ordinance No. 1](#) to authorize a new and renewing vehicle license fee of \$20 to meet the City’s responsibility for funding the preservation and maintenance of the City’s transportation infrastructure, consistent with chapter 36.73 RCW, to:

- Protect the City’s long-term investments in City’s transportation infrastructure,

- Reduce the risk of transportation facility failures and improve safety,
- Continue optimal performance of the infrastructure over time, and
- Avoid more expensive infrastructure replacements in the future.

If passed, I-976 would repeal the authority for TBDs to impose vehicle fees. This would result in a loss of \$375,000 in annual revenues for the City of Mercer Island for preservation and maintenance of the City's transportation infrastructure.

TAKING A POSITION

State statute prohibits the use of public facilities for the promotion of or opposition to any ballot measure except in limited instances. However, [RCW 42.17A.555](#) allows the Council to express a collective position or vote to support or oppose a ballot proposition if (a) any required notice of the meeting includes the title and number of the ballot proposition; and (b) the members of the legislative body or members of the public are afforded an approximately equal opportunity for the expression of an opposing view.

If the City Council desires to take an official position on I-976, the Council can direct staff to generate a resolution stating its support for/opposition to the initiative. In addition to preparing the resolution, staff will schedule a public hearing on October 7 to ensure equal opportunity is provided to those with an opposing view to express their opinion.

RECOMMENDATION

In compliance with state law, staff makes no recommendation regarding Initiative Measure No. 976.

Initiative Measure No. 976, filed March 19, 2018

BRING BACK OUR \$30 CAR TABS

AN ACT Relating to limiting state and local taxes, fees, and other charges relating to vehicles; amending RCW 46.17.350, 46.17.355, 46.17.323, 82.08.020, 82.44.065, 81.104.140, and 81.104.160; adding a new section to chapter 46.17 RCW; adding a new section to chapter 82.44 RCW; adding a new section to chapter 81.112 RCW; creating new sections; repealing RCW 46.17.365, 46.68.415, 82.80.130, 82.80.140, 82.44.035, and 81.104.160; and providing an effective date.

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

POLICIES AND PURPOSES

NEW SECTION. **Sec. 1.** Voters have repeatedly approved initiatives limiting vehicle costs, yet politicians keep ignoring the voters' repeated, unambiguous mandate by imposing higher and

higher vehicle taxes and fees. It's not fair and it must Without this follow-up ballot measure, vehicle costs will continue to skyrocket until vehicle charges are obscenely expensive, as they were prior to Initiative 695. This measure and each of its provisions limit state and local taxes, fees, and other charges relating to motor vehicles. This measure would limit annual motor vehicle license fees to \$30, except voter-approved charges, repeal and remove authority to impose certain vehicle taxes and charges; and base vehicle taxes on Kelley Blue Book rather than the dishonest, inaccurate, and artificially inflated manufacturer's suggested retail price (MSRP). Voters have repeatedly approved initiatives limiting vehicle costs. Politicians must learn to listen to the people.

**LIMITING ANNUAL MOTOR-VEHICLE-LICENSE FEES TO \$30,
EXCEPT VOTER-APPROVED CHARGES**

NEW SECTION. **Sec. 2.** A new section is added to chapter 46.17 RCW to read as follows:

(1) State and local motor vehicle license fees may not exceed \$30 per year for motor vehicles, regardless of year, value, make, or model.

(2) For the purposes of this section, "state and local motor vehicle license fees" means the general license tab fees paid annually for licensing motor vehicles, including but not limited to cars, sport utility vehicles, light trucks under RCW 46.17.355, motorcycles, and motor homes, and do not include charges approved by voters after the effective date of this section. This annual fee must be paid and collected annually and is due at the time of initial and renewal vehicle registration.

Sec. 3. RCW 46.17.350 and 2014 c 30 s 2 are each amended to read as follows:

(1) Before accepting an application for a vehicle registration, the department, county auditor or other agent, or subagent appointed

by the director shall require the applicant, unless specifically Item 10. exempt, to pay the following vehicle license fee by vehicle type:

| VEHICLE TYPE | INITIAL FEE | RENEWAL FEE | DISTRIBUTED UNDER |
|--|---|---|-------------------|
| (a) Auto stage, six seats or less | \$ 30.00 | \$ 30.00 | RCW 46.68.030 |
| (b) Camper | \$ 4.90 | \$ 3.50 | RCW 46.68.030 |
| (c) Commercial trailer | \$ (34.00) <u>30.00</u> | \$ 30.00 | RCW 46.68.035 |
| (d) For hire vehicle, six seats or less | \$ 30.00 | \$ 30.00 | RCW 46.68.030 |
| (e) Mobile home (if registered) | \$ 30.00 | \$ 30.00 | RCW 46.68.030 |
| (f) Moped | \$ 30.00 | \$ 30.00 | RCW 46.68.030 |
| (g) Motor home | \$ 30.00 | \$ 30.00 | RCW 46.68.030 |
| (h) Motorcycle | \$ 30.00 | \$ 30.00 | RCW 46.68.030 |
| (i) Off-road vehicle | \$ 18.00 | \$ 18.00 | RCW 46.68.045 |
| (j) Passenger car | \$ 30.00 | \$ 30.00 | RCW 46.68.030 |
| (k) Private use single-axle trailer | \$ 15.00 | \$ 15.00 | RCW 46.68.035 |
| (l) Snowmobile | \$ (50.00) <u>30.00</u> | \$ (50.00) <u>30.00</u> | RCW 46.68.350 |
| (m) Snowmobile, vintage | \$ 12.00 | \$ 12.00 | RCW 46.68.350 |
| (n) Sport utility vehicle | \$ 30.00 | \$ 30.00 | RCW 46.68.030 |
| (o) Tow truck | \$ 30.00 | \$ 30.00 | RCW 46.68.030 |
| (p) Trailer, over 2000 pounds | \$ 30.00 | \$ 30.00 | RCW 46.68.030 |
| (q) Travel trailer | \$ 30.00 | \$ 30.00 | RCW 46.68.030 |
| (r) Wheeled all-terrain vehicle, on-road use | \$ 12.00 | \$ 12.00 | RCW 46.09.540 |

vehicle, off-road

use

(2) The vehicle license fee required in subsection (1) of this section is in addition to the filing fee required under RCW 46.17.005, and any other fee or tax required by law.

Sec. 4. RCW 46.17.355 and 2015 3rd sp.s. c 44 s 201 are each amended to read as follows:

(1)(a) For vehicle registrations that are due or become due before July 1, 2016, in lieu of the vehicle license fee required under RCW 46.17.350 and before accepting an application for a vehicle registration for motor vehicles described in RCW 46.16A.455, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant, unless specifically exempt, to pay the following license fee by weight:

| WEIGHT | SCHEDULE A | SCHEDULE B |
|---------------|------------|------------|
| 4,000 pounds | \$ 38.00 | \$ 38.00 |
| 6,000 pounds | \$ 48.00 | \$ 48.00 |
| 8,000 pounds | \$ 58.00 | \$ 58.00 |
| 10,000 pounds | \$ 60.00 | \$ 60.00 |
| 12,000 pounds | \$ 77.00 | \$ 77.00 |
| 14,000 pounds | \$ 88.00 | \$ 88.00 |
| 16,000 pounds | \$ 100.00 | \$ 100.00 |
| 18,000 pounds | \$ 152.00 | \$ 152.00 |
| 20,000 pounds | \$ 169.00 | \$ 169.00 |
| 22,000 pounds | \$ 183.00 | \$ 183.00 |
| 24,000 pounds | \$ 198.00 | \$ 198.00 |
| 26,000 pounds | \$ 209.00 | \$ 209.00 |
| 28,000 pounds | \$ 247.00 | \$ 247.00 |
| 30,000 pounds | \$ 285.00 | \$ 285.00 |
| 32,000 pounds | \$ 344.00 | \$ 344.00 |
| 34,000 pounds | \$ 366.00 | \$ 366.00 |
| 36,000 pounds | \$ 397.00 | \$ 397.00 |
| 38,000 pounds | \$ 436.00 | \$ 436.00 |

| | | |
|----------------|-------------|-------------|
| 40,000 pounds | \$ 499.00 | \$ 499.00 |
| 42,000 pounds | \$ 519.00 | \$ 609.00 |
| 44,000 pounds | \$ 530.00 | \$ 620.00 |
| 46,000 pounds | \$ 570.00 | \$ 660.00 |
| 48,000 pounds | \$ 594.00 | \$ 684.00 |
| 50,000 pounds | \$ 645.00 | \$ 735.00 |
| 52,000 pounds | \$ 678.00 | \$ 768.00 |
| 54,000 pounds | \$ 732.00 | \$ 822.00 |
| 56,000 pounds | \$ 773.00 | \$ 863.00 |
| 58,000 pounds | \$ 804.00 | \$ 894.00 |
| 60,000 pounds | \$ 857.00 | \$ 947.00 |
| 62,000 pounds | \$ 919.00 | \$ 1,009.00 |
| 64,000 pounds | \$ 939.00 | \$ 1,029.00 |
| 66,000 pounds | \$ 1,046.00 | \$ 1,136.00 |
| 68,000 pounds | \$ 1,091.00 | \$ 1,181.00 |
| 70,000 pounds | \$ 1,175.00 | \$ 1,265.00 |
| 72,000 pounds | \$ 1,257.00 | \$ 1,347.00 |
| 74,000 pounds | \$ 1,366.00 | \$ 1,456.00 |
| 76,000 pounds | \$ 1,476.00 | \$ 1,566.00 |
| 78,000 pounds | \$ 1,612.00 | \$ 1,702.00 |
| 80,000 pounds | \$ 1,740.00 | \$ 1,830.00 |
| 82,000 pounds | \$ 1,861.00 | \$ 1,951.00 |
| 84,000 pounds | \$ 1,981.00 | \$ 2,071.00 |
| 86,000 pounds | \$ 2,102.00 | \$ 2,192.00 |
| 88,000 pounds | \$ 2,223.00 | \$ 2,313.00 |
| 90,000 pounds | \$ 2,344.00 | \$ 2,434.00 |
| 92,000 pounds | \$ 2,464.00 | \$ 2,554.00 |
| 94,000 pounds | \$ 2,585.00 | \$ 2,675.00 |
| 96,000 pounds | \$ 2,706.00 | \$ 2,796.00 |
| 98,000 pounds | \$ 2,827.00 | \$ 2,917.00 |
| 100,000 pounds | \$ 2,947.00 | \$ 3,037.00 |
| 102,000 pounds | \$ 3,068.00 | \$ 3,158.00 |
| 104,000 pounds | \$ 3,189.00 | \$ 3,279.00 |
| 105,500 pounds | \$ 3,310.00 | \$ 3,400.00 |

(b) For vehicle registrations that are due or become due on after July 1, 2016, in lieu of the vehicle license fee required under RCW 46.17.350 and before accepting an application for a vehicle registration for motor vehicles described in RCW 46.16A.455, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant, unless specifically exempt, to pay the following license fee by gross weight:

| WEIGHT | SCHEDULE A | SCHEDULE B |
|---------------|--------------------------------------|--------------------------------------|
| 4,000 pounds | \$ (53.00) <u>30.00</u> | \$ (53.00) <u>30.00</u> |
| 6,000 pounds | \$ (73.00) <u>30.00</u> | \$ (73.00) <u>30.00</u> |
| 8,000 pounds | \$ (93.00) <u>30.00</u> | \$ (93.00) <u>30.00</u> |
| 10,000 pounds | \$ (93.00) <u>30.00</u> | \$ (93.00) <u>30.00</u> |
| 12,000 pounds | \$ 81.00 | \$ 81.00 |
| 14,000 pounds | \$ 88.00 | \$ 88.00 |
| 16,000 pounds | \$ 100.00 | \$ 100.00 |
| 18,000 pounds | \$ 152.00 | \$ 152.00 |
| 20,000 pounds | \$ 169.00 | \$ 169.00 |
| 22,000 pounds | \$ 183.00 | \$ 183.00 |
| 24,000 pounds | \$ 198.00 | \$ 198.00 |
| 26,000 pounds | \$ 209.00 | \$ 209.00 |
| 28,000 pounds | \$ 247.00 | \$ 247.00 |
| 30,000 pounds | \$ 285.00 | \$ 285.00 |
| 32,000 pounds | \$ 344.00 | \$ 344.00 |
| 34,000 pounds | \$ 366.00 | \$ 366.00 |
| 36,000 pounds | \$ 397.00 | \$ 397.00 |
| 38,000 pounds | \$ 436.00 | \$ 436.00 |
| 40,000 pounds | \$ 499.00 | \$ 499.00 |
| 42,000 pounds | \$ 519.00 | \$ 609.00 |
| 44,000 pounds | \$ 530.00 | \$ 620.00 |
| 46,000 pounds | \$ 570.00 | \$ 660.00 |
| 48,000 pounds | \$ 594.00 | \$ 684.00 |
| 50,000 pounds | \$ 645.00 | \$ 735.00 |
| 52,000 pounds | \$ 678.00 | \$ 768.00 |
| 54,000 pounds | \$ 732.00 | \$ 822.00 |
| 56,000 pounds | \$ 773.00 | \$ 863.00 |

| | | |
|----------------|-------------|-------------|
| 58,000 pounds | \$ 804.00 | \$ 894.00 |
| 60,000 pounds | \$ 857.00 | \$ 947.00 |
| 62,000 pounds | \$ 919.00 | \$ 1,009.00 |
| 64,000 pounds | \$ 939.00 | \$ 1,029.00 |
| 66,000 pounds | \$ 1,046.00 | \$ 1,136.00 |
| 68,000 pounds | \$ 1,091.00 | \$ 1,181.00 |
| 70,000 pounds | \$ 1,175.00 | \$ 1,265.00 |
| 72,000 pounds | \$ 1,257.00 | \$ 1,347.00 |
| 74,000 pounds | \$ 1,366.00 | \$ 1,456.00 |
| 76,000 pounds | \$ 1,476.00 | \$ 1,566.00 |
| 78,000 pounds | \$ 1,612.00 | \$ 1,702.00 |
| 80,000 pounds | \$ 1,740.00 | \$ 1,830.00 |
| 82,000 pounds | \$ 1,861.00 | \$ 1,951.00 |
| 84,000 pounds | \$ 1,981.00 | \$ 2,071.00 |
| 86,000 pounds | \$ 2,102.00 | \$ 2,192.00 |
| 88,000 pounds | \$ 2,223.00 | \$ 2,313.00 |
| 90,000 pounds | \$ 2,344.00 | \$ 2,434.00 |
| 92,000 pounds | \$ 2,464.00 | \$ 2,554.00 |
| 94,000 pounds | \$ 2,585.00 | \$ 2,675.00 |
| 96,000 pounds | \$ 2,706.00 | \$ 2,796.00 |
| 98,000 pounds | \$ 2,827.00 | \$ 2,917.00 |
| 100,000 pounds | \$ 2,947.00 | \$ 3,037.00 |
| 102,000 pounds | \$ 3,068.00 | \$ 3,158.00 |
| 104,000 pounds | \$ 3,189.00 | \$ 3,279.00 |
| 105,500 pounds | \$ 3,310.00 | \$ 3,400.00 |

(2) Schedule A applies to vehicles either used exclusively for hauling logs or that do not tow trailers. Schedule B applies to vehicles that tow trailers and are not covered under Schedule A.

(3) If the resultant gross weight is not listed in the table provided in subsection (1) of this section, it must be increased to the next higher weight.

(4) The license fees provided in subsection (1) of this section and the freight project fee provided in subsection (~~((+6))~~) (7) of this section are in addition to the filing fee required under RCW 46.17.005 and any other fee or tax required by law.

(5) The license fees provided in subsection (1) of this section for light trucks weighing 10,000 pounds or less are limited to \$30.

(6) The license fee based on declared gross weight as provided in subsection (1) of this section must be distributed under RCW 46.68.035.

~~((6))~~ (7) For vehicle registrations that are due or become due on or after July 1, 2016, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of more than 10,000 pounds, unless specifically exempt, to pay a freight project fee equal to fifteen percent of the license fee provided in subsection (1) of this section, rounded to the nearest whole dollar, which must be distributed under RCW 46.68.035.

~~((7))~~ (8) For vehicle registrations that are due or become due on or after July 1, 2022, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of less than or equal to 12,000 pounds, unless specifically exempt, to pay an additional weight fee of ten dollars, which must be distributed under RCW 46.68.035.

Sec. 5. RCW 46.17.323 and 2015 3rd sp.s. c 44 s 203 are each amended to read as follows:

(1) Before accepting an application for an annual vehicle registration renewal for a vehicle that both (a) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (b) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a ~~((one hundred dollar fee in addition to any other fees and taxes required by law))~~ \$30 fee. The ~~((one~~

~~hundred thirty dollar~~) \$30 fee is due only at the time of annual registration renewal.

(2) This section only applies to a vehicle that is designed to have the capability to drive at a speed of more than thirty-five miles per hour.

~~(3)((a) The fee under this section is imposed to provide funds to mitigate the impact of vehicles on state roads and highways and for the purpose of evaluating the feasibility of transitioning from a revenue collection system based on fuel taxes to a road user assessment system, and is separate and distinct from other vehicle license fees. Proceeds from the fee must be used for highway purposes, and must be deposited in the motor vehicle fund created in RCW 46.68.070, subject to (b) of this subsection.~~

~~(b))~~ If in any year the amount of proceeds from the fee collected under this section exceeds one million dollars, the excess amount over one million dollars must be deposited as follows:

~~((i))~~ (a) Seventy percent to the motor vehicle fund created in RCW 46.68.070;

~~((ii))~~ (b) Fifteen percent to the transportation improvement account created in RCW 47.26.084; and

~~((iii))~~ (c) Fifteen percent to the rural arterial trust account created in RCW 36.79.020.

~~((4)(a) In addition to the fee established in subsection (1) of this section, before accepting an application for an annual vehicle registration renewal for a vehicle that both (i) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (ii) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a fifty dollar fee.~~

~~(b) The fee required under (a) of this subsection must be distributed as follows:~~

~~(i) The first one million dollars raised by the fee must be deposited into the multimodal transportation account created in RCW 47.66.070; and~~

~~(ii) Any remaining amounts must be deposited into the motor vehicle fund created in RCW 46.68.070.~~

~~(5) This section applies to annual vehicle registration renewals until the effective date of enacted legislation that imposes a vehicle miles traveled fee or tax.)~~

**REPEAL AND REMOVE AUTHORITY TO IMPOSE
CERTAIN VEHICLE TAXES AND CHARGES**

Sec. 6. The following acts or parts of acts are each repealed:

(1) RCW 46.17.365 (Motor vehicle weight fee—Motor home vehicle weight fee) and 2015 3rd sp.s. c 44 s 202 & 2010 c 161 s 533;

(2) RCW 46.68.415 (Motor vehicle weight fee, motor home vehicle weight fee—Disposition) and 2010 c 161 s 813;

(3) RCW 82.80.130 (Passenger-only ferry service—Local option motor vehicle excise tax authorized) and 2010 c 161 s 916, 2006 c 318 s 4, & 2003 c 83 s 206; and

(4) RCW 82.80.140 (Vehicle fee—Transportation benefit district—Exemptions) and 2015 3rd sp.s. c 44 s 310, 2010 c 161 s 917, 2007 c 329 s 2, & 2005 c 336 s 16.

Sec. 7. RCW 82.08.020 and 2014 c 140 s 12 are each amended to read as follows:

(1) There is levied and collected a tax equal to six and five-tenths percent of the selling price on each retail sale in this state of:

(a) Tangible personal property, unless the sale is specifically excluded from the RCW 82.04.050 definition of retail sale;

(b) Digital goods, digital codes, and digital automated services, if the sale is included within the RCW 82.04.050 definition of retail sale;

(c) Services, other than digital automated services, included within the RCW 82.04.050 definition of retail sale;

(d) Extended warranties to consumers; and

(e) Anything else, the sale of which is included within the 82.04.050 definition of retail sale.

(2) There is levied and collected an additional tax on each retail car rental, regardless of whether the vehicle is licensed in this state, equal to five and nine-tenths percent of the selling price. The revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.

~~(3) ((Beginning July 1, 2003, there is levied and collected an additional tax of three-tenths of one percent of the selling price on each retail sale of a motor vehicle in this state, other than retail car rentals taxed under subsection (2) of this section. The revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.~~

~~(4) For purposes of subsection (3) of this section, "motor vehicle" has the meaning provided in RCW 46.04.320, but does not include:~~

~~(a) Farm tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is for use in the production of marijuana;~~

~~(b) Off road vehicles as defined in RCW 46.04.365;~~

~~(c) Nonhighway vehicles as defined in RCW 46.09.310; and~~

~~(d) Snowmobiles as defined in RCW 46.04.546.~~

~~(5))~~ Beginning on December 8, 2005, 0.16 percent of the taxes collected under subsection (1) of this section must be dedicated to funding comprehensive performance audits required under RCW 43.09.470. The revenue identified in this subsection must be deposited in the performance audits of government account created in RCW 43.09.475.

~~((6))~~ (4) The taxes imposed under this chapter apply to successive retail sales of the same property.

~~((7))~~ (5) The rates provided in this section apply to taxes imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

BASE VEHICLE TAXES USING KELLEY BLUE BOOK VALUE

NEW SECTION. **Sec. 8.** A new section is added to chapter

Item 10.

RCW to read as follows:

(1) BASE VEHICLE TAXES USING KELLEY BLUE BOOK VALUE. Any motor vehicle excise tax must be calculated in an honest and accurate way so the burden on vehicle owners is not artificially inflated. For the purpose of determining a vehicle tax, a taxing district imposing a vehicle tax must set a vehicle's taxable value at the vehicle's base model Kelley Blue book value. This ensures an honest and accurate calculation of the tax and, combined with the appeal process in RCW 82.44.065, ensures that vehicle owners are taxed on their vehicle's market value.

(2) For the purpose of determining a tax under this chapter, the value of a truck-type power or trailing unit, or motor vehicle, including a passenger vehicle, motorcycle, motor home, sport utility vehicle, or light duty truck is the base model Kelley Blue book value of the vehicle, excluding applicable federal excise taxes, state and local sales or use taxes, transportation or shipping costs, or preparatory or delivery costs.

Sec. 9. RCW 82.44.065 and 2010 c 161 s 912 each amended to read as follows:

If the department determines a value for a vehicle (~~(equivalent to a manufacturer's base suggested retail price or the value of a truck or trailer under RCW 82.44.035))~~ under section 8 of this act, any person who pays a state or locally imposed tax for that vehicle may appeal the valuation to the department under chapter 34.05 RCW. If the taxpayer is successful on appeal, the department shall refund the excess tax in the manner provided in RCW 82.44.120. Using Kelley Blue Book value ensures an honest and accurate calculation.

NEW SECTION. **Sec. 10.** RCW 81.104.140 and 2015 3rd sp.s. c 44 s 318 are each amended to read as follows:

(1) Agencies authorized to provide high capacity transportation service, including transit agencies and regional transit authorities, and regional transportation investment districts acting

with the agreement of an agency, are hereby granted dedicated funding sources for such systems. These dedicated funding sources, as set forth in RCW 81.104.150, 81.104.160, 81.104.170, and 81.104.175, are authorized only for agencies located in (a) each county with a population of two hundred ten thousand or more and (b) each county with a population of from one hundred twenty-five thousand to less than two hundred ten thousand except for those counties that do not border a county with a population as described under (a) of this subsection. In any county with a population of one million or more or in any county having a population of four hundred thousand or more bordering a county with a population of one million or more, these funding sources may be imposed only by a regional transit authority or a regional transportation investment district. Regional transportation investment districts may, with the approval of the regional transit authority within its boundaries, impose the taxes authorized under this chapter, but only upon approval of the voters and to the extent that the maximum amount of taxes authorized under this chapter have not been imposed.

(2) Agencies planning to construct and operate a high capacity transportation system should also seek other funds, including federal, state, local, and private sector assistance.

(3) Funding sources should satisfy each of the following criteria to the greatest extent possible:

- (a) Acceptability;
- (b) Ease of administration;
- (c) Equity;
- (d) Implementation feasibility;
- (e) Revenue reliability; and
- (f) Revenue yield.

(4)(a) Agencies participating in regional high capacity transportation system development are authorized to levy and collect the following voter-approved local option funding sources:

- (i) Employer tax as provided in RCW 81.104.150, other than by regional transportation investment districts;
- (ii) (~~Special motor vehicle excise tax as provided in RCW~~

~~81.104.160:~~

~~(iii))~~ Regular property tax as provided in 81.104.175; and
~~((iv))~~ (iii) Sales and use tax as provided in RCW 81.104.170.

(b) Revenues from these taxes may be used only to support those purposes prescribed in subsection (10) of this section. Before the date of an election authorizing an agency to impose any of the taxes enumerated in this section and authorized in RCW 81.104.150, 81.104.160, 81.104.170, and 81.104.175, the agency must comply with the process prescribed in RCW 81.104.100 (1) and (2) and 81.104.110. No construction on exclusive right-of-way may occur before the requirements of RCW 81.104.100(3) are met.

(5) Except for the regular property tax authorized in 81.104.175, the authorization in subsection (4) of this section may not adversely affect the funding authority of transit agencies not provided for in this chapter. Local option funds may be used to support implementation of interlocal agreements with respect to the establishment of regional high capacity transportation service. Except when a regional transit authority exists, local jurisdictions must retain control over moneys generated within their boundaries, although funds may be commingled with those generated in other areas for planning, construction, and operation of high capacity transportation systems as set forth in the agreements.

(6) Except for the regular property tax authorized in 81.104.175, agencies planning to construct and operate high capacity transportation systems may contract with the state for collection and transference of voter-approved local option revenue.

(7) Dedicated high capacity transportation funding sources authorized in RCW 81.104.150, 81.104.160, 81.104.170, and 81.104.175 are subject to voter approval by a simple majority. A single ballot proposition may seek approval for one or more of the authorized taxing sources. The ballot title must reference the document identified in subsection (8) of this section.

(8) Agencies must provide to the registered voters in the area a document describing the systems plan and the financing plan set forth in RCW 81.104.100. It must also describe the relationship of

the system to regional issues such as development density at strategic locations and activity centers, and the interrelationship of the system to adopted land use and transportation demand management goals within the region. This document must be provided to the voters at least twenty days prior to the date of the election.

(9) For any election in which voter approval is sought for a high capacity transportation system plan and financing plan pursuant to RCW 81.104.040, a local voter's pamphlet must be produced as provided in chapter 29A.32 RCW.

(10)(a) Agencies providing high capacity transportation service must retain responsibility for revenue encumbrance, disbursement, and bonding. Funds may be used for any purpose relating to planning, construction, and operation of high capacity transportation systems and commuter rail systems, personal rapid transit, busways, bus sets, and entrained and linked buses.

(b) A regional transit authority that (~~imposes a motor vehicle excise tax after the effective date of this section,~~) imposes a property tax(~~(τ)~~) or increases a sales and use tax to more than nine-tenths of one percent must undertake a process in which the authority's board formally considers inclusion of the name, Scott White, in the naming convention associated with either the University of Washington or Roosevelt stations.

NEW SECTION. Sec. 11. The following acts or parts of acts are each repealed:

(1) RCW 82.44.035 (Valuation of vehicles) and 2010 c 161 s 910 & 2006 c 318 s 1; and

(2) RCW 81.104.160 (Motor vehicle excise tax for regional transit authorities---Sales and use tax on car rentals---Former motor vehicle excise tax repealed) and 2015 3rd sp.s. c 44 s 319, 2010 c 161 s 903, 2009 c 280 s 4, 2003 c 1 s 6 (Initiative Measure No. 776, approved November 5, 2002), & 1998 c 321 s 35 (Referendum Bill No. 49, approved November 3, 1998).

RCW to read as follows:

In order to effectuate the policies, purposes, and intent of this act and to ensure that the motor vehicle excise taxes repealed by this act are no longer imposed or collected, an authority that imposes a motor vehicle excise tax under RCW 81.104.160 must fully retire, defease, or refinance any outstanding bonds issued under this chapter if:

(1) Any revenue collected prior to the effective date of this section from the motor vehicle excise tax imposed under RCW 81.104.160 has been pledged to such bonds; and

(2) The bonds, by virtue of the terms of the bond contract, covenants, or similar terms, may be retired or defeased early or refinanced.

Sec. 13. RCW 81.104.160 and 2015 3rd sp.s. c 44 s 319 are each amended to read as follows:

(1) Regional transit authorities that include a county with a population of more than one million five hundred thousand may submit an authorizing proposition to the voters, and if approved, may levy and collect an excise tax, at a rate approved by the voters, but not exceeding (~~eight-tenths~~) two-tenths of one percent on the value, under chapter 82.44 RCW, of every motor vehicle owned by a resident of the taxing district, solely for the purpose of providing high capacity transportation service. The maximum tax rate under this subsection does not include a motor vehicle excise tax approved before the effective date of this section if the tax will terminate on the date bond debt to which the tax is pledged is repaid. This tax does not apply to vehicles licensed under RCW 46.16A.455 except vehicles with an unladen weight of six thousand pounds or less, RCW 46.16A.425 or 46.17.335(2). Notwithstanding any other provision of this subsection or chapter 82.44 RCW, a motor vehicle excise tax imposed by a regional transit authority before or after the effective date of this section must comply with chapter 82.44 RCW as it existed on January 1, 1996, until December 31st of the year in

which the regional transit authority repays bond debt to which a motor vehicle excise tax was pledged before the effective date of this section. Motor vehicle taxes collected by regional transit authorities after December 31st of the year in which a regional transit authority repays bond debt to which a motor vehicle excise tax was pledged before the effective date of this section must comply with chapter 82.44 RCW as it existed on the date the tax was approved by voters.

(2) An agency and high capacity transportation corridor area may impose a sales and use tax solely for the purpose of providing high capacity transportation service, in addition to the tax authorized by RCW 82.14.030, upon retail car rentals within the applicable jurisdiction that are taxable by the state under chapters 82.08 and 82.12 RCW. The rate of tax may not exceed 2.172 percent. The rate of tax imposed under this subsection must bear the same ratio of the 2.172 percent authorized that the rate imposed under subsection (1) of this section bears to the rate authorized under subsection (1) of this section. The base of the tax is the selling price in the case of a sales tax or the rental value of the vehicle used in the case of a use tax.

(3) Any motor vehicle excise tax previously imposed under the provisions of RCW 81.104.160(1) shall be repealed, terminated, and expire on December 5, 2002, except for a motor vehicle excise tax for which revenues have been contractually pledged to repay a bonded debt issued before December 5, 2002, as determined by *Pierce County et al. v. State*, 159 Wn.2d 16, 148 P.3d 1002 (2006). In the case of bonds that were previously issued, the motor vehicle excise tax must comply with chapter 82.44 RCW as it existed on January 1, 1996.

(4) If a regional transit authority imposes the tax authorized under subsection (1) of this section, the authority may not receive any state grant funds provided in an omnibus transportation appropriations act except transit coordination grants created in chapter 11, Laws of 2015 3rd sp. sess.

NEW SECTION. **Sec. 14.** CONSTRUCTION CLAUSE. The provisions Item 10. this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

NEW SECTION. **Sec. 15.** SEVERABILITY CLAUSE. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 16.** EFFECTIVE DATE. (1) Sections 10 and 11 of this act take effect on the date that the regional transit authority complies with section 12 of this act and retires, defeases, or refinances its outstanding bonds.

(2) Section 13 takes effect April 1, 2020, if sections 10 and 11 of this act have not taken effect by March 31, 2020.

(3) The regional transit authority must provide written notice of the effective dates of sections 10, 11, and 13 of this act to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the regional transit authority.

NEW SECTION. **Sec. 17.** TITLE. This act is known and may be cited as "Bring Back Our \$30 Car Tabs."

--- END ---

I-976: Limits on Motor Vehicle Taxes and Fees Measure

AB 5607 | September 17, 2019



Initiative to the Legislature

I-976 was filed in March of 2018 as an initiative to the legislature. The Legislature was allowed three options:

1. Take no action and the initiative will be placed on the November ballot;
2. Propose an alternative and the alternative and the original initiative will be placed on the November ballot; or,
3. Pass the initiative as written into law.

The 2019 legislative session ended without action being taken the initiative was placed on the November 2019 ballot as a stand-alone measure.



Initiative Measure No. 976

Description: This measure would repeal, reduce, or remove authority to impose certain vehicle taxes and fees; limit annual motor-vehicle-license fees to \$30, except voter-approved charges; and base vehicle taxes on Kelley Blue Book value. Should this measure be enacted into law? Yes No



State & Local Funding Impacts

- Repeal the authority for Transportation Benefit Districts (TBDs)
- Repeal the authority for Regional Transit Authorities (Sound Transit) to impose motor vehicle excise taxes (MVET);
- Repeal the authority for Public Transportation Benefit Areas to impose an MVET for passenger ferry service and for Sound Transit;
- Limit all other vehicle license and registration fees to \$30;
- Base vehicle taxes on Kelley Blue Book value, and,
- Repeal the 0.3% tax on motor vehicle retail sales.



State Multimodal Account Impacts

The State's Multimodal Transportation Account funds all modes of transportation projects, including public transportation, rail and bicycle/pedestrian projects. The potential revenue impact to the Account is **\$1.48 billion between 2020 and 2025**.

\$134 million in potential cuts to **Metro services** between 2020 and 2025, including RapidRide expansion projects, bus layover facilities, access to transit, speed, and reliability improvements, paratransit programs, vanpool services, and transit-oriented development projects.

\$20 billion in **Sound Transit funding** is at risk for voter-approved light rail expansion, bus rapid transit, and commuter rail that will create new connections in King, Pierce, and Snohomish counties through 2041.



Mercer Island Impacts

Mercer Island's Transportation Benefit District was created in 2014 and authorized a new and renewing vehicle license fee of \$20 to fund the preservation and maintenance of the City's transportation infrastructure.

In 2018, the City collected \$375,880 in vehicle license fees for the City's Street Fund.



Mercer Island Impacts (con't)

The City also receives \$34,000 in fees each year from the State's Multimodal Transportation Account, which is dedicated to pedestrian and bicycle facility maintenance and construction projects.

If passed, I-976 would result in loss of approximately \$400,000 in annual revenues for the City's Street Fund.



Taking a Position

RCW 42.17A.555 allows the Council to vote to support or oppose a ballot proposition if:

- a) notice of the meeting includes the title and number of the ballot proposition; and
- b) the Council and public are afforded equal opportunity to express an opposing view.



Next Steps

If Council desires to take an official position on I-976, direct staff to:

1. Draft a resolution stating the Council's support or/opposition to the initiative.
2. Schedule a public hearing on October 7 to provided equal opportunity those with an opposing view to express their opinion.





PLANNING SCHEDULE

Item 11.

Please email the City Manager & City Clerk when an agenda item is added, moved, or removed.

Special Meetings and Study Sessions begin at 6:00 pm. Regular Meetings begin at 7:00 pm. Items are not listed in any particular order. Agenda items & meeting dates are subject to change.

| SEPTEMBER 17 | | DUE TO: | 9/6 D/P | 9/9 FN | 9/9 CA | 9/10 Clerk |
|-------------------------------------|--|---------|---------|------------------------------|--------|------------|
| ITEM TYPE TIME TOPIC | | STAFF | | | SIGNER | |
| ABSENCES: Wisenteiner | | | | | | |
| STUDY SESSION (6:00-7:00 pm) | | | | | | |
| 60 | AB 5608: HB 1406 and HB 1923 Briefing and ARCH Update | | | Alison Van Gorp & Ali Spietz | | |
| SPECIAL BUSINESS (7:00 pm) | | | | | | |
| 5 | AB 5592: Peace Day Proclamation No. 243 | | | Diane Mortenson | | |
| CONSENT CALENDAR | | | | | | |
| -- | | | | | | |
| REGULAR BUSINESS | | | | | | |
| 30 | AB 5609: King County Regional 2020 Hazard Mitigation Plan 2020 Update | | | Jennifer Franklin | | |
| 30 | AB 5607: State Initiative 976, Limits on Motor Vehicle Taxes and Fees Measure | | | Ali Spietz | | |
| EXECUTIVE SESSION | | | | | | |
| 45 | To discuss pending or potential litigation with legal counsel pursuant to RCW 42.30.110(1)(i) for approximately 45 minutes. | | | | | |
| 15 | For planning or adopting the strategy or position to be taken by the City Council during the course of any collective bargaining, professional negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress pursuant to RCW 42.30.140(4)(b) | | | | | |

| OCTOBER 1 | | | | | | |
|---------------------------------|--|--|--|--|--|--|
| Legal Notice: published 9/25 | | | | | | |
| CANCELED (Rosh Hashanah) | | | | | | |

| OCTOBER 7 (MONDAY) | | DUE TO: | 10/4 D/P | 10/7 FN | 10/7 CA | 10/8 Clerk |
|---|---|---------|----------|-------------------------------|---------|------------|
| ITEM TYPE TIME TOPIC | | STAFF | | | SIGNER | |
| Legal Notice: published 9/25 | | | | | | |
| ABSENCES: | | | | | | |
| EXECUTIVE SESSION (5:00-7:00 pm) | | | | | | |
| 120 | [Placeholder] | | | | | |
| SPECIAL BUSINESS (7:00 pm) | | | | | | |
| CONSENT CALENDAR | | | | | | |
| -- | AB 5587: MIFD Apparatus Maintenance Interlocal Agreement with Eastside Fire & Rescue | | | Steve Heitman & Mike Mandella | | |
| -- | AB xxxx: Arbor Day Proclamation | | | Alaine Sommargren | | |
| PUBLIC HEARING | | | | | | |
| 30 | AB xxxx: Council Position on State Initiative 976 (Resolution) Legal Notice: 9/25 & 10/2 | | | Ali Spietz | | |
| REGULAR BUSINESS | | | | | | |

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|--------------------------|---|---------------|-----------------|
| | AB xxxx: Short-Term Parking Pilot Parking follow-up | Zach Houvener | <i>Item 11.</i> |
| 15 | AB 5586: Business Licenses and Regulations Code Amendment (1 st Reading) | Deb Estrada | |
| 30 | AB xxxx: Q3 Sustainability Update | Ross Freeman | |
| EXECUTIVE SESSION | | | |
| 120 | [Placeholder] | | |

| OCTOBER 15 | | DUE TO: | 10/4 D/P | 10/7 FN | 10/7 CA | 10/8 Clerk |
|-------------------------------------|--|------------------------------|-----------------|----------------|----------------|-------------------|
| ITEM TYPE TIME TOPIC | | STAFF | | | SIGNER | |
| STUDY SESSION (6:00-7:00 pm) | | | | | | |
| | | | | | | |
| SPECIAL BUSINESS (7:00 pm) | | | | | | |
| 5 | AB xxxx: Domestic Violence Action Month Proclamation | Derek Franklin | | | | |
| CONSENT CALENDAR | | | | | | |
| -- | AB xxxx: Business Licenses and Regulations Code Amendment (2nd Reading & Adoption) | Deb Estrada | | | | |
| -- | AB xxxx: HB 1406 Resolution & Ordinance - Shared Revenue for Affordable Housing | Alison Van Gorp & Ali Spietz | | | | |
| -- | AB xxxx: Puget Sound Emergency Radio Network (PSERN) Operator Interlocal Agreement | Dave Jokinen | | | | |
| PUBLIC HEARING | | | | | | |
| | | | | | | |
| REGULAR BUSINESS | | | | | | |
| 60 | AB xxxx: 2019 Comprehensive Plan Amendments – First Reading | Evan Maxim | | | | |
| 30 | AB xxxx: Draft 2020 State Legislative Priorities | Ali Spietz | | | | |
| 60 | AB xxxx: Aubrey Davis Park Master Plan Review | Paul West & Ryan Daly | | | | |
| 30 | AB xxxx: Minor Code Amendments (1 st Reading) | Evan Maxim | | | | |
| 30 | AB xxxx: Rooftop Railings Code Amendment (1 st Reading) | Evan Maxim | | | | |
| EXECUTIVE SESSION | | | | | | |
| | | | | | | |

| OCTOBER 24 (THURSDAY, 4:45-6:00 PM) | | | | | | |
|--|---|-----|--|--|--|--|
| Joint Meeting with MISD Board | | | | | | |
| 30 | Sister City Student Reception (30 Minutes; 5:45 – 6:15) | Deb | | | | |

| NOVEMBER 4 (MONDAY) | | DUE TO: | 10/25 D/P | 10/28 FN | 10/28 CA | 10/29 Clerk |
|--|------------------------------------|----------------|------------------|-----------------|-----------------|--------------------|
| ITEM TYPE TIME TOPIC | | STAFF | | | SIGNER | |
| Legal Notice: published 10/30 ABSENCES: | | | | | | |
| STUDY SESSION (6:00-7:00 pm) | | | | | | |
| 60 | AB xxxx: Zayo Franchise Discussion | Bio Park | | | | |

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|-----------------------------------|---|------------|-----------------|
| SPECIAL BUSINESS (7:00 pm) | | | <i>Item 11.</i> |
| CONSENT CALENDAR | | | |
| -- | AB xxxx: 2019 Comprehensive Plan Amendments (Second Reading & Adoption) | Evan Maxim | |
| -- | AB xxxx: Minor Code Amendments (2 nd Reading & Adoption) | Evan Maxim | |
| -- | AB xxxx: Rooftop Railings Code Amendment (2 nd Reading & Adoption) | Evan Maxim | |
| PUBLIC HEARING | | | |
| REGULAR BUSINESS | | | |
| 30 | AB xxxx: 2020 Comprehensive Plan Amendment Docket | Evan Maxim | |
| 30 | AB xxxx: Final 2020 State Legislative Priorities | Ali Spietz | |
| EXECUTIVE SESSION | | | |

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|--------------------------------|--|--|--|
| NOVEMBER 5 | | | |
| Legal Notice: published 10/30 | | | |
| CANCELED (Election Day) | | | |

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|---|--|----------------|-----------------|-----------------------|-----------------|--------------------|
| NOVEMBER 19 | | DUE TO: | 11/8 D/P | 11/11 FN | 11/11 CA | 11/12 Clerk |
| ABSENCES: | | | | | | |
| ITEM TYPE TIME TOPIC | | | | STAFF | | SIGNER |
| STUDY SESSION (5:00-7:00 pm) (Time change TBD) | | | | | | |
| 60 | AB xxxx: Community Needs Assessment | | | Cindy Goodwin | | |
| SPECIAL BUSINESS (7:00 pm) | | | | | | |
| CONSENT CALENDAR | | | | | | |
| -- | AB xxxx: Zayo Franchise 2nd Reading & Adoption | | | Bio Park | | |
| PUBLIC HEARING | | | | | | |
| 60 | AB xxxx: 2019-2020 Mid-Biennial Budget Review (Third Quarter 2019 Financial Status Report & 2019-2020 Budget Adjustments; NORCOM 2020 budget resolution; 2020 utility rate resolutions; and 2020 property tax ordinances Legal Notice: 11/6 & 11/13 | | | Chip Corder | | |
| REGULAR BUSINESS | | | | | | |
| 60 | AB xxxx: Aubrey Davis Park Master Plan Adoption | | | Paul West & Ryan Daly | | |
| 60 | AB xxxx: Sound Transit Park-and-Ride Parking Permit Program | | | Kirsten Taylor | | |
| EXECUTIVE SESSION | | | | | | |

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|-------------------------------------|--|----------------|------------------|-----------------|-----------------|--------------------|
| DECEMBER 3 | | DUE TO: | 11/22 D/P | 11/25 FN | 11/25 CA | 11/26 Clerk |
| ABSENCES: | | | | | | |
| ITEM TYPE TIME TOPIC | | | | STAFF | | SIGNER |
| STUDY SESSION (6:00-7:00 pm) | | | | | | |

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|-----------------------------------|--|-----------------|--|
| SPECIAL BUSINESS (7:00 pm) | | | |
| CONSENT CALENDAR | | | |
| -- | AB xxxx: CPD Development and Construction Permit Fees Update (Resolution) | Alison VanGorp | |
| PUBLIC HEARING | | | |
| 30 | AB xxxx: Interim Design and Concealment Standards for Small Cell Facilities Deployment Ordinance (Extension and Adoption) Legal Notice: 10/30 | Evan Maxim | |
| REGULAR BUSINESS | | | |
| | AB xxxx: CIP Projects Update and Project Management Report | Chip/Jason/Ryan | |
| | AB xxxx: Community Facility – Planning Commission report | Evan Maxim | |
| EXECUTIVE SESSION | | | |

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|-----------------------------|--|--|--|--|--|
| DECEMBER 17 | | | | | |
| POTENTIALLY CANCELED | | | | | |

OTHER ITEMS TO BE SCHEDULED:

- Process to Appoint Permanent City Manager – K. Segle
- Open Space Vegetation Management Report – A. Sommargren
- Comprehensive Mobility Plan (ST Settlement) – K. Taylor
- Utility Projects Update – J. Kintner
- Pilot Project for Short-Term Commuter Parking – E. Holmes

2020 Agenda Items:

- Pavement 101 (Q1)
- Stormwater Dissolved Metals Testing Report (Q2)
- Joint Meeting with Parks & Recreation Commission (Feb)
- Code Compliance and Short-Term Rentals Discussion – A. Van Gorp

MISD BOARD JOINT MEETING DATES:

- Thursday, October 24, 2019, 4:45-6:00 pm
- Thursday, April 23, 2020, 4:45-6:00 pm

2020

| JANUARY 7 | | DUE TO: | 12/27 D/P | 12/30 FN | 12/30 CA | 12/31 Clerk |
|-------------------------------------|--|----------------|------------------|-----------------|-----------------|--------------------|
| ITEM TYPE TIME TOPIC | | | STAFF | | SIGNER | |
| STUDY SESSION (6:00-7:00 pm) | | | | | | |
| SPECIAL BUSINESS (7:00 pm) | | | | | | |
| CONSENT CALENDAR | | | | | | |
| PUBLIC HEARING | | | | | | |
| REGULAR BUSINESS | | | | | | |

EXECUTIVE SESSION

JANUARY 21

ABSENCES:

DUE
TO:

1/10
D/P

1/13
FN

1/13
CA

1/14
Clerk

ITEM TYPE | TIME | TOPIC

STAFF

SIGNER

STUDY SESSION (6:00-7:00 pm)

SPECIAL BUSINESS (7:00 pm)

CONSENT CALENDAR

PUBLIC HEARING

REGULAR BUSINESS

EXECUTIVE SESSION

FEBRUARY 4

ABSENCES:

DUE
TO:

1/24
D/P

1/27
FN

1/27
CA

1/28
Clerk

ITEM TYPE | TIME | TOPIC

STAFF

SIGNER

STUDY SESSION (6:00-7:00 pm)

SPECIAL BUSINESS (7:00 pm)

CONSENT CALENDAR

PUBLIC HEARING

REGULAR BUSINESS

EXECUTIVE SESSION

TBD (FRIDAY) – PLANNING SESSION

LEGAL NOTICE

TBD (SATURDAY) – PLANNING SESSION

Item 11.

LEGAL NOTICE

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| FEBRUARY 18 ABSENCES: | DUE TO: | 2/7 D/P | 2/10 FN | 2/10 CA | 2/11 Clerk |
|-------------------------------------|----------------|----------------|----------------|----------------|-------------------|
| ITEM TYPE TIME TOPIC | STAFF | | | SIGNER | |
| STUDY SESSION (6:00-7:00 pm) | | | | | |
| | | | | | |
| SPECIAL BUSINESS (7:00 pm) | | | | | |
| | | | | | |
| CONSENT CALENDAR | | | | | |
| | | | | | |
| PUBLIC HEARING | | | | | |
| | | | | | |
| REGULAR BUSINESS | | | | | |
| | | | | | |
| EXECUTIVE SESSION | | | | | |
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ANNUAL (ROUTINE) ITEMS:**Council/City Manager:**

- Legislative Agenda (Q3 & Q4)
- City Council Annual Planning Session (Q1)
- Adoption of City Council Priorities (Q2)
- City Council Mid-Year Planning Session (Q2)
- Sustainability Update (Q1 & Q3)
- Boards & Commissions Annual Appointments (Q2)

Community Planning and Development:

- ARCH Budget and Work Program (Q1)
- ARCH Trust Fund Recommendations (Q1)
- Code Amendment to Update School Impact Fees (Q3)
- Comprehensive Plan Amendments (Q4)
- Comprehensive Plan Docket (Q4)

Finance/Budget:

- Every Year:
 - General Fund & REET Surplus Disposition (Q2)
 - 4th Quarter Financial Status Report & Budget Adjustments (Q2)
 - 1st Quarter Financial Status Report & Budget Adjustments (Q2)
 - 2nd Quarter Financial Status Report & Budget Adjustments (Q3)
 - 3rd Quarter Financial Status Report & Budget Adjustments (Q4)
- Odd Years:
 - Mid-Biennial Budget Review (3rd Quarter Financial Status Report & Budget Adjustments, Utility Rates, and Property Tax Levy) (Nov Mtg)
- Even Years:
 - Capital Improvement Program (CIP) Budget Kick-Off (2nd Mar Mtg)
 - Operating Budget Kick-Off (Mid-Year PS)
 - Proposed Budget: Presentation & Distribution (1st Oct Mtg)
 - Proposed Budget: Operating Budget Review (2nd Oct Mtg)
 - Proposed Budget: Capital Improvement Program Review (1st Nov Mtg)
 - Proposed Budget: Finalize Changes & Adopt Tax Ordinances and Fee Resolutions (2nd Nov Mtg)
 - Final Budget Adoption (1st Dec Mtg)

Fire Department:**Human Resources:**

- Police & Police Support Collective Bargaining Agreements
- Fire Collective Bargaining Agreement
- AFSCME Collective Bargaining Agreement

Parks & Recreation:

- Open Space Conservancy Trust Board Annual Report and Work Plan (Q2)
- Open Space Vegetation Management Report (Q2, every other year)

Public Works:

- Bid Awards & Project Close-Outs
- Public Hearing: Preview of 6-Year Transportation Improvement Program (Q2)
- Adoption of 6-Year Transportation Improvement Program (Q2)

Youth & Family Services:

- Interlocal Agreement with MISD for School Mental Health Counselors (Q3)

Proclamations:

- Martin Luther King Jr. Day (1st Jan)
- Black History Month (1st Feb)
- Women’s History Month & International Women’s Day (1st Mar)
- Sexual Assault Awareness Month (1st Apr)
- Safe Boating and Paddling Week (2nd May)
- Parks and Recreation Month (1st Jul)
- National Recovery Month (1st Sep)
- National Preparedness Month (1st Sep)
- Mayor’s Day of Concern for the Hungry (1st Sep)
- Peace Day on Mercer Island (September 18)
- Domestic Violence Action Month (1st Oct)
- Veteran’s Day (1st Nov)