
CITY OF KIRKLAND

CITY COUNCIL



Joan McBride, Mayor • Doreen Marchione, Deputy Mayor • Dave Asher • Toby Nixon
Bob Sternoff • Penny Sweet • Amy Walen • Kurt Triplett, City Manager

Vision Statement

*Kirkland is an attractive, vibrant and inviting place to live, work and visit.
Our lakefront community is a destination for residents, employees and visitors.
Kirkland is a community with a small-town feel, retaining its sense of history,
while adjusting gracefully to changes in the twenty-first century.*

123 Fifth Avenue • Kirkland, Washington 98033-6189 • 425.587.3000 • www.kirklandwa.gov

AGENDA

KIRKLAND CITY COUNCIL MEETING

City Council Chamber

Tuesday, June 5, 2012

6:00 p.m. – Study Session – Council Chamber

7:30 p.m. – Regular Meeting

COUNCIL AGENDA materials are available on the City of Kirkland website www.kirklandwa.gov. Information regarding specific agenda topics may also be obtained from the City Clerk's Office on the Friday preceding the Council meeting. You are encouraged to call the City Clerk's Office (425-587-3190) or the City Manager's Office (425-587-3001) if you have any questions concerning City Council meetings, City services, or other municipal matters. The City of Kirkland strives to accommodate people with disabilities. Please contact the City Clerk's Office at 425-587-3190. If you should experience difficulty hearing the proceedings, please bring this to the attention of the Council by raising your hand.

1. *CALL TO ORDER*
2. *ROLL CALL*
3. *STUDY SESSION*, Council Chamber
 - a. Preliminary 2013 to 2018 Capital Improvement Program (CIP) Review
4. *EXECUTIVE SESSION*
 - a. To Discuss Labor Negotiations
5. *HONORS AND PROCLAMATIONS*
 - a. Relay for Life Days, June 9-10, 2012
6. *COMMUNICATIONS*
 - a. *Announcements*
 - b. *Items from the Audience*
 - c. *Petitions*
7. *SPECIAL PRESENTATIONS*
 - a. Special Presentation to Police Department by Fairfax Hospital

EXECUTIVE SESSIONS may be held by the City Council only for the purposes specified in RCW 42.30.110. These include buying and selling real property, certain personnel issues, and litigation. The Council is permitted by law to have a closed meeting to discuss labor negotiations, including strategy discussions.

ITEMS FROM THE AUDIENCE provides an opportunity for members of the public to address the Council on any subject which is not of a quasi-judicial nature or scheduled for a public hearing. (Items which may not be addressed under Items from the Audience are indicated by an asterisk*.) The Council will receive comments on other issues, whether the matter is otherwise on the agenda for the same meeting or not. Speaker's remarks will be limited to three minutes apiece. No more than three speakers may address the Council on any one subject. However, if both proponents and opponents wish to speak, then up to three proponents and up to three opponents of the matter may address the Council.

- b. 2012 Eileen Trentman Memorial Scholarship Recipients
- c. 2012 Kirkland Youth Summit Report
- d. We've Got Issues "Distracted Driving" Video Recognition
- e. Honoring the Kirkland Youth Council Class of 2012

8. *CONSENT CALENDAR*

a. *Approval of Minutes:*

- (1) May 15, 2012
- (2) May 21, 2012 Special Meeting

b. *Audit of Accounts:*

<i>Payroll</i>	<i>\$</i>
<i>Bills</i>	<i>\$</i>

c. *General Correspondence*

d. *Claims*

e. *Award of Bids*

- (1) 2012 Street Preservation Program, Phase II Overlay Project, Schedules A, B, C, E, and F, Lakeside Industries Company, Issaquah, WA
- (2) 2011 Sidewalk Maintenance Program Project, AGR Contracting, Monroe, WA

f. *Acceptance of Public Improvements and Establishing Lien Period*

- (1) NE 85th Street/114th Avenue NE Intersection Improvements, Road Construction Northwest, Inc., Renton, WA

g. *Approval of Agreements*

- (1) Resolution R-4923, Approving an Interlocal Agreement Between the City of Kirkland and the City of Bellevue for the Establishment of a New Emergency Water System Intertie
- (2) Resolution R-4924, Authorizing the City Manager to Sign an Amended and Restated Interlocal Contract for the Cascade Water Alliance

h. *Other Items of Business*

- (1) NE 85th Street Corridor Right of Way Acquisition Update
- (2) Report on Procurement Activities

QUASI-JUDICIAL MATTERS

Public comments are not taken on quasi-judicial matters, where the Council acts in the role of judges. The Council is legally required to decide the issue based solely upon information contained in the public record and obtained at special public hearings before the Council. The public record for quasi-judicial matters is developed from testimony at earlier public hearings held before a Hearing Examiner, the Houghton Community Council, or a city board or commission, as well as from written correspondence submitted within certain legal time frames. There are special guidelines for these public hearings and written submittals.

ORDINANCES are legislative acts or local laws. They are the most permanent and binding form of Council action, and may be changed or repealed only by a subsequent ordinance. Ordinances normally become effective five days after the ordinance is published in the City's official newspaper.

RESOLUTIONS are adopted to express the policy of the Council, or to direct certain types of administrative action. A resolution may be changed by adoption of a subsequent resolution.

PUBLIC HEARINGS are held to receive public comment on important matters before the Council. You are welcome to offer your comments after being recognized by the Mayor. After all persons have spoken, the hearing is closed to public comment and the Council proceeds with its deliberation and decision making.

9. *PUBLIC HEARINGS*

10. *UNFINISHED BUSINESS*

a. Animal Services Contract Update

b. Ordinance O-4356, Making City Public Disturbance Noise Regulations Applicable to Watercraft in City of Kirkland Waters and Specifying Penalty Amounts for Certain Violations of Kirkland Municipal Code Title 14

11. *NEW BUSINESS*

12. *REPORTS*

a. *City Council*

(1) Regional Issues

b. *City Manager*

(1) Calendar Update

13. *ITEMS FROM THE AUDIENCE*

14. *ADJOURNMENT*

NEW BUSINESS consists of items which have not previously been reviewed by the Council, and which may require discussion and policy direction from the Council.

ITEMS FROM THE AUDIENCE

Unless it is 10:00 p.m. or later, speakers may continue to address the Council during an additional Items from the Audience period; provided, that the total amount of time allotted for the additional Items from the Audience period shall not exceed 15 minutes. A speaker who addressed the Council during the earlier Items from the Audience period may speak again, and on the same subject, however, speakers who have not yet addressed the Council will be given priority. All other limitations as to time, number of speakers, quasi-judicial matters, and public hearings discussed above shall apply.



CITY OF KIRKLAND
Department of Finance & Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3100
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Tracey Dunlap, Director of Finance & Administration
Sri Krishnan, Financial Planning Manager

Date: May 23, 2012

Subject: Preliminary 2013-2018 Capital Improvement Program

RECOMMENDATION:

City Council reviews the Preliminary 2013 to 2018 Capital Improvement Program (CIP).

BACKGROUND:

The discussion of the Preliminary CIP for 2013 to 2018 was originally scheduled for May 15th and subsequently rescheduled to the June 5th Council Study Session. The Preliminary 2013-2018 CIP is presented in two volumes:

- (1) A summary document including the 19-page introductory narrative, summary tables and graphs, and brief project descriptions. A binder with the hard copy of the summary document was provided for Council review on May 10th, and
- (2) A project detail document which contains the individual funded and unfunded project sheets.

Both documents are available at: <http://www.kirklandwa.gov/CIPdocument>.

The staff presentation at the June 5th Study Session will reflect Council discussions and the guidance they provided at the May 15th Study Session regarding potential 2012 ballot measures. Staff will update Council on the current status of the Regional Storm Water Decant Facility project being explored with regional partners.

Depending on issues and questions that arise from the CIP discussion, further study session(s) may be scheduled. A public hearing on the CIP will be held on September 18th, 2012. Adoption of the CIP occurs by Council resolution and is scheduled for the first meeting in December, 2012.



CITY OF KIRKLAND

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3001

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Marie Stake, Communications Program Manager

Date: May 29, 2012

Subject: Relay for Life Days Proclamation for the City of Kirkland and City of Redmond

RECOMMENDATION:

Council authorizes the Mayor to sign the Relay for Life Days Proclamation.

BACKGROUND DISCUSSION:

The American Cancer Society's signature awareness and fund raising event is the Relay for Life. During a relay, teams of people gather at schools, fairgrounds, or parks and take turns walking or running laps. Each team tries to keep at least one team member on the track at all times.

The 2012 Redmond-Kirkland Relay for Life will be held Saturday, June 9 through Sunday, June 10 at Redmond High School, 17272 N.E. 104th St., Redmond, WA.

Last year 29 teams raised more than \$70,000 at Redmond-Kirkland Relay.

Cindy Sheehan and Janet Jonson, Redmond-Kirkland Relay volunteers, and co-captains of "Kick Cancer's Butt" team, as well as other team members, will be present to accept the proclamation.

For more information about Relay for Life, visit www.relayforlife.org. For information about the American Cancer Society, visit www.cancer.org.



PROCLAMATION

WHEREAS, Relay for Life is the signature fund-raising activity for the American Cancer Society and honors cancer survivors (anyone who has ever been diagnosed with cancer) and remembers those lost to the disease; and

WHEREAS, the American Cancer Society believes that because cancer never sleeps, Relays are organized as overnight events up to 24 hours in length, and at least one member of a team must be walking or running at all times during the event; and

WHEREAS, communities in the United States, along with communities in 23 other countries, gather to take part in this global phenomenon and raise much-needed funds and awareness to save lives from cancer; and

WHEREAS, money raised during the American Cancer Society Relay for Life of Redmond-Kirkland helps support research, education, advocacy, and patient services; and

WHEREAS, in 2011, the Redmond-Kirkland Relay was supported by 29 teams that raised close to \$70,000;

NOW, THEREFORE, I, JOAN MCBRIDE, Mayor of the City of Kirkland, **AND I, JOHN MARCHIONE,** Mayor of the City of Redmond, do hereby proclaim Saturday and Sunday, June 9 and 10, 2012, as

“RELAY FOR LIFE DAYS”

in the cities of Kirkland and Redmond and encourage citizens to participate in the Relay for Life of Redmond-Kirkland at Redmond High School on June 9 and 10, 2012.

Joan McBride, Mayor
City of Kirkland

John Marchione
John Marchione, Mayor
City of Redmond

Date

June 9, 2012
Date



CITY OF KIRKLAND

Police Department

123 Fifth Avenue, Kirkland, WA 98033 425.587.3400

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Eric Olsen, Chief of Police
Date: May 16, 2012
Subject: Special Presentation to Police Department by Fairfax Hospital

RECOMMENDATION:

Council authorizes the presentation of a plaque to the Police Department by Fairfax Hospital CEO Ron Escarda.

BACKGROUND DISCUSSION:

When the City annexed in June of last year, Fairfax Hospital was part of that annexation. Our staff has worked with staff at the hospital for both tactical response and response to calls for service. To show their appreciation for the excellent working relationship that we have developed, Fairfax Hospital has contacted the Police Department requesting to present a plaque and letter of appreciation to the Police Department. Chief Eric Olsen will be at the June 5 meeting to accept the plaque on behalf of the Police Department.

Letter to Chief Eric Olsen from Fairfax CEO Ron Escarda:

Fairfax Hospital is pleased to present this Service Excellence Award to the Kirkland Police Department. Fairfax was annexed into the City of Kirkland on June 1, 2011. From the first day of service the Kirkland police response was quick, efficient and professional.

The department invited Fairfax staff to participate in 4 officer training events prior to the annexation. An overview of the hospital's mission and operational code of conduct was presented along with an educational material on what to expect from behavioral health patients at Fairfax--and in the field. Additionally, 40 officers took the time to tour Fairfax at the beginning of June to learn more about the physical structure of the hospital—and its occupants.

This team approach to assuring the safety of all Fairfax patients, visitors and staff has become the hallmark of Fairfax's interaction with the Kirkland Police. This Service Excellence plaque is also meant to recognize the continued confidence Fairfax maintains in the Kirkland police force. We are proud to be a part of the City of Kirkland—and grateful for the outstanding services provided to us.

Presented to
The Kirkland Police Department



*In Recognition of Outstanding
Service Excellence*



From

FAIRFAX HOSPITAL

**Celebrating Our Commitment
to Safety and Community Service**

June 2012



Fairfax
Hospital

BEHAVIORAL HEALTH

Children, Adolescents, Adults



CITY OF KIRKLAND
Department of Parks & Community Services
505 Market Street, Suite A, Kirkland, WA 98033 425.587.3300
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Regi Schubiger, Youth Services Coordinator

Date: May 30, 2012

Subject: 2012 Eileen Trentman Memorial Scholarship Recipients

Recommendation

City Council join staff in recognizing City of Kirkland's outstanding youth volunteers.

Background

The Youth Services Team, formed in early 2000, was an interdepartmental team of City employees whose mission was to serve youth within the Kirkland community and the City of Kirkland. In an effort to support elements of this mission, the Team introduced a scholarship program in 2005 for teens who have served the City as volunteers.

Up until 2006, the scholarship had been known as the Teens Honored and Appreciated for Notable Kirkland Service (THANKS). In September of that year, the Youth Services Team decided to rename the scholarship after the City's former Volunteer Coordinator, Eileen Trentman. Eileen played an integral role in not only the creation and implementation of this scholarship program, but as a member of the Youth Services Team as well.

The Youth Services Team developed the following eligibility guidelines for possible candidates:

- Teens must have served the City in a volunteer capacity. This would include, but is not limited to, Kirkland Youth Council, Boards and Commissions, and Police Explorers.
- Teens must have graduated or be on track to graduate from High School the following June.
- Teens must be attending or have plans to attend college, university, or technical school after graduating from high school.
- Candidates must be high school senior through age 21.

Funding for the Scholarship Program was generated through voluntary employee contributions during the 2011 Giving Campaign. The Kirkland Fire Fighters Benevolent Association (KFFBA) has been gracious enough to hold the funds through their status as a 501.c.3. \$2,000 was raised through employee donations and a gift from the KFFBA.

Awards

On April 17, 2012, members of the Youth Services Team along with a representative from the KFFBA reviewed the applications received. The following two candidates were selected for scholarships:

Allison Blair – (\$1,000 award) International Community School, Kirkland Youth Council

Evan Ellefsen – (\$1,000 award) Juanita High School, Kirkland Youth Council

Firefighter Megan Keys and Youth Services Coordinator Regi Schubiger will be presenting the scholarship awards and highlighting the volunteer efforts of the two winners.

**CITY OF KIRKLAND**

Department of Parks & Community Services

505 Market Street, Suite A, Kirkland, WA 98033 425.587.3300

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Regi Schubiger, Youth Services Coordinator
Michael Cogle, Deputy Director
Jennifer Schroder, Director

Date: May 23, 2012

Subject: 2012 Kirkland Youth Summit

Recommendation

That the City Council receives a report on the recently completed Kirkland All-City Youth Summit.

Background

On Thursday, March 29, 2012 the Kirkland Youth Council held its ninth biannual All-City Youth Summit, "Make an Impact!" at Bastyr University. About 120 teens from a variety of Kirkland based junior and senior highs attended the event to discuss a broad range of topics relevant to teens. Youth Council members selected and researched topics that they felt were timely and of interest to their peers: Transitioning to Four-Year High School Model, College, Digital Footprint, Kirkland Community, and Marketing Madness. Youth Council member Lilith Winkler-Schor of Inglemoor High School was the Chair of the Youth Summit and will be making a short presentation on what occurred.

Session Summaries:Grade Level Discussions

Morning began with six small group discussions where participants were divided up based on grade levels. The focus of these groups was to discuss the changes that will be happening in the Lake Washington School District (LWSD) as it transitions into the Middle School/4-year High School format next fall. A secondary focus of these groups was to offer an opportunity to teens to meet other students in the district and create new connections within their city. In order to give accurate information about the switches occurring in LWSD for the 2012-2013 school year due to the reconfiguration, the Youth Council members were briefed by incoming Superintendent Traci Pierce. This included academics, extracurricular activities, athletics, and new graduation requirements. KYC members then led the small group discussions at the Summit and fielded questions from the participants. Summit attendees that were currently

seniors discussed how effective the LWSD had been in achieving its motto of "Every student future ready" during their tenure in the District. Participants overwhelmingly felt that these discussions were helpful and insightful.

Breakout Sessions

Following the small grade based discussions, four concurrently running breakout sessions were held once in the morning and then in the afternoon.

Digital Footprint

The focus of this session was to encourage participants to closely look at their on-line "selves" and the impact that it will have on their future. KYC members presented the session, highlighting what others could see when looking at one's online profile, despite privacy settings, as well as measures to keep exposed information in check.

College

This session looked at several aspects of college: applying to colleges, deciding on colleges, financing for college, and college life. Presenters included a college entrance coach, a financial planner, and a current UW student.

Marketing Madness

The focus of this session was on how teens could market themselves and get a job. Two DECA students from Inglemoor High School focused on cover letters & resumes, finding open positions, and interviewing. This was then followed by several KYC members who are currently employed. Each member discussed their position and experiences working.

Community Connections

City Manager Kurt Triplett led these sessions which focused on current projects in Kirkland and how teens could get more involved with the City of Kirkland. Each participant was given a copy of the City's current Hot Sheet. The projects highlighted included the installation of the Costco gas tanks, Totem Lake Mall, and the Rail Corridor. Mr. Triplett then discussed the many ways in which teens could become more involved with the City. This included Youth Council, Police Explorers, Aqua Leaders, and other internships.



CITY OF KIRKLAND
Information Technology Department
123 Fifth Avenue, Kirkland, WA 98033 425.587.3050
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Brenda Cooper, Chief Information Officer
Date: May 24th, 2012
Subject: Best of the Northwest Award of Excellence in Community Media

RECOMMENDATION

Council congratulates the Youth Council, Regula Schubiger from the Parks Department, and Mike Connor from the Information Technology department for creation of the award-winning video, *We've Got Issues – Distracted Driving*.

BACKGROUND DISCUSSION

The Alliance for Community Media Northwest Region presented the Kirkland Youth Council the Best of the Northwest Award of Excellence in the "Produced by Youth" category in the spring of 2012. The call for entries went out to public, educational and government access channels along with schools from across the NW, Alaska and parts of Canada.

The video was a cautionary tale on the dangers of driving while distracted and how to avoid it. The production used dramatic reenactment along with candid camera and statistical data to prove this point. It was a collaborative process from script writing to shooting to editing spanning the 2010-2011 school year. The video was finished and first shown in fall of 2011. Over 20 Youth Council members wrote, directed, acted, composed music for and assisted in editing the video. The video is available on the City of Kirkland website and on YouTube:

- YouTube Link: <http://youtu.be/aUIp2eLaSgA>
- City of Kirkland Link: http://kirkland.granicus.com/MediaPlayer.php?view_id=13&clip_id=2264

The Alliance for Community Media's mission is to promote civic engagement through community media. Founded in 1976, the Alliance represents over 3,000 public, educational and governmental (PEG) access organizations and community media centers throughout the country. The ACM works to protect the interests of these access centers and those who use PEG facilities and equipment to advance their causes through cable television and the internet.

Please congratulate all of the staff from the City of Kirkland and the many students who worked on this outstanding video production.



CITY OF KIRKLAND
Department of Parks & Community Services
505 Market Street, Suite A, Kirkland, WA 98033 425.587.3300
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Regi Schubiger, Youth Services Coordinator
Date: May 26, 2012
Subject: Honoring the Kirkland Youth Council Class of 2012

RECOMMENDATION

City Council recognize the Kirkland Youth Council Class of 2012 for all their efforts.

BACKGROUND

This year has been another busy and successful year for the 2011-12 Youth Council. As the school year comes to a rapid close, we would like to have the Kirkland City Council recognize our graduating seniors for all their hard work and dedication to the Youth Council and the City of Kirkland. As in previous years, the names of our graduating seniors have been engraved on a plaque that hangs at the Parks and Community Services Offices at 505 Market. We would like to ask that the Mayor and the City Council present this plaque to our graduating seniors at the June 5th Council meeting.

The following eleven KYC members are a part of the Class of 2012:

Allison Blair, International Community School
Jasmine Clark, Inglemoor High School
Kenny Drabble, International Community School
Evan Ellefsen, Juanita High School
Genki Marshall, Juanita High School
Christian Monroy, BEST High School
Christopher Norwood, The Northwest School
Erin Saunderson, Lake Washington High School
Sam Schwabacher, Juanita High School
Lilith Winkler-Schor, Inglemoor High School
Camille Worsech, Lake Washington High School



KIRKLAND CITY COUNCIL REGULAR MEETING MINUTES
May 15, 2012

1. CALL TO ORDER
2. ROLL CALL

ROLL CALL:

Members Present: Councilmember Dave Asher, Deputy Mayor Doreen Marchione, Mayor Joan McBride, Councilmember Toby Nixon, Councilmember Bob Sternoff, Councilmember Penny Sweet, and Councilmember Amy Walen.

Members Absent: None.

3. STUDY SESSION
 - a. Potential 2012 Ballot Measures

Joining Councilmembers for this discussion were City Manager Kurt Triplett, Assistant City Manager Marilynne Beard, Public Works Director Ray Steiger, Parks and Community Services Director Jennifer Schroder, Deputy Director Michael Cogle and EMC Research Principal Andrew Thibault. Also contributing to the conversation was Director of Finance and Administration Tracey Dunlap.

4. EXECUTIVE SESSION
5. HONORS AND PROCLAMATIONS
6. COMMUNICATIONS

None.

None.

- a. Announcements
- b. Items from the Audience

Melissa Nelson
Amy Whittenburg
Atis Freimanis
Tom Grimm
Laura Loomis
Charles McKeen
Kathy Feek

Lisa McConnell
Nona Ganz

c. Petitions

7. SPECIAL PRESENTATIONS

None.

8. CONSENT CALENDAR

a. Approval of Minutes: May 1, 2012

b. Audit of Accounts:
Payroll \$2,509,110.76
Bills \$2,274,755.42
run #1095 checks #534332 - 534371
run #1096 checks #534398 - 534557
run #1097 checks #534558 - 534708

c. General Correspondence

d. Claims

e. Award of Bids

(1) The Phase I Slurry Seal Project Annual Street Preservation Program in the amount of \$276,476.80 was awarded to Blackline, Inc. of Spokane, Washington.

(2) The 2012 Striping Project, Schedules A through J Except Schedule D, in the amount of \$214,135.55 was awarded to Road Runner Striping Company, Puyallup, Washington.

(3) The Central Way Pedestrian Enhancement Phase II Project in the amount of \$214,932.88 was awarded to Kamins Construction, Bothell, Washington.

(4) The Maintenance Center Parking Addition Project in the amount of \$147,436.28 was awarded to AGR Contracting, Monroe, Washington.

f. Acceptance of Public Improvements and Establishing Lien Period

g. Approval of Agreements

(1) Resolution R-4920, entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND APPROVING AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF KIRKLAND AND NORTHSHORE UTILITY DISTRICT FOR THE ESTABLISHMENT OF A NEW EMERGENCY WATER SYSTEM INTERTIE."

h. Other Items of Business

(1) Report on Procurement Activities

Motion to Approve the Consent Calendar.

Moved by Councilmember Bob Sternoff, seconded by Councilmember Penny Sweet

Vote: Motion carried 7-0

Yes: Deputy Mayor Doreen Marchione, Councilmember Amy Walen, Councilmember Penny Sweet, Councilmember Bob Sternoff, Mayor Joan McBride, Councilmember Dave Asher, and Councilmember Toby Nixon.

9. PUBLIC HEARINGS

None.

10. UNFINISHED BUSINESS

a. Commercial Codes and Neighborhood Business (BN) Regulations - Planning Commission Briefing (continued)

Planning Supervisor Jeremy McMahan facilitated the City Council's continued discussion of the April 3rd briefing by the Planning Commission and received Council feedback for the Commission in regard to their work plan.

Motion to recommend that the designation of the Lake Street South BN zone be changed from Residential Market to Neighborhood Center.

Moved by Councilmember Amy Walen, seconded by Deputy Mayor Doreen Marchione

Vote: Motion carried 4-3

Yes: Deputy Mayor Doreen Marchione, Mayor Joan McBride, Councilmember Penny Sweet, and Councilmember Amy Walen.

No: Councilmember Dave Asher, Councilmember Toby Nixon, and Councilmember Bob Sternoff.

Council recessed for short break

b. Watercraft Regulations Informational Meeting Update

Police Captain Bill Hamilton reviewed public outreach efforts and planned actions on the issues related to watercraft noise regulations.

c. Cultural Council Recommendation

Economic Development Manager Ellen Miller-Wolfe and Special Projects Coordinator Julie Huffman reviewed proposed revisions to the Cultural Council structure, name and funding.

Motion to Approve option 1 with the proviso that they come up with own name as well as a broader focus than simply the curation of public art.

Moved by Councilmember Amy Walen, seconded by Councilmember Penny Sweet
Vote: Motion carried 5-2

Yes: Deputy Mayor Doreen Marchione, Mayor Joan McBride, Councilmember Bob Sternoff, Councilmember Penny Sweet, and Councilmember Amy Walen.

No: Councilmember Dave Asher, and Councilmember Toby Nixon.

d. Resolution R-4921, Adopting the 2012-2014 Planning Work Program

Council requested staff to bring back an analysis on payments for Private Amendment Requests (PAR).

Motion to Approve Resolution R-4921, entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ADOPTING THE 2012–2014 PLANNING WORK PROGRAM."

Moved by Councilmember Bob Sternoff, seconded by Councilmember Dave Asher
Vote: Motion carried 7-0

Yes: Councilmember Dave Asher, Deputy Mayor Doreen Marchione, Mayor Joan McBride, Councilmember Toby Nixon, Councilmember Bob Sternoff, Councilmember Penny Sweet, and Councilmember Amy Walen.

11. NEW BUSINESS

a. Preliminary 2013-2018 Capital Improvement Program

This item was postponed to a future study session.

b. Resolution R-4922, Approving the Issuance of a Process IIB Permit as Applied for in Department of Planning and Community Development File No. ZON12-00006 by the Lake Washington School District Being Within a Single-Family Residential (RS) 8.5 Zone, and Setting Forth Conditions of Approval

Senior Planner Angela Ruggeri provided background on the challenge submitted by the Lake Washington School District to the Hearing Examiner's decision in regard to the Process IIB application for the Northstar Middle School move to the BEST High School campus. Attorney David Alskog spoke on behalf of the applicant.

Motion to suspend the City Council rule of procedure to allow a vote on the resolution at tonight's meeting.

Moved by Councilmember Bob Sternoff, seconded by Councilmember Dave Asher
Vote: Motion carried 7-0

Yes: Councilmember Dave Asher, Deputy Mayor Doreen Marchione, Mayor Joan McBride, Councilmember Toby Nixon, Councilmember Bob Sternoff, Councilmember Penny Sweet, and Councilmember Amy Walen.

Motion to Approve Resolution R-4922, entitled "A RESOLUTION OF THE CITY OF KIRKLAND APPROVING THE ISSUANCE OF A PROCESS IIB PERMIT AS APPLIED FOR IN DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT FILE NO. ZON12-00006 BY THE LAKE WASHINGTON SCHOOL DISTRICT BEING WITHIN A SINGLE-FAMILY RESIDENTIAL (RS) 8.5 ZONE, AND SETTING FORTH CONDITIONS OF APPROVAL" with the bracketed text included.

Moved by Councilmember Dave Asher, seconded by Councilmember Bob Sternoff
Vote: Motion carried 7-0

Yes: Councilmember Dave Asher, Deputy Mayor Doreen Marchione, Mayor Joan McBride, Councilmember Toby Nixon, Councilmember Bob Sternoff, Councilmember Penny Sweet, and Councilmember Amy Walen.

c. Green Kirkland Budget Adjustment Request

Motion to reallocate \$43,298 from the Real Estate Excise Tax Reserve to fund the Green Kirkland Partnership program for the second half of 2012.

Moved by Councilmember Bob Sternoff, seconded by Councilmember Dave Asher
Vote: Motion carried 7-0

Yes: Councilmember Dave Asher, Deputy Mayor Doreen Marchione, Mayor Joan McBride, Councilmember Toby Nixon, Councilmember Bob Sternoff, Councilmember Penny Sweet, and Councilmember Amy Walen.

d. Association of Washington Cities Annual Meeting Delegates

The City Council will not have any delegates at this meeting.

12. REPORTS

a. City Council

(1) Regional Issues

Councilmembers shared information regarding a recent Growth Management Policy Board meeting; Eastside Cultural Navigator Program Orientation meeting; City of Kirkland Civics Academy; Leadership Eastside's State of Eastside Disaster Preparedness presentation; Mayor's State of the City address at George's Place; Metropolitan Solid Waste Management Advisory Committee meeting.

b. City Manager

(1) City Council Special Meeting with the Moss Bay Neighborhood

(2) Calendar Update

13. ITEMS FROM THE AUDIENCE

None.

14. ADJOURNMENT

The Kirkland City Council regular meeting of May 15, 2012 was adjourned at 10:19 p.m.

City Clerk

Mayor

CITY OF KIRKLAND

CITY COUNCIL



Joan McBride, Mayor • Doreen Marchione, Deputy Mayor • Dave Asher • Toby Nixon
Bob Sternoff • Penny Sweet • Amy Walen • Kurt Triplett, City Manager

Vision Statement

*Kirkland is an attractive, vibrant, and inviting place to live, work and visit.
Our lakefront community is a destination for residents, employees and visitors.
Kirkland is a community with a small-town feel, retaining its sense of history,
while adjusting gracefully to changes in the twenty-first century.*

123 Fifth Avenue • Kirkland, Washington 98033-6189 • 425.587.3000 • www.kirklandwa.gov

KIRKLAND CITY COUNCIL MOSS BAY NEIGHBORHOOD SPECIAL MEETING

**Heritage Hall
203 Market Street**

**Monday, May 21, 2012
7:00 – 8:45 p.m.**

- | | |
|------------------|---|
| 6:45 – 7:00 p.m. | 1. Informal Casual Conversations |
| 7:00 – 7:05 p.m. | 2. Welcome and Introduction – Mayor Joan McBride |
| 7:05 – 7:10 p.m. | 3. Comments from the Moss Bay Neighborhood Co-Chair – Mark Eliassen |
| 7:10 – 7:30 p.m. | 4. Introductions from City Council Members |
| 7:30 – 8:45 p.m. | 5. General Discussion and Questions from the Audience |
| 8:45 p.m. | 6. Adjourn |
| 8:45 – 9:00 p.m. | 7. Social Time |

Mayor Joan McBride called the May 21, 2012 Kirkland City Council Special Meeting to order at 7:07 p.m. The following members of the City Council were present: Mayor Joan McBride, Deputy Mayor Doreen Marchione, Councilmembers Dave Asher, Toby Nixon, Bob Sternoff and Penny Sweet. Councilmember Amy Walen was excused.

The Kirkland City Council Special Meeting was adjourned at 8:45 p.m.

City Clerk

Mayor



CITY OF KIRKLAND
Department of Finance and Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3100
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Kathi Anderson, City Clerk
Date: May 25, 2012
Subject: CLAIM(S) FOR DAMAGES

RECOMMENDATION

It is recommended that the City Council acknowledge receipt of the following Claim(s) for Damages and refer each claim to the proper department (risk management section) for disposition.

POLICY IMPLICATIONS

This is consistent with City policy and procedure and is in accordance with the requirements of state law (RCW 35.31.040).

BACKGROUND DISCUSSION

The City has received the following Claim(s) for Damages from:

- (1) Cristian E. Gallegos Aguina
32017 11th Pl. S. B-4
Federal Way, WA 98003

Amount: \$2,802.51

Nature of Claim: Claimant states damage to vehicle resulted from being struck by a City vehicle.

- (2) Selma L. Dale
21818 SE 28th St
Issaquah, WA 98075

Amount: \$828,709.41

Nature of Claim: Claimant states injury resulted from stepping on a tree grate which collapsed.

- (3) James R. Feek and Kathy Page Feek
175 Lake Avenue West
Kirkland, WA 98033

Amount: \$215,000.00

Nature of Claim: Claimant states damage to property resulted from private construction adjacent to their property.

Note: Names of claimants are no longer listed on the Agenda since names are listed in the memo.



CITY OF KIRKLAND
Department of Public Works
 123 Fifth Avenue, Kirkland, WA 98033 425.587.3800
 www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Dave Snider, P.E., Capital Projects Manager
Ray Steiger, P.E., Public Works Director

Date: May 24, 2012

Subject: 2012 STREET PRESERVATION PROGRAM (PHASE II OVERLAY PROJECT)
AWARD CONTRACT

RECOMMENDATION:

It is recommended that City Council award the construction contract for Schedules A, B, C, E, and F, on the 2012 Street Preservation Program -- Phase II Overlay Project, to Lakeside Industries Company of Issaquah, WA, in the amount of \$1,612,371.73.

BACKGROUND DISCUSSION:

The Overlay Project is Phase II of the Annual Street Preservation Program for the maintenance and rehabilitation of the City's street network; Phase I of the Street Preservation Program is the Slurry Seal Project, and a contract for that work was awarded by City Council at their meeting of May 15, 2012. The Overlay Project includes sub-grade preparation and repair, pavement grinding, and the application of a new surface layer of asphalt applied to selected streets. This year's Project was bid with six schedules of work for a total of approximately 8 lane miles of planned resurfacing. However, in order to stay within the existing Project budget, only five of six schedules are being recommended for award which will result in the resurfacing of 6.9 lane miles of City roadway (Attachment A). The Project also includes the installation of new curb ramps, as required by the Americans with Disabilities Act, and provides for the replacement of adjacent broken concrete curb and sidewalk panels.

With an engineer's estimate of \$2,045,000 for all schedules, based on current overlay pricing information received from Bellevue and the Washington State Department of Transportation, the first advertisement for the Project was on May 8, with bids opened on May 22, 2012; three bids were received with Lakeside Industries being the lowest responsive bidder, as shown below:

Contractor	Schedules A, B, C, E & F*	Total of All Schedules
Lakeside Industries	\$1,612,371.73	\$1,849,680.52
<i>Engineer's Estimate</i>	<i>\$1,763,781.45</i>	<i>\$2,045,000.00</i>
CEMEX	\$1,931,998.70	\$2,248,769.07
Watson Asphalt	\$1,975,463.75	\$2,297,397.35

**To maintain the current budget, Schedule D is not recommended for award. Schedule D can be reprogrammed to the 2013 Street Preservation Program.*

The Annual Street Preservation Project has a 2012 base CIP budget of \$2.3 million. In addition, for 2012, the Overlay Project received a contribution of \$26,100 from the 2011 Emergency Sewer Program (ESP) for the work identified as "Schedule F". The planned new paving along NE 104th Street, where new sewer line was installed as part of the 2011 ESP, was added to the 2012 Overlay Project to help keep ESP assessments as low as possible by utilizing the better economy-of-scale unit pricing received through the annual paving project.

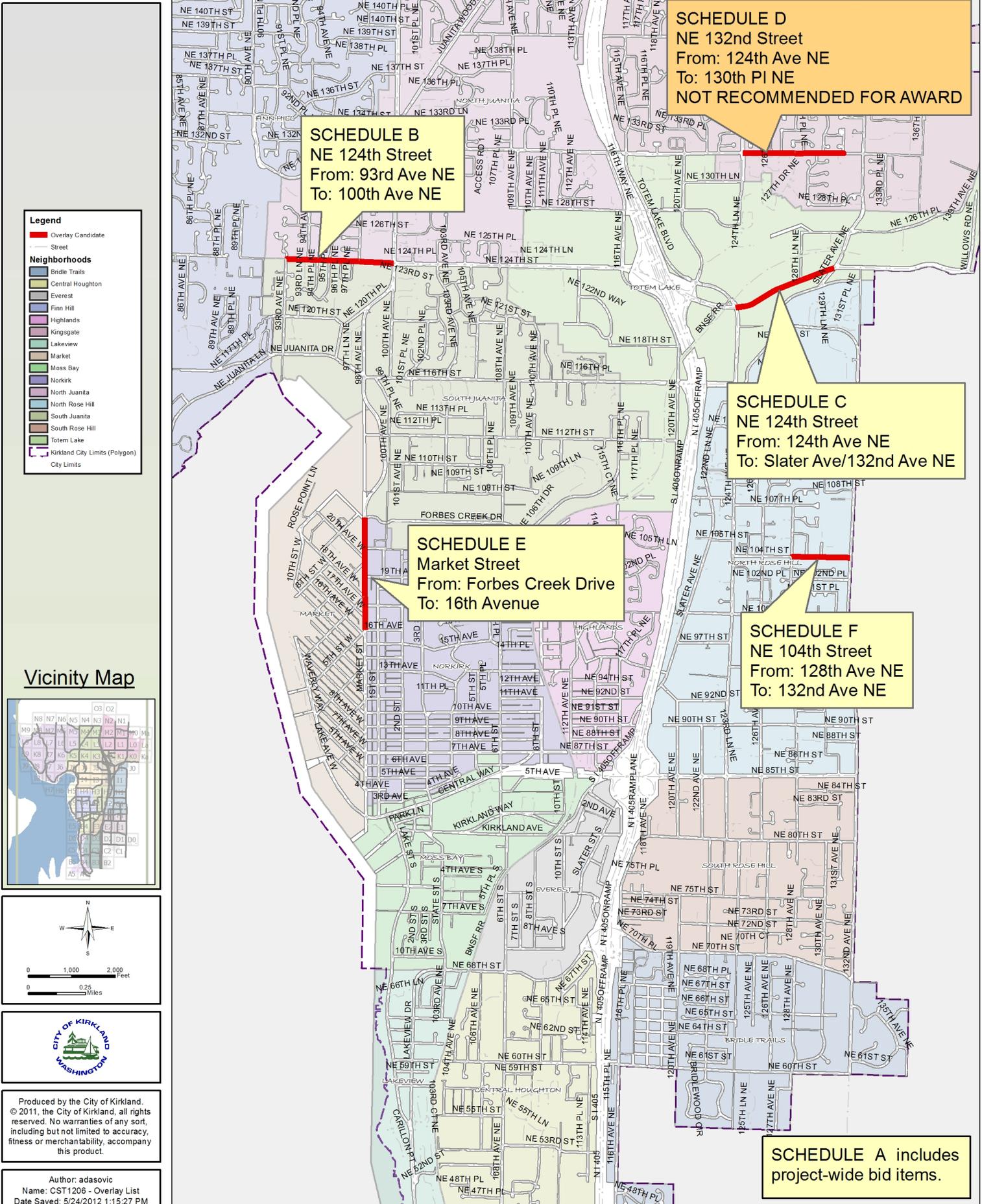
The City also received a mitigation payment from a private developer in the amount of \$2,779 for minimal overlay work that was required as a result of a new development on NE 124th Street (east of 124th Avenue NE). With this mitigation payment and the 2011 ESP contribution, the total Project budget for 2012 is \$2,328,879 (Attachment B).

A comparison of the unit prices shows that in 2012 the average cost of asphalt has increased to \$79/ton from \$75/ton in 2011 (Attachment C).

With an award of the construction contract by City Council at their June 5 meeting, the Project will begin in late June with substantial completion expected by the end of October, 2012. In advance of the construction, Public Works staff will notify adjacent property owners with an informational mailing describing the Annual Street Preservation Program. This information, along with a regularly updated construction schedule, will also be posted on the City's web site. Construction notice signs will be installed in advance of the overlay on higher volume streets and portable construction notice signs will be placed on residential streets a few days prior to construction. Supplemental notices will also be distributed to all adjacent homes and businesses at least 24 hours prior to construction. Since the Project also includes a significant amount of sidewalk and ramp reconstruction, staff will ensure the contractor maintains safe travel for pedestrians throughout the work areas at all times.

Attachments: (3)

2012 Street Overlay Program



SCHEDULE D
 NE 132nd Street
 From: 124th Ave NE
 To: 130th Pl NE
 NOT RECOMMENDED FOR AWARD

SCHEDULE B
 NE 124th Street
 From: 93rd Ave NE
 To: 100th Ave NE

SCHEDULE C
 NE 124th Street
 From: 124th Ave NE
 To: Slater Ave/132nd Ave NE

SCHEDULE E
 Market Street
 From: Forbes Creek Drive
 To: 16th Avenue

SCHEDULE F
 NE 104th Street
 From: 128th Ave NE
 To: 132nd Ave NE

SCHEDULE A includes project-wide bid items.

Legend

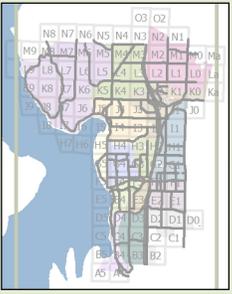
- Overlay Candidate
- Street

Neighborhoods

- Bridle Trails
- Central Houghton
- Everest
- Finn Hill
- Highlands
- Kingsgate
- Lakeview
- Market
- Moss Bay
- Norkirk
- North Juanita
- North Rose Hill
- South Juanita
- South Rose Hill
- Totem Lake

Kirkland City Limits (Polygon)
 City Limits

Vicinity Map

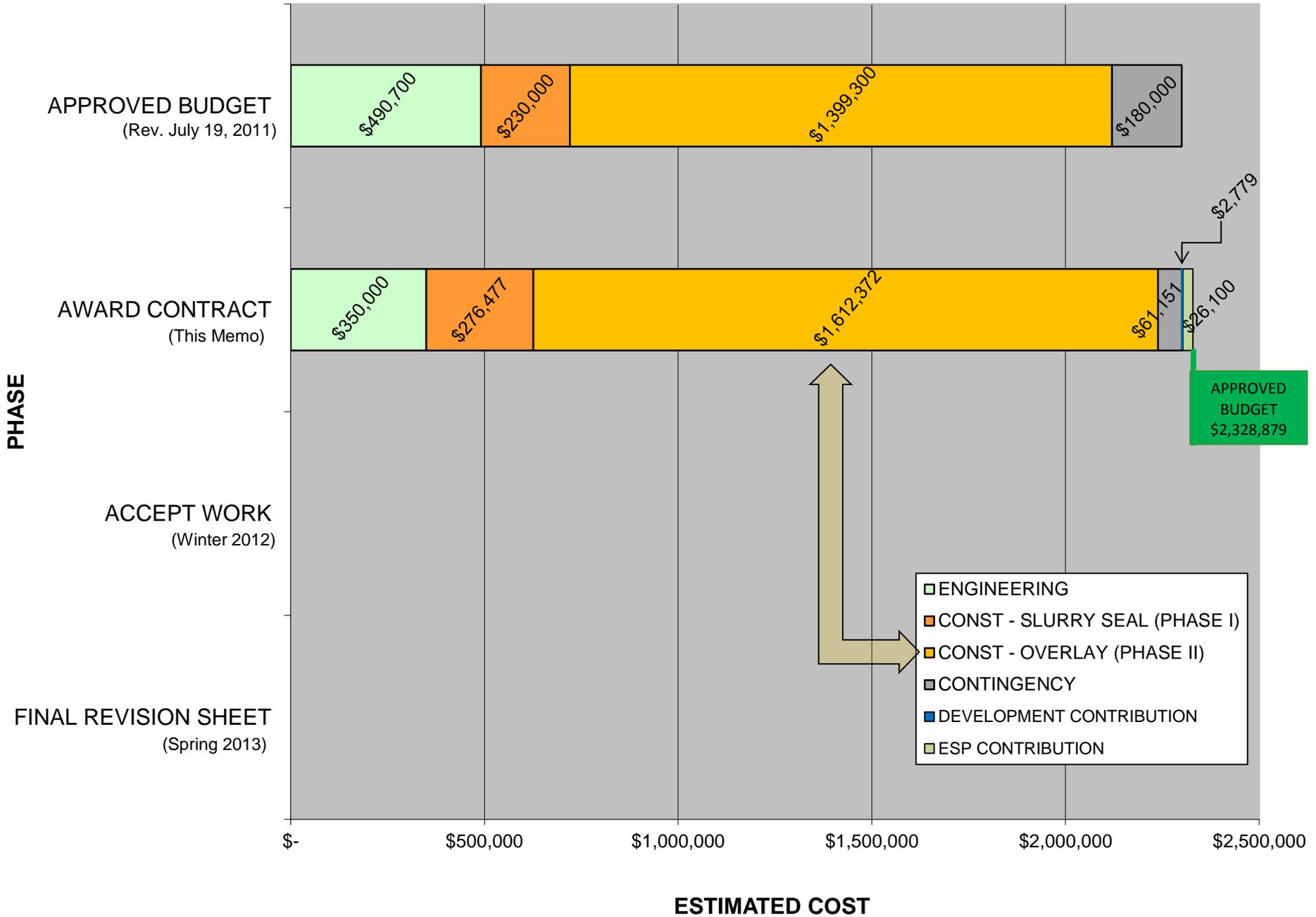



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Author: adasovic
 Name: CST1206 - Overlay List
 Date Saved: 5/24/2012 1:15:27 PM

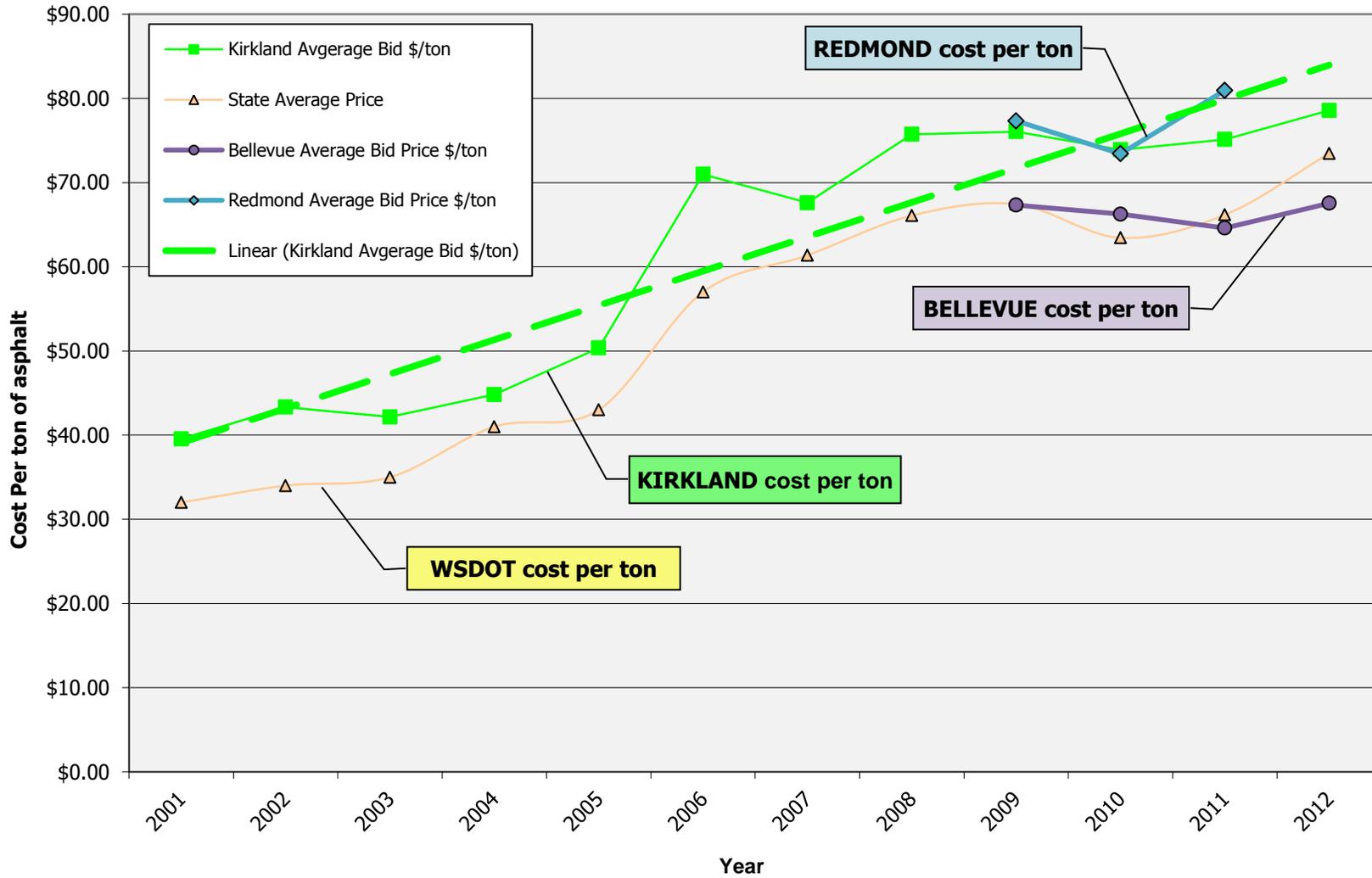
2012 STREET OVERLAY PROJECT (ST-1206)

Project Budget Report



Kirkland Annual Overlay Program Cost Comparison

ATTACHMENT C





CITY OF KIRKLAND
Department of Public Works
123 Fifth Avenue, Kirkland, WA 98033 425.587.3800
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: David Snider, P.E., Capital Projects Manager
Ray Steiger, P.E., Public Works Director

Date: May 24, 2012

Subject: 2011 SIDEWALK MAINTENANCE PROJECT - AWARD CONTRACT

RECOMMENDATION:

It is recommended that City Council award the construction contract for the 2011 Sidewalk Maintenance Project to AGR Contracting, Monroe, WA, in the amount of \$224,973.71.

BACKGROUND DISCUSSION:

The Annual Sidewalk Maintenance Program was established in the Capital Improvement Program (CIP) to provide for the repair or replacement sections of sidewalk that are deteriorated or damaged. The Program has an annual budget of \$200,000 to fix problems such as cracking and displacement, often caused by tree roots, in order to provide safe and functional walking surfaces throughout the City. For the 2011 Project, five separate areas are being included (Attachment A1). For the most part, these areas are included due to the volume of pedestrian traffic and the severity of the disrepair.

Funding for the 2011 Project is a combination of current and "carry-over" CIP money plus two private development bond defaults. The total available funding for 2011 is \$326,000 (Attachment B), and with an engineer's estimate of \$256,338, staff advertised for contractor bids on May 2. The balance of 2011 funds are preserved for design engineering/inspection and an approximate 10% construction contingency. On May 18, 2012 three bids were opened with AGR Contracting being the lowest responsive bidder.

BID RESULTS

Contractor	Total Bid
AGR Contracting	\$ 224,973.71
Road Construction NW	\$ 244,698.00
<i>Engineers Estimate</i>	\$ 256,338.00
Westwater Construction Company	\$ 363,145.00

Specific work elements for the 2011 Project are as follows:

Schedule A – Kirkland Way -- Sidewalk panels along the north and south side of Kirkland Way that have been severely impacted by mature tree roots will be replaced along with sections of impacted curb and gutter. An assessment by the City Arborist recommended removal of seven mature trees that would be too adversely impacted by root trimming. Right-of-way width and Americans with Disabilities Act requirements preclude replacement of these trees in their original locations. Agreements with adjacent private property owners will allow replacement trees to be placed on the private properties with a five-year retention and maintenance agreement to be executed with each property owner.

Other trees in the same area that can be root pruned and saved and will have rubber sidewalk panels placed near them in order to allow for future root maintenance activities. This strategy has been successfully utilized elsewhere in the City.

Schedule B – Bridal Trails Shopping Center -- Four areas along 132nd Ave NE fronting the shopping center have experienced tree root uplift and will be replaced. No trees are scheduled to be removed – the existing trees are able to be pruned following the City Arborist recommendations. New concrete sidewalk or rubber sidewalk panels, as appropriate, will be installed.

Schedule C – Evergreen Hill/Kingsgate Neighborhood Ramps -- During development of the 2011 Project, a request was received by Public Works from a resident of the Evergreen Hill/Kingsgate Neighborhood. The resident requested that ADA sidewalk ramps be added along a route her son uses on a daily basis in his motorized wheelchair. Currently, the route he takes consists of rolled curbs which are abrupt, difficult to negotiate by wheelchair and do not comply with the ADA standards. The Project will construct six new ramps along this route.

Schedule D – Massoudi Short Plat bond default, Kingsgate Neighborhood -- During development of the 2011 Project, a former King County short plat development project defaulted on a performance bond, and the City received the bond funds dedicated for sidewalk improvements associated with the development. This sidewalk that will serve both John Muir Elementary and Kamiakin Junior High School is included in the Project.

Schedule E – Berk Short Plat bond default, Juanita Neighborhood – As in Schedule D, the Berk bond default provided an opportunity to complete a missing section of sidewalk with 350 feet of new sidewalk, curb, gutter, and planter strip.

The inclusion of these two bond default work items and one ADA route within the 2011 Project has delayed completion of the design and subsequent bidding, but ultimately enabled the City to utilize the additional funding for the construction of missing sidewalk segments at three locations within two of Kirkland's new neighborhoods.

An award of the construction contract by City Council at their June 5 meeting will allow work to begin in July with completion anticipated by October, 2012. In advance of construction, Public Works staff will notify adjacent property owners and businesses. All pertinent project information, along with a regularly updated construction schedule, will also be posted on the City's web site.

Project scoping is currently underway for the 2012 sidewalk maintenance program and will be brought to Council once bids have been secured.

Attachments: (3)

2011 Sidewalk Maintenance Program

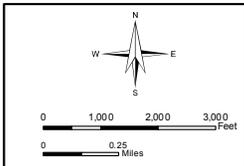
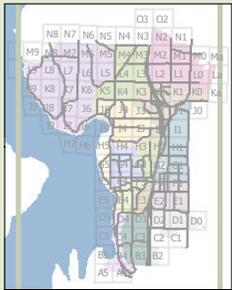
Legend

- Major Streets
- Street

Neighborhoods

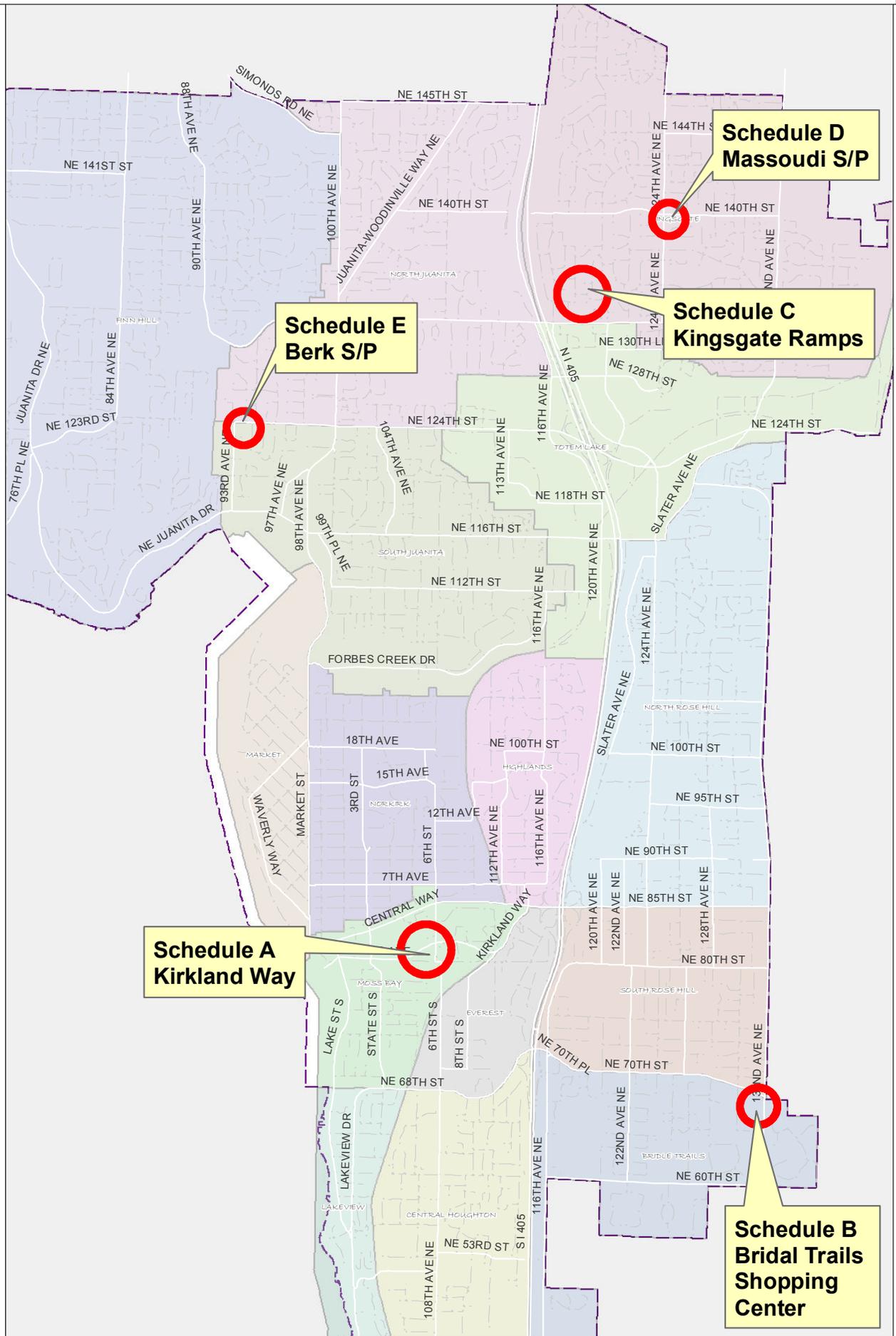
- Bridle Trails
- Central Houghton
- Everest
- Finn Hill
- Highlands
- Kingsgate
- Lakeview
- Market
- Moss Bay
- Norkirk
- North Juanita
- North Rose Hill
- South Juanita
- South Rose Hill
- Totem Lake
- Kirkland City Limits (Polygon)
- City Limits

Vicinity Map



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Author: adasovic
 Name: CNM1157_Location
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2011 SIDEWALK MAINTENANCE PROJECT

ATTACHMENT A2

Examples of Common Repair Areas



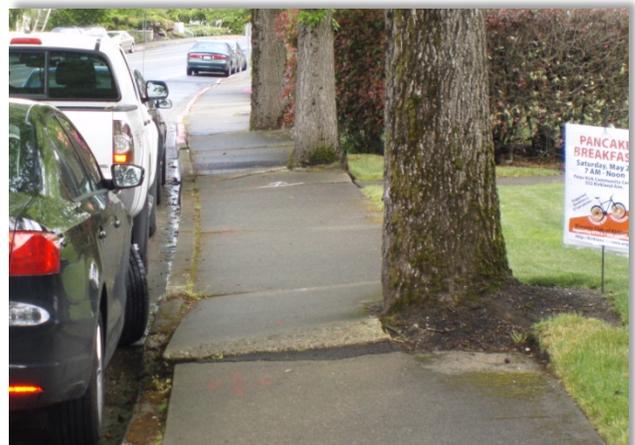
SCHEDULE A -- 132nd AVE NE SIDEWALK TREE DAMAGE



SCHEDULE A – 132nd Ave NE SIDEWALK MISSING SECTION



SCHEDULE B – KIRKLAND WAY TREE DAMAGE

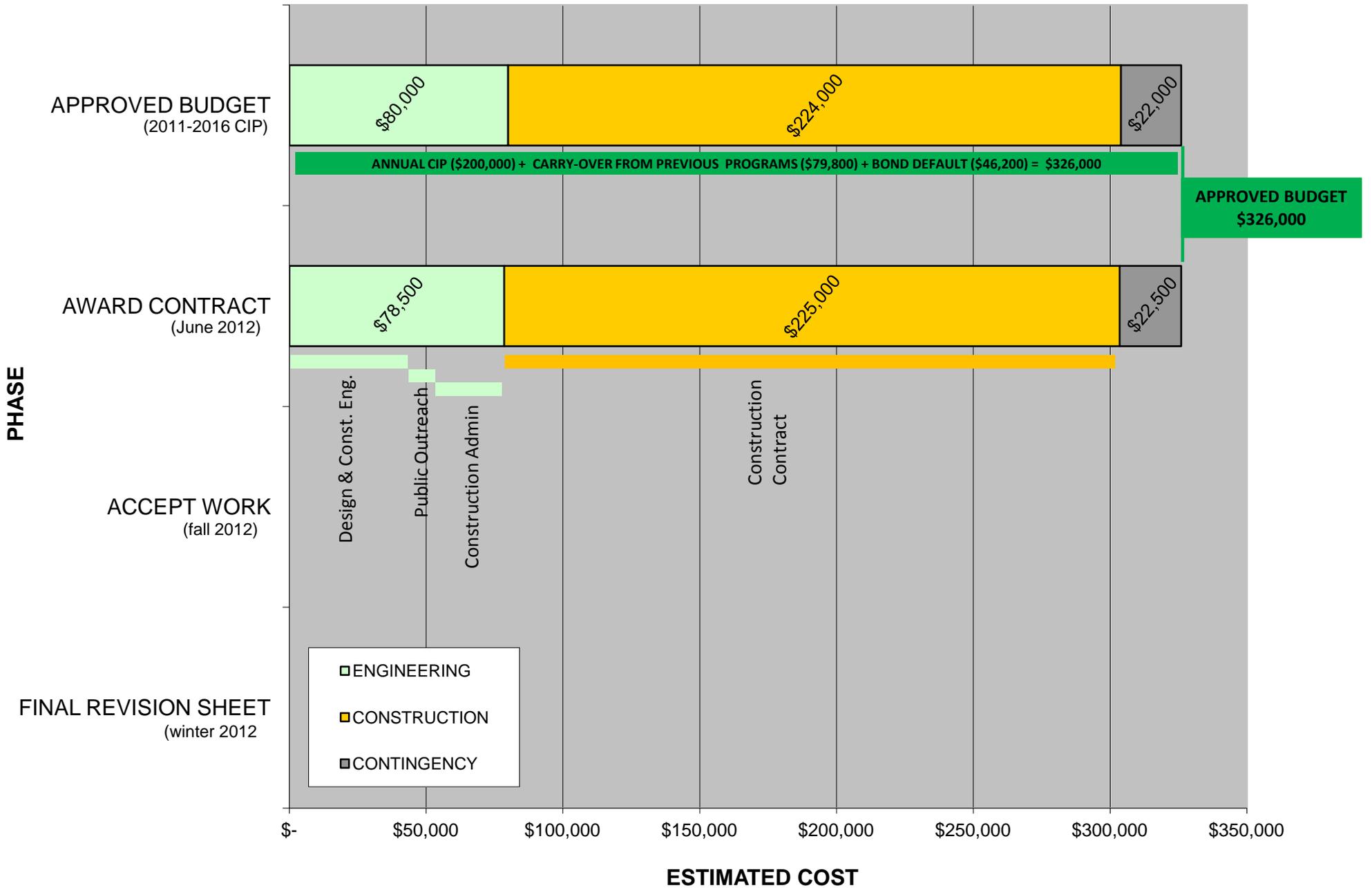


SCHEDULE B – KIRKLAND WAY TREE DAMAGE

2011 Sidewalk Maintenance Program Project (CNM-1157)

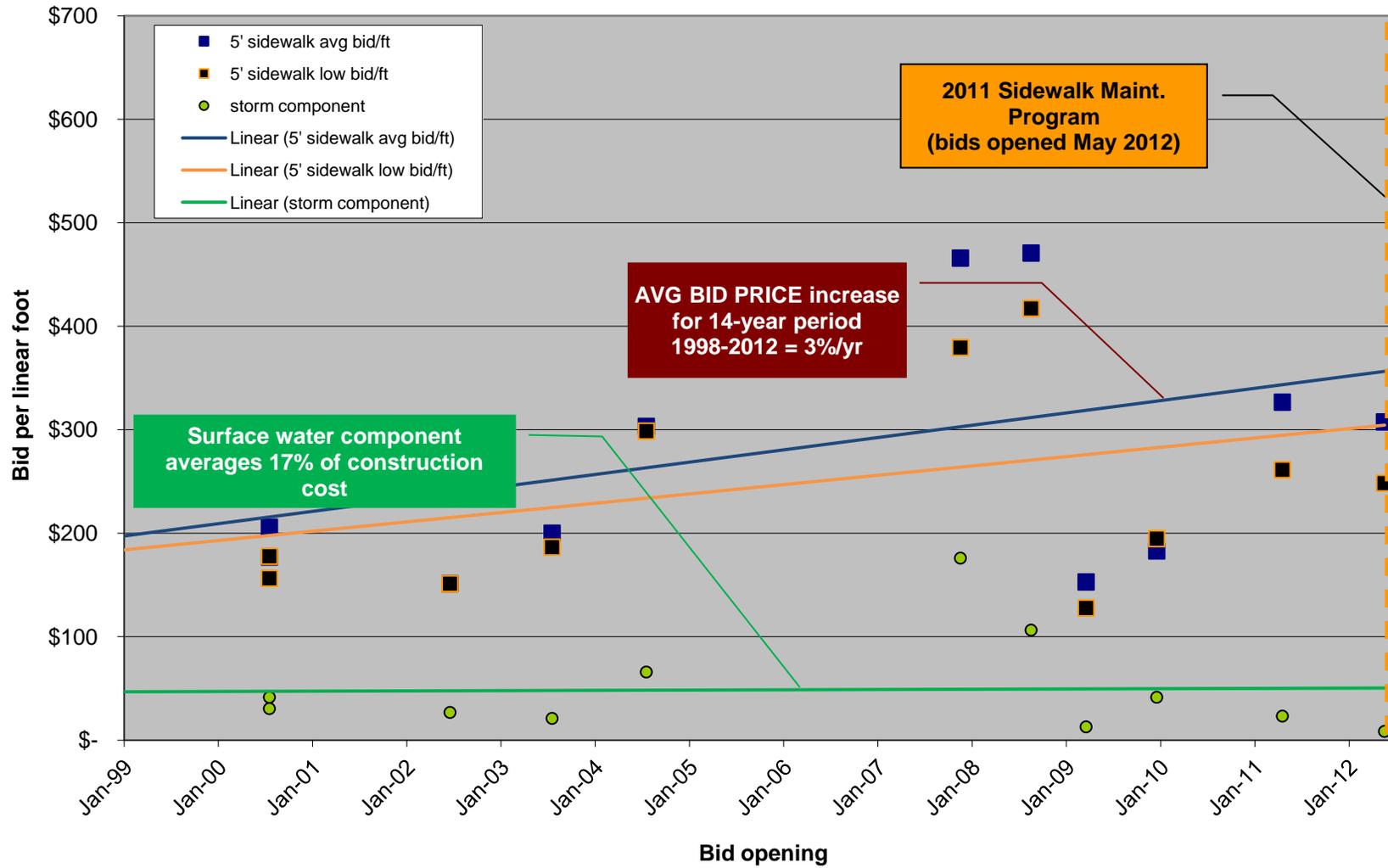
Attachment B

Project Budget Report



Historical Comparison of Sidewalk Bids

Attachment C





CITY OF KIRKLAND

Department of Public Works

123 Fifth Avenue, Kirkland, WA 98033 425.587.3800

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Dave Snider, P.E., Capital Projects Manager
Ray Steiger, P.E., Public Works Director

Date: May 24, 2012

Subject: NE 85th STREET/114th AVENUE NE INTERSECTION IMPROVEMENTS
ACCEPT WORK

RECOMMENDATION:

It is recommended that City Council accept the work on the NE 85th Street/114th Avenue NE Intersection Improvements, as completed by Road Construction Northwest, Inc., of Renton, WA, and establish the statutory 45-day lien period. In addition, it is recommended that Council authorize a budget increase of \$10,000 from the NE 85th Street corridor contingency.

BACKGROUND AND DISCUSSION:

The NE 85th Street Corridor Improvements combine several significant capital projects to provide enhancements for the entire NE 85th Street corridor between 114th and 132nd Avenues NE. The NE 85th Street/114th Avenue NE Intersection Improvements, the subject of this memo, is one component of the overall corridor improvements. Other elements of the corridor improvements identified in the City's Capital Improvement Program are:

- CST 0075 – NE 85th Street Utility Underground Conversion (*now under construction*)
- CTR 0078 – NE 85th Street and 132nd Avenue NE Intersection Improvements
- CTR 0080 – NE 85th Street and 124th Avenue NE Intersection Improvements
- CWA 0140 – NE 85th Street watermain improvements (*modified project in CIP*)
- CNM 0051 – Rose Hill Business District Sidewalks
- CSD 0025 – NE 85th Street Detention and Sediment Control
- CTR 0056 – NE 85th Street Queue Bypass
- CST 0006 002 – NE 85th Street Overlay

The corridor improvements include the currently under construction undergrounding of a significant portion of the overhead utilities, the provision of continuous sidewalks and pedestrian improvements on both sides of NE 85th Street, new sidewalks along both sides of 124th Avenue NE between NE 80th and NE 90th Streets, traffic signal upgrades and additional capacity improvements at key intersections, and related utility improvements (Attachment A).

The intersection improvements at NE 85th Street & 114th Avenue NE provide increased capacity for the southbound-to-eastbound left-turn movement with the



Looking south at NE 85th St/114th Ave NE

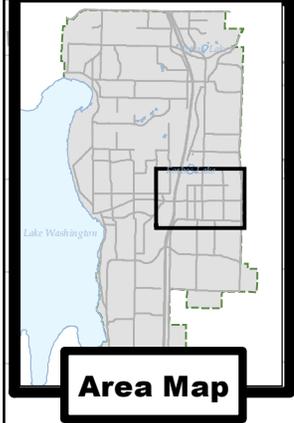
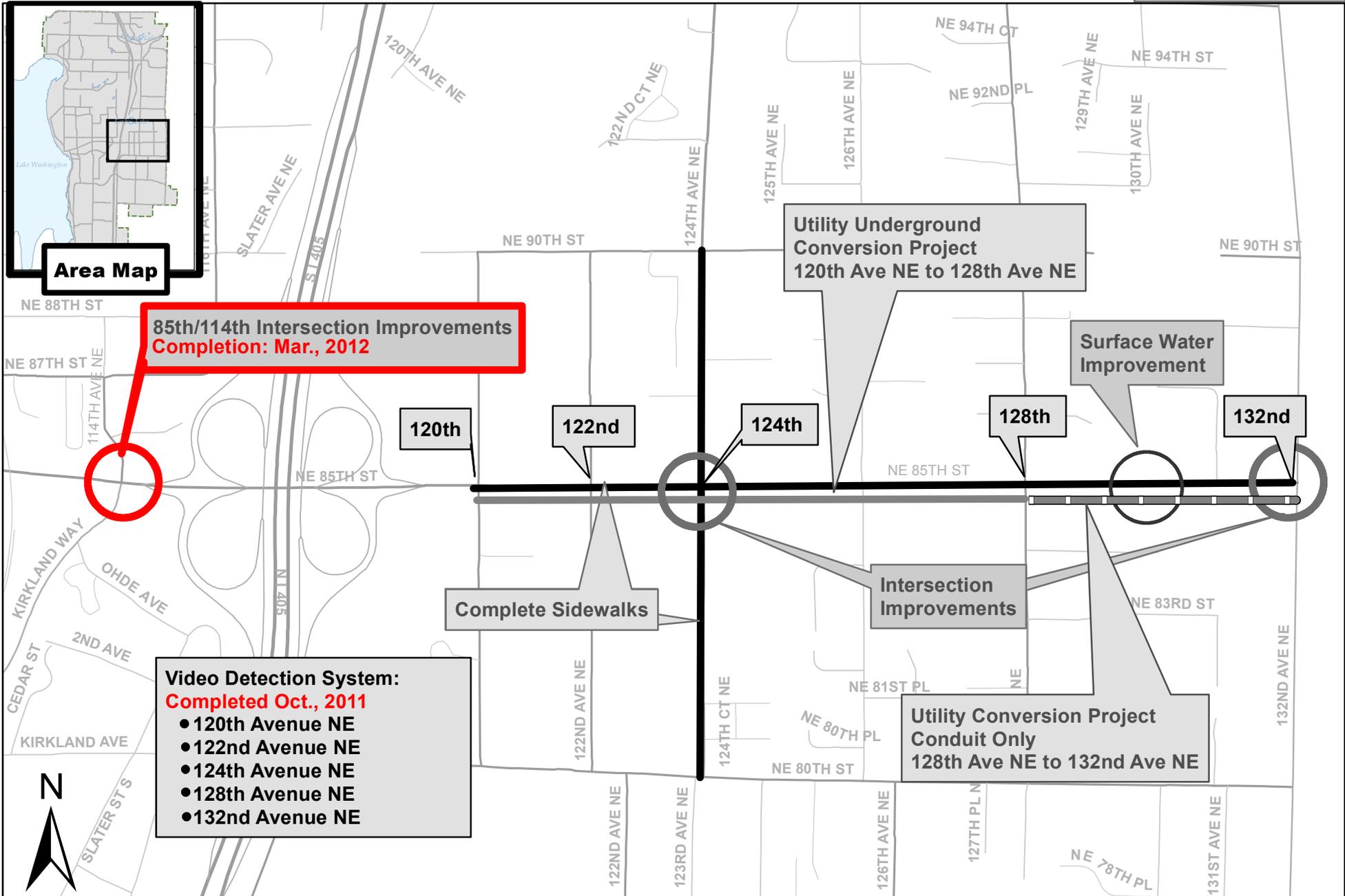
construction of a second left-turn lane on the intersection's north leg (Attachment B).

Additional improvements to the intersection include a new traffic signal, video detection, CCTV cameras, fiber-optic connection to the future traffic control center (ITS), new traffic control signage, improved illumination and new electrical services. The intersection improvements also include surface water quality enhancements, new sidewalks, a new crosswalk, new curb ramps with ADA improvements, and the replacement of street trees.

The NE 85th Street/114th Avenue NE Intersection Improvements originally included an eastbound to southbound I-405 queue by-pass component and had an overall approved budget of \$3,166,000. However, during design of the improvements, coordination issues with the WSDOT reached an impasse which was delaying delivery of the balance of the intersection improvements. At their February 15, 2011, meeting, in order to proceed with the turn lane component of the Project, Council authorized the queue by-pass elements to be moved to a new project CTR 0056 -- NE 85th Street HOV Queue Bypass Project along with \$841,000 in funding. Council also approved reprogramming of \$1,005,000 to the overall 85th Street corridor contingency and awarded the construction contract to Road Construction Northwest for \$560,012.03 (Attachment C).

Signal mast arms and other long delivery lead-time items plus traffic control coordination with the adjacent (and now completed) intersection improvements at 6th Street & Central Way delayed the start of construction until late August, 2011; physical completion of the Project was achieved in March, 2012. The total amount paid to the Contractor was \$587,970 which includes three change orders totaling \$27,958. Change orders included a signal controller foundation modification, the relocation of existing junction boxes that were located in the WSDOT right-of-way, and changes to the signal programming in order to provide for post-construction level-of-service enhancements. Including additional inspection time and staff time to administer the Project; total costs exceed the February 15, 2011 budget by \$10,000. Staff recommends using \$10,000 of the overall 85th Street contingency on the Project.

Attachments: (3)



85th/114th Intersection Improvements
Completion: Mar., 2012

Video Detection System:
Completed Oct., 2011

- 120th Avenue NE
- 122nd Avenue NE
- 124th Avenue NE
- 128th Avenue NE
- 132nd Avenue NE

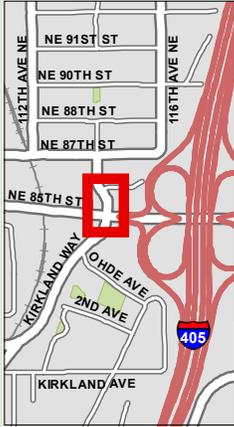


Vicinity Map

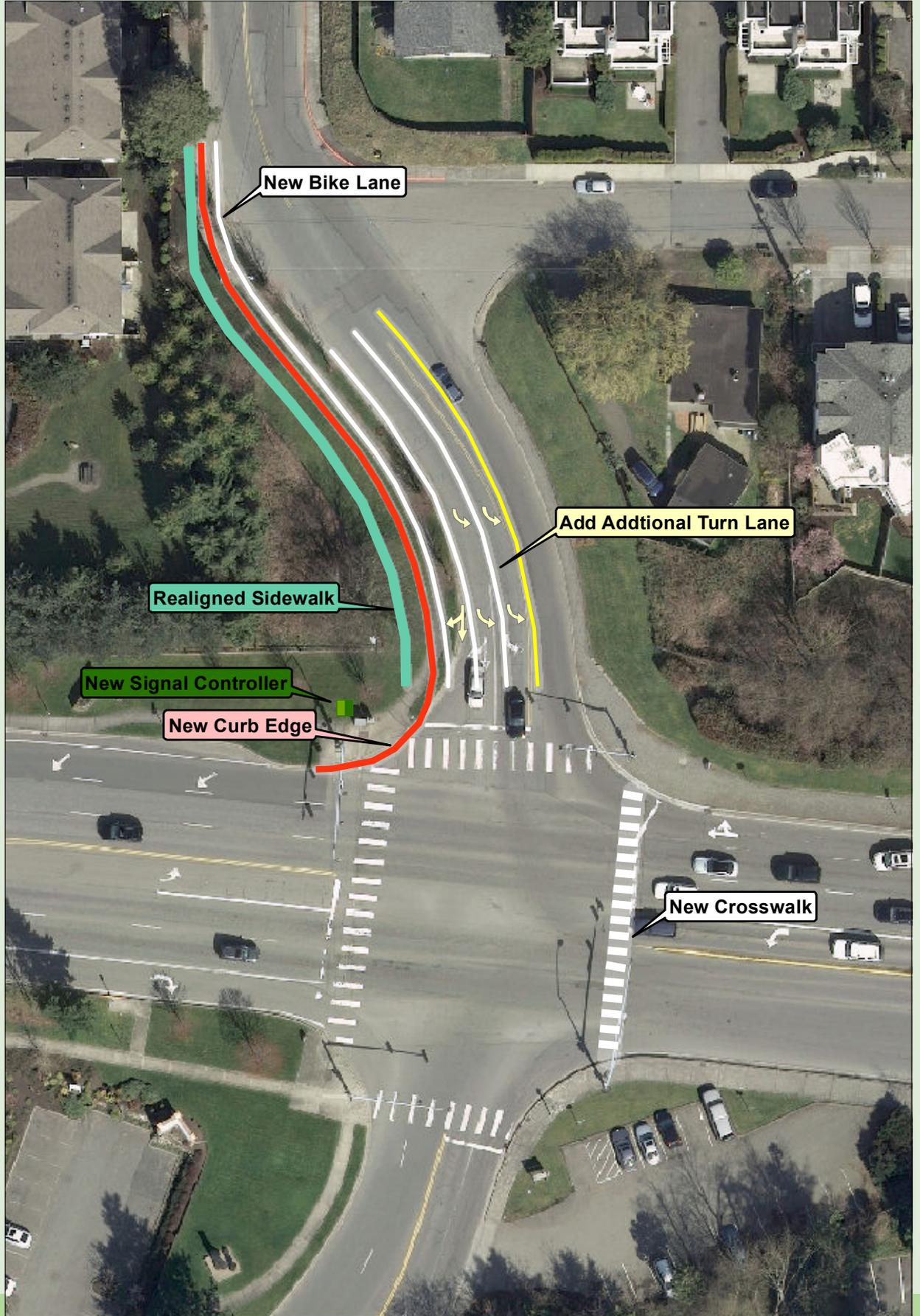
**NE 85th Street Corridor Improvements
NE 85th Street at 114th Ave NE Intersection Improvements**

NE 85th St at 114th Ave NE Intersection Improvements

ATTACHMENT B
VICINITY MAP



Vicinity Map



New Bike Lane

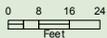
Add Additional Turn Lane

Realigned Sidewalk

New Signal Controller

New Curb Edge

New Crosswalk



Airphoto 2009



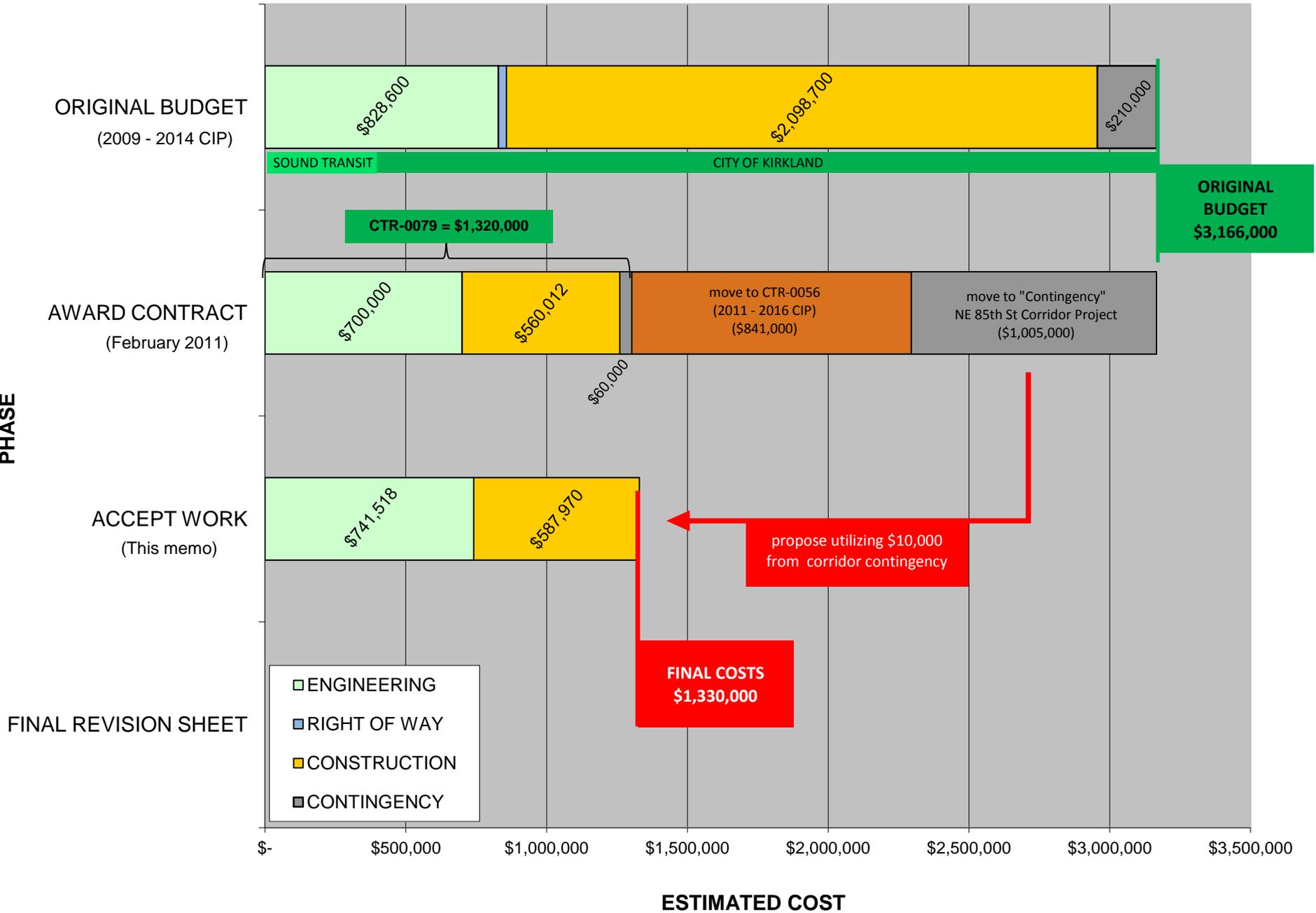
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-Print Date: 2/4/2011

-Location: \\SRV-GIS\F01\Vol1\PW\Mxds\CIP\ForDonAnderson\Jan2011\ctr0079000_2.mxd

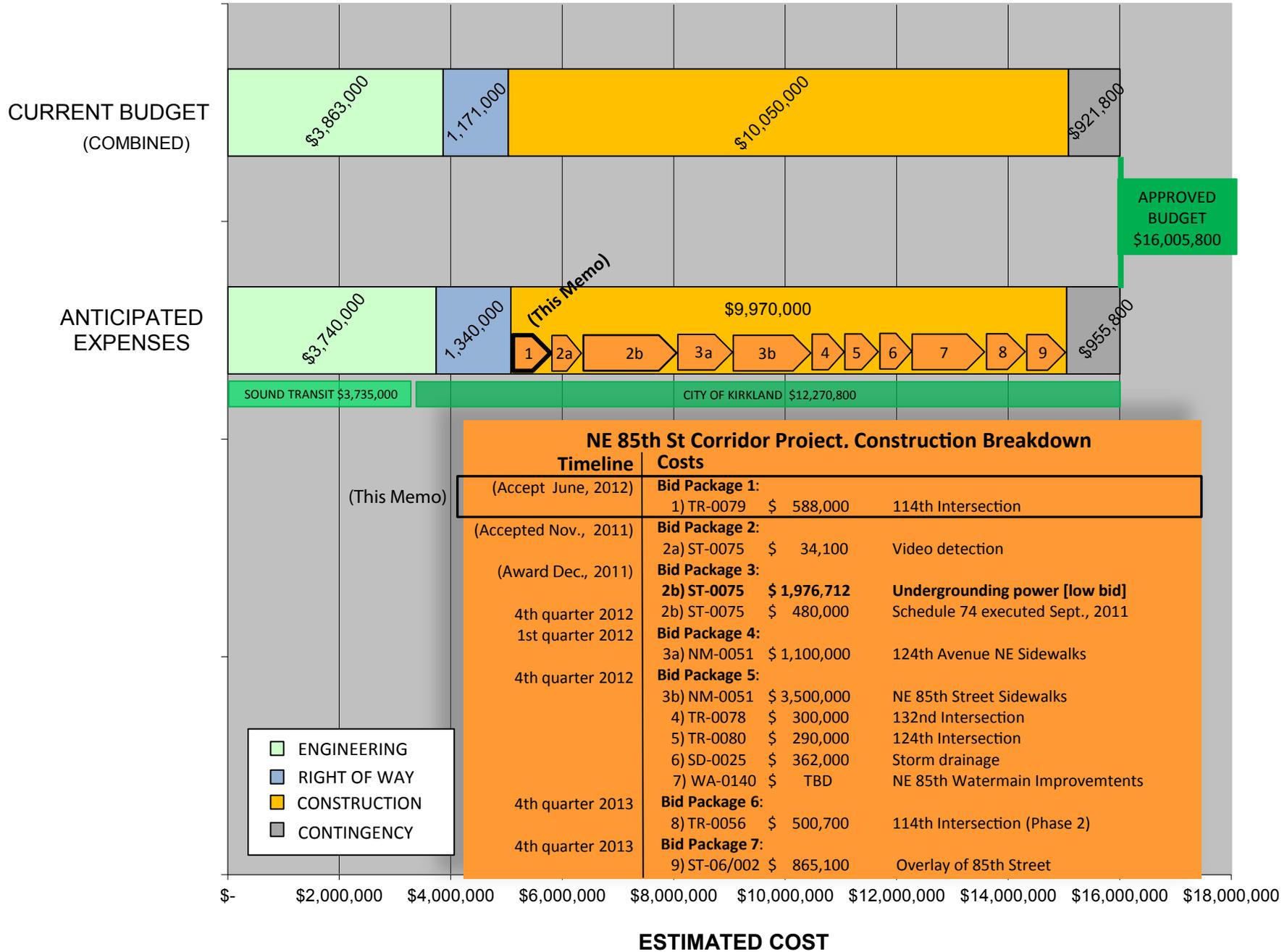
NE 85th ST/114th AVE NE INTERSECTION IMPROVEMENTS (CTR-0079) PROJECT BUDGET REPORT

PHASE



NE 85th STREET CORRIDOR IMPROVEMENTS

PROJECT BUDGET REPORT



**CITY OF KIRKLAND****Department of Public Works****123 Fifth Avenue, Kirkland, WA 98033 425.587.3800****www.ci.kirkland.wa.us**

MEMORANDUM

To: Kurt Triplett, City Manager

From: Greg Neumann, Water Division Manager
Ray Steiger, P.E., Public Works Director

Date: May 25, 2012

Subject: BELLEVUE WATER SYSTEM INTER-CONNECTION INTERLOCAL AGREEMENT

RECOMMENDATION:

It is recommended that City Council authorize the City Manager to sign the attached Interlocal Agreement between the Cities of Kirkland and Bellevue for an emergency inter-connection (intertie) between the respective water systems of two adjacent water service areas.

BACKGROUND DISCUSSION:

In 2005, the City of Bellevue approached Kirkland inquiring if there was interest to participate in an emergency water intertie at the intersection of NE 60th St and 132nd Ave NE in the Bridle Trails Neighborhood (Attachment A). The driving force in this request was that Bellevue's water system lacked adequate fire flow protection because of water system "dead ends" in that section of their service area. System redundancy allows for the higher volume of water required during fire fighting events; Kirkland's water system in this service area already has sufficient redundancy.

Although not a direct benefit for Kirkland customers, it is recommended that the intertie should be pursued to help insure the safety and health of our Bellevue neighbors in the event of a fire related incident. Due to pressure differences between the two systems, the intertie will be controlled with a pressure reducing valve and will open automatically when additional flows are required in Bellevue's service area. Valves will however be installed to allow for reverse flows (from Bellevue to Kirkland) if the need arises for potable water to Kirkland. If the Interlocal Agreement is approved, construction is to take place in the summer of 2012. Because of the benefit to the City of Bellevue to have this intertie, the cost of design, permitting, construction, and maintenance will be borne by Bellevue.

Currently, the City has similar Interlocal Agreements and interties with the City of Bellevue (at Northup Way) and most recently with the Northshore Utility District (at the 11600 Block of NE 118th St) approved by Council on May 15, 2012.



Attachment A - Kirkland/Bellevue Emergency Intertie (NE 60th St and 132nd Ave NE)



Legend

- + WA Hydrant
- WA Valve
 - ▲ PRV/PREL
 - ⊕ Water Valve
 - Hydrant Valve
- WA Others
 - ⊙ AirVac
 - * Blow Off
 - Other
 - ⊕ Sample Stand
- WA Main
- WA Lateral
- + WA Tags
- Address
- City Limits
- Grid
- QQ Grid
- + Railroad
- Streets
- Parcels
- ComPlace Names
- Buildings
- Lakes
- Parks
- Schools
- z_Image09
 - Red: Band_1
 - Green: Band_2
 - — —

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0.0 0 0.01 0.02 Miles

NAD_1983_StatePlane_Washington_North_FIPS_4601_Feet
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THIS MAP IS NOT TO BE USED FOR NAVIGATION

Notes

BELLEVUE INTERTIE

RESOLUTION R-4923

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND APPROVING AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF KIRKLAND AND THE CITY OF BELLEVUE FOR THE ESTABLISHMENT OF A NEW EMERGENCY WATER SYSTEM INTERTIE.

WHEREAS, the City of Kirkland ("Kirkland") and the City of Bellevue ("Bellevue") wish to obtain supplemental water supply from each other for emergency purposes through an intertie between their respective water systems; and

WHEREAS, Chapter 39.34 RCW authorizes Kirkland and Bellevue to enter into an interlocal cooperation agreement to perform any governmental service, activity or undertaking which each contracting party is authorized by law to perform;

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

Section 1. The City Manager is hereby authorized and directed to execute on behalf of the City of Kirkland an Interlocal Agreement substantially similar to that attached as Exhibit "A", which is entitled "Interlocal Agreement--Emergency Water Intertie 132nd Avenue NE."

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of _____, 2012.

Signed in authentication thereof this ____ day of _____, 2012.

MAYOR

Attest:

City Clerk

INTERLOCAL AGREEMENT – Emergency Water Intertie 132nd Avenue NE

THIS AGREEMENT (“Agreement”) is made this ___ day of _____, _____ (year), between the CITY OF BELLEVUE, a municipal corporation in King County, Washington (“Bellevue”) and the CITY OF KIRKLAND, a municipal corporation in King County, Washington (“Kirkland”).

SECTION 1. RECITALS

1.1 Bellevue provides water service to properties within the City of Bellevue along 132nd Avenue South of NE 60th Street in King County, Washington. Kirkland provides water service to properties along 132nd Avenue North of NE 60th Street within the City of Kirkland, King County, Washington. A portion of Bellevue’s water service boundary is located adjacent to Kirkland’s water service boundary.

1.2 Bellevue and Kirkland desire to obtain supplemental water supply for emergency purposes only by an intertie between their respective water systems, subject to certain terms and conditions contained in this Agreement.

1.3 Bellevue and Kirkland are authorized by Chapter 39.34 RCW, the Interlocal Cooperation Act, to enter into cooperative agreements.

In consideration of the terms and conditions contained herein, the parties now agree as follows:

SECTION 2. EMERGENCY INTERTIE

2.1 Bellevue and Kirkland agree to provide each other with an emergency standby source of water through an intertie connection between Bellevue and Kirkland water systems, at the location described and depicted on Attachment A. The intertie connection shall be constructed and paid for by Bellevue. This connection shall be an emergency standby connection (mainly for the purpose of additional fire flow availability to Bellevue), and water shall only be drawn through this point when an emergency occurs. An emergency shall be considered any event that requires Bellevue’s or Kirkland’s water supply to be augmented on a temporary emergency basis.

2.2 Bellevue or Kirkland shall notify the other party in writing at least twelve (12) hours in advance of the date either party desires to receive water through the intertie. In case an emergency requires immediate use of the intertie to protect lives or property, notification should occur as soon as practicable under the circumstances. Follow-up written notice of such emergency request and water usage shall be made by Bellevue or Kirkland to the other party, including an estimated quantity of water used, within three (3) days after the termination of such emergency water usage.

2.3 Bellevue shall own and install all of the pipes and valves located within the City of Bellevue and Kirkland shall own the pipes and valves within the City of Kirkland. Both Bellevue and Kirkland personnel are authorized to operate the intertie system with appropriate notification to the other party.

Kirkland: Public Works Director
City of Kirkland
123 5th Avenue
Kirkland, WA 98033

With a copy to: City Attorney
City of Kirkland
123 5th Avenue
Kirkland, WA 98033

3.5 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and may be modified only by an agreement in writing signed by both parties.

3.6 This Agreement shall be administered jointly by the Bellevue Utility Director and Kirkland Public Works Director.

3.7 This Agreement shall take effect upon execution of this Agreement after authorization by Bellevue’s City Council and Kirkland’s City Council. This Agreement shall remain in effect until terminated by either party by thirty (30) days’ prior written notice to the other party.

3.8 A copy of this Agreement shall be filed with the Bellevue and Kirkland City Clerks, the County Auditor, and the Washington Secretary of State.

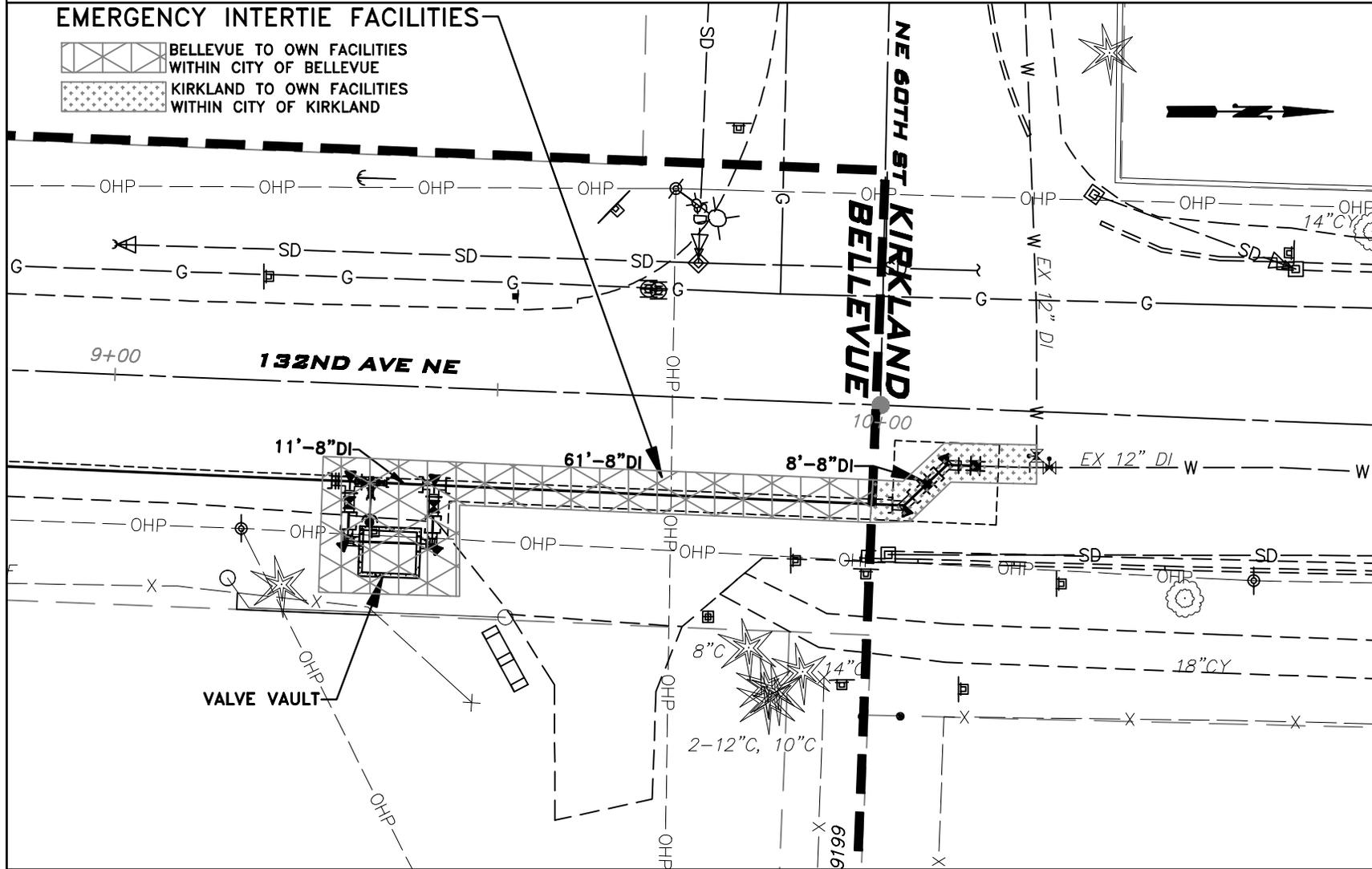
Kirkland:
CITY OF KIRKLAND
By _____
Name: _____
Title: _____

Bellevue:
CITY OF BELLEVUE
By _____
Name: _____
Title: _____

Approved as to Form:
OFFICE OF KIRKLAND ATTORNEY
By _____
Name: _____
Title: _____

Approved as to Form:
OFFICE OF BELLEVUE CITY ATTORNEY
By _____
Name: _____
Title: _____

Bellevue Kirkland Emergency Water Intertie- 132nd Ave EXHIBIT A



**CITY OF KIRKLAND**

Department of Public Works

123 Fifth Avenue, Kirkland, WA 98033 425.587.3800

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Julie Elsom, Sr. Operations and Financial Analyst
Ray Steiger, P.E., Public Works Director

Date: May 23, 2012

Subject: Ratification of changes to Cascade Water Alliance Interlocal Contract

RECOMMENDATION:

Staff recommends that the City Council adopt the attached Resolution authorizing the City Manager to sign the Cascade Water Alliance Amended and Restated Interlocal Contract as approved by the Cascade Board on March 28, 2012. The resolution authorizes Cascade to convert to a Joint Municipal Utilities Services Authority.

BACKGROUND DISCUSSION:

The Kirkland City Council approved Cascade Water Alliance (Cascade) membership in March, 1999 by Resolution 4181. An Interlocal Contract was entered into April, 1999 and was last amended October, 2011. Any change to the Interlocal Agreement requires ratification by 65% of Member agencies within 120 days after approval by the Cascade Board. On March 28, 2012, the Board unanimously approved adoption of the attached Amended and Restated Interlocal Contract with passage of Cascade Resolution No. 2012-06.

Cascade has been in existence for over a decade, and operable as a supply agency for over seven years. Cascade was formed as a watershed management partnership with the authority under the Interlocal Cooperation Act to exercise essential governmental functions on behalf of its members. The lack of certainty regarding the ability to jointly exercise authority and/or the ambiguous status of intergovernmental entities created under the Act has created many challenges for Cascade. Financing and procurement activities and the ability to enter into interlocal agreements have proven to be difficult. Many other local governmental organizations that provide water, wastewater, stormwater and/or flood control services faced similar challenges. As a result, in early 2010, Cascade and the Lacey, Olympia, Tumwater, and Thurston County (LOTT) Clean Water Alliance sought legislative clarification on several issues. These issues included:

- Whether intergovernmental bodies organized as non-profit corporations are entirely public or retain some characteristics of private sector entities,
- Whether interlocal agencies can themselves contract with additional governments under the Interlocal Cooperation Act,
- To what extent can governmental authorities be delegated to an interlocal agency, and

- Which public works, procurement and surplus property laws apply?

A two-page description of the issues that the Legislation was intended to address and the history of the 2011 Legislation (ESSB 1332) that authorizes Cascade to amend its Interlocal Contract in order to convert to a Joint Municipal Utilities Services Authority (JMUSA) has been included in the attachments. The Act authorizes cities, towns, counties, and special purpose districts to form an Intergovernmental Municipal Corporation ("Authorities") that can provide services to those local utilities and their customers. Cascade staff was actively involved in drafting the Act to ensure that it was eligible to convert to an Authority under the Act and to assure that many of the challenges and issues experienced or perceived were resolved.

To become an Authority under JMUSA, Cascade must file an amended or restated agreement that complies with the requirements of the Act. The attached Amended and Restated Interlocal Contract the Board of the Cascade Water Alliance unanimously approved March, 2011 complies with the requirements of the Act. To better understand the policy changes a table of these changes is included in the attachments. In order for Cascade to proceed with conversion Members legislative authorities must ratify the amendment by a 65% Dual Majority Vote by July 26th, 2012. Upon Members legislative authorities taking action Cascade staff will file Agreement with Secretary of State.

The date Cascade files the Agreement with Secretary of State is the effective date of Cascade as an Authority under the Act

Staff recommends that the City Council adopt the attached Resolution authorizing the City Manager to sign the Cascade Water Alliance Amended and Restated Interlocal Contract as approved by the Cascade Board on March 28, 2012.

Cc: Tracey Dunlap, Finance Director

History of Joint Municipal Utilities Services Authority 2011 Legislation and Cascade Water Alliance

Convened by the Departments of Health and Ecology in 2010, more than 30 local governmental organizations that provide water, wastewater, stormwater and/or flood control services met to discuss the existing limitations on legal authority to provide services jointly to the public. The group heard from LOTT Clean Water Alliance of Olympia, WA and Cascade Water Alliance about their experience of “patching together” a legal framework for their organizations – an effort that proved to be costly and time consuming. Others stated that as more and more local utility agencies desire to organize into regional organizations, they continue to face challenges because of the lack of certainty regarding their ability to jointly exercise authority and/or the ambiguous status of intergovernmental entities created under the Interlocal Cooperation Act (Chap. 39.34 RCW).

Problems and unsettled questions that Cascade shared in common with other organizations included:

- The inability of organizations formed under the Interlocal Cooperation Act to enter into interlocal agreements. (Cascade, as an interlocal agency, is itself unable to enter into interlocal agreements.)
- Extent to which governmental authorities and powers can be delegated to an interlocal agency.
- Transfer of ownership of property and water rights to interlocal agency from members
- How to manage ownership of existing infrastructure and franchises by individual members when interlocal agency formed
- How to coordinate existing Coordinated Water Services Plans of members and coordinate planning for interlocal agency
- Confusion by third parties about authority and financial capability, independent of interlocal agency members, to fulfill requirements of local franchises;
- Ability to transfer and assignment of franchise agreements to and within organization
- Confusion by third parties public status of interlocal agency for governmental immunities, indemnification, insurance, licensing and tax issues
- Statutory authority for interlocal agency to qualify for grants from state, federal and local sources when those sources are limited to public agencies, or local units of governments.
- Public contracting, procurement, and surplus property requirements applicable to interlocal agency of mixed city-special district membership.
- Qualification as governmental agency for brokers and bond issuers.
- Ability of interlocal agency to be own treasurer
- Ability to assess taxes, and fees, rates; potential for overlapping connection charges; question of rate structures and feeds for commercial development and existing customers
- Tax exempt status of interlocal agency and exemption from excise tax on sale of property
- Requirements for compliance with open government (e.g. Open Public Meetings Act, the Public Records Act).
- Application of requirements of Ch 24.03 RCW (WA Non Profit Corp Act) and Ch 24.06 RCW (Nonprofit Misc and Mutual Corp Act) to public interlocal agency
- Ownership issues related to interlocal agency data produced for multi members
- Status of employees of interlocal agency as public employees qualifying for public agency benefits

Chapter 39.106 RCW

The 2011 Washington Legislature passed ESHB 1332, the Joint Municipal Utilities Service Act (the Act). The Act establishes an improved interlocal mechanism for cooperation among local government utilities that provide water, wastewater, stormwater and/or flood control services. The Act authorizes cities, towns, counties, and special purpose districts voluntarily to form an intergovernmental municipal corporation (“Authorities”) that can provide services to those local utilities and their customers.

Cascade was actively involved in the drafting of the Act to assure that it was qualified to convert to an Authority under the Act and to assure that the above listed problems and questions were resolved.

The Act permits interlocal entities that are formed under Chapter 39.34 to become Authorities by filing amended or restated agreements that materially comply with the requirements of the Act. The Amended and Restated Interlocal Contract before the Board of the Cascade Water Alliance in Resolution 2012-06 complies with the requirements of the Act.

For more detailed information about the Act, refer to the attached Final Bill Report.

Steps for Cascade Water Alliance to convert to an Authority under the Act

1. Cascade Board votes in March 2012 to amend the Interlocal Contract (as amendment and restated on October 26, 2011) by 65% Dual Majority Vote to convert to an Authority under the Act. The new Agreement complies with the requirements of the Act.
2. Cascade Board amends Bylaws and CWAC provision to make consistent with the new Agreement in April 2012, effective upon completion of Step 3 and Step 4.
3. Members legislative authorities ratify amendment within 120 days of Step 4 by a 65% Dual Majority Vote.
4. Cascade staff and counsel: Filing of the Agreement with Secretary of State (effective date of Cascade as an Authority under the Act).
5. Cascade staff and counsel: send notice to entities with whom Cascade has contracts and as required by bonds.

Cascade Water Alliance Interlocal Agreement Table Proposed Policy Changes

Language of Proposed Policy Change (green font as shown on Table version of Amendments)		Notes
Page 9	<p>Article 2. Definitions.</p> <p>“Full Supply Commitment” or “Full Supply” for any or all of a Member’s water needs means that those needs, as projected in the Member’s lawfully adopted water supply plan <u>Cascade Water Supply Plan and as agreed to by that Member</u>, shall be met from the Supply System, net of independent supply <u>Independent Supply</u> and subject to the other limitations established in this agreement <u>Agreement</u>, on an equal parity with all other Full Supply Commitments, and with a guaranteed priority no lower than for any other Supply Commitment made by Cascade; provided that no Member is guaranteed any given amount of supply or capacity.</p>	Recognizes that Cascade now provides and uses demand projections for its service area
Page 12	<p>Section 3.4 Purposes.</p> <p>Cascade’s purposes include only those related to water resources, <u>or any other utility service as allowed under the Act, as authorized by a unanimous vote of the Board</u>, and do not include the provision of other general services to the public, and are to:</p>	Allows the Board to determine purposes - as allowed under RCW 39.106
Pages 14-15	<p>Section 3.5 Powers.</p> <p><u>t. for purposes of a Cascade code of ethics, exercise all powers of a municipal corporation and observe the requirements under Chapter 42.23 RCW, now or as hereafter amended.</u></p>	Clarifies governing ethics code as RCW 42.23 (Muni) rather than RCW 42.52 (State)
Page 15	<p>Section 4.3 Voting. All Board actions must be approved by Dual Majority Vote of all Members, except where this Contract Agreement requires either a 65% Dual Majority Vote, as provided in Sections 4.7, 5.2, 5.5, 7.1, 7.3, 8.3, 10.3, 10.4, and Article 11; or ratification by the Members’ legislative authority, as provided in <u>SectionSections 10.3 and 10.4</u> and Article 11.</p>	Encompasses committee discussion on changes to requirement for 65% Dual Majority Vote
Page 16	<p>Section 4.5 Executive Committee.</p> <p>The Chair, Vice Chair, Secretary, <u>and</u> Treasurer and chairpersons of Standing Committees together shall constitute Cascade’s Executive Committee. The Chair (or acting Chair) shall vote on matters before the Executive Committee only if necessary to break a tie. The Executive Committee’s duties and responsibilities are set forth in the ByLaws.</p>	Streamlines the Exec Comm membership to facilitate ability to meet
Page 17	<p>Section 4.6 Staff, Consultants and Contractors.</p> <p>Cascade staff shall consist of a chief executive officer and other positions established by <u>resolution</u> of the Board. The Board shall appoint, designate the title of, and establish the compensation range of the chief executive officer. The Board shall hire or retain legal counsel and independent accountants and auditors for Cascade. The authority to hire other consultants may be delegated to the Executive Committee. The chief executive officer appoints persons to fill other staff positions may hire all other staff and consultants, and those appointments may be subject to ratification by the Board or the Executive Committee if the ByLaws so provide. The Board may also</p>	Streamlines hiring process, except for auditor which will remain Board hiring function

Language of Proposed Policy Change (green font as shown on Table version of Amendments)		Notes
	provide that administrative, professional or technical services be performed by contract.	
Page 18	Section 5.2.1 Commitment to Members. Beginning on the Cascade Supply Date, Cascade shall provide a Full Supply Commitment to each Founding Member. Thereafter , Cascade shall provide a Full Supply Commitment to meet all current and future water supply needs of a Member that joins with Water Supply Assets sufficient to provide for its needs during the following fifteen (15) years (whether or not those Water Supply Assets are transferred to Cascade or retained as Independent Supply.)	Deletion of "Full" accurately describes steps with membership supply
Page 24	Section 5.5 Regional Capital Facilities Charges. RCFCs shall be calculated according to the RCFC Methodology, which shall define the analytical steps required to calculate the RCFCs according to the greater of: (a) the incremental difference between the average unit cost of expanding the system (i.e., the marginal cost of new capacity) and the average unit cost of the existing system; or (b) the average unit cost of past construction of the existing system plus then planned the Supply System improvements <u>planned at the time of the calculation.</u>	In practice, (a) has not been used because it has proven problematic, as it relies heavily on subjective assumptions about timeframe, costs to be included and capacity provided.
Page 26	Section 7.1 Asset Management. Cascade must manage the Supply System in compliance with applicable laws, regulations and Cascade's minimum service standards. Adoption and amendments to the minimum service standards shall require a 65% Dual Majority Vote.	Removed 65% Dual Majority Vote.
Page 28	Section 7.5 Water Supply Rates and Charges. Cascade may sell water to a Non-Member under terms and conditions established by the Board. The terms and conditions shall not be more favorable than the terms and conditions under which water is sold to Members. Revenue received from the sale of water to Non-Members shall be used to offset or reduce Rates and Charges to Members to the extent practicable, except that such revenue need not be treated as reducing or offsetting those amounts that are necessary for the payment of debt service on Bonds and for the provision of reserve and coverage requirements for the Bonds.	Removing limitation intended for founding membership; future transactions may be of benefit to Cascade and its members under differing terms and conditions.
Page 32	Section 8.3 System Reliability Methodology. Cascade shall develop and adopt a system reliability methodology for planning, operation and management purposes. Adoption and amendments to the system reliability methodology shall require a 65% Dual Majority Vote.	Removes 65% Dual Majority Vote requirement.
Page 34	Section 10.3 Disincorporation. Cascade may be dissolved <u>vote</u> by a 65% Dual Majority Vote <u>(as ratified within one hundred and twenty (120) days of such Dual Majority Vote by 65% Dual Majority of the Members' legislative authorities), to disincorporate.</u> Upon dissolution, disincorporation except as provided in an Asset Transfer Agreement, Cascade's assets initially shall be held by its then current Members as tenants in common.	Adds ratification requirement.

RESOLUTION R-4924

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND AUTHORIZING THE CITY MANAGER TO SIGN AN AMENDED AND RESTATED INTERLOCAL CONTRACT FOR THE CASCADE WATER ALLIANCE TO BE KNOWN AS THE "CASCADE WATER ALLIANCE JOINT MUNICIPAL UTILITY SERVICES AGREEMENT."

WHEREAS, the City of Kirkland is a member of the Cascade Water Alliance (Cascade) which provides for cooperative planning, development and management of regional water supplies; and

WHEREAS, the Cascade Board amended the Interlocal Contract on March 28, 2012, to convert Cascade into a joint municipal utility services authority; and

WHEREAS, the Cascade Board has requested Cascade's members to ratify its amendment of the Interlocal agreement which the City of Kirkland is willing to accept; and

WHEREAS, Chapter 39.34 RCW authorizes the parties to enter into an interlocal cooperation agreement to perform any governmental service, activity or undertaking which each contracting party is authorized by law to perform;

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

Section 1. The City Manager is hereby authorized and directed to execute on behalf of the City of Kirkland the Amended and Restated Interlocal Contract substantially similar to that attached as "Exhibit A" and known as the "Cascade Water Alliance Joint Municipal Utility Services Agreement."

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of _____, 2012.

Signed in authentication thereof this ____ day of _____, 2012.

MAYOR

Attest:

City Clerk

Cascade Water Alliance
Joint Municipal Utility Services Agreement
March 28, 2012

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CASCADE WATER ALLIANCE
JOINT MUNICIPAL UTILITY SERVICES AGREEMENT

RECITALS

A. WHEREAS, the Members of Cascade Water Alliance (“Cascade”) entered into an Interlocal Contract (“**Interlocal Contract**”), effective April 1, 1999, and amended and restated on December 15, 2004, and on October 26, 2011. Under the Interlocal Contract, Cascade was created as a public body and an instrumentality of its Members, which exercised essential governmental functions on its Members’ behalf as authorized by the Interlocal Cooperation Act (Chapter 39.34 RCW), and has been functioning as a watershed management partnership, as authorized by RCW 39.34.200. Cascade was incorporated as a public nonprofit corporation in the manner set forth in the Nonprofit Miscellaneous and Mutual Corporations Act (Chapter 24.06 RCW).

B. WHEREAS, Section 3.3 of the Interlocal Contract provides that Cascade may be converted into a separate municipal corporation if and as permitted by law, and that upon the creation of such a separate municipal corporation, all Cascade rights and obligations and all Member rights and obligations shall transfer to that new municipal corporation. Section 10.4 of the Interlocal Contract provides that “upon a 65 percent Dual Majority Vote (ratified within 120 days by 65 percent), as measured by Dual Majority Vote of the Members’ legislative authorities, all assets, liabilities, and obligations of Cascade may be transferred to any successor entity (including, without limitation, a joint operating agency or other municipal corporation, as permitted under state law), and all obligations of Members and parties contracting with Cascade become obligations to the successor entity.” Cascade’s Board resolutions also reserved Cascade’s right to convert into a municipal corporation.

C. WHEREAS, the Washington Legislature enacted the Joint Municipal Utilities Services Act, (Chapter 258, Laws of 2011), codified as Chapter 39.106 RCW (“the Act”), which provides in RCW 39.106.080 for the conversion of existing an intergovernmental entity formed under the Interlocal Cooperation Act (Chapter 39.34 RCW) into a joint municipal utility services authority under the Act, if:

- The public agencies that are parties to an existing interlocal agreement would otherwise be eligible to form an authority to provide the relevant utility services;
- Those public agencies amend, restate, or replace that interlocal agreement so that it materially complies with the requirements of RCW 39.106.050;
- The amended, restated, or replacement agreement is filed with the Washington state secretary of state consistent with RCW 39.106.030; and
- The amended, restated, or replacement agreement expressly provides that all rights and obligations of the entity formerly existing under Chapter 39.34 RCW or other applicable law will thereafter be the obligations of the new authority created under Chapter 39.106 RCW.

D. WHEREAS, under the Act, upon compliance with the requirements set forth in Recital C above, the new joint municipal utility services authority shall be a successor of the former intergovernmental entity for all purposes, and all rights and obligations of the former entity shall transfer to the new joint municipal utility services authority. Those obligations shall be treated as having been incurred, entered into, or issued by the new joint municipal utility services authority, and those obligations shall remain in full force and effect and shall continue to be enforceable in accordance with their terms.

E. WHEREAS, in accordance with Sections 3.3 and 10.4 of the Interlocal Contract, Cascade's Members (who are all public agencies that are parties to an existing interlocal agreement) are otherwise eligible to form a joint municipal utility services authority under the Act to provide the relevant utility services.

F. WHEREAS, Cascade's Members intend to amend and restate the Interlocal Contract in compliance with the Act in order to convert Cascade into a joint municipal utility services authority.

G. WHEREAS, Cascade's Members intend to transfer all Cascade rights, assets, liabilities, and obligations to the joint municipal utility services authority, to be created as provided herein.

H. WHEREAS, Cascade's Members intend that, as a joint municipal utility services authority, it will constitute a municipal corporation and will no longer function as a watershed management partnership.

NOW, THEREFORE, it is agreed by Cascade Members as follows:

ARTICLE 1. Agreement.

Effective upon approval by 65 % Dual Majority Vote of the Board (as ratified within one hundred and twenty (120) days of such Dual Majority Vote by 65% Dual Majority of the Members' legislative authorities) the Interlocal Contract is hereby amended and restated as provided herein under the authority of the Act and shall be known as the Cascade Water Alliance Joint Municipal Utility Services Agreement.

ARTICLE 2. Definitions.

"Act" means the Joint Municipal Utilities Services Act, codified as Chapter 39.106 RCW, or as hereafter amended.

"Agreement" means this Joint Municipal Utilities Services Agreement.

"Asset Transfer Agreement" means an agreement between Cascade and a Member by which the Member transfers title to Water Supply Assets to Cascade, with or without monetary consideration, to be operated and maintained as part of the Cascade Water Supply System.

"Authority" means a joint municipal utility services authority formed under the Act and the successor in interest to Cascade as an interlocal agency.

“Authorized Issuer” means either: (a) Cascade (or a successor entity); or (b) a Member or other entity authorized to issue Bonds for the benefit of Cascade approved by Resolution of the Board.

“Board” means the Board of Directors of Cascade.

“Bonds” means short-term or long-term bonds, notes, warrants, certificates of indebtedness, or other obligations issued by, or on behalf of Cascade.

“ByLaws” means the ByLaws of Cascade, as adopted and amended by the Board.

“Cascade” means Cascade Water Alliance, a joint municipal utilities services authority.

“Cascade ERUs” (“CERUs”) means equivalent residential units, calculated according to the Regional Capital Facilities Charge Methodology.

“Cascade Supply Date” means the date, established by a Resolution of the Board for each Member upon which Cascade undertakes a Supply Commitment.

“Demand Share” means either a Member’s current share of water provided through the Supply System, or estimated share of water to be provided through the Supply System, whether Full Supply or Interruptible Supply, expressed in millions of gallons per day. Demand Share is calculated according to the Rate Calculation Methodology.

“Dual Majority Vote” means Board approval of a proposal on the basis of a simple majority of all Members, allowing one vote per Member, together with a simple majority of all Members on the basis of each Member’s Weighted Vote. A “simple majority” means a majority of all Members of Cascade, not just the Members present and voting.

“65% Dual Majority Vote” means Board approval of a proposal on the basis of a 65% supermajority of all Members, allowing one vote per Member, together with 65% supermajority of all Members on the basis of each Member’s Weighted Vote. A “supermajority” means 65% of all Members of Cascade, not just the Members present and voting.

“Gross Cascade Revenue” means all of the earnings and revenues received by Cascade from any source whatsoever including but not limited to: (a) Member Charges; (b) revenues from the sale, lease or furnishing of commodities, services, properties or facilities; (c) the receipt of earnings from the investment of money in any maintenance fund or similar fund; and (d) withdrawals from any rate reserve or rate stabilization fund or account.

However, Gross Cascade Revenue shall not include: (a) principal proceeds of Bonds or any other borrowings, or earnings or proceeds from any investments in a trust, defeasance or escrow fund created to defease or refund obligations relating to the Water Supply System (until commingled with other earnings and revenues included in Gross Cascade Revenue) or held in a special account for the purpose of paying a rebate to the United States Government under the Code; (b) taxes and other income and revenue which may not legally be pledged for revenue bond debt service; (c) improvement district assessments; (d) federal or state grants allocated to capital projects; (e) payments under Bond Insurance or other credit enhancement policy or device; (f) insurance or condemnation proceeds used for the replacement of capital

projects or equipment; (g) earnings in any construction fund or bond redemption fund; (h) deposits to any rate reserve or rate stabilization fund or account; or (i) any revenues generated by any Independent Supply except those amounts that are payable to Cascade pursuant to this Agreement or another agreement.

“Independent Supply” or **“Independent Supplies”** means a Member’s Water Supply Assets that are not part of the Supply System.

“Joint Municipal Utilities Services Act” or **“Act”** means Chapter 39.106 RCW, or as hereafter amended.

“Member” or **“Members”** means one or more member agencies of Cascade.

“Member Charges” means all payments that Cascade Members are required by this Agreement to make to Cascade, including but not limited to all Rates and Charges, RCFCs, dues, assessments and other payments from Members.

“Net Cascade Revenue” means Gross Cascade Revenue less Operations and Maintenance Costs.

“Non-Member” means any person or agency that is not a party to this Agreement.

“Operations and Maintenance Costs” or **“O&M Costs”** means all expenses incurred by Cascade to operate and maintain the Supply System in good repair, working order and condition, including without limitation, payments made to any other public or private entity for water or other utility service. Except as approved by the Board, Operations and Maintenance Costs shall not include any depreciation, capital additions or capital replacements to the Supply System.

“Rates and Charges” means the rates and charges (not including RCFCs) chargeable to each Member using the Rate Calculation Methodology plus any late payment or other charge that may be due.

“Rate Calculation Methodology” means the method of setting Rates and Charges adopted by the Board in accordance with Section 7.5

“Regional Capital Facilities Charges” (“RCFCs”) means the charges to each Member for new CERUs connected to that Member’s water distribution system.

“Regional Capital Facilities Charge Methodology” (“RCFC Methodology”) means the method of determining the RCFCs adopted by the Board in accordance with Section 5.5.

“Satellite Systems” means water supply facilities identified as such by the Board, including but not limited to facilities that serve a portion of a Member’s customers but that are not part of the Member’s main water system.

“Shortage Management Plan” means the plan adopted by the Board in accordance with Section 7.3.1.

“Supply Commitment” means the obligation undertaken by Cascade, established by Resolution of the Board to supply water to a Member. With respect to Members, that obligation shall be characterized as **“Full Supply Commitment,”** or an **“Interruptible Supply Commitment”** defined as follows:

“Full Supply Commitment” or **“Full Supply”** for any or all of a Member’s water needs means that those needs, as projected in the Cascade Water Supply Plan and as agreed to by that Member, shall be met from the Supply System, net of Independent Supply and subject to the other limitations established in this Agreement, on an equal parity with all other Full Supply Commitments, and with a guaranteed priority no lower than for any other Supply Commitment made by Cascade; provided that no Member is guaranteed any given amount of supply or capacity.

“Interruptible Supply Commitment” or **“Interruptible Supply”** means a supply of all or part of a Member’s water needs from the Supply System on an as-available basis on a lower priority than any Full Supply Commitment.

The Supply Commitment for a Member shall be defined by this Agreement, the terms and conditions of membership, and the Supply Commitment resolution.

“Supply System” or **“Water Supply System”** means the Water Supply Assets owned or controlled by Cascade.

“Water Supply Assets” means tangible and intangible assets usable in connection with the provision of water supply, including without limitation, real property, physical facilities (e.g., dams, wells, treatment plants, pump stations, reservoirs, and transmission lines), water rights, capacity and/or contractual rights in facilities or resources owned by other entities, and investments in conservation programs and facilities.

“Watershed Management Plan” means any Watershed Management Plan that existed on the effective date of the Authority which shall be considered a plan of the Authority.

“Water Supply Plan” or **“Cascade’s Water Supply Plan”** means the Cascade’s Regional Water Supply Plan adopted by the Board as provided in Section 8.1.

“Weighted Vote” means a vote in which each Member’s vote is counted according to the Member’s Demand Share, but no Member shall have a Weighted Vote of less than one.

ARTICLE 3. Formation of Entity; Purpose and Powers.

Section 3.1 Formation. Effective on the date of filing of this Agreement with the Washington state secretary of state, Cascade shall be a joint municipal utility services authority formed under the Act; and is the successor for all purposes to the former Cascade created under the Interlocal Contract as an intergovernmental entity existing under the laws of Chapter 39.34 RCW; and is no longer functioning as a watershed management partnership. All rights and obligations of the former intergovernmental entity are transferred to Cascade, the new Authority, which obligations shall be treated as having been incurred, entered into, or issued by Cascade, the successor, and those obligations (including without limitation, outstanding Bonds issued by the former Cascade) shall remain in full force and effect and shall continue to be enforceable in accordance with their terms.

Cascade Water Alliance, as a joint municipal utility services authority, is a municipal corporation.

Section 3.2 Membership. Subject to restrictions on future Cascade water rights, or to limitations upon place of use of water supply imposed by contract or permit, any city, town, county, water-sewer district, public utility district, other special purpose district, municipal corporation, or other unit of local government of this or another state that provides utility services, and any Indian tribe recognized as such by the United States government (or as may be allowed by amendments to the Act) may be admitted as a member of Cascade. The decision to admit new Members rests with the sole discretion of the Board, which shall determine whether to extend a membership offer taking into consideration the audit findings (as described in this Section 3.2), Cascade water resources, and any other factors the Board deems advisable.

When an entity that is eligible for membership under the Act, applies for membership, Cascade shall conduct a water supply audit according to the methodology and within the period determined by the Board. Audit results shall be provided to the Board and to the applicant.

If a membership offer is extended, it shall address the nature of the Water Supply Assets being transferred or retained and the “value” of those assets in terms of the calculation of an applicant’s Demand Share, RCFCs and other matters relating to the rights and obligations of the applicant and Cascade, which must be recorded in the form that the Board determines and which will constitute, along with this Agreement, the conditions under which an applicant becomes a Member of Cascade. An applicant for membership shall be admitted by adoption of a Resolution of the Board accepting the application for membership and incorporating the terms and conditions of membership.

Each membership application must be accompanied by a nonrefundable application fee based on the estimated cost of the audit and other costs related to the admission of a new Member or a request for new supply. The Board shall set the application fee for each applicant based on the estimated cost of processing the application, including the cost of the audit.

As a condition of membership, each new Member admitted to Cascade shall, in addition to any other applicable fees, rates, charges or assessments, pay to Cascade the membership fee, as established by the Board.

If an applicant’s planning process or plans are materially out of compliance with the requirements of applicable state law, the Board may condition an offer of membership upon the applicant’s compliance with that state law.

Section 3.3 Purposes. Cascade’s purposes include those related to water resources, or any other utility service as allowed under the Act, as authorized by a unanimous vote of the Board, and do not include the provision of other general services to the public, and are to:

- a. provide a safe, reliable and high quality drinking water supply to meet the current and projected demands of Cascade Members, and for non-Members as determined by Cascade, and to carry out this task in a coordinated, cost-effective, and environmentally sensitive manner;

- b. develop, contract for, manage, acquire, own, maintain and operate Water Supply Assets, including without limitation, surface water supplies, groundwater supplies, reclaimed water supplies, and other water supply resources as determined by the Board;
- c. purchase and provide water supply, transmission services, treatment facilities and other related services;
- d. provide conservation programs to promote the wise and efficient use of resources;
- e. carry out emergency water supply and shortage management programs for its Members when demands exceed available supply;
- f. coordinate and plan cooperatively with other regional or local water utilities and other entities to maximize supply availability and to minimize system costs;
- g. develop a Water Supply Plan addressing the needs of Cascade and its Members and Cascade itself and develop a regional water supply plan with other water providers as Cascade may find convenient or necessary to meet regional, state and federal planning requirements, and to take a leadership role in developing and coordinating those supply plans;
- h. share costs and risks among Members commensurate with benefits received; and
- i. carry out, or to further other water supply purposes that the Members determine, consistent with the provisions of this Agreement.

Section 3.4 Powers. To further its purposes, Cascade has the full power and authority to exercise all powers authorized or permitted under the Act and any other laws that are now, or in the future may be, applicable or available to Cascade and to engage in all activities incidental or conducive to fulfill the purposes set forth in Section 3.3 of this Agreement, including but not limited to the authority to:

- a. acquire, construct, receive, own, manage, lease and sell real property, personal property, intangible property and other Water Supply Assets;
- b. operate and maintain facilities;
- c. enter into contracts;
- d. administer personnel matters in a manner generally consistent with the laws applicable to a code city (population over 20,000), to the extent applicable and with discretion left to the Authority, to the fullest extent otherwise permitted by law, related to the appointment, removal and/or compensation of officers, the establishment and/or administration of employee health and welfare benefit programs, and/or the establishment and/or administration of civil service/merit systems, retirement benefits/systems, and/or pension benefits/systems;
- e. sue and be sued;
- f. exercise all powers of eminent domain granted under Chapter 8.12 RCW and other applicable statutes (e.g. Chapter 8.25) , now or as hereafter amended;

- g. impose, alter, regulate, control and collect rates, charges, and assessments;
- h. purchase and sell water and services within and outside the geographical boundaries of its Members;
- i. borrow money (through its Members or other entities at their individual discretion or as authorized by the Act and this Agreement now or as hereafter amended), or enter into other financing arrangements;
- j. lend money or provide services or facilities to any Member, other governmental water utilities, or governmental service providers;
- k. invest its funds;
- l. establish policies, guidelines, rules or regulations by either ByLaws or resolution to carry out its powers and responsibilities;
- m. purchase insurance, including participation in pooled insurance and self-insurance programs, and indemnify its Members, its Board of Directors and Alternate Board Members, officers and employees in accordance with law;
- n. exercise all other powers within the authority of, and that may be exercised individually by all of its Members with respect to water supply, conservation, reuse, treatment and transmission, or any of the other purposes set forth in Section 3.3;
- o. exercise, without limitation, all other corporate powers that Cascade may exercise under the law relating to its formation and that are not inconsistent with this Agreement or the Act or other applicable law;
- p. for the purposes of contracting and public works, exercise all powers of a code city (population over 20,000) under RCW 35A.40.200 - 35A.40.210, now or as hereafter amended;
- q. for disposal of surplus property, exercise all powers granted under RCW 35A.11.010, now or as hereafter amended, to code cities;
- r. in the event Cascade charges connection charges or Rates and Charges for services supplied or available to its customers' property on a retail basis, exercise all powers granted under RCW 57.08.081, now or as hereafter amended, for the establishment of liens; and
- s. for purposes of a Cascade code of ethics, exercise all powers of a municipal corporation and observe the requirements under Chapter 42.23 RCW, now or as hereafter amended.

ARTICLE 4. Organization Structure; Board.

Section 4.1 Composition, ByLaws and Meetings. Cascade is governed by a Board of Directors consisting of one individual representative appointed by Resolution by each of the Member's legislative authority. Members may similarly appoint Alternate Board Members. Each Board Member and each Alternate Board Member must be an elected official of the Member.

The Board shall adopt ByLaws consistent with this Agreement that specify, among other matters, the month of Cascade's Annual Meeting, Board powers and duties and those of the Executive Committee, Standing Committees, Officers and employees.

The Board shall meet as required by the ByLaws, but not less than quarterly.

Section 4.2 Powers of the Board. The Board has the power to take all actions on Cascade's behalf in accordance with voting provisions set forth in Section 4.3. The Board may delegate or assign to the Executive Committee or to specific Cascade Officers or employees any action that is not expressly reserved to the Board under this Agreement.

Section 4.3 Voting. All Board actions must be approved by Dual Majority Vote of all Members, except where this Agreement requires either a 65% Dual Majority Vote, as provided in Sections 4.7, 5.5, 7.3, and 7.5; or ratification by the Members' legislative authority, as provided in Sections 9.3 and 9.4 and Article 10. The Board may act by voice votes, as set forth in the ByLaws. Any Member may require a recorded tabulation of votes either before or immediately after a voice vote is taken. Although voting is, in part, based on Weighted Vote, the Members expressly agree that there is only one class of voting membership, and voting occurs within that single class.

Any Member that has been declared to be in default of its obligations under this Agreement by the Board shall lose its right to vote until the Board has declared the default to be cured.

Section 4.4 Officers and Committees. Cascade Officers shall include a Chair, a Vice Chair, a Secretary, and a Treasurer. The Chair serves as the chair of the Board (and may be known as the "President", if the ByLaws so designate) and performs those duties set forth in the ByLaws.

The Vice Chair shall perform the duties of the Chair in the Chair's absence and shall perform other duties as set forth in the ByLaws. The Secretary shall be responsible for Cascade records and perform other duties as set forth in the ByLaws. The Treasurer shall be responsible for Cascade accounts and financial records and perform other duties as set forth in the ByLaws.

Consistent with the provisions of this Agreement, the Board may, in the ByLaws, establish additional Officers and set forth their duties.

The Board may create and appoint Members to Standing Committees and special committees as it deems appropriate. Committee Members need not be elected officials or employees of Members, but Standing Committee Chairs must be Board Members or Alternate Board Members.

Section 4.5 Executive Committee. The Chair, Vice Chair, Secretary, and Treasurer shall constitute Cascade's Executive Committee. The Chair (or acting Chair) shall vote on matters before the Executive Committee only if necessary to break a tie. The Executive Committee's duties and responsibilities are set forth in the ByLaws. The Executive Committee shall not have the power to:

- a. approve any contract for a term longer than three (3) years;

- b. approve any contract involving expenditure by, or revenue to Cascade in excess of such amounts and under such circumstances as set forth in the ByLaws;
- c. retain or dismiss the chief executive officer or determine the chief executive officer's compensation; or
- d. take any actions expressly reserved to the Board by this Agreement or the ByLaws.

The Executive Committee shall have the authority, if necessary, to avoid default on any Bond, to withdraw from any capital reserve fund or rate stabilization fund, an amount equal to the amount necessary to avoid a default and to authorize payment of that amount to avoid default.

Section 4.6 Staff, Consultants and Contractors. Cascade staff shall consist of a chief executive officer and other positions established by resolution of the Board. The Board shall appoint, designate the title of, and establish the compensation range of the chief executive officer. The Board shall hire auditors for Cascade. The chief executive officer may hire all other staff and consultants, and those appointments may be subject to ratification by the Board or the Executive Committee if the ByLaws so provide. The Board may also provide that administrative, professional or technical services be performed by contract.

Section 4.7 Budget; Dues; Financial Management. The Board shall approve a budget for each fiscal year, determining Cascade's revenues and expenditures no later than sixty (60) days before the beginning of the fiscal year in which that budget will be in effect. The budget shall be developed and approved according to a schedule established by the ByLaws. The budget must identify the levels of Member Charges on which revenue projections are based. The Board may amend the budget.

Each Member shall pay dues to defray part or all of Cascade's administrative costs based on the number of CERUs served by its water system, regardless of water usage or capacity, and regardless of whether those units are served by the Supply System or by Independent Supply. Total administrative dues collected from all Members may not exceed nine percent (9%) of Cascade's revenue requirement. This limit may be amended in the budget by a 65% Dual Majority Vote of the Board. The Board may establish minimum dues per Member and may provide that less than all of a Member's CERUs be taken into account in establishing dues.

All Cascade books and records shall be open to inspection by the Washington State Auditor.

The Board shall approve, by Resolution, the treasurer of Cascade, which may be the treasurer or chief finance officer of any Member, or the treasurer of any Washington county in which any Member is located; or, if the total number of utility customers of all of the Members of Cascade is greater than two thousand five hundred (2,500), the treasurer may be an officer or employee of Cascade (or as may be allowed by amendments to the Act).

ARTICLE 5. Asset Development and Supply Commitment.

Section 5.1 Property Acquisition, Ownership and Disposition. Cascade may construct, purchase, rent, lease, manage, contract for, or otherwise acquire and dispose of Water Supply Assets and

other assets. Cascade may control and manage both the assets it owns and the assets that are owned by Members that have transferred control and management of those assets to Cascade. This Agreement does not vest in Cascade any authority with respect to Members' other facilities or assets, such as Water Supply Assets retained by Members as Independent Supply.

Subject to Cascade's agreement, a Member may transfer to Cascade its title to, or operational control and management of Water Supply Assets. Water Supply Assets may also be fully retained by Members as Independent Supply, subject to the provisions of Article 6. At the discretion of the Board, Cascade may accept title to, or operational control and management of Water Supply Assets offered by Members or accept supply assets that constitute all or part of a Member's Satellite System(s). The Board may accept supply assets subject to the terms and conditions arranged between Cascade and the Member, based on the result of the audit process and mutual needs.

Cascade may enter into Asset Transfer Agreements which shall provide for the terms and conditions of: (a) Cascade's operation of the transferred Water Supply Asset with respect to the Member transferring the asset; (b) Cascade's operation, maintenance and replacement of the Water Supply Asset as part of the Supply System; (c) return or disposition of the Water Supply Asset if Cascade terminates its existence or the Member withdraws; (d) continuation of service (if appropriate) to Members or former Members by the Member receiving the Water Supply Asset at reasonable rates and charges or payment to Cascade of the cost of replacing the Water Supply Asset; and (e) such other conditions as the Board and the Member agree upon.

Subject to Cascade's agreement, a Member that transfers title or operation, control and/or management to Cascade of any Water Supply Asset shall be deemed to also transfer, assign and/or convey the franchises, if any, associated with that Water Supply Asset.

Members shall not be deemed to hold legal ownership rights in any Water Supply Assets owned by Cascade whether those Water Supply Assets have been developed by, purchased by, or transferred to Cascade, and regardless of the accounting treatment of RCFC payments and other payments made to Cascade.

Section 5.2 Supply Commitment

Section 5.2.1 Commitment to Members.. Beginning on the Cascade Supply Date, Cascade shall provide a Supply Commitment to each Member. Cascade shall provide a Full Supply Commitment to a Member that joins with Water Supply Assets sufficient to provide for its needs during the following fifteen (15) years (whether or not those Water Supply Assets are transferred to Cascade or retained as Independent Supply.)

Any Full Supply Commitment shall be subject to water shortages, to Cascade's ability to implement the Water Supply Plan, and to the portion of the Member's needs that can be served by the audited capacity of its Independent Supply. If the needed supply is not available, the shortage shall be shared by all the Members in accordance with Cascade's Shortage Management Plan, except as otherwise provided in Section 5.5. Cascade shall be obligated to provide water supply to the entire service area of each Member (as that service area is defined in terms under which the Member is admitted or as in the

Member's adopted and approved Water System Plan as of the Effective Date of this Agreement), whether or not some of that service area is within the Member's current jurisdictional boundaries and/or within the current urban growth boundary. Cascade is not obligated to provide water supply to service area expansions in or outside the urban growth boundary, unless Cascade agrees to such expanded service area. Cascade is not obligated to provide increased water supply to any Member if it is determined that the Member's planning process or plans are materially out of compliance with the requirements of applicable state law.

A Member that joins with Water Supply Assets insufficient to provide for its needs for fifteen (15) years receives the Full Supply it desires only if, when, and to the extent it is available within reliability standards determined by Cascade's system reliability methodology. If sufficient Full Supply is not available within reliability standards determined by Cascade's system reliability methodology, the Member receives partial Full or Interruptible Supply, and Full Supply must be provided within fifteen (15) years. Cascade shall then undertake to include in Cascade's Water Supply Plan, and to acquire the facilities or other assets necessary in the Board's determination to provide for the identified deficit. If Cascade fails to develop sufficient assets to timely provide the increased Full Supply, the commitment becomes a Full Supply Commitment at the end of that fifteen-(15) year period, and any shortage shall be shared by all Members in accordance with Cascade's Shortage Management Plan.

If multiple Members request new Full Supply, requests must be honored in the order received (i.e., in the order in which application is made accompanied by the application fee). With respect to new Members, requests for Full Supply "vest" no earlier than the date that membership is effective. In cases of conflict or ambiguity, the Board may determine the order of requests.

Section 5.2.2 Additional Rules for Members Retaining Independent Supply. Members are not required to share shortages resulting from the loss of all or part of Independent Supply, although Cascade may make Interruptible Supply available to a Member that loses Independent Supply at prices that are consistent with the price of Interruptible Supply being made available to others at that time. Cascade may at any time and at its cost and expense carry out audits of a Member's Independent Supply.

A Member requesting an additional Full Supply Commitment due to loss of Independent Supply shall make that request by Resolution of the requesting Member's legislative authority. When and as determined by the Board, the Member shall pay an amount equal to the RCFCs allocable to the number of CERUs that can be served by the replacement supply provided or to be provided by Cascade. Cascade shall then include the supply in its Water Supply Plan, and provide the supply when it becomes available, but in any event within fifteen (15) years. If, within fifteen (15) years the supply is not available, Cascade's commitment becomes a Full Supply Commitment and any shortage with respect to that supply must be shared by all the Members in accordance with the Shortage Management Plan, except as otherwise provided in Section 7.3.

Section 5.3 Financing of Assets. The acquisition of new capital facilities and other Water Supply Assets may be financed using RCFCs, transfers or Water Supply Assets, Rates and Charges, the issuance of revenue Bonds and such other sources as the Board may deem appropriate.

Section 5.3.1 Issuance of Bonds. An Authorized Issuer may issue Bonds payable from and secured solely by all or a portion of Net Cascade Revenue, evidencing indebtedness up to an amount approved by Resolution for the Board in order to provide financing or refinancing to acquire, construct, receive, own, manage, lease or sell real property, personal property, intangible property and other Water Supply Assets, to establish debt service reserves, to provide for capitalized interest and to pay the costs of issuance of, and other costs related to the issuance of the Bonds. Such Bonds shall be payable solely from all or a portion of the Net Cascade Revenue or (if the Authorized Issuer is other than Cascade) from payments to be made by Cascade out of all or a portion of Net Cascade Revenue, and such Bonds shall not pledge the full faith and credit or taxing power or, except as expressly provided by contract, the revenue, assets or funds of any Member.

Members serving as Authorized Issuers may conduct the financing through “separate systems” permitted by their applicable bond resolutions, or in some other appropriate manner, and Cascade may compensate those Members for all costs associated with the financing. Bond-related documents of Authorized Issuers other than Cascade must expressly permit the Bonds to be refunded or prepaid without penalty prior to their stated maturity, on and after such dates as are approved by the Authorized Issuer and the Board, to allow for a transfer of the obligation to Cascade or to Cascade’s successor entity, including without limitation, a joint operating agency or similar entity, as may be permitted by law.

Section 5.3.2 Pledge of Revenues. For as long as any Bonds payable from Net Cascade Revenue (or any portion thereof) are outstanding, Cascade irrevocably pledges to establish, maintain and collect all Member Charges in amounts sufficient to pay when due the principal of and interest on the Bonds (and, if the Authorized Issuer is other than Cascade, in addition to the foregoing pledge, to pledge to make timely payments to that Authorized Issuer for the payment of principal of and interest on the Bonds), together with amounts sufficient to satisfy all debt service reserve requirements, debt service coverage requirements, and other covenants with respect to the Bonds.

Each Member hereby irrevocably covenants that it shall establish, maintain and collect rates, fees or other charges for water and other services, facilities and commodities related to the water supply it receives from Cascade and/or its water utility at levels adequate to provide revenues sufficient to enable the Member to: (a) make the payment required to be made under this Agreement; and (b) pay or provide for payment of all other charges and obligations payable from or constituting a charge or lien upon such revenues. Each Member hereby acknowledges that this covenant and its covenant in Section 7.9 of this Agreement may be relied upon by Bond owners, consistent with this Agreement.

Each Member shall pay the Member Charges imposed on it whether or not the Water Supply Assets to be financed through the issuance of Bonds are completed, operable or operating, and notwithstanding the suspension, interruption, interference, reduction or curtailment in the operation of any Water Supply Assets for any reason whatsoever, in whole or in part. Member Charges shall not be subject to any reduction, whether by offset or otherwise, and shall not be conditioned upon the performance or nonperformance of any Member, or of any entity under this or any other agreement or instrument. However, credits against future RCFCs and Rates and Charges described in Sections 5.5 and 7.5, respectively, for development or addition of excess capacity that is either transferred to Cascade or

retained as Independent Supply, shall not be considered “offsets” or “reductions” for the purposes of this Section.

If, in connection with the issuance of obligations, any Member establishes a new lien position on revenues relating to its water utility, that Member shall covenant in the relevant documents that the amounts to be paid to Cascade as Member Charges shall be treated either: (a) as part of that Member’s internal operation and maintenance costs payable prior to debt service on those obligations; and/or (b) for any portion of those Member Charges that is allocable to capital costs, as a contract resource obligation payable prior to debt service on those obligations. If any Member has existing outstanding revenue obligations relating to its water utility, it shall include substantially similar “springing covenants” in the documents relating to any new parity obligations.

Section 5.3.3 Continuing Disclosure. To meet the requirements of United States Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (the “Rule”) as applicable to a participating underwriter for any Bonds and any obligation of each Member as an “Obligated Person” under the Rule, Cascade and each Member agree to make an appropriate written undertaking, respectively, for the benefit of holders of the Bonds consistent with the requirements of the Rule.

Section 5.3.4 Preservation of Tax Exemption for Interest on the Bonds. Each Member covenants that it will take all actions necessary to prevent interest on tax-exempt Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of tax-exempt Bonds or other funds treated as proceeds of those Bonds at any time during the term of those Bonds that will cause interest on those Bonds to be included in gross income for federal income tax purposes.

Section 5.3.5 Additional Certificates. Each Member further agrees to provide such certificates or verifications as are reasonably requested by an Authorized Issuer in connection with the issuance of Bonds under this Section.

Section 5.4 Supply System-Development. Cascade must provide for Supply System development to meet the needs of additional water customers of Members, subject to consistency with applicable state law, Cascade’s Water Supply Plan, orderly asset development, reasonable cost and financing capacity. The Board shall establish a water supply development process, including criteria governing the evaluation of new projects, and that process must promote equality of costs and services (other than direct local services), regardless of geographic location. The results of the water supply planning process must be reflected in Cascade’s Water Supply Plan. The Board shall have the authority to undertake new projects identified in Cascade’s Water Supply Plan for the expansion of Water Supply Assets and regional transmission system extensions to meet Members’ projected needs. To reduce costs, Cascade may, to the extent that the Board deems advisable, enter into agreements with Members to wheel water through their existing systems. When facilities are constructed that are used partially by Cascade for wheeling water and partially by Members or other entities for their purposes, the Board may determine an appropriate Cascade contribution to the cost of those facilities. Existing arrangements

among Members (and between Members and Non-Members), in place when a Member joins Cascade, remain unaffected except as otherwise agreed between Cascade and the other entities concerned.

Section 5.5 Regional Capital Facilities Charges. To allocate growth costs to those Members that require capacity increases, each Member shall pay to Cascade an RCFC for each new CERU connected to its water distribution system. Growth in water usage by existing CERUs is not subject to RCFCs unless that growth constitutes a CERU increase as provided in the RCFC Methodology. Members with a supply deficit must pay an RCFC commensurate with that deficit. To the extent that a Member transfers to Cascade or retains an Independent Supply water supply in excess of its needs, it receives a corresponding credit against future RCFCs.

A new Member with adequate supply shall commence paying RCFCs fifteen (15) years prior to the date that its Water Supply Assets are projected to be insufficient to provide for its needs as determined by the Board (taking into consideration the results of the Water Supply Audit).

A Member that joins with Water Supply Assets that are projected to be insufficient to provide for its needs for fifteen (15) years shall immediately pay RCFCs for the number of CERUs representing the deficit as determined by the Board.

RCFCs shall be calculated according to the RCFC Methodology, which shall define the analytical steps required to calculate the RCFCs according to the average unit cost of past construction of the existing system plus the Supply System improvements planned at the time of the calculation. The methodology shall provide for an annual escalator, recalculation and update not less frequently than every fifth year, and a methodology for determining CERUs. The RCFCs shall be imposed on the Member for each new CERU of that Member in accordance with the terms of this Agreement. Amendments to the RCFC Methodology shall require a 65% Dual Majority Vote.

If a Member owns Water Supply Assets or transfers Water Supply Assets to Cascade under Section 5.1, to the extent the audited capacity of those assets exceeds the Member's needs, that Member shall receive a credit against future RCFCs. If a Member seeks to transfer assets substantially in excess of its foreseeable needs, Cascade may negotiate appropriate compensation arrangements for the transfer.

Members that develop new Independent Supply that is approved by the Board in accordance with Article 6, similarly receive a credit effective when the Independent Supply is placed in service as determined by the Board.

A Member that accepts ownership of a Satellite System that Cascade agrees to serve shall pay an RCFC for the amount of supply needed to serve that system in excess of its rated capacity.

Members that experience a net reduction in the number of CERUs served shall receive a CERU-for-CERU credit against future RCFCs.

RCFC credits may not be transferred among Members without Board approval.

Members shall not be required to pass RCFCs to their customers as capital facilities charges, but may provide for the payment of RCFCs in whatever manner they deem appropriate.

For Members joining with an unmet net supply need, Cascade may, under circumstances determined by the Board, require the prepayment of RCFCs allocable to the full amount of the requested supply, e.g., when funds are needed to begin the construction of facilities immediately.

Section 5.6 Transfer Upon Mergers, Consolidations and Assumptions. If: (a) two or more Members merge or consolidate; (b) a Member or a Non-Member assumes jurisdiction of part or all of a Member; or (c) a Member assumes jurisdiction of part or all of a Non-Member, the jurisdictions' water supply rights from and obligations to Cascade shall be transferred or assumed under applicable law and consistent with the requirements of this Agreement and the obligations of Cascade.

ARTICLE 6. New Independent Supply.

Members may not bring new Water Supply Assets on-line as Independent Supply without Board approval. That approval may be granted or denied following an evaluation process, based on whether the Board determines that development of the proposed Independent Supply will benefit or be adverse to the interests of the Members as a whole. Recognizing that in certain circumstances the acquisition of additional Independent Supply might benefit (or cause no material harm to) the Members, new supplies under one (1) MGD may be approved by the Board regardless of the provisions of the Water Supply Plan and without a formal evaluation process. New supplies in amounts greater than one (1) MGD must be described in and be consistent with the Water Supply Plan.

Members that have invested in the development of new Independent Supply assets may offer to sell their interest in such assets to Cascade. Cascade may, in its sole discretion and subject to mutually agreeable terms and conditions, purchase the Member's interest in such Independent Supply asset by reimbursing or otherwise compensating the Member for its investment in the project to the extent that investment has been capitalized. Once Cascade has purchased a Member's interest in a project, the project will be considered a Water Supply Asset of Cascade and will be incorporated into the Water Supply Plan.

ARTICLE 7. Asset Management.

Section 7.1 Supply System Management. Cascade is responsible for managing, on behalf of all Members, the Supply System. Cascade is not responsible for managing Independent Supply unless it has expressly agreed to do so. Supply System management responsibilities shall be governed by Cascade's system management plan adopted by the Board. Cascade's system management plan concerns, without limitation, matters such as daily system operations and maintenance, interface with other supply providers, contractual obligations, water quality, billing, management and administration. Cascade may delegate and/or contract out its Supply System responsibilities.

Cascade must manage the Supply System in compliance with applicable laws, regulation, and Cascade's minimum service standards.

Section 7.2 Conservation. Cascade shall develop and carry out, and Members must participate in, water conservation programs that are uniform among Members. The Board shall develop

and implement a Cascade conservation management plan that provides a mandatory base conservation program that functions to reduce both average and peak demands and may establish a charge or assessment to fund development and implementation of the program. Members may implement additional conservation programs. The Board may adopt wholesale charges in addition to normal Demand Share charges to encourage resource conservation. The Board may also provide or contribute to additional local conservation programs that are not offered to all Members, and these local programs may be locally funded or funded by Cascade. Members that fail to comply with base programs as set forth in Cascade's conservation management plan may be required to assume a disproportionate reduction in water supply or to pay penalty charges, or both.

Section 7.3 Shortages and Emergency.

Section 7.3.1 Shortages. Members must respond to water shortages in a collective, shared fashion under a Cascade Shortage Management Plan adopted by the Board. Resources must be shared in a manner that reduces the risk of severe shortages to each Member. Cascade's Shortage Management Plan may include without limitation, a definition and classification of shortages, a shortage contingency plan including mandatory programmatic actions among all Members in the event of shortages, allocation of authority for determining and responding to shortages, and a communications and outreach program for the public. Members shall not be required to implement Cascade's Shortage Management Plan in areas not served by the Supply System.

In the event of shortages, Cascade shall reduce or halt Interruptible Supply before invoking the Shortage Management Plan with respect to all Members with a Full Supply Commitment. However, the Board may, by 65% Dual Majority Vote, continue service in the amounts it deems appropriate to one or more Members receiving Interruptible Supply.

The Board may require that Members failing to comply with mandatory shortage management programs implemented under Cascade's Shortage Management Plan assume a disproportionate reduction in supply or pay penalty charges, or both.

In the event of a Cascade-wide water shortage, Members with Independent Supply may, without penalty, decline to participate in the shortage management program for that shortage by foregoing all supply from Cascade for the duration of the emergency or shortage.

To avoid shortages resulting from emergencies or the inability to develop sufficient supplies, the Board may, by 65% Dual Majority Vote, establish moratoria on connections or additional commitments for future water services by the Members. A moratorium may be discontinued by a Dual Majority Vote of the Board.

Section 7.3.2. Emergency. The Board shall include in Cascade's Shortage Management Plan policies and procedures for addressing short-term disruptions of water supply, transmission or water quality, and it may delegate to the chief executive officer authority to address such disruptions according to such policies and procedures.

Section 7.4 Water Quality.

In addition to agreements under 5.1 of this Agreement, Cascade shall be responsible for water quality that meets or exceeds all federal or state requirements at the point of delivery from Cascade to the Member, consistent with applicable laws and regulations. Cascade assumes source water quality responsibility and liability with respect to Water Supply Assets under its ownership or control (including water wheeled to a Member through another Member's facilities). Cascade is also responsible for preparing and carrying out water quality activities compatible with the water quality requirements of regional water suppliers integrated with Cascade's system (e.g., Tacoma, Everett, and Seattle).

Cascade may, in its sole discretion, determine and adjust the appropriate method and level of treatment of water that it supplies, so long as that water meets applicable state and federal requirements. If water that it supplies meets those requirements, Cascade shall not be obligated to adjust the method or level of treatment so that the water can be more readily blended with a Member's Independent Supply or more readily transmitted through a Member's internal system. Each Member shall remain responsible for water quality within its respective distribution system, assuming that adequate water supply quality is provided by Cascade at the point of delivery from Cascade.

Each Member shall be responsible for all costs related to making water supplied by Cascade compatible with that Member's internal system, including but not limited to, costs of additional treatment.

Section 7.5 Water Supply Rates and Charges. The Board shall set Rates and Charges according to a Rate Calculation Methodology adopted from time to time by the Board. The Rate Calculation Methodology for Members' Supply Commitment shall provide for the definition and calculation of Demand Shares and for a uniform pricing structure with a commodity charge and fixed charges allocated by Demand Share.

Cascade may sell water to a Non-Member under terms and conditions established by a 65% Dual Majority Vote of the Board. Revenue received from the sale of water to Non-Members shall be used to offset or reduce Rates and Charges to Members to the extent practicable, except that such revenue need not be treated as reducing or offsetting those amounts that are necessary for the payment of debt service on Bonds and for the provision of reserve and coverage requirements for the Bonds.

A Member shall be assigned a Demand Share based on the Board's best estimate of capacity to be used by that Member. The Demand Share shall be established based on an audit of that Member's past three (3) years of water use. After three (3) years as a Member, the baseline demand and capacity obligation for that Member shall be fixed based on actual experience as a Member. A specific Demand Share may be set by the Board to account for circumstances, such as (by way of example and not by limitation) costs of extending the Supply System to a Member, or when Independent Supplies affect regional demand patterns. When water supply from Cascade is wheeled through a Member to another Member, Cascade may presume that the first Member receiving the water is the "User" for calculation of Demand Shares unless the Members concerned instruct Cascade to use a different allocation. Rate credits for Water Supply Asset transfers are not deducted in the calculation of Demand Shares but are applied to reduce what a Member would otherwise pay.

The Board must set Member Charges at levels it determines to be sufficient, together with other available revenue sources, to provide adequately for Operation and Maintenance Costs, Bond debt service, coverage and other covenants, replacement and renewal of facilities, reserve, and other costs that the Board deems appropriate. The Board may provide that a Member's failure to participate in the planning process may result in penalty charges.

A Member that has transferred Water Supply Assets shall receive a credit, determined when those assets are audited and transferred, based on the useful life of those facilities and on the Member's use of the water produced by those assets or an amount of water equivalent to the amount of supply from them.

The Board may implement wholesale charges (additional to Demand Share-based charges and variable commodity charges) to reduce extreme peak use (e.g., "peaking-off of the pipe").

Water Rates and Charges must be the same for all Members receiving the same class of service (subject to credits, surcharges and penalty charges).

Section 7.6 Franchises and Easements. Except to the extent otherwise required by state law, each Member shall provide franchises and rights of way on, under or across that Member's streets or other property, to Cascade and to other Members for Water Supply Assets, without charging any fees, rent or charges other than the customary and usual right-of-way permit and inspection fees.

Section 7.7 Sales of Water to Non-Members. Unless approved by the Board, a Member shall not sell water supplied by Cascade, nor shall a Member sell Independent Supply offset by water supplied by Cascade to a Non-Member. Notwithstanding the foregoing, any Member may sell water supplied by Cascade to a Non-Member to the extent required by a contract in effect as of the date the Member joins Cascade.

Section 7.8 Payment Procedures; Default; Step-Up Provisions.

Section 7.8.1 Invoice and Payment.

(a) Cascade shall provide each Member with periodic invoices showing the Member Charges payable by that Member for the billing period and the due date. Invoices shall be provided monthly or on other such periodic schedule as determined by the Board, but no more frequently than monthly nor less frequently than once every six months. The Board will determine a due date for all invoices.

(b) Payment of any and all invoices shall be due and payable on or before the due date, and shall be made by wire transfer or such other means as are agreed to by Cascade and the Member. If a treasurer, trustee, fiscal agent or escrow agent is appointed in connection with the issuance of Bonds, Cascade may require, and specify on the invoice, that certain amounts be provided directly to that person or entity, and the Member shall pay those amounts in the manner and to the person so specified.

(c) If full payment of any invoice is not received on or before the due date, such payment shall be considered past due and a late payment charge shall accrue for each day that the invoice remains unpaid. The late payment charge shall equal the product of the unpaid amount and an interest rate

established by the Board. Late payment charges shall continue to accumulate until the unpaid amount of the invoice and all late payment charges are paid in full. Further, if an invoice or any portion thereof remains unpaid for more than sixty (60) days after the due date, Cascade may pursue any legally available remedy at law or equity for the unpaid amount, including without limitation, specific performance and collection of the late payment charge. Cascade's right to enforce payments in this regard may be assigned to a treasurer, trustee, credit enhancement provider or other entity. Furthermore, upon written notice, Cascade may reduce or suspend delivery of water until the invoice and late payment charges are paid.

(d) If any Member disputes all or any portion of an invoice, it shall notify Cascade immediately upon receipt. If Cascade does not concur, the Member shall remit payment of the invoice in full, accompanied by written notice to Cascade indicating the portions of the invoice that the Member disputes and the reasons for the dispute. The Member and Cascade shall make a good faith effort to resolve such dispute. If the Member fails to remit payment of the invoice in full pending resolution of the dispute, the prevailing party in an action relating to the collection of that invoice shall be entitled to reasonable attorney fees and costs.

Section 7.8.2 Default and Step-Up.

(a) If any Member fails to make any payment in full for more than fifty (50) days past the due date, Cascade shall make written demand upon that Member to make payment in full within ten (10) days of the date that the written demand is sent by Cascade. If the failure to pay is not cured within the ten (10) day period, the Member shall be deemed to be in default.

(b) Upon an event of default as described in subsection 7.8.2(a), the other Members shall pay Cascade (in addition to Member Charges otherwise due) the defaulting Member's Member Charges in proportion to each remaining Members' Demand Share in accordance with a schedule established by Resolution of the Board.

(c) The payment of a proportionate share of the existing defaulted Member's Member Charges by Members shall not relieve the defaulting Member of its liability for those payments. Cascade shall have a right of recovery from the defaulting Member on behalf of each Member. Cascade may commence such suits, actions or proceedings at law or in equity, including but not limited to, suits for specific performance, as may be necessary or appropriate to enforce the obligations of this Agreement against any defaulting Member. Cascade's right to enforce payments in this regard may be assigned to a treasurer, trustee, credit enhancement provider or other entity. Amounts recovered by Cascade as payment of amounts due shall be passed through to each Member in proportion to the share that each assumed, in cash or in credit, against future Member Charges as the Board shall determine.

(d) The prevailing party in any such suit, action or proceeding, shall be entitled to recover its reasonable attorney fees and costs.

ARTICLE 8. Planning.

Section 8.1 Water Supply Plan. Cascade must plan for its Members' water supply needs. That planning shall be compatible with the equivalent planning responsibilities of other wholesale water

providers and with state, county and city planning responsibilities under state law. The Board must adopt, and may from time to time amend, a Water Supply Plan that must be based on no less than a twenty- (20) year planning horizon. Cascade shall coordinate its planning effort with local and regional utilities and other appropriate agencies and work to encourage cooperative region-wide planning and coordination.

Each Member shall actively participate in Cascade's water supply planning and shall provide to Cascade accurate data regarding its facilities and operations together with good faith estimates of future needs and a description of any involvement in the development of new Independent Supplies. Each Member's water comprehensive or system plan shall be consistent with any plans adopted by Cascade, and shall be consistent with applicable requirements of state law and comprehensive plans.

Section 8.2 Watershed Management Plan. Upon the effective date of formation of the Authority under Article 3 of this Agreement, Cascade will no longer be a Watershed Partnership under RCW 39.34; and any Watershed Management Plans existing on the effective date shall become the plans of the Authority. Nothing herein shall limit Cascade's powers to adopt Watershed Management Plans or to enter into interlocal agreements thereafter.

Section 8.3 System Reliability Methodology. Cascade shall develop and adopt a system reliability methodology for planning, operation, and management purposes.

ARTICLE 9. Duration and Dissolution; Withdrawal.

Section 9.1 Duration. Except as provided in Section 9.3, Cascade shall remain in existence for the longer of the following: (a) the period it holds any assets; (b) the period during which Bonds are outstanding; or (c) the period it continues to include Members.

Section 9.2 Withdrawals. A Member may notify Cascade of its intent to withdraw by delivery to Cascade of a Resolution of its legislative authority expressing such intent. Upon receipt of such Resolution, the Member shall lose its right to vote and the Board shall determine (a) the withdrawing Member's allocable share of the cost of the then-existing obligations of Cascade; and (b) the withdrawing Member's obligations to Cascade. "Then-existing obligations of Cascade" means obligations or costs incurred by Cascade as of the date the Member's withdrawal notice is received, including but not limited to, Bond obligations, contract obligations, and cash financed capital projects; provided that a withdrawing Member's allocable share shall in no event include an obligation for future expenses for which Cascade has not incurred a legal obligation; and provided further, that to the extent the Member's obligation (with respect to such costs) is re-paid over time, the Member shall be entitled to a credit for supply abandoned by the Member and is otherwise used by Cascade. A "withdrawing Member's obligation to Cascade" includes but is not limited to, the Member's share of fixed operating costs, any other expenses contained in Cascade's adopted budget for that year, and any assessments or other similar charges lawfully imposed by Cascade. For purposes of the preceding sentence, "fixed operating costs" shall be determined in the year of withdrawal, and the Member's obligation with respect to such costs shall be limited only to that amount required to pay for supply abandoned by the Member and not otherwise used by Cascade.

The allocable share of cost or obligations shall be determined by the Board, taking into consideration as deemed applicable by the Board: (a) the ratio of the Member's Demand Share to total Member demand; (b) the ratio of the Member's contribution to Cascade revenue to total Cascade revenue including RCFCs; (c) the cost or a portion of the cost of capital projects or facilities specially benefiting the Member; and (d) and any other factor the Board deems appropriate to consider. The Member's withdrawal shall be effective on payment of such allocable share or provision for arrangements to pay such allocable share that are satisfactory to the Board. Until the effective date of withdrawal, the Member shall continue to comply with all applicable provisions of this Agreement.

Upon withdrawal, except as provided in an Asset Transfer Agreement, the withdrawing Member shall have no right to, or interest in any Water Supply Assets owned by Cascade. The withdrawing Member shall be deemed to have abandoned any and all rights to service, to the use of Cascade Water Supply Assets or other rights with respect to Cascade (except as otherwise expressly provided in this Agreement).

Notwithstanding the provisions of this Section 9.2, Cascade will, upon the withdrawal of a Member that has transferred operational control and management of (but not title to) an Independent Supply Asset to Cascade under Section 5.1, return operational control of such asset to the withdrawing Member. Return of operational control and management will be subject to: (a) continued use by Cascade, to the extent and for such time as the Board deems such use necessary for Cascade to continue providing service to its Members; and (b) payment or provision for payment of any Cascade costs, including but not limited to, those associated with the withdrawing Member's Independent Supply Asset.

The Board may establish additional generally applicable conditions and requirements for withdrawal.

Section 9.3 Disincorporation. Cascade may vote by a 65% Dual Majority Vote (as ratified within one hundred and twenty (120) days of such Dual Majority Vote by 65% Dual Majority of the Members' legislative authorities), to disincorporate. Upon disincorporation except as provided in an Asset Transfer Agreement, Cascade's assets initially shall be held by its then current Members as tenants in common. Each Member's ownership interest must be based on that Member's Demand Share as of the time of the dissolution. Cascade's liabilities (including Bonds and other contractual obligations) initially shall be distributed based on Members Demand Shares as of the time of the disincorporation. Assets and liabilities must be distributed in accordance with agreement or contract, under a voluntary mediation process, or by a court of law. A court may appoint an arbitrator or special master. Distribution shall be based on the best interests of efficient and economic water supply in the entire area served by the Members, subject to a rebuttable presumption that Water Supply Assets will be returned to the Member that originally transferred them to Cascade. That presumption may be overcome by a showing that another asset distribution is in the best interests of efficient and economic water supply. The proceeds of any sale of assets must be distributed among the then current Members based on the Demand Shares at the time of disincorporation.

Section 9.4 Successor Entity. Notwithstanding the provisions of Section 9.3, upon a 65% Dual Majority Vote of the Board (as ratified within one hundred and twenty (120) days of such Dual Majority Vote by 65% Dual Majority of the Members' legislative authorities), all assets, liabilities, and obligations of Cascade may be transferred to any successor entity (including without limitation, a joint operating agency or other municipal corporation, as permitted under state law), and all obligations of Members and parties contracting with Cascade become obligations to the successor entity.

ARTICLE 10. Amendments.

Amendments to this Agreement shall be effective upon approval by 65% Dual Majority Vote of the Board (as ratified within one hundred and twenty (120) days by 65% Dual Majority of the Members' legislative authorities).

ARTICLE 11. Applicable Law and Venue.

This Agreement is governed by the laws of the state of Washington. The venue for any legal action arising from a dispute under this Agreement is the Superior Court for King County.

ARTICLE 12. No Third Party Beneficiaries.

There are no third party beneficiaries to this Agreement except for the rights of Bond owners as provided in Section 5.3.2, no person or entity other than an agency signatory to this Agreement shall have any rights hereunder or any authority to enforce its provisions, and any such rights or enforcement must be consistent with and subject to the terms of this Agreement.

ARTICLE 13. Severability.

If any provision of this Agreement or its application is held by a court of competent jurisdiction to be illegal, invalid, or void, the validity of the remaining provisions of this Agreement or its application to other entities or circumstances shall not be affected. The remaining provisions continue in full force and effect, and the parties' rights and obligations must be construed and enforced as if the Agreement did not contain the particular invalid provision. But if the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to render performance of the remaining provisions unworkable and infeasible, is found to seriously affect the consideration, and is inseparably connected to the remainder of the Agreement, the entire Agreement is deemed void.

ARTICLE 14. Entire Agreement.

This Agreement constitutes the entire and exclusive agreement between the parties relating to the specific matters covered in this Agreement. All prior or contemporaneous verbal or written agreements, understandings, representations or practices relative to the foregoing are superseded, revoked and rendered ineffective for any purpose. This Agreement may be altered, amended or revoked only as set forth in Article 10. No verbal agreement or implied covenant may be held to vary the terms of this Agreement, any statute, law, or custom to the contrary notwithstanding.

CASCADE WATER ALLIANCE

By: _____
John Marchione

Title: Title _____ Date: _____, 2012.

Attest: _____
Chuck Clarke

Title: Chief Executive Officer _____ Date: _____, 2012

Authorized by: Resolution No. _____

Date: _____

ARTICLE 15. Execution

This Agreement may be executed in one or more counterparts.

SIGNATORY AGENCY

CITY OF BELLEVUE

By: _____

Title _____ Date: _____, 2012

Attest: _____

Title: _____ Date: _____, 2012

Authorized by (Resolution or Ordinance): _____

Date: _____, 2012

SIGNATORY AGENCY

CITY OF ISSAQUAH

By: _____

Title _____ Date: _____, 2012

Attest: _____

Title: _____ Date: _____, 2012

Authorized by (Resolution or Ordinance): _____

Date: _____, 2012

SIGNATORY AGENCY

CITY OF KIRKLAND

By: _____

Title _____ Date: _____, 2012

Attest: _____

Title: _____ Date: _____, 2012

Authorized by (Resolution or Ordinance): _____

Date: _____, 2012

SIGNATORY AGENCY

CITY OF REDMOND

By: _____

Title _____ Date: _____, 2012

Attest: _____

Title: _____ Date: _____, 2012

Authorized by (Resolution or Ordinance): _____

Date: _____, 2012

SIGNATORY AGENCY

CITY OF TUKWILA

By: _____

Title _____ Date: _____, 2012

Attest: _____

Title: _____ Date: _____, 2012

Authorized by (Resolution or Ordinance): _____

Date: _____, 2012

SIGNATORY AGENCY

COVINGTON WATER DISTRICT

By: _____

Title _____ Date: _____, 2012

Attest: _____

Title: _____ Date: _____, 2012

Authorized by (Resolution or Ordinance): _____

Date: _____, 2012

SIGNATORY AGENCY

SAMMAMISH PLATEAU WATER & SEWER DISTRICT

By: _____

Title _____ Date: _____, 2012

Attest: _____

Title: _____ Date: _____, 2012

Authorized by (Resolution or Ordinance): _____

Date: _____, 2012

SIGNATORY AGENCY

SKYWAY W&S DISTRICT

By: _____

Title _____ Date: _____, 2012

Attest: _____

Title: _____ Date: _____, 2012

Authorized by (Resolution or Ordinance): _____

Date: _____, 2012

**CITY OF KIRKLAND****Department of Public Works**

123 Fifth Avenue, Kirkland, WA 98033 425.587.3800

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: David Snider, P.E., Capital Projects Manager
Ray Steiger, P.E., Public Works Director

Date: May 24, 2012

Subject: NE 85th STREET CORRIDOR RIGHT OF WAY ACQUISITION UPDATE

RECOMMENDATION:

It is recommended that City Council review the following update on the status of activities related to the right-of-way acquisition for the NE 85th Street corridor improvements.

BACKGROUND:

The NE 85th Street corridor improvements include the currently under construction undergrounding of a significant portion of the overhead utilities, the provision of continuous sidewalks and pedestrian improvements on both sides of NE 85th Street between 120th and 132nd Avenues, new sidewalks along both sides of 124th Avenue between NE 80th and NE 90th Streets, traffic signal upgrades and additional capacity improvements at key intersections, and related utility improvements. The improvements were envisioned as a part of the 2001 85th Street sub-area plan and further refined by the 2006 Rose Hill business district design guidelines. Combined with funding from Sound Transit, local funds from a number of sources will allow for completion of the improvements estimated to cost a total of approximately \$16 million. In all, nearly 100 commercial and residential properties are impacted by the overall improvements. Impact to properties requires that various rights be secured by the City: temporary and permanent easements, utility easements, sign or property restoration, and for a number of the properties, acquisition (Attachment A).

Throughout the Project, staff has provided a number of updates to the Council on the Project most recently in November of 2010. At their June 15, 2010 meeting, at a time when at least one property owner negotiation had appeared to reach an impasse, City Council authorized the use of eminent domain (a.k.a. "condemnation") via resolution while staff continued to engage in earnest negotiations with the property owner. Council authorized eminent domain at that time in order to advance the Project in the event negotiations were unsuccessful. Recall that a number of steps are required prior to obtaining property through the eminent domain process, and Council's adoption of a resolution is the first step (Attachment B).

Staff is pleased to inform City Council that all property rights, easements, and temporary construction easements for the 31 parcels associated with Phase I – the utility underground conversion have been secured through negotiations and no eminent domain was utilized. The

total cost for the Phase 1 property rights was approximately \$1,029,000. The acquisition process for the remaining parcels, associated with the Phase II – sidewalks and intersection improvements, is also substantially complete. The large majority of these parcels include small to “no-cost” temporary easements; seven of the parcels include negotiated financial settlements and mutual agreements have been reached with all seven property owners. There is a potential eighth parcel that is associated with the HOV By-Pass Project (TR 0056), located at the on-ramp of I-405; however, negotiations have not begun for property rights on this parcel as final design matters with the WSDOT are on-going. This By-Pass Project does not have a direct impact on the remaining NE 85th Street Corridor Improvements.

The total cost for all remaining property rights acquisitions is anticipated to be on the order of \$310,000. When combined, the total cost for all property acquisition is approaching \$1,340,000 and compares to an original total right-of-way acquisition budget of \$1,171,000.

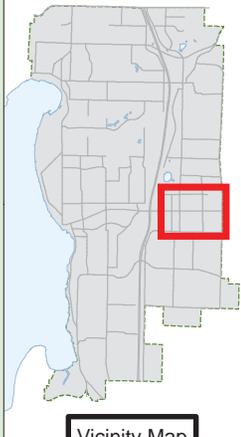
What remains are administrative processes for six of the seven parcels (Attachment A) and again, all Phase 2 property rights have been secured through successful negotiations and not through an eminent domain procedure. The process for finalizing the remaining six parcels is expected to be completed in June, 2012 with the City Attorney’s Office currently working on finalizing the necessary ROW documents for Parcels 4 and 26. The total compensation for Parcels 12 and 13, as well as Parcel 18 and Parcel 19 is much less than that for Parcels 4 and 26 and each of these Parcels is currently in the administrative summary paperwork phase.

Construction Update

As reported to City Council in various memos for the NE 85th Street Corridor Improvements, the overall improvements have been separated into smaller, more manageable projects. The first of these separated projects, the NE 85th St/114th Avenue NE Intersection Improvements (see separate June 5, 2012, Council memo) has been completed. At their meeting of December 12, 2011, Council awarded a contract for the Phase I – Utility Conversion Project that began in March of this year; it is expected to be completed this fall. Design for the Phase II improvements (sidewalks and signals) will be complete this summer, and with the right-of-way acquisition now substantially complete, construction of the 124th Avenue NE sidewalks is scheduled to begin in September and construction of the NE 85th Street signals and sidewalks work will immediately follow.

Attachments (1)

ATTACHMENT A



Vicinity Map

Map Legend

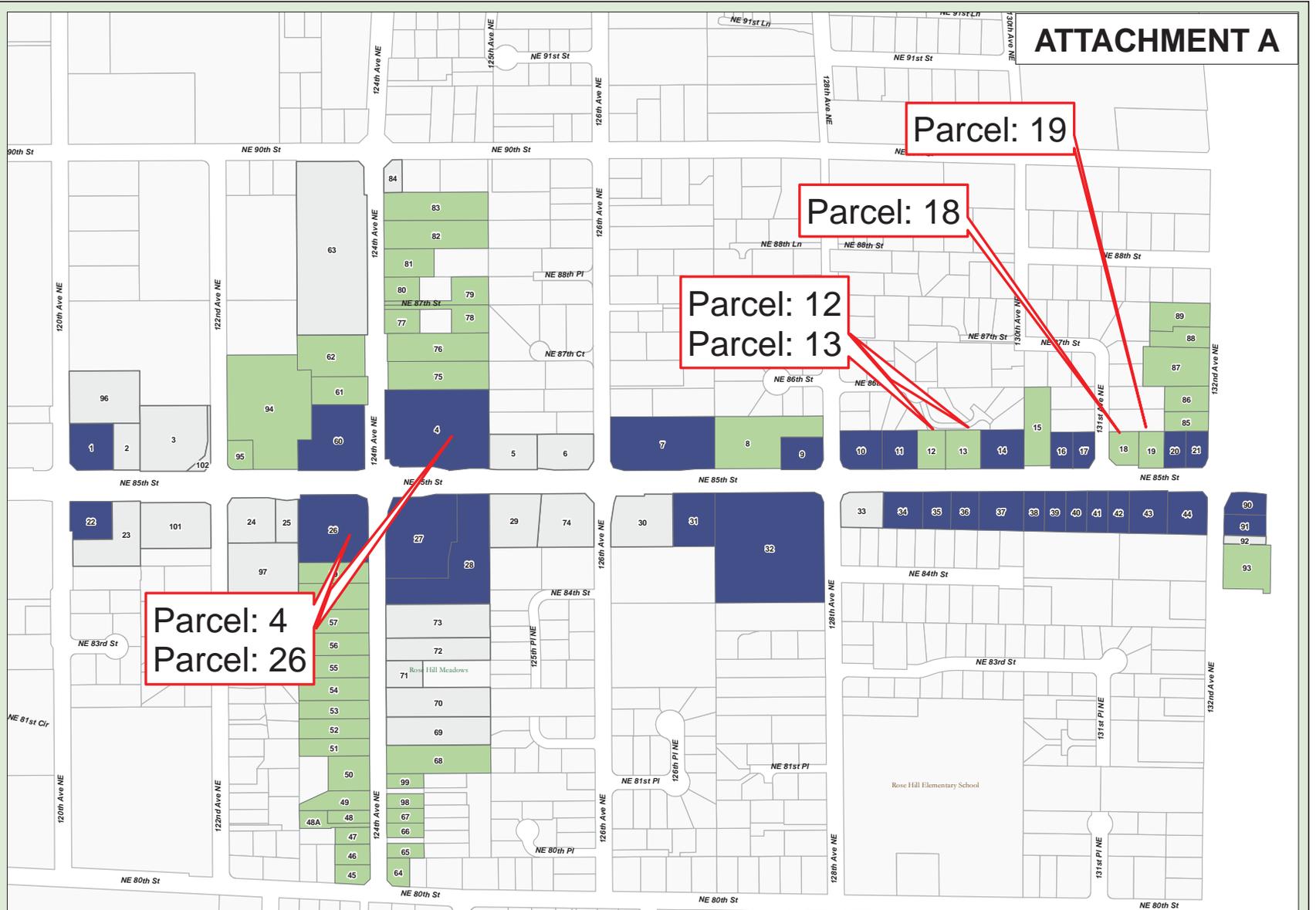
- No Property Rights Needed
- Phase 1
- Phase 2



Produced by the City of Kirkland
© 2009, the City of Kirkland, all rights reserved.
No warranties of any sort, including but not limited to accuracy,
fitness or merchantability, accompany this product.

Map Created - May 15, 2009
Map Revised - May 18, 2009

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NE 85th Street Corridor Improvements\ROW\Status Graphics\
NE_85th_Map_11x17.mxd



NE 85th Street Corridor - Property Rights Status Map



CITY OF KIRKLAND

Department of Finance & Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3100
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Barry Scott, Purchasing Agent

Date: May 24, 2012

Subject: REPORT ON PROCUREMENT ACTIVITIES FOR COUNCIL MEETING OF JUNE 5, 2012

This report is provided to apprise the Council of recent and upcoming procurement activities where the cost is estimated or known to be in excess of \$50,000. The "Process" column on the table indicates the process being used to determine the award of the contract.

The City's major procurement activities initiated since the last report, dated May 3, 2012, are as follows:

	Project	Process	Estimate/Price	Status
1.	2012 Street Overlay Project	Invitation for Bids	\$1,500,000	Advertised on 5/8 with bids due on 5/22.
2.	Dodge Charger Police Cars (3)	Cooperative Purchase	\$81,791.37	Purchased using WA State Contract with Karmart Auto Group.
3.	Fire Pumper	Cooperative Purchase	\$580,117.32	Purchased using Clallam County Fire District #1's contract.
4.	Lakeview Elementary Pedestrian Improvements	Invitation for Bids	\$157,000	Plan to advertise for bids the week on 6/10.

Please contact me if you have any questions regarding this report.



CITY OF KIRKLAND
City Manager's Office
123 Fifth Avenue, Kirkland, WA 98033 425.587.3001
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Lorrie McKay, Intergovernmental Relations Manager
Date: May 24, 2012
Subject: ANIMAL SERVICES DELIVERY OPTIONS UPDATE

RECOMMENDATION

It is recommended that the City Council receive an update on animal services delivery options. Staff is seeking Council direction on A) whether to finalize a new three year contract by July 1 with King County for the delivery of animal services beginning January 1, 2013, or B) move forward with a local animal service delivery option beginning January 1, 2013.

Staff recommends Option A: Finalize a new three year contract with King County for the provision of animal services beginning January 1, 2013.

BACKGROUND

There are three core services that comprise "animal services". Those core services are: 1) animal control; 2) animal sheltering; and 3) animal licensing.

Kirkland currently contracts with King County for animal services via a 2010 "Regional Animal Services" interlocal agreement which was signed in June of 2010. The current contract was effective on July 1, 2010 and it expires on December 31, 2012. (References: March 10, 2010 Reading File memo and a follow-up memo prepared for the [April 20, 2010 Council Packet](#).)

As reported at Council's March 20th meeting (Reference: [March 20, 2012 Council Packet](#)), staff has participated in weekly meetings of a joint City-County Animal Services Workgroup since November of 2011 in an attempt to reach agreement on a draft new three year contract for animal services by July 1.

NEGOTIATIONS WITH KING COUNTY FOR A NEW INTERLOCAL AGREEMENT (ILA)

The County has worked to address the cities' concerns about costs and services. Kirkland's specific concerns of establishing cost predictability, controlling the service costs and minimizing risks are addressed in the proposed new ILA. As a result of constructive negotiations and the accommodations within the proposed 2013 ILA, all of the participating cities, except Auburn, have submitted non-binding statements of intent to remain in the Regional System. At this time, the City of Auburn is the only contracting city that has

indicated it will be leaving the Regional System effective December 31, 2012 which is the termination date of the current (2010) ILA.

Late in the negotiation process, the concept of the County potentially running a countywide levy for funding some or all of animal services was introduced. While the notion of a levy represents a "game changer" for many cities, particularly as the July 1 deadline approaches, the cities and the County included a "Limited Reopener and Termination" should such a levy be proposed before January 1, 2016. If a countywide levy is proposed before this agreement terminates, the ILA will be re-opened for the limited purposes of negotiating potential changes to this agreement's cost and revenue allocation formulas. Such changes may be made in order to reasonably ensure that the contracting Cities receive equitable benefits from the proposed new levy revenues. Re-opener negotiations will be initiated no later than 60 days before the date of formal transmittal to the County Council. If the re-opener negotiations fail to result in mutually agreed upon changes to the cost and revenue allocation formulas within 10 days of the date that an approved levy is certified, then either Party may terminate this agreement by providing notice on the date of certification and no later than 15 days after. Any termination notice will become effective 180 days following the date of the successful election, or the date on which the levy is first imposed, whichever is sooner.

On May 17, 2012, the County distributed a final draft contract/2013 ILA to participating cities (corrected version - **Attachment A** - distributed May 28). The deadline to execute and return the agreement to the County is July 1, 2012.

After July 1, if enough cities have not executed and delivered an agreement, the agreement would not go into effect, and participating parties would need to renegotiate terms. The proposed agreement states that the County may consider the addition of cities after July 1, 2012, as long as adding those cities does not increase the costs of other participating cities. However, the terms and conditions that may apply to a latecomer city may be different than those currently being offered.

The deadline for finalizing and executing the agreement by July 1, 2012 is complicated slightly by the fact that the 2013 cost estimates for cities is based upon they City's actual program use in Service Year 2011. The final Reconciliation Calculations for 2011 will not be provided by King County until June 30, 2012. By August 1, 2012, the County will provide a "Preliminary Estimated 2013 Payment" which will include the County and all cities that have executed the Agreement on or prior to July 1, 2012

The "Preliminary Estimated 2013 Payment" provides the basis for determining whether the Agreement meets what is termed the "2013 Payment Test". Essentially, if the August 1 Preliminary Estimated 2013 Payment exceeds the estimated total net costs (\$12,309) shown in Exhibit C-1 by more than 5% (\$615) or \$3,500, whichever is greater, then the payment test is not met and the City may withdraw from participating in the regional system by giving notice to the other Party no later than August 15, 2012.

Throughout the negotiation period, an internal staff team has continued to plan, budget and prepare for the Option 2, providing a local animal services program via the City of Kirkland, effective January 1, 2013. An update on that effort is addressed in a separate memo (**Attachment B**).

Staff has also continued to participate in discussions of a potential Subregional Model with the Cities of Bellevue, Mercer Island, Newcastle and Redmond. While each of these cities have sent two non-binding statements of intent to participate in the County's Regional System, each has indicated that if the City of Bellevue elects to leave the Regional System, they would have serious concerns about the viability and costs of the Regional System, and would likely elect to join the Subregional alternative. However, no commitment is in place from these cities to join the Subregional Model. All cities face the same July 1 deadline to enter into an agreement with King County to stay in the Regional System.

UPDATES TO THE PROPOSED 2013 ILA

Since the March 20, 2012 Council presentation, the following changes have been made to the proposed 2013 ILA.

- ✓ The County has agreed to cap each city's 2013 Estimated Total Animal Services Cost Allocation, establishing a base amount founded upon 2011 use. For Service Years 2014 and 2015, the City's costs may only increase by CPI plus population shifts due to large annexations. In effect, fluctuation due to use is eliminated. By eliminating the impact of city-level use fluctuations over the course of the full 3-year contract, all cities benefit from greater cost stability and certainty.
- ✓ The County has agreed to a base license revenue amount for the City of Kirkland that is a realistic and achievable target for pet license sales.
- ✓ Kirkland's net costs may decrease as a result of a license revenue split agreed to by the County.
- ✓ The revised County proposal returns the number of animal control officers (ACOs) to 6 (as in the current ILA), spread among 3 animal control districts (as compared to the 4 in the current system). There is no level of service difference in having 3 districts, as opposed to 4, because the ACO distribution among the cities remains the same.

The following table compares details of the existing 2010 Animal Services Interlocal Agreement with King County with those of the proposed new 2013 ILA.

DETAIL	CURRENT (2010) ILA	PROPOSED (2013) ILA
Participants	26 cities and King County	25 cities and King County
Cost Allocation	50% Usage - 50% Population	80% Usage- 20% Population (to set 2013 base cost)
Cost Distributed in System	\$5.84 million (2012)	\$5.26 million (2013)
County Financial Support to System	\$1.37 million (2012)	\$1.76 million (2013)
ILA Term	2.5 years	3 years with option to extend for 2 years <i>(with limited re-opener should County proposes a countywide levy to generate</i>

		<i>revenues before 2016)</i>
Control Service Days	Weekdays only	Services to be spread over 7 days
Control Districts/ACOs	4 Districts - 6 ACOs (<i>all based in Kent</i>)	3 Districts - 6 ACOs (<i>some based in district host cities</i>)
New Regional Revenues (<i>new revenues from donations, foundations, marketing, entrepreneurial activities or grants that are not designated for a specific purpose</i>)	Not covered	Will be used to reduce allocable costs for all jurisdictions and offset costs to the County for credits and non-allocable costs
Kirkland's Estimated License Revenue	\$248,000	\$208,000 for each of the 3 years
Kirkland's Residential Usage Credit & Mitigation Credit	2010 @ \$15,279; 2011 @ \$37,545; and 2012 @ \$54,475	None
Kirkland's Licensing Revenue Support	None	Up to \$23,853 for each of the 3 years, if the base revenue amount (\$208,000) is reached. Requires "in-kind" City contribution of 36 volunteer or staff hours/month (averaged over the year)
Jurisdictional Cost Stability	City program costs were revised annually based on usage	City program costs will be based at the estimated 2013 level with annual increases capped by CPI, unless there is a significant annexation (<i>over 2,500 residents</i>)
System-Wide Cost Inflator	Capped at CPI plus system-wide population growth	Capped at CPI plus system-wide population growth
Animal Control Services Response Protocols	Established in ILA and interpreted by County staff	Cities will be involved in developing control service response protocols within their own districts

COST COMPARISONS - UPDATED

Cost Comparison of the Proposed Regional ILA versus the City of Kirkland Model

King County has determined 'use' estimates for Service Year 2013 (Exhibit C-2 of proposed ILA) based on 2011 usage data currently available. Working with this data and additional relevant data, City staff developed conservative 'use' estimates for consideration in providing animal services locally. These 'use' estimates are the basis upon which the initial total animal services program costs (Regional and Local) are estimated.

Under the terms of the proposed 2013 ILA (Regional Model), an initial estimated total cost allocation (for control, shelter and licensing) is made for Service Year 2013 founded upon 80% of system use (actuals from 2011) and 20% on population. The initial estimated total cost allocation establishes the base costs. In Service Years 2014 and 2015, the base program cost is adjusted for CPI plus the rate of population growth for the preceding year for the County.

Under the City's proposed animal services program (Local Model), the city would provide staffing for animal control service and contract with outside entities for shelter and licensing services. The animal control cost represented in the table below include salary, benefits, overtime and costs associated with variety of equipment necessary for the position. For purposes of illustration, the shelter costs represented in the table below reflect an estimated use (\$160 per intake) of PAWS, a non-profit animal shelter located in Lynnwood. And the licensing costs represented in the table below reflect estimated license sales (\$3.85 per license) through Pet-Data, a specialized private company.

The data in the table below shows that the 2013 net costs of the Local Model are lower than the net costs of the Regional Model.

Service Description	2013 Estimated Cost Allocation (Proposed Regional ILA)	2013 Estimated Cost Allocation (City of Kirkland)
Control	\$84,595	\$103,094
Sheltering	\$99,626	\$57,280
Licensing	\$59,940 (does NOT include \$ for marketing)	\$41,142 (includes \$ for marketing)
Total Program Costs	- \$244,162	- \$201,516
<i>Pet License Revenue Base</i>	<i>\$208,000</i>	<i>\$208,000</i>
Net Cost Allocation	- \$36,162	\$6,484
<i>Licensing Support</i> (Requires City resource contribution)	<i>\$23,853</i>	
Total Net Costs / Surplus	- \$12,309	\$6,484

Note: Receiving licensing revenue support from the County requires the City provide "in-kind" resources toward increasing license sales.

While the table above suggests that the Local Model is more cost effective, when the start-up costs are fully included, the picture changes.

Model	Start-up Costs	2013 Estimated Net Costs	2014 Estimated Net Costs	2015 Estimated Net Costs	2013-2015 Three Year Total On-going Costs	Total Expenditures (On-going & Start-up Combined)
Local	(\$98,075)	\$6,484	\$2,352	(\$2,025)	\$6,811	(\$91,264)
Regional	N/A	(\$12,309)	(\$20,440)	(\$29,356)	(\$62,105)	(\$62,105)

When the required start-up costs are taken into consideration and amortized over the three year period of 2013-2015, the result is that the Regional Model allows for lower net out-of-pocket expenditures for the City.

The tables below compare the cost estimates for the potential new contracting period for both the Regional Model and the Local Model.

Kirkland Model – Revenues and Expenditures Over 3 Years

Service Description	2013	2014	2015	3-Year Total**
Revenue				
Animal License Sales Revenue	\$208,000	\$208,000	\$208,000	\$624,000
Total Revenues	\$208,000	\$208,000	\$208,000	\$624,000
Ongoing Expenditures				
Control *	\$103,094	\$107,226	\$111,603	\$321,923
Shelter	\$57,280	\$57,280	\$57,280	\$171,840
Licensing	\$30,242	\$30,242	\$30,242	\$90,725
Marketing	\$10,900	\$10,900	\$10,900	\$32,700
Subtotal Ongoing Cost	\$201,516	\$205,648	\$210,025	\$617,189
Total Net Ongoing Costs	\$6,484	\$2,352	(\$2,025)	\$617,189
Start-Up Expenditures				
Equipment/Start-Up Costs	\$16,025	\$16,025	\$16,025	\$48,075
New Vehicle	\$16,667	\$16,667	\$16,667	\$50,000
Subtotal Start-Up Cost	\$32,692	\$32,692	\$32,692	\$98,075
Total Expenditures	\$234,207	\$238,339	\$242,717	\$715,264
Total Net Costs	(\$26,207)	(\$30,339)	(\$34,717)	(\$91,264)

* Animal Control Officer salaries and benefits adjusted annually for CPI per 2012 Council Retreat Packet.

** In year 4, one-time start-up costs will have been paid off and projections are that pet license revenues will fully cover the program's on-going costs.

Regional Model – Revenues and Expenditures Over 3 Years

Service Description	2013	2014	2015	3-Year Total
Revenue				
Animal License Sales Revenue	\$208,000	\$208,000	\$208,000	\$624,000
Pet Licensing Support	\$23,853	\$23,853	\$23,853	\$71,559
Total Revenues	\$231,853	\$231,853	\$231,853	\$695,559
Ongoing Expenditures				
Control	\$84,595	N/A	N/A	2013 base (CPI + Pop)
Shelter	\$99,626	N/A	N/A	2013 base (CPI + Pop)
Licensing	\$59,940	N/A	N/A	2013 base (CPI + Pop)
Marketing *	Undetermined	Undetermined	Undetermined	Undetermined
Subtotal Ongoing Cost	\$244,162	\$252,293	\$261,209	\$757,664
Total Net Ongoing Costs	(\$12,309)	(\$20,440)	(\$29,356)	(\$62,105)
Start-Up Expenditures	N/A	N/A	N/A	N/A
Subtotal Start-Up Cost	\$0	\$0	\$0	\$0
Total Expenditures	\$244,162	\$252,293	\$261,209	\$757,664
Total Net Costs	(\$12,309)	(\$20,440)	(\$29,356)	(\$62,105)

* In exchange for receiving licensing revenue support from the County requires the City provide "in-kind" resources toward increasing license sales, as required in Exhibit F of the proposed ILA.

The differences in the three year total costs reflect that the Regional Model does not require start-up investments in 2012. At the same time, the Regional Model costs do not reflect the additional in-kind City resources required in exchange for receiving license revenue support

It should also be noted that if Kirkland chooses to provide animal services locally effective January 1, 2013, the City remains responsible for making payments in 2013 on the existing 2010 ILA for regional animal services. These payments are for services rendered this year (Service Year 2012) which are estimated at \$12,309, assuming the City generates \$248,000 in license revenue in 2012. This potentially presents an increase in out of pocket costs for the 2010-2012 contract period. The new contract effectively caps this potential risk in future years

SUMMARY OF PROPOSED CHANGES AND RECOMMENDATION

- The proposed 2013 ILA is initially based more on 'use' than on city population
- Costs have been brought down through cuts and efficiencies
- Animal control service will be available seven days per week rather than five
- Predictability is built into the cost allocation model through cost caps
- Base revenue targets are realistic and achievable
- Cities have a voice in the development of service protocols, process improvements and new revenue generation including a countywide animal services levy

While there is still the issue of a potential levy, these proposed changes represent a marked improvement from the current contract in terms of the level of service to Kirkland's residents, level of care for the City's animals and on the level of cost containment for the City's budget.

Staff is seeking final direction from the Council on which option for the provision of animal services to pursue:

Option A – Finalize a new three year contract with King County for the provision of animal services beginning January 1, 2013 and ending December 31, 2015

Option B – Provide animal services locally, via the City of Kirkland, effective January 1, 2013

Based on the proposed final 2013 ILA, staff recommends Option A whereby Kirkland would finalize a new three year contract with King County for the provision of animal services beginning January 1, 2013. Regional provision of animal service provides financial certainty, controls the service costs and minimizes risks while offering the necessary care to the city's animals. This option also will allow the City to continue monitoring the services while properly planning for and budgeting for the possibility of providing the service locally beginning January of 2016.

- Attachments
- A. Final draft 2013 ILA for regional animal services (corrected May 28)
 - B. Memo on City of Kirkland's planning for a local animal services program

Animal Services Interlocal Agreement for 2013 Through 2015

This AGREEMENT is made and entered into effective as of this 1st day of July, 2012, by and between KING COUNTY, a Washington municipal corporation and legal subdivision of the State of Washington (the "County") and the City of Kirkland, a Washington municipal corporation (the "City").

WHEREAS, the provision of animal control, sheltering and licensing services protects public health and safety and promotes animal welfare; and

WHEREAS, providing such services on a regional basis allows for enhanced coordination and tracking of regional public and animal health issues, consistency of regulatory approach across jurisdictional boundaries, economies of scale, and ease of access for the public; and

WHEREAS, the Contracting Cities are partners in making regional animal services work effectively, and are customers of the Animal Services Program provided by the County; and

WHEREAS, in light of the joint interest among the Contracting Parties in continuing to develop a sustainable program for regional animal services, including achievement of sustainable funding resources, the County intends to include cities in the process of identifying and recommending actions to generate additional revenues through the Joint City-County Committee, and further intends to convene a group of elected officials with a representative from each Contracting City to discuss and make recommendations on any potential countywide revenue initiative for animal services requiring voter approval, the implementation of which would be intended to coincide with the end of the term of this Agreement; and

WHEREAS, by executing this Agreement, the City is not implicitly agreeing to or supportive of any potential voter approved levy initiative in support of animal services; and

WHEREAS, the City and the County are parties to an Animal Services Interlocal Agreement dated July 1, 2010, which will terminate on December 31, 2012 (the "2010 Agreement"); and

WHEREAS, the City and County have negotiated a successor agreement to the 2010 Agreement in order to extend delivery of Animal Services to the City for an additional three years beginning January 1, 2013; and

WHEREAS, certain notification and other commitments under this successor Agreement arise before January 2013, but the delivery of Animal Services under this Agreement will not commence until January 1, 2013; and

WHEREAS, nothing in this Agreement is intended to alter the provision of service or manner and timing of compensation and reconciliation specified in the 2010 Agreement for services provided in 2012; and

WHEREAS, the City pursuant to the Interlocal Cooperation Act (RCW Chapter 39.34) , is authorized and desires to contract with the County for the performance of Animal Services; and

WHEREAS, the County is authorized by the Interlocal Cooperation Act, Section 120 of the King County Charter and King County Code 11.02.030 to render such services and is willing to render such services on the terms and conditions hereinafter set forth; and

WHEREAS, the County is offering a similar form of Animal Services Interlocal Agreement to cities in King County listed in Exhibit C-1 to this Agreement, and has received a non-binding statement of intent to sign such agreement from those cities;

NOW THEREFORE, in consideration of the promises, covenants and agreements contained in this Agreement, the parties agree as follows:

1. **Definitions.** Unless the context clearly shows another usage is intended, the following terms shall have these meanings in this Agreement:
 - a. **"Agreement"** means this Animal Services Interlocal Agreement for 2013 Through 2015 between the Parties including any and all Exhibits hereto, unless the context clearly indicates an intention to reference all such Agreements by and between the County and other Contracting Cities.
 - b. **"Animal Services"** means Control Services, Shelter Services and Licensing Services combined, as these services are described in **Exhibit A**. Collectively, "Animal Services" are sometimes referred to herein as the **"Program."**
 - c. **"Enhanced Control Services"** are additional Control Services that the City may purchase under certain terms and conditions as described in **Exhibit E** (the "Enhance Control Services Contract").
 - d. **"Contracting Cities"** means all cities that are parties to an Agreement.
 - e. **"Parties"** means the City and the County.
 - f. **"Contracting Parties"** means all Contracting Cities and the County.
 - g. **"Estimated Payment"** means the amount the City is estimated to owe to the County for the provision of Animal Services over a six month period per the

formulas set forth in **Exhibit C**. The Estimated Payment calculation may result in a credit to the City payable by the County.

- h. **“Pre-Commitment Estimated 2013 Payment”** means the preliminary estimate of the amount that will be owed by (or payable to) each Contracting Party for payment June 15, 2013 and December 15, 2013 as shown on **Exhibit C-1**.
- i. **“Preliminary Estimated 2013 Payment”** means the amount estimated by the County on or before August 1, 2012 per Section 5, to be owed by each Contracting Party on June 15, 2013 and December 15, 2013 based on the number of Contracting Cities with respect to which the Agreement goes into effect per Section 15. This estimate will also provide the basis for determining whether the Agreement meets the “2013 Payment Test” in Section 15.
- j. The **“Final Estimated 2013 Payment”** means the amount owed by each Contracting Party on June 15, 2013 and December 15, 2013, notice of which shall be given to the City by the County no later than December 15, 2012.
- k. **“Control District”** means one of the three geographic areas delineated in **Exhibit B** for the provision of Animal Control Services.
- l. **“Reconciliation Adjustment Amount”** means the amount payable each August 15 by either the City or County as determined per the reconciliation process described in **Exhibit D**. **“Reconciliation”** is the process by which the Reconciliation Adjustment Amount is determined.
- m. **“Service Year”** means the calendar year in which Animal Services are or were provided.
- n. **“2010 Agreement”** means the Animal Services Agreement between the Parties effective July 1, 2010, and terminating at midnight on December 31, 2012.
- o. **“New Regional Revenue”** means revenue received by the County specifically for support of Animal Services generated from regional marketing campaigns (excluding local licensing canvassing efforts by Contracting Cities or per Section 7), and new foundation, grant, donation and entrepreneurial activities, except where revenues from these sources are designated for specific purposes within the Animal Services program; *provided that* New Regional Revenue does not include Licensing Revenue, Non-Licensing Revenue or Designated Donations, as defined in **Exhibit C**. The manner of estimating and allocating New Regional Revenue is prescribed in **Exhibit C-4** and **Exhibit D**.
- p. **“Latecomer City”** means a city receiving animal services under an agreement with the County executed after July 1, 2012, per the conditions of Section 4.a.

2. **Services Provided.** Beginning January 1, 2013, the County will provide the City with Animal Services described in **Exhibit A**. The County will perform these services consistent with governing City ordinances adopted in accordance with Section 3. In providing such Animal Services consistent with **Exhibit A**, the County will engage in good faith with the Joint City-County Committee to develop potential adjustments to field protocols; provided that, the County shall have sole discretion as to the staffing assigned to receive and dispatch calls and the manner of handling and responding to calls for Animal Service. Except as set forth in Section 9 (Indemnification and Hold Harmless), services to be provided by the County pursuant to this Agreement do not include services of legal counsel, which shall be provided by the City at its own expense.

a. Enhanced Control Services. The City may request Enhanced Control Services by completing and submitting **Exhibit E** to the County. Enhanced Services will be provided subject to the terms and conditions described in **Exhibit E**, including but not limited to a determination by the County that it has the capacity to provide such services.

3. **City Obligations.**

a. Animal Regulatory Codes Adopted. To the extent it has not already done so, the City shall promptly enact an ordinance or resolution that includes license, fee, penalty, enforcement, impound/ redemption and sheltering provisions that are substantially the same as those of Title 11 King County Code as now in effect or hereafter amended (hereinafter "the City Ordinance"). The City shall advise the County of any City animal care and control standards that differ from those of the County.

b. Authorization to Act on Behalf of City. Beginning January 1, 2013, the City authorizes the County to act on its behalf in undertaking the following:

i. Determining eligibility for and issuing licenses under the terms of the City Ordinance, subject to the conditions set forth in such laws.

ii. Enforcing the terms of the City Ordinance, including the power to issue enforcement notices and orders and to deny, suspend or revoke licenses issued thereunder.

iii. Conducting administrative appeals of those County licensing determinations made and enforcement actions taken on behalf of the City. Such appeals shall be considered by the King County Board of Appeals unless either the City or the County determines that the particular matter should be heard by the City.

iv. Nothing in this Agreement is intended to divest the City of authority to independently undertake such enforcement actions as it deems appropriate to respond to violations of any City ordinances.

- c. Cooperation and Licensing Support. The City will assist the County in its efforts to inform City residents regarding animal codes and regulations and licensing requirements and will promote the licensing of pets by City residents through various means as the City shall reasonably determine, including but not limited to offering the sale of pet licenses at City Hall, mailing information to residents (using existing City communication mechanisms such as bill inserts or community newsletters) and posting a weblink to the County's animal licensing program on the City's official website. The City will provide to the County accurate and timely records regarding all pet license sales processed by the City. All proceeds of such sales shall be remitted to the County by the City on a quarterly basis (no later than each March 31, June 30, September 30, and December 31).
4. **Term**. Except as otherwise specified in Section 15, this Agreement will take effect as of July 1, 2012 and, unless extended pursuant to Subparagraph 4.b below, shall remain in effect through December 31, 2015. The Agreement may not be terminated for convenience.
 - a. Latecomers. The County may sign an agreement with additional cities for provision of animal services prior to the termination or expiration of this Agreement, but only if the later agreement will not cause an increase in the City's costs payable to the County under this Agreement. Cities that are party to such agreements are referred to herein as "Latecomer Cities."
 - b. Extension of Term. The Parties may agree to extend the Agreement for an additional two-year term, ending on December 31, 2017. For purposes of determining whether the Agreement shall be extended, the County will invite all Contracting Cities to meet in September 2014, to discuss both: (1) a possible extension of the Agreement under the same terms and conditions; and (2) a possible extension with amended terms.
 - i. Either Party may propose amendments to the Agreement as a condition of an extension.
 - ii. Nothing in this Agreement shall be construed to compel either Party to agree to an extension or amendment of the Agreement, either on the same or different terms.
 - iii. The County agrees to give serious consideration to maintaining the various credits provided to the Contracting City under this Agreement in any extension of the Agreement.
 - c. Notice of Intent to Not Extend. No later than March 1, 2015, the Parties shall provide written notice to one another of whether they wish to extend this Agreement on the same or amended terms. The County will include a written reminder of this March 1 deadline when providing the City notice of

its 2015 Estimated Payments (notice due December 15, 2014 per Section 5). By April 5, 2015, the County will provide all Contracting Cities with a list of all Contracting Parties submitting such notices indicating which Parties do not seek an extension, which Parties request an extension under the same terms, and which Parties request an extension under amended terms.

- d. Timeline for Extension. If the Contracting Parties wish to extend their respective Agreements (whether under the same or amended terms) through December 31, 2017, they shall do so in writing no later than July 1, 2015. Absent such an agreed extension, the Agreement shall terminate on December 31, 2015.
- e. Limited Reopener and Termination. If a countwide, voter approved property tax levy for funding some or all of the Animal Services program is proposed that would impose new tax obligations before January 1, 2016, this Agreement shall be re-opened for the limited purposes of negotiating potential changes to the cost and revenue allocation formulas herein. Such changes may be made in order to reasonably ensure that the Contracting Cities are receiving equitable benefits from the proposed new levy revenues. Re-opener negotiations shall be initiated by the County no later than 60 days before the date of formal transmittal of such proposal to the County Council for its consideration. Notwithstanding anything in this Agreement to the contrary, if the re-opener negotiations have failed to result in mutually agreed upon changes to the cost and revenue allocation formulas (as reflected in either an executed amendment to this Agreement or a memorandum of understanding signed between the chief executive officers of the Parties) within 10 days of the date that the election results confirming approval of such proposal are certified, either Party may terminate this Agreement by providing notice to the other Party no sooner than the date the election results are certified and no later than 15 days following the end of such 10-day period. Any termination notice so issued will become effective 180 days following the date of the successful election, or the date on which the levy is first imposed, whichever is sooner.
- f. The 2010 Agreement remains in effect through December 31, 2012. Nothing in this Agreement shall limit or amend the obligation of the County to provide Animal Services under the 2010 Agreement as provided therein and nothing in this Agreement shall amend the obligations therein with respect to the calculation, timing, and reconciliation of payment of such services.

5. **Compensation**. The County will develop an Estimated Payment calculation for each Service Year using the formulas described in **Exhibit C**, and shall transmit the payment information to the City according to the schedule described below. The

County will also calculate and inform the City as to the Reconciliation Adjustment Amount on or before June 30 of each year, as described in Section 6 below and **Exhibit D**, in order to reconcile the Estimated Payments made by the City in the prior Service Year. The City (or County, if applicable) will pay the Estimated Payment, and any applicable Reconciliation Adjustment Amounts as follows (a list of all payment-related notices and dates is included at **Exhibit C-7**):

- a. Service Year 2013: The County will provide the City with a calculation of the Preliminary Estimated Payment amounts for Service Year 2013 on or before August 1, 2012, which shall be derived from the Pre-Commitment Estimated 2013 Payment Amount set forth on **Exhibit C-1**, adjusted if necessary based on the Contracting Cities and other updates to Calendar Year 2011 data in **Exhibit C-2**. The County will provide the City with the Final Estimated Payment calculation for Service Year 2013 by December 15, 2012. The City will pay the County the Preliminary Estimated Payment Amounts for Service Year 2013 on or before June 15, 2013 and December 15, 2013. If the calculation of the Preliminary Estimated Payment shows the City is entitled to receive a payment from the County, the County will pay the City such amount on or before June 15, 2013 and December 15, 2013. The Reconciliation Adjustment Amount for Service Year 2013 shall be paid on or before August 15, 2014, as described in Section 6.
- b. Service Years after 2013.
 - i. Initial Estimate by September 1. To assist the City with its budgeting process, the County will provide the City with a non-binding, preliminary indication of the Estimated Payments for the upcoming Service Year on or before each September 1.
 - ii. Estimated Payment Determined by December 15. The Estimated Payment amounts for the upcoming Service Year will be determined by the County following adoption of the County's budget and applying the formulas in **Exhibit C**. The County will by December 15 provide written notice to all Contracting Parties of the schedule of Estimated Payments for the upcoming Service Year.
 - iii. Estimated Payments Due Each June 15 and December 15. The City will pay the County the Estimated Payment Amount on or before each June 15 and December 15. If the calculation of the Estimated Payment shows the City is entitled to receive a payment from the County, the County will pay the City such amount on or before each June 15 and December 15.
 - iv. The Reconciliation Adjustment Amount for the prior Service Year shall be paid on or before August 15 of the following calendar year, as described in Section 6.

- v. If a Party fails to pay an Estimated Payment or Reconciliation Adjustment Amount within 15 days of the date owed, the Party owed shall notify the owing Party that they have ten (10) days to cure non-payment. If the Party fails to cure its nonpayment within this time period following notice, the amount owed shall accrue interest thereon at the rate of 1% per month from and after the original due date and, if the nonpaying Party is the City, the County at its sole discretion may withhold provision of Animal Services to the City until all outstanding amounts are paid. If the nonpaying Party is the County, the City may withhold future Estimated Payments until all outstanding amounts are paid. Each Party may examine the other's books and records to verify charges.
 - vi. Unless the Parties otherwise direct, payments shall be submitted to the addresses noted at Section 14.g.
 - c. Payment Obligation Survives Expiration or Termination of Agreement. The obligation of the City (or as applicable, the County), to pay an Estimated Payment Amount or Reconciliation Adjustment Amount for a Service Year included in the term of this Agreement shall survive the Expiration or Termination of this Agreement. For example, if this Agreement terminates on December 31, 2015, the Final Estimated 2015 Payment is nevertheless due on or before December 15, 2015, and the Reconciliation Adjustment Amount shall be payable on or before August 15, 2016.
 - d. The Parties agree the payment and reconciliation formulas in this Agreement (including all Exhibits) are fair and reasonable.
6. **Reconciliation of Estimated Payments and Actual Costs and Revenues.** In order that the Contracting Parties share costs of the regional Animal Services Program based on their actual, rather than estimated, licensing revenues, there will be an annual reconciliation. Specifically, on or before June 30 of each year, the County will reconcile amounts owed under this Agreement for the prior Service Year by comparing each Contracting Party's Estimated Payments to the amount derived by recalculating the formulas in **Exhibit C** using actual revenue data for such Service Period as detailed in **Exhibit D**. There will also be an adjustment if necessary to account for annexations of areas with a population of 2,500 or more and for changes in relative population shares of Contracting Parties' attributable to Latecomer Cities. The County will provide the results of the reconciliation to all Contracting Parties in writing on or before June 30. The Reconciliation Adjustment Amount will be paid on or before August 15 of the then current year, regardless of the prior termination of the Agreement as per Section 5.c.

7. **Regional Revenue Generation and Licensing Revenue Support**

- a. The Parties intend that the provision of Animal Services becomes significantly more financially sustainable over the initial three year term of this Agreement through the development of New Regional Revenue and the generation of additional Licensing Revenue. The County will develop proposals designed to support this goal. The County will consult with the Joint City-County Committee before proceeding with efforts to implement proposals to generate New Regional Revenue.
- b. The Parties do not intend for the provision of Animal Services or receipt of such Services under this Agreement to be a profit-making enterprise. Where a Contracting Party receives revenues in excess of its costs under this Agreement (including costs of PAWS shelter service and Enhanced Control Service, if applicable), they will be reinvested in the Program to reduce the costs of other Contracting Parties and to improve service delivery: the cost allocation formulas of this Agreement are intended to achieve this outcome.
- c. Licensing Revenue Support.
 - i. In 2013, the County will provide licensing revenue support to the nine Contracting Cities identified on **Exhibit C-5** (the "Licensing Revenue Support Cities").
 - ii. The City may request licensing revenue support from the County in 2014 and 2015 by executing **Attachment A** to **Exhibit F**. The terms and conditions under which such licensing revenue support will be provided are further described at **Exhibit C-5** and **Exhibit F**. Except as otherwise provided in **Exhibit C-5** with respect to Licensing Revenue Support Cities with a Licensing Revenue Target of over \$20,000 (per Table 1 of **Exhibit C-5**), provision of licensing revenue support in 2014 and 2015 is *subject to* the County determining it has capacity to provide such services, with priority allocation of any available services going first to Licensing Revenue Support Cities on a first-come, first-served basis and thereafter being allocated to other Contracting Cities requesting service on a first-come, first-served basis. Provision of licensing revenue support is further subject to the Parties executing a Licensing Support Contract (**Exhibit F**).
 - iii. In addition to other terms described in **Exhibit F**, receipt of licensing revenue support is subject to the recipient City providing in-kind services, including but not limited to: assisting in communication with City residents; publicizing any canvassing efforts the Parties have agreed should be implemented; assisting in the recruitment of canvassing staff, if applicable; and providing information to the County to assist in targeting its canvassing activities, if applicable.

8. **Mutual Covenants/Independent Contractor.** The Parties understand and agree that the County is acting hereunder as an independent contractor with the intended following results:

- a. Control of County personnel, standards of performance, discipline, and all other aspects of performance shall be governed entirely by the County;
- b. All County persons rendering service hereunder shall be for all purposes employees of the County, although they may from time to time act as commissioned officers of the City;
- c. The County contact person for the City staff regarding all issues arising under this Agreement, including but not limited to citizen complaints, service requests and general information on animal control services is the Manager of Regional Animal Services.

9. **Indemnification and Hold Harmless.**

- a. City Held Harmless. The County shall indemnify and hold harmless the City and its officers, agents, and employees, or any of them from any and all claims, actions, suits, liability, loss, costs, expenses, and damages of any nature whatsoever, by any reason of or arising out of any negligent act or omission of the County, its officers, agents, and employees, or any of them relating to or arising out of performing services pursuant to this Agreement. In the event that any such suit based upon such a claim, action, loss, or damages is brought against the City, the County shall defend the same at its sole cost and expense; provided that the City reserves the right to participate in said suit if any principle of governmental or public law is involved; and if final judgment in said suit be rendered against the City, and its officers, agents, and employees, or any of them, or jointly against the City and the County and their respective officers, agents, and employees, or any of them, the County shall satisfy the same.
- b. County Held Harmless. The City shall indemnify and hold harmless the County and its officers, agents, and employees, or any of them from any and all claims, actions, suits, liability, loss, costs, expenses, and damages of any nature whatsoever, by any reason of or arising out of any negligent act or omission of the City, its officers, agents, and employees, or any of them relating to or arising out of performing services pursuant to this Agreement. In the event that any suit based upon such a claim, action, loss, or damages is brought against the County, the City shall defend the same at its sole cost and expense; provided that the County reserves the right to participate in said suit if any principle of governmental or public law is involved; and if final judgment be rendered against the County, and its officers, agents, and

employees, or any of them, or jointly against the County and the City and their respective officers, agents, and employees, or any of them, the City shall satisfy the same.

- c. Liability Related to City Ordinances, Policies, Rules and Regulations. In executing this Agreement, the County does not assume liability or responsibility for or in any way release the City from any liability or responsibility that arises in whole or in part as a result of the application of City ordinances, policies, rules or regulations that are either in place at the time this Agreement takes effect or differ from those of the County; or that arise in whole or in part based upon any failure of the City to comply with applicable adoption requirements or procedures. If any cause, claim, suit, action or administrative proceeding is commenced in which the enforceability and/or validity of any such City ordinance, policy, rule or regulation is at issue, the City shall defend the same at its sole expense and, if judgment is entered or damages are awarded against the City, the County, or both, the City shall satisfy the same, including all chargeable costs and reasonable attorney's fees.
- d. Waiver Under Washington Industrial Insurance Act. The foregoing indemnity is specifically intended to constitute a waiver of each party's immunity under Washington's Industrial Insurance Act, Chapter 51 RCW, as respects the other party only, and only to the extent necessary to provide the indemnified party with a full and complete indemnity of claims made by the indemnitor's employees. The parties acknowledge that these provisions were specifically negotiated and agreed upon by them.

10. **Dispute Resolution.** Whenever any dispute arises between the Parties or between the Contracting Parties under this Agreement which is not resolved by routine meetings or communications, the disputing parties agree to seek resolution of such dispute in good faith by meeting, as soon as feasible. The meeting shall include the Chief Executive Officer (or his/her designee) of each party involved in the dispute and the Manager of the Regional Animal Services Program. If the parties do not come to an agreement on the dispute, any party may pursue mediation through a process to be mutually agreed to in good faith by the parties within 30 days, which may include binding or nonbinding decisions or recommendations. The mediator(s) shall be individuals skilled in the legal and business aspects of the subject matter of this Agreement. The parties to the dispute shall share equally the costs of mediation and assume their own costs.

11. **Joint City-County Committee and Collaborative Initiatives.** A committee composed of 3 county representatives (appointed by the County) and one

representative from each Contracting City that chooses to appoint a representative shall meet upon reasonable request of a Contracting City or the County, but in no event shall the Committee meet less than twice each year. Committee members may not be elected officials. The Committee shall review service issues and make recommendations regarding efficiencies and improvements to services, and shall review and make recommendations regarding the conduct and findings of the collaborative initiatives identified below. Subcommittees to focus on individual initiatives may be formed, each of which shall include membership from both county and city members of the Joint City-County Committee. Recommendations of the Joint City-County Committee are non-binding. The collaborative initiatives to be explored shall include, but are not necessarily limited to:

- a. Proposals to update animal services codes, including fees and penalties, as a means to increase revenues and incentives for residents to license, retain, and care for pets.
- b. Exploring the practicability of engaging a private for-profit licensing system operator.
- c. Pursuing linkages between County and private non-profit shelter and rescue operations to maximize opportunities for pet adoption, reduction in homeless pet population, and other efficiencies.
- d. Promoting licensing through joint marketing activities of Contracting Cities and the County, including recommending where the County's marketing efforts will be deployed each year.
- e. Exploring options for continuous service improvement, including increasing service delivery efficiencies across the board.
- f. Studying options for repair and/or replacement of the Kent Shelter.
- g. Reviewing the results of the County's calculation of the Reconciliation Adjustment Amounts.
- h. Reviewing preliminary proposed budgets for Animal Services.
- i. Providing input into the formatting, content and details of periodic Program reports as per Section 12 of this Agreement.
- j. Reviewing and providing input on proposed Animal Services operational initiatives.
- k. Providing input on Animal Control Services response protocols with the goal of supporting the most appropriate use of scarce Control Services resources.
- l. Establishing and maintaining a marketing subcommittee with members from within the Joint City-County committee membership and additional staff as may be agreed.
- m. Collaborating on response and service improvements, including communication with 911 call centers.

- n. Developing alternative dispute mechanisms that may be deployed to assist the public in resolving low-level issues such as barking dog complaints.
- o. Working with Contracting Cities to plan disaster response for animal sheltering and care.
- p. Ensuring there is at least one meeting each year within each Control District between the County animal control officer representatives and Contracting Cities' law enforcement representatives.
- q. Identifying, discussing and where appropriate recommending actions to implement ideas to generate additional revenue to support operation and maintenance of the Animal Services Program, including but not limited to providing input and advice in shaping the terms of any proposed Countywide voted levy to provide funding support for the Animal Services Program.

12. **Reporting.** The County will provide the City with an electronic report not less than monthly summarizing call response and Program usage data for each of the Contracting Cities and the County and the Animal Services Program. The formatting, content and details of the report will be developed in consultation with the Joint City-County Committee.

13. **Amendments.** Any amendments to this Agreement must be in writing. This Agreement shall be deemed to incorporate amendments to Agreements between the Contracting Parties that are approved by the County and at least two thirds (66%) of the legislative bodies of all other Contracting Parties (in both number and in the percentage of the prior total Estimated Payments owing from such Contracting Parties in the then current Service Year), evidenced by the authorized signatures of such approving Parties as of the effective date of the amendment; *provided that* this provision shall not apply to any amendment to this Agreement affecting the Party contribution responsibilities, hold harmless and indemnification requirements, provisions regarding duration, termination or withdrawal, or the conditions of this Section.

14. **General Provisions.**

- a. Other Facilities. The County reserves the right to contract with other shelter service providers for housing animals received from within the City or from City residents, whose levels of service meet or exceed those at the County shelter for purposes of addressing shelter overcrowding or developing other means to enhance the effectiveness, efficiency or capacity of animal care and sheltering within King County.

- b. Survivability. Notwithstanding any provision in this Agreement to the contrary, the provisions of Section 9 (Indemnification and Hold Harmless) shall remain operative and in full force and effect, regardless of the withdrawal or termination of this Agreement.
- c. Waiver and Remedies. No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or consent shall be in writing and signed by the Party claimed to have waived or consented. Failure to insist upon full performance of any one or several occasions does not constitute consent to or waiver of any later non-performance nor does payment of a billing or continued performance after notice of a deficiency in performance constitute an acquiescence thereto. The Parties are entitled to all remedies in law or equity.
- d. Grants. Both Parties shall cooperate and assist each other toward procuring grants or financial assistance from governmental agencies or private benefactors for reduction of costs of operating and maintaining the Animal Services Program and the care and treatment of animals in the Program.
- e. Force Majeure. In the event either Party's performance of any of the provisions of this Agreement becomes impossible due to war, civil unrest, and any natural event outside of the Party's reasonable control, including fire, storm, flood, earthquake or other act of nature, that Party will be excused from performing such obligations until such time as the Force Majeure event has ended and all facilities and operations have been repaired and/or restored.
- f. Entire Agreement. This Agreement represents the entire understanding of the Parties and supersedes any oral representations that are inconsistent with or modify its terms and conditions.
- g. Notices. Except as otherwise provided in this Agreement, any notice required to be provided under the terms of this Agreement shall be delivered by E-mail (deemed delivered upon E-mail confirmation of receipt by the intended recipient), certified U.S. mail, return receipt requested or by personal service to the following person (or to any other person that the Party designates in writing to receive notice under this Agreement):

For the City:

For the County: Caroline Whalen, Director
King County Dept. of Executive Services
401 Fifth Avenue, Suite 135
Seattle WA. 98104

- h. Assignment. No Party may sell, transfer or assign any of its rights or benefits under this Agreement without the approval of the other Party.
- i. Venue. The Venue for any action related to this Agreement shall be in Superior Court in and for King County, Washington.
- j. Records. The records and documents with respect to all matters covered by this Agreement shall be subject to inspection and review by the County or City for such period as is required by state law (Records Retention Act, Ch. 40.14 RCW) but in any event for not less than 1 year following the expiration or termination of this Agreement.
- k. No Third Party Beneficiaries. This Agreement is for the benefit of the Parties only, and no third party shall have any rights hereunder.
- l. Counterparts. This Agreement and any amendments thereto, shall be executed on behalf of each Party by its duly authorized representative and pursuant to an appropriate motion, resolution or ordinance. The Agreement may be executed in any number of counterparts, each of which shall be an original, but those counterparts will constitute one and the same instrument.

15. **Terms to Implement Agreement.** Because it is unknown how many parties will ultimately approve the Agreement, and participation of each Contracting Party impacts the costs of all other Contracting Parties, the Agreement will go into effect as of July 1, 2012, only if certain “Minimum Contracting Requirements” are met or waived as described in this section. These Minimum Contracting Requirements will not be finally determined until August 15, 2012. If it is determined on or about August 15 that Minimum Contracting Requirements are **not** met and not waived, then the Agreement will be deemed to have never gone into effect, regardless of the July 1, 2012 stated effective date. If the Minimum Contracting Requirements are met or waived, the Agreement shall be deemed effective as of July 1, 2012. The Minimum Contracting Requirements are:

a. **For both the City and the County:**

- 1. **2013 Payment Test:** The Preliminary Estimated 2013 Payment, calculated on or before August 1, 2012, to include the County and all cities that have executed the Agreement on or prior to July 1, 2012, does not exceed the Pre-Commitment Estimated 2013 Payment as set forth in **Exhibit C-1** by more than five percent (5%) or \$3,500, whichever is greater. **If the 2013 Payment Test is not met**, either Party may waive this condition and allow the Agreement to go into effect, provided that such waiver must be exercised by giving notice to the other Party (which notice shall meet the requirements of Section 14.g) no later than August 15, 2012.

- b. **For the County:** The **Minimum Contiguity of Service Condition** must be met, such that the County is only obligated to enter into the Agreement if the County will be providing Animal Services in areas contiguous to the City, whether by reason of having an Agreement with another City or due to the fact that the City is contiguous to unincorporated areas (excluding unincorporated islands within the City limits). The Minimum Contiguity of Service Condition may be waived by the County in its sole discretion. The County shall provide the City notice meeting the requirements of Section 14.g no later than July 21, 2012 if the Minimum Contiguity of Service Condition has not been met.
- c. On or before August 21, 2012, the County shall send all Contracting Cities an informational email notice confirming the final list of all Contracting Cities with Agreements that have gone into effect.

16. **Administration.** This Agreement shall be administered by the County Administrative Officer or his/her designee, and by the City Manager, or his/her designee.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed effective as of July 1, 2012.

King County

City of Kirkland

Dow Constantine
King County Executive

City Manager/Mayor

Date

Date

Approved as to Form:

Approved as to Form:

King County
Deputy Prosecuting Attorney

City Attorney

Date

Date

List of Exhibits

Exhibit A: Animal Services Description

Exhibit B: Control Service District Map Description

Exhibit B-1: Map of Control Service District

Exhibit C: Calculation of Estimated Payments

Exhibit C-1: Pre-Commitment Estimated 2013 Payment (*showing participation only by jurisdictions that have expressed interest in contracting for an additional 3 year term*)

Exhibit C-2: Estimated Population, Calls for Service, Shelter Use and Licensing Data for Jurisdictions, Used to Derive the Pre-Commitment Estimated 2013 Payment

Exhibit C-3: Calculation of Budgeted Total Allocable Animal Services Costs, Budgeted Total Non-Licensing Revenue and Budget Net Allocable Animal Services Costs for 2013

Exhibit C-4: Calculation and Allocation of Transition Credit, Shelter Credit, and Estimated New Regional Revenue

Exhibit C-5: Licensing Revenue Support

Exhibit C-6: Summary of Calculation Periods for Use and Population Components

Exhibit C-7: Payment and Calculation Schedule

Exhibit D: Reconciliation

Exhibit E: Enhanced Control Services Contract (Optional)

Exhibit F: Licensing Support Contract (Optional)

Exhibit A
Animal Service Description

Part I: Control Services

Control Services include the operation of a public call center, the dispatch of animal control officers in response to calls, and the handling of calls in the field by animal control officers, including the collection and delivery of animals to the Kent Shelter (or such other shelters as the County may utilize in accordance with this Agreement).

1. Call Center

- a. The County will operate an animal control call center five days every week (excluding holidays and County-designated furlough days, if applicable) for a minimum of eight hours per day (normal business hours). The County will negotiate with applicable unions with the purpose of obtaining a commitment for the five day call center operation to include at least one weekend day. The County may adjust the days of the week the call center operates to match the final choice of Control District service days.
- b. The animal control call center will provide callers with guidance, education, options and alternative resources as possible/appropriate.
- c. When the call center is not in operation, callers will hear a recorded message referring them to 911 in case of emergency, or if the event is not an emergency, to either leave a message or call back during regular business hours.

2. Animal Control Officers

- a. The County will divide the area receiving Control Services into three Control Districts as shown on **Exhibit B**. Subject to the limitations provided in this Section 2, Control Districts 200 and 220 will be staffed with one Animal Control Officer during Regular ACO Service Hours and District 500 will be staffed with two Animal Control Officers (ACOs) during Regular ACO Service Hours. Regular ACO Service Hours is defined to include not less than 40 hours per week. The County will negotiate with applicable unions with the intention of obtaining a commitment for Regular ACO Service Hours to include service on at least one weekend day. Regular ACO Service Hours may change from time to time.
 - i. Except as the County may in its sole discretion determine is necessary to protect officer safety, ACOs shall be available for responding to calls within their assigned Control District and will not be generally available to respond to calls in other Control Districts. **Exhibit B-1** shows the map of Control Districts.

- ii. Countywide, the County will have a total of not less than 6 ACOs (Full-Time Equivalent employees) on staff to maximize the ability of the County to staff all Control Districts notwithstanding vacation, sick-leave, and other absences, and to respond to high workload areas on a day-to-day basis. While the Parties recognize that the County may at times not be able to staff all Control Districts as proposed given unscheduled sick leave or vacancies, the County will make its best efforts to establish regular hourly schedules and vacations for ACOs in order to minimize any such gaps in coverage. In the event of extended absences among the 6 ACOs, the County will re-allocate remaining ACOs as practicable in order to balance the hours of service available in each Control District. In the event of ACO absences (for any causes and whether or not such absences are extended as a result of vacancies or other issues), the first priority in allocating ACOs shall be to ensure there is an ACO assigned in each Control District during Regular ACO Service Hours.
- b. Control District boundaries have been designed to balance work load, correspond to jurisdictional boundaries and facilitate expedient transportation access across each district. The County will arrange a location for an Animal Control vehicle to be stationed overnight in Control Districts (“host sites”) in order to facilitate service and travel time improvements or efficiencies.
- c. The County will use its best efforts to ensure that High Priority Calls are responded to by an ACO during Regular ACO Service Hours on the day such call is received. The County shall retain full discretion as to the order in which High Priority calls are responded. High Priority Calls include those calls that pose an emergent danger to the community, including:
 - 1. Emergent animal bite,
 - 2. Emergent vicious dog,
 - 3. Emergent injured animal,
 - 4. Police assist calls—(police officer on scene requesting assistance from an ACO),
 - 5. Emergent loose livestock or other loose or deceased animal that poses a potential danger to the community, and
 - 6. Emergent animal cruelty.
- d. Lower priority calls include all calls that are not High Priority Calls. These calls will be responded to by the call center staff over the telephone, referral to other resources, or by dispatching of an ACO as necessary or available, all as determined necessary and appropriate in the sole discretion of the

County. Particularly in the busier seasons of the year (spring through fall), lower priority calls may only receive a telephone response from the Call Center. Lower Priority calls are non-emergent requests for service, including but not limited to:

1. Non-emergent high priority events,
 2. Patrol request – (ACO requested to patrol a specific area due to possible code violations),
 3. Trespass,
 4. Stray Dog/Cat/other animal confined,
 5. Barking Dog,
 6. Leash Law Violation,
 7. Deceased Animal,
 8. Trap Request,
 9. Female animal in season, and
 10. Owner's Dog/Cat/other animal confined.
- e. The Joint-City County Committee is tasked with reviewing response protocols and recommending potential changes to further the goal of supporting the most appropriate use of scarce Control Service resources countywide. The County will in good faith consider such recommendations but reserves the right to make final decisions on response protocols. The County will make no changes to its procedures that are inconsistent with the terms of this **Exhibit A**, *except that* upon the recommendation of the Joint City-County Committee, the County may agree to modify response with respect to calls involving animals other than horses, livestock, dogs and cats.
- f. In addition to the ACOs serving specific districts, the following Control Service resources will be available on a shared basis for all Parties and shall be dispatched as deemed necessary and appropriate by the County.
1. An animal control sergeant will provide oversight of and back-up for ACOs five days per week at least 8 hours/day (subject to vacation/sick leave/training/etc.).
 2. Staff will be available to perform animal cruelty investigations, to respond to animal cruelty cases, and to prepare related reports (subject to vacation/sick leave/training/etc.).
 3. Not less than 1 ACO will be on call every day at times that are not Regular ACO Service Hours (including the days per week that are not included within Regular ACO Service Hours), to respond to High Priority Calls posing an extreme life and safety danger, as determined by the County.
- g. The Parties understand that rural areas of the County will generally receive a less rapid response time from ACOs than urban areas.

- h. Contracting Cities may contract with King County for “Enhanced Control Services” through separate agreement (as set forth in **Exhibit E**); *provided that* a City may not purchase Enhanced Control Services under Option 1 as described in **Exhibit E** if such City is receiving a Transition Funding Credit, Shelter Credit, or licensing revenue support the cost of which is not reimbursed to the County.

Part II: Shelter Services

Shelter services include the general care, cleaning and nourishment of owner-released, lost or stray dogs, cats and other animals. Such services shall be provided 7-days per week, 365 days per year at the County’s animal shelter in Kent (the “Shelter”) or other shelter locations utilized by the County, including related services described in this section. The County’s Eastside Pet Adoption Center in the Crossroads area of Bellevue will be closed to the public.

During 2013-2015, major maintenance of the Shelter will continue to be included in the Program costs allocated under this Agreement (as part of the central County overhead charges allocated to the Program), but no major renovation, upgrades or replacements of the Shelter established as a capital project within the County Budget are anticipated nor will any such capital project costs be allocated to the Contracting Cities in Service Years 2013-2015.

1. Shelter Services

- a. Services provided to animals will include enrichment, exercise, care and feeding, and reasonable medical attention.
- b. The Public Service Counter at the Shelter will be open to the public not less than 30 hours per week and not less than 5 days per week, excluding holidays and County designated furlough days, for purposes of pet redemption, adoption, license sales services and (as may be offered from time to time) pet surrenders. The Public Service Counter at the shelter may be open for additional hours if practicable within available resources.
- c. The County will maintain a volunteer/foster care function at the Shelter to encourage use of volunteers working at the shelter and use of foster families to provide fostering/transitional care between shelter and permanent homes for adoptable animals.
- d. The County will maintain an animal placement function at the Shelter to provide for and manage adoption events and other activities leading to the placement of animals in appropriate homes.
- e. Veterinary services will be provided and will include animal exams, treatment and minor procedures, spay/neuter and other surgeries. Limited

emergency veterinary services will be available in non-business hours, through third-party contracts, and engaged if and when the County determines necessary.

- f. The County will take steps through its operating policies, codes, public fee structures and partnerships to reduce the number of animals and their length of stay in the Shelter, and may at times limit owner-surrenders and field pick-ups, adjust fees and incentivize community-based solutions.
2. **Other Shelter services**
 - a. Dangerous animals will be confined as appropriate/necessary.
 - b. Disaster/emergency preparedness for animals will be coordinated regionally through efforts of King County staff.
 3. **Shelter for Contracting Cities contracting with PAWS (Potentially including Woodinville, Shoreline, Lake Forest Park, Kenmore (“Northern Cities”)).** For so long as a Northern City has a contract in effect for sheltering dogs and cats with the Progressive Animal Welfare Society in Lynnwood (PAWS), the County will not shelter dogs and cats picked up within the boundaries of such City(s), except in emergent circumstances and when the PAWS Lynnwood shelter is not available. Dogs and cats picked up by the County within such City(s) will be transferred by the County to the PAWS shelter in Lynnwood for shelter care, which will be provided and funded solely through separate contracts between each Northern City and PAWS, and the County will refer residents of that City to PAWS for sheltering services. The County will provide shelter services for animals other than dogs and cats that are picked up within the boundaries of Northern Cities contracting with PAWS on the same terms and conditions that such shelter services are provided to other Contracting Parties. Except as provided in this Section, the County is under no obligation to drop animals picked up in any Contracting City at any shelter other than the County shelter in Kent.
 4. **County Contract with PAWS.** Nothing in this Agreement is intended to preclude the County from contracting with PAWS in Lynnwood to care for animals taken in by County ACOs.
 5. **Service to Persons who are not Residents of Contracting Cities.** The County will not provide routine shelter services for animals brought in by persons who are not residents of Contracting Cities, but may provide emergency medical care to such animals, and may seek to recover the cost of such services from the pet owner and/or the City in which the resident lives.

Part III: Licensing Services

Licensing services include the operation and maintenance of a unified system to license pets in Contracting Cities.

1. The public will be able to purchase pet licenses in person at the County Licensing Division public service counter in downtown Seattle (500 4th Avenue), King County Community Service Centers and the Kent Animal Shelter during regular business hours. The County will maintain on its website the capacity for residents to purchase pet licenses on-line.
2. The County may seek to engage and maintain a variety of private sector partners (e.g. veterinary clinics, pet stores, grocery stores, city halls, apartment complexes) as hosts for locations where licenses can be sold or promoted in addition to County facilities.
3. The County will furnish licenses and application forms and other materials to the City for its use in selling licenses to the public at City facilities and at public events.
4. The County will publicize reminders and information about pet licensing from time to time through inserts in County mailings to residents and on the County's public television channel.
5. The County will annually mail or E-mail at least one renewal form, reminder and late notice (as applicable) to the last known addresses of all City residents who purchased a pet license from the County within the previous year (using a rolling 12-month calendar).
6. The County may make telephone reminder calls in an effort to encourage pet license renewals.
7. The County shall mail pet license tags or renewal notices as appropriate to individuals who purchase new or renew their pet licenses.
8. The County will maintain a database of pets owned, owners, addresses and violations.
9. The County will provide limited sales and marketing support in an effort to maintain the existing licensing base and increase future license sales. The County reserves the right to determine the level of sales and marketing support provided from year to year in consultation with the Joint City-County Committee. The County will work with any City in which door-to-door canvassing takes place to reach agreement with the City as to the hours and locations of such canvassing.
10. The County will provide current pet license data files (database extractions) to a Contracting City promptly upon request. Data files will include pets owned, owners, addresses, phone numbers, E-mail addresses, violations, license renewal status, and any other relevant or useful data maintained in the County's database on pets licensed within the City's limits. A City's database extraction will be provided in electronic format agreed to by both parties in a timely fashion and in a standard data release format that is easily usable by the City.

Exhibit B: Control Service District Map

The attached map (**Exhibit B-1**) shows the boundaries of the 3 Control Service Districts as established at the commencement of this Amended and Restated Agreement.

The cities and towns included in each Control District are as follows:

<u>District 200 (Northern District)</u> Shoreline Lake Forest Park Kenmore Woodinville Kirkland Redmond Sammamish Duvall Carnation	<u>District 220 (Eastern District)</u> Bellevue Mercer Island Yarrow Point Clyde Hill Town of Beaux Arts Issaquah Snoqualmie North Bend Newcastle
<u>District 500 (Southern District)</u> Tukwila SeaTac Kent Covington Maple Valley Black Diamond Enumclaw	

The Districts shall each include portions of unincorporated King County as illustrated on **Exhibit B-1**.

Exhibit B-1 Control District Map

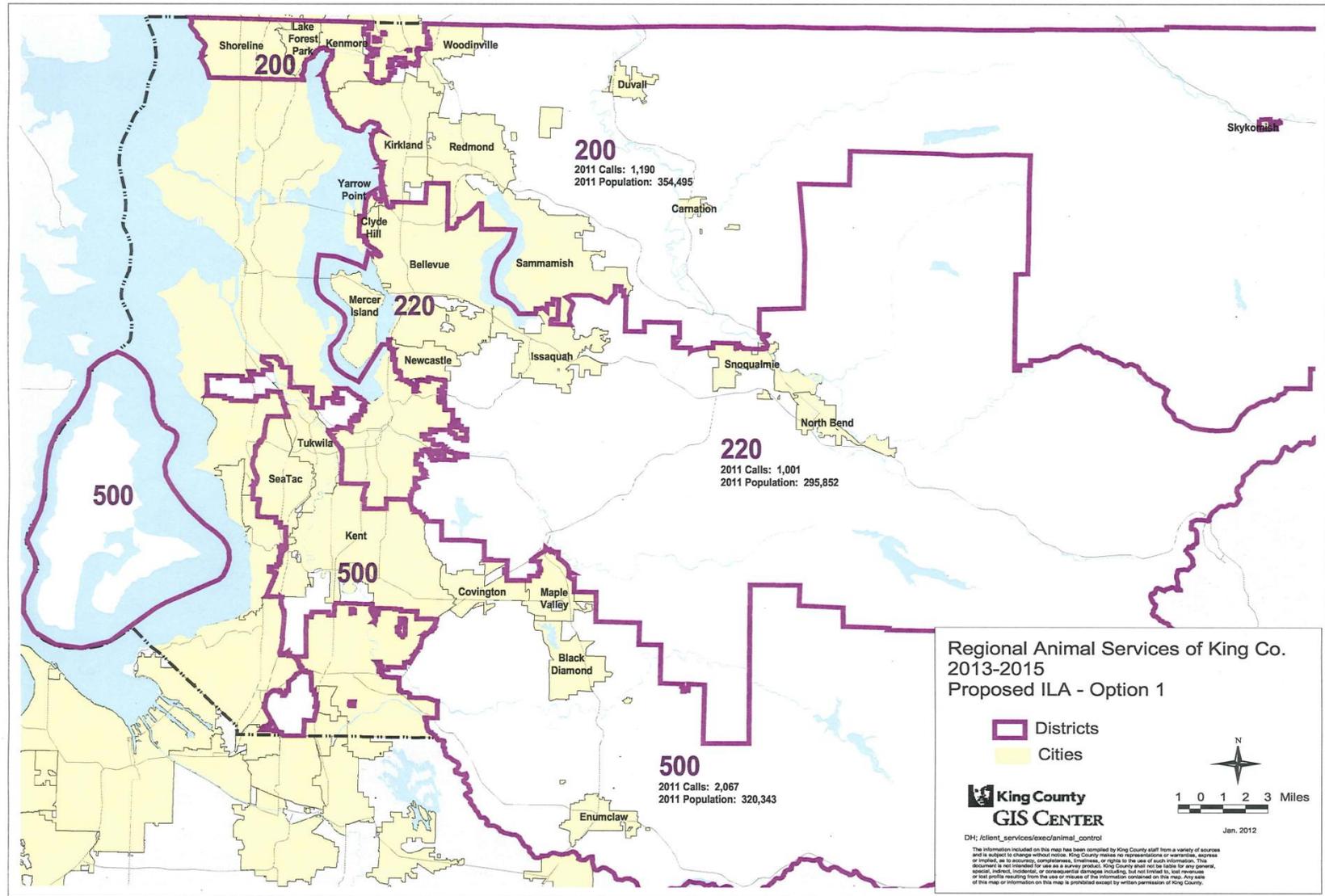


Exhibit C

Calculation of Estimated Payments

The Estimated Payment is the amount, before reconciliation, owed by the City to the County (or owed by the County to the City if the amount calculated is less than \$0) for the provision of six months of Animal Services, based on the formulas below.

In summary and subject to the more detailed descriptions below, an initial cost allocation is made for Service Year 2013 based on the cost factors described in **Part 1** below; costs are offset by various revenues as described in **Part 2**. An annual reconciliation is completed as described in **Part 3**. In Service Years 2014 and 2015, the Contracting Parties' allocable costs are adjusted based on: (1) the actual change in total allocable costs over the previous Service Year (subject to an inflator cap), (2) changes in revenues, and (3) to account for annexations (in or out of the Program service area) of areas with a population of 2,500 or more, and for changes in relative population share of all Contracting Parties due to any Latecomer Cities. If the Agreement is extended past 2015, the cost allocation in 2016 will be recalculated in the same manner as for Service Year 2013 and adjusted in 2017 per the process used for Service Years 2014 and 2015.

Based on the calculation process described in **Parts 1 and 2**, an "Estimated Payment" amount owed by each City for each Service Year is determined. Each Estimated Payment covers six months of service. Payment for service is made by each City every June 15 and December 15.

Part 1: Service Year 2013 Cost Allocation Process

- Control Services costs are to be shared among the 3 geographic Control Districts; one quarter of such costs are allocated to Control District 200, one quarter to Control District 220, and one half are allocated to Control District 500. Each Contracting Party located within a Control District is to be allocated a share of Control District costs based 80% on the Party's relative share of total Calls for Service within the Control District and 20% on its relative share of total population within the Control District.

- Shelter Services costs are to be allocated among all Contracting Parties based 20% on their relative population and 80% on the total shelter intake of animals attributable to each Contracting Party, except that cities contracting for shelter services with PAWS will pay only a population-based charge.

- Licensing Services costs are to be allocated among all Contracting Parties, based 20% on their relative population and 80% on the number of licenses issued to residents of each Contracting Party.

Part 2: Revenue and Other Adjustments to the 2013 Cost Allocation.

In 2013 and each Service Year thereafter, the costs allocable to each Contracting Party are reduced by various revenues and credits:

- Licensing revenue will be attributed to each Contracting Party based on the residency of the individual purchasing the license (see **Part 3** for reconciliation of Licensing Revenues). As Licensing Revenue and Non-Licensing Revenues change from year to year, the most recent historical actual data for these amounts will be incorporated to offset costs (See **Exhibit C-6** for calculation periods).
- Two credits are applicable to various Contracting Cities to reduce the amount of their Estimated Payments: a Transition Funding Credit (fixed at 2013 level, payable annually through 2015) for cities with high per-capita costs and a Shelter Credit (for Contracting Cities with the highest per capita intakes (usage)) (also fixed at a 2013 level, payable annually through 2015). Application of these Credits is limited such that the Estimated Payment cannot fall below zero (before or after the annual Reconciliation calculation).
- In addition to the Transition Funding and Shelter credits, in 2013 the County will provide Licensing Revenue Support to nine identified Contracting Cities (selected based on the general goal of keeping 2013 costs the same or below 2012 costs). In exchange for certain in-kind support, these "Licensing Revenue Support Cities" are assured in 2013 of receiving an identified amount of additional licensing revenue or credit equivalent (the "Licensing Revenue Target"). In 2014 and 2015, all Contracting Cities may request licensing revenue support by entering into a separate licensing support contract with the County (**Exhibit F**): this support is subject to availability of County staff, with priority going to the nine Licensing Revenue Support Cities, *provided that*, Licensing Revenue Support Cities with a Licensing Revenue Target over \$20,000/year will be assured such service in 2013-2015 by entering into a licensing support contract by September 1, 2012.
- As New Regional Revenues are received by the County to support the Animal Services Program, those Revenues shall be allocated as follows:

- Half of New Regional Revenues shall be applied to reduce allocable Control Services Costs, Shelter Services Costs, and Licensing Services Costs (in 2013, by 17%, 27% and 6%, respectively, of total New Regional Revenues; in 2014 and 2015 the 50% reduction is simply made against Total Allocable Costs).
- The remaining half of New Regional Revenues shall be applied in the following order of priority:
 - (a) to offset amounts expended by the County as Transition Funding Credits, Shelter Credits and unreimbursed licensing revenue support;
 - (b) to offset other County Animal Services Program costs that are not allocated in the cost model;
 - (c) to reduce on a *pro-rata* basis up to 100% of the costs allocated to each Contracting Party by the population factor of the cost allocation formulas (20%) with the intent of reducing or eliminating the population-based cost allocation; and
 - (d) if any funds remain thereafter, as an offset against each Contracting Party's final reconciled payment obligation. Items(c) and (d) above are unlikely to arise during the 3 year term of the Agreement and shall be calculated only at Reconciliation.
- In Service Years 2014 and 2015, allocable costs are adjusted for each Contracting Party based on the actual increase or decrease in allocable costs from year to year for the whole Program. Total Budgeted Allocable Costs cannot increase by more than the Annual Budget Inflation Cap. The Annual Budget Inflation Cap is the rate of inflation (based on the annual change in the September CPI-U for the Seattle-Tacoma-Bremerton area over the rate the preceding year) plus the rate of population growth for the preceding year for the County (including the unincorporated area and all Contracting Cities).
- In all Service Years, costs are also adjusted for annexations (in or out of the Program service area) of areas with a population greater of 2,500 or more and the shift in relative population shares among all Contracting Parties as a result of any Latecomer Cities.

Part 3: Reconciliation

- Estimated Payments are reconciled to reflect actual revenues as well as changes in population attributable to annexations of areas with a population of 2,500 or more (in or out of the Program) and the shifts in relative population among all Contracting Parties as a result of any Latecomer Cities. The Reconciliation occurs

by June 30 of the following calendar year. The Reconciliation calculation and payment process is described in **Exhibit D**.

- The receipt of Transition Funding Credits or Shelter Credits can never result in the amount of the Estimated Reconciliation Adjustment Payment falling below \$0.
- If a jurisdiction's licensing revenues exceed its net costs payable under this Agreement, then in the annual reconciliation process, the excess licensing revenue is reallocated *pro rata* amongst all Contracting Parties which will otherwise incur net costs; *provided that*, the determination of net costs shall be adjusted as follows: (1) for a Contracting City purchasing shelter services from PAWS, net costs includes consideration of the amounts paid by such City to PAWS; and (2) for a Contracting City purchasing Enhanced Control Services per Exhibit E, net costs includes consideration of the amounts paid for such services.

Part 4: Estimated Payment Calculation Formulas

For Service Year 2013:¹

$$EP = [(EC + ES + EL) - (ER + T + V)] \div 2$$

For Service Years 2014 and 2015:

$$EP = [(B \times LF) - (ER + T + V)] \div 2$$

Where:

“EP” is the Estimated Payment. For Contracting Cities receiving a Transition Credit or Shelter Credit, the value of EP may not be less \$0.

“EC” or “Estimated Control Services Cost” is the City’s estimated share of the Budgeted Net Allocable Control Services Cost for the Service Year. See formula below for deriving “EC.”

“ES” or “Estimated Shelter Services Cost” is the City’s estimated share of the Budgeted Net Allocable Shelter Services Cost for the Service Year. See formula below for deriving “ES.”

¹ This formula also applies to Service Year 2016 if the Agreement is extended. The EP formula for Years 2014 and 2015 would apply to Service Years after 2016.

“**EL**” or “Estimated Licensing Services Cost” is the City’s estimated share of the Budgeted Net Allocable Licensing Services Cost for the Service Year. *See formula below for deriving “EL.”*

“**ER**” is Estimated Licensing Revenue attributable to the City. For purposes of determining the Estimated Payment in Year 2013, ER is based on the number of each type of active license issued to City residents in years 2011 (the “Calculation Period”). **Exhibit C-2** shows a preliminary estimate of 2011 Licensing Revenue; the numbers in this exhibit are subject to Reconciliation by June 30, 2012. For Licensing Revenue Support Cities identified in **Exhibit C-5**, or other Contracting Cities which have entered into a Licensing Support Contract per **Exhibit F**, **ER** is increased by adding the amount of revenue, if any, estimated to be derived as a result of licensing revenue support provided to the City (the “Licensing Revenue Target” or “**RT**”); this amount is also shown in the column captioned “Estimated Revenue from Proposed Licensing Support” on **Exhibit C-1**). License Revenue that cannot be attributed to a specific Party (e.g., License Revenue associated with incomplete address information), which generally represents a very small fraction of overall revenue, is allocated amongst the Parties based on their respective percentages of ER as compared to Total Licensing Revenue. Notwithstanding the foregoing, “**ER**” may be based on a *estimated* amount of licensing for the Service Year for the City if, in the reasonable judgment of the County, an estimated Licensing Revenue amount can be proposed that is likely to more closely approximate the actual Licensing Revenue for the Service Year than the data from the Calculation Period; *provided that* the use of any estimates shall be subject to the conditions of this paragraph. The County shall work with the Joint City-County Committee to develop estimated Licensing Revenue amounts for all Contracting Cities for the upcoming Service Year. If the Joint City County Committee develops a consensus proposal (agreement shall be based on the consensus of those Contracting Cities present at the Joint City/County meeting in which Licensing Revenue estimates are presented in preparation for the September 1 Preliminary Estimated Payment Calculation notification), it shall be used in developing the September 1 Preliminary Estimated Payment Calculation. If a consensus is *not* reached, the County shall apply the actual Licensing Revenue from the Calculation Period for the Service Year to determine the Preliminary Estimated Payment. For the Final Estimated Payment Calculation (due December 15), the County may revisit the previous estimate with the Joint City-County Committee and seek to develop a final consensus revenue estimate. If a consensus is not reached, the County shall apply the Actual Licensing Revenue from the applicable Calculation Period in the calculation of the Final Estimated Payment.

“**T**” is the **Transition Funding Credit**, if any, allocable to the City for each Service Year calculated per **Exhibit C-4**.

“V” is the **Shelter Credit**, if any, allocable to the City for each Service Year calculated per **Exhibit C-4**.

“B” is the “**Budgeted Total Net Allocable Costs**” estimated for the Service Year for the provision of Animal Services which are allocated among all the Contracting Parties for the purposes of determining the Estimated Payment. The Budgeted Total Net Allocable Costs are calculated as the **Budgeted Total Allocable Costs** (subject to the **Annual Budget Inflator Cap**) *less Budgeted Total Non-Licensing Revenue* and *less 50% of Estimated New Regional Revenues*. The Budgeted Total Allocable Costs *exclude* any amount expended by the County as Transition Funding Credits, or Shelter Credits (described in **Exhibit C-4**), or to provide Licensing Revenue Support (described in **Section 7** and **Exhibit C-5**). A preliminary calculation (by service area—Control, Shelter, Licensing) of Budgeted Total Net Allocable Costs, Budgeted Total Allocable Costs and Budgeted Total Non-Licensing Revenue for purposes of calculating the Pre-Commitment Estimated 2013 Payments is set forth in **Exhibit C-3**.

“LF” is the “**Program Load Factor**” attributable to the City. LF has two components, one fixed, and one subject to change each Service Year and at Reconciliation. The first, fixed component relates to the City’s share of Budgeted Total Net Allocable Costs: it is the City’s 2013 Service Year Total Animal Services Cost Allocation (See Column 6 of **Exhibit C-1**) *expressed as a percentage* of the Budgeted Total Net Allocable Costs for 2013. The pre-commitment estimate of LF appears in column 7 of **Exhibit C-1**. This component of LF (as determined based on the Final 2013 Estimated Payment) remains constant for Service Years 2014 and 2015. The second component of LF relates to annexations of areas with a population of 2,500 or more or to Latecomer Cities. This second component is calculated as described in the definition of “**Population**,” below.

“**Total Licensing Revenue**” means all revenue received by the County’s Animal Services Program attributable to the sale of pet licenses excluding late fees. With respect to each Contracting Party, the amount of “**Licensing Revenue**” is the revenue generated by the sale of pet licenses to residents of the jurisdiction. (With respect to the County, the jurisdiction is the unincorporated area of King County.)

“**Total Non-Licensing Revenue**” means all revenue from fine, forfeitures, and all other fees and charges imposed by the County’s Animal Services program in connection with the operation of the Program, *but excluding Total Licensing Revenue, Estimated New Regional Revenues* and **Designated Donations**.

“Estimated New Regional Revenues” (“ENR”) are revenues projected to be received by the County specifically for support of Animal Services which result from regional marketing campaigns (thus excluding local licensing canvassing efforts pursuant to **Section 7**), and new foundation, grant, donation and entrepreneurial activities, except where revenues from these sources are designated for specific purposes within the Animal Services Program. Calculation and allocation of Estimated and Actual New Regional Revenues are further described in **Exhibit C-4**. For Service Year 2013, Estimated New Regional Revenues are assumed to be zero. If New Regional Revenues are received in 2013, they will be accounted for in the reconciliation of 2013 Payments. **ENR** excludes **Designated Donations, Total Non-Licensing Revenue** and **Total Licensing Revenue**.

“Designated Donations” mean donations from individuals or other third parties to the County made for the purpose of supporting specific operations, programs or facilities within the Animal Services Program.

“Licensing Revenue Support” means activities or funding to be undertaken in specific cities to enhance licensing revenues, per **Section 7, Exhibit C-5** and **Exhibit F**.

“Annual Budget Inflator Cap” means the maximum amount by which the Budgeted Total Allocable Costs may be increased from one Service Year to the next Service Year, and year to year, which is calculated as the rate of inflation (based on the annual change in the September CPI-U for the Seattle-Tacoma-Bremerton area over the rate the preceding year) plus the rate of population growth for the preceding year for the County (including the unincorporated area and all Contracting Cities), as identified by comparing the two most recently published July OFM city and county population reports. The cost allocations to individual services (e.g. Control Services, Shelter Services or Licensing Services) or specific items within those services may be increased or decreased from year to year in so long as the Budgeted Total Annual Allocable Costs do not exceed the Annual Budget Inflator Cap.

“Service Year” is the calendar year in which Animal Services are/were provided.

“Calculation Period” is the time period from which data is used to calculate the Estimated Payment. The Calculation Period differs by formula component and Service Year. **Exhibit C-6** sets forth in table form the Calculation Periods for all formula factors for Service Years 2013, 2014 and 2015.

“Population” with respect to any Contracting Party for Service Year 2013 means the population number derived from the State Office of Financial Management (OFM) most recent annually published report of population used for purposes of allocating state shared revenues in the subsequent calendar year (typically published by OFM each July,

reflecting final population estimates *as of April of the same calendar year*). For each Service Year, the OFM reported population will be adjusted for annexations of 2,500 or more residents known to be occurring after April, 2012 and before the end of the Service Year. *For example*, when the final Estimated Payment calculation for 2013 is provided on December 15, 2012, the population numbers used will be from the OFM report issued in July 2012 and will be adjusted for all annexations of 2,500 or more residents that occurred (or are known to be occurring) between April 2012 and December 31, 2013. In any Service Year, if: (1) annexations of areas with a population of 2,500 or more people occurs to impact the population within the jurisdiction of a Contracting Party; or (2) a Latecomer City is brought under contract with the County, these changes shall be accounted for in the calculation of the Estimated Payment for such Service Year by adjusting the “**Program Load Factor**” (or “**LF**”) for each Contracting Party. Such adjustment shall be made at the next occurring possibility (e.g., at calculation of the Preliminary Estimated Payment, Final Estimated Payment, or Reconciliation, whichever is soonest). The adjustment in **LF** will be made on a *pro rata* basis to reflect the portion of the year in which the population change was in effect.

- In the case of an annexation, the **LF** calculation will consider the time the annexed area was in the Contracting Party’s jurisdiction and the portion of the year in which the area was not in such Party’s jurisdiction, as well as the relative shift in population (if any) *attributable solely to the annexation* as between all Contracting Parties, by adding (or subtracting) to the **LF** for each Contracting Party an amount that is 20% (reflecting the general allocation of cost under the Agreement based on population) of the *change in population* for each Contracting Party (*expressed as a percentage* of the Contracting Party’s population as compared to the total population for all Contracting Parties) derived by comparing the Final 2013 Estimated Payment population percentage (**LF**) to the population percentage after considering the annexation. The population of an annexed area will be as determined by the Boundary Review Board, in consultation with the annexing city. The population of the unincorporated area within any District will be determined by the County’s demographer.
- In the case of a Latecomer City, the population shall be similarly adjusted among all Contracting Parties in the manner described above for annexations, by considering the change in population between all Contracting Parties *attributable solely* to the Latecomer City becoming a Contracting Party.

Exhibit C-1 shows the calculation of Pre-Commitment **EP** for Service Year 2013, assuming that the County and all Cities that have expressed interest in signing this Agreement as of May 16, 2012, do in fact approve and sign the Agreement and as a result the Minimum Contract Requirements with respect to all such Cities and the County are met per **Section 15**.

Component Calculation Formulas (used in Service Year 2013):

EC is calculated as follows:

$$EC = \{(C \times .5) \times .8\} \times CFS + \{(C \times .5) \times .2\} \times D\text{-Pop}$$

Where:

“C” is the **Budgeted Net Allocable Control Services Cost** for the Service Year, which equals the County’s Budgeted Total Allocable Costs for Control Services in the Service Year, *less* the Budgeted Total Non-Licensing Revenue attributable to Control Services in the Service Year (for example, fines issued in the field) *and less 17%* of Estimated New Regional Revenues (“ENR”). For purposes of determining the Pre-Commitment Estimated Payments for 2013, the Budgeted Net Allocable Control Services Cost is \$1,690,447, calculated as shown on **Exhibit C-3**, and shall be similarly derived to determine the Preliminary and Final Estimated Payment for 2013 and for Service Year 2016 if the Agreement is extended beyond December 31, 2015.

“CFS” is the total annual number of Calls for Service for the Service Year for Control Services originating within the City *expressed as a percentage* of the CFS for all Contract Parties within the same Control District. A Call for Service is defined as a request from an individual, business or jurisdiction for a control service response to a location within the City, or a response initiated by an Animal Control Officer in the field, which is entered into the County’s data system (at the Animal Services call center or the sheriff’s dispatch center acting as back-up to the call center) as a request for service. Calls for information, hang-ups and veterinary transfers are not included in the calculation of Calls for Service. A response by an Animal Control Officer pursuant to an Enhanced Control Services Contract will not be counted as a Call for Service. For purposes of determining the Estimated Payment in 2013, the Calculation Period for CFS is calendar year 2011 actual data. **Exhibit C-2** shows a preliminary estimate of 2011 CFS used to determine the Pre-Commitment Estimated 2013 Payment; the numbers in this Exhibit C-2 are subject to Reconciliation by June 30, 2012.

“D-Pop” is the **Population** of the City, *expressed as a percentage* of the Population of all jurisdictions within the applicable Control District.

ES for Service Year 2013 is calculated as follows:

If, as of the effective date of this Agreement, the City has entered into a contract for shelter services with the Progressive Animal Welfare Society (PAWS) in Lynnwood, WA, then, for so long as such contract remains in effect, the City will not pay a share of shelter costs associated with shelter usage ("**A**" as defined below) and instead the Estimated Payment will include a **population-based charge only**, reflecting the regional shelter benefits nonetheless received by such City, calculated as follows (the components of this calculation are defined as described below).

$$ES = (S \times .2 \times Pop)$$

If the City **does not** qualify for the population-based shelter charge only, ES is determined as follows:

$$ES = (S \times .2 \times Pop) + (S \times .8 \times A)$$

Where:

"**S**" is the Budgeted Net Allocable Shelter Services Cost for the Service Year, which equals the County's Budgeted Total Allocable Costs for Shelter Services *less* Budgeted Total Non-Licensing Revenue attributable to Shelter operations (i.e., adoption fees, microchip fees, impound fees, owner-surrender fees, from all Contracting Parties) *and less* 27% of Estimated New Regional Revenues (**ENR**) in the Service Year. For purposes of determining the Pre-Commitment Estimated Payments for 2013, the Budgeted Net Allocable Shelter Services Cost is \$2,707,453, calculated as shown on **Exhibit C-3**, and shall be similarly derived to determine the Preliminary and Final Estimated Payments for 2013 and for Service Year 2016 if the Agreement is extended beyond December 31, 2015.

"**Pop**" is the population of the City expressed as a percentage of the Population of all Contracting Parties.

"**A**" is the total number of animals that were: (1) picked up by County Animal Control Officers from within the City, (2) delivered by a City resident to the County shelter, or (3) delivered to the shelter that are owned by a resident of the City *expressed as a percentage* of the total number of animals in the County Shelter during the Calculation Period. For purposes of the 2013 Estimated Payment, the Calculation Period for "**A**" is calendar year 2011. **Exhibit C-2** shows a preliminary estimate of "**A**" for 2011 used to determine the Pre-Commitment Estimated 2013 Payments; the numbers in this exhibit are subject to Reconciliation by June 30, 2012.

EL for Service Year 2013 is calculated as follows:

$$EL = (L \times .2 \times Pop) + (L \times .8 \times I)$$

Where:

“L” is the Budgeted Net Licensing Services Cost for the Service Year, which equals the County’s Budgeted Total Allocable Costs for License Services in the Service Year *less* Budgeted Total Non-Licensing Revenue attributable to License Services (for example, pet license late fees) in the Service Year *and less* 6% of Estimated New Regional Revenues (ENR) in the Service Year. For purposes of determining the Pre-Commitment Estimated Payments for 2013, the Budgeted Net Licensing Cost is \$660,375, calculated as shown on **Exhibit C-3**, and shall be similarly derived to determine the Preliminary and final Estimated Payments for 2013 and for Service Year 2016 if the Agreement is extended beyond December 31, 2015.

“Pop” is the Population of the City expressed as a percentage of the population of all Contracting Parties.

“I” is the number of active paid regular pet licenses (e.g., excluding ‘buddy licenses’ or temporary licenses) issued to City residents during the Calculation Period. For purposes of calculating the Estimated Payment in 2013, the Calculation Period for **“I”** is calendar year 2011. **Exhibit C-2** shows a preliminary estimate of **“I”** to be used for calculating the Pre-Commitment Estimated 2013 Payments; the numbers in this Exhibit are subject to reconciliation by June 30, 2012.

**Regional Animal Services of King County
Pre-Commitment Estimated 2013 Payment Calculation (Annualized)**

Allocation Method: Population = 20%, Usage = 80%, Three (3) Control Districts: 200, 220, with Control Districts 240 and 260 combined into one (500), costs to districts 25%, 25%, 50%. Usage and Licensing Revenue based on 2011 Preliminary Year End.

		Control	Shelter	Licensing	Total Allocated Costs (1)	2011 Licensing Revenue (est)	Estimated Net Cost						
Budgeted Total Allocable Costs		\$1,770,487	\$2,819,960	\$673,640	\$5,264,087								
Budgeted Non-Licensing Revenue		\$80,040	\$112,507	\$13,265	\$205,812								
Budgeted New Regional Revenue (50%)		\$0	\$0	\$0	\$0								
Budgeted Net Allocable Costs		\$1,690,447	\$2,707,453	\$660,375	\$5,058,275	\$2,480,689	-\$2,577,586						

Animal Control District Number	Jurisdiction	Estimated Animal Control Cost Allocation (2)	Estimated Sheltering Cost Allocation (3)	Estimated Licensing Cost Allocation (4)	Estimated Total Animal Services Cost Allocation	Program Load Factor (9)	2011 Licensing Revenue (Estimated)	Estimated Net Cost Allocation	2013-2015 Transition Funding (Annual) (5)	2013 - 2015 Shelter Credits (Annual) (6)	Estimated Net Costs with Transition Funding and Credits	Estimated Revenue from Proposed Licensing Support (7)	Estimated Net Final Cost (8)
200	Carnation	\$4,118	\$3,497	\$1,239	\$8,854	0.1750%	\$4,752	-\$4,102	\$552	\$0	-\$3,550	\$966	-\$2,584
	Duwall	\$11,261	\$15,264	\$5,351	\$31,876	0.6302%	\$21,343	-\$10,533		\$0	-\$10,533	\$7,658	-\$2,875
	Estimated Unincorporated King County	\$83,837	(see total below)	(see total below)	(see total below)		(see total below)	(see total below)	NA	NA	NA	NA	NA
	Kenmore	\$37,911	\$11,592	\$15,423	\$64,926	1.2836%	\$58,602	-\$6,324	\$0	\$0	-\$6,324	\$0	-\$6,324
	Kirkland	\$84,595	\$99,626	\$59,940	\$244,162	4.8270%	\$208,000	-\$36,162	\$0	\$0	-\$36,162	\$23,853	-\$12,309
	Lake Forest Park	\$22,894	\$7,034	\$12,099	\$42,027	0.8309%	\$48,504	\$6,477	\$0	\$0	\$6,477	\$0	\$6,477
	Redmond	\$37,867	\$54,303	\$32,308	\$124,478	2.4609%	\$116,407	-\$8,071	\$0	\$0	-\$8,071	\$0	-\$8,071
	Sammamish	\$35,341	\$44,214	\$31,129	\$110,684	2.1882%	\$117,649	\$6,965	\$0	\$0	\$6,965	\$0	\$6,965
	Shoreline	\$92,519	\$29,677	\$38,194	\$160,391	3.1709%	\$145,689	-\$14,702	\$0	\$0	-\$14,702	\$0	-\$14,702
	Woodinville	\$12,268	\$6,103	\$7,708	\$26,079	0.5156%	\$29,220	\$3,141	\$0	\$0	\$3,141	\$0	\$3,141
	SUBTOTAL FOR CITIES IN 200 (excludes unincorporated area)		\$338,775	\$271,310	\$203,392	\$813,477		\$750,166	-\$63,311	\$552	\$0	-\$62,759	\$32,477
220	Beaux Arts	\$86	\$167	\$246	\$500	0.0099%	\$930	\$430	\$0	\$0	\$430	\$0	\$430
	Bellevue	\$142,322	\$161,486	\$75,249	\$379,056	7.4938%	\$273,931	-\$105,125	\$0	\$0	-\$105,125	\$34,449	-\$70,676
	Clyde Hill	\$1,866	\$3,168	\$1,952	\$6,985	0.1381%	\$7,170	\$185	\$0	\$0	\$185	\$0	\$185
	Estimated Unincorporated King County	\$166,199	(see total below)	(see total below)	(see total below)		(see total below)	(see total below)	NA	NA	NA	NA	NA
	Issaquah	\$53,351	\$46,167	\$16,279	\$115,797	2.2893%	\$55,947	-\$59,850	\$0	\$0	-\$59,850	\$0	-\$59,850
	Mercer Island	\$13,581	\$18,177	\$13,853	\$45,611	0.9017%	\$49,962	\$4,351	\$0	\$0	\$4,351	\$0	\$4,351
	Newcastle	\$16,484	\$12,318	\$4,657	\$33,459	0.6615%	\$15,271	-\$18,188	\$0	\$0	-\$18,188	\$2,599	-\$15,589
	North Bend	\$15,851	\$16,273	\$4,128	\$36,252	0.7167%	\$15,694	-\$20,558	\$1,376	\$596	-\$18,596	\$6,463	-\$12,133
	Snoquemie	\$12,246	\$11,116	\$6,737	\$30,101	0.5951%	\$25,065	-\$5,036	\$0	\$0	-\$5,036	\$0	-\$5,036
	Yarrow Point	\$625	\$561	\$760	\$1,945	0.0385%	\$2,700	\$755	\$0	\$0	\$755	\$0	\$755
SUBTOTAL FOR CITIES IN 220 (excludes unincorporated area)		\$256,413	\$269,432	\$123,862	\$649,707		\$446,670	-\$203,037	\$1,376	\$586	-\$201,075	\$43,511	-\$157,564
500	Kent	\$263,232	\$794,101	\$69,400	\$1,126,733	22.2750%	\$253,944	-\$872,789	\$110,495	\$495,870	-\$266,424	\$0	-\$266,424
	SeaTac	\$79,732	\$184,894	\$13,311	\$277,938	5.4947%	\$47,232	-\$230,706	\$7,442	\$116,611	-\$106,653	\$0	-\$106,653
	Tukwila	\$49,635	\$110,787	\$9,229	\$169,652	3.3539%	\$32,705	-\$136,947	\$5,255	\$61,987	-\$69,705	\$0	-\$69,705
	Black Diamond	\$8,084	\$14,340	\$2,685	\$25,108	0.4964%	\$10,185	-\$14,923	\$1,209	\$3,263	-\$10,451	\$2,001	-\$8,450
	Covington	\$52,490	\$82,456	\$12,634	\$147,580	2.9176%	\$48,982	-\$98,598	\$5,070	\$36,409	-\$57,119	\$0	-\$57,119
	Enumclaw	\$41,747	\$56,672	\$6,920	\$105,340	2.0825%	\$25,307	-\$80,033	\$11,188	\$28,407	-\$40,438	\$5,973	-\$34,465
	Estimated Unincorporated King County	\$309,089	(see total below)	(see total below)	(see total below)		(see total below)	(see total below)	NA	NA	NA	NA	NA
	Maple Valley	\$41,215	\$68,380	\$15,080	\$124,675	2.4648%	\$56,628	-\$68,047	\$6,027	\$6,867	-\$55,153	\$6,956	-\$48,197
SUBTOTAL FOR CITIES IN 500 (excludes unincorporated area)		\$536,135	\$1,311,631	\$129,259	\$1,977,025		\$474,983	-\$1,502,042	\$146,686	\$749,414	-\$605,942	\$14,930	-\$591,012
TOTAL FOR CITIES		\$1,131,322	\$1,852,373	\$456,514	\$3,440,209		\$1,671,819	-\$1,768,390	\$148,614	\$750,000	-\$869,776	\$90,918	-\$778,858
Total King County Unincorporated Area Allocation		\$559,125	\$855,080	\$203,861	\$1,618,065	31.9885%	\$808,870	-\$809,195					-\$809,195
		\$1,690,447	\$2,707,453	\$660,375	\$5,058,275	100.00%	\$2,480,689	-\$2,577,586					

Source: Regional Animal Services of King County

Date: Jan 30, 2012 (Draft) Updated 5-25-12

Numbers are estimates only for the purpose of negotiation discussions. The numbers and allocation methodology are subject to change while negotiations are underway.

Exhibit C-1, cont'd.

Notes:

1. Based on various efficiencies and changes to the RASKC operating budget, adjustments for reduced intakes overall, reduced usage with Auburn out, and shifting two positions out of the model (county sponsored), the 2013 Estimated Budgeted Total Allocable Cost has been reduced to \$5,264,087.
2. One quarter of control services costs are allocated to control districts 200 and 220, and one half of control costs are allocated to district 500, then costs are further allocated 80% by total call volume (2011 Calls - Preliminary year end) and 20% by 2011 population.
3. This excludes the cost to northern cities of sheltering their animals at PAWS under separate contracts. Shelter costs are allocated 80% by King County shelter volume intake (2011 Preliminary year end) and 20% by 2011 population.
4. Licensing costs are allocated 20% by population (2011) and 80% by total number of Pet Licenses issued (2011) less \$0.00 Sr. Lifetime Licenses.
5. Transition funding is allocated per capita in a two tier formula to cities with certain per capita net cost allocations. For additional detail, see 2010 Interlocal Agreement Exhibit C-4 (2013 column) for more information. Transition Funding does not change for years 2013 - 2015.
6. Credits are allocated to those jurisdictions whose shelter intakes per capita exceeded the system average (.0043) and are intended to help minimize the impact of changing the cost allocation methodology from 50% population/50 usage to the new 20% population/80% usage model. See Interlocal Agreement Exhibit C-4 for more detail.
7. New Transition License Funding has been included for certain jurisdictions to help limit the Estimated Net Final Cost to the 2012 estimated level. Receipt of support is contingent on city providing in-kind services and county ability to provide resources and/or recover costs
8. Net Final Costs greater than \$0 will be reallocated to remaining jurisdictions with a negative net final cost, northern cities Net Final Costs shall be inclusive of their PAWS Sheltering costs.
9. Program Load Factor (LF) , per ILA Exhibit C, Part 4, Estimated Payment Calculation Formula, is the City's share of Budgeted Total Net Allocable Costs: it is the City's 2013 Service Year Total Animal Services Cost Allocation expressed as a percentage of the Budgeted Total Net Allocable Costs for 2013. Refer to the ILA for additional details.

Exhibit C-2

**Population, Calls for Service, Shelter Use and Licensing Data for Jurisdictions,
Used to Derive the Pre-Commitment 2013 Estimated**

*Source: Wash. St. Office of Financial Management, KC Office of Management and Budget, Regional Animal Services of KC
Date: February 22, 2012*

Proposed District	Jurisdiction	2011 Population	Estimated 2013 Calls	Estimated 2013 Intakes	Estimated 2013 Licenses
200	Bothell				
	Carnation	1,780	13	5	160
	Duvall	6,715	34	23	712
	Estimated Unincorporated King County	65,642	240	(see total below)	(see total below)
	Kenmore	20,780	116	0	2,021
	Kirkland	80,738	230	109	7,855
	Lake Forest Park	12,610	70	0	1,666
	Redmond	55,150	87	47	3,980
	Sammamish	46,940	85	36	3,970
	Shoreline	53,200	281	0	4,967
Woodinville	10,940	34	0	998	
220	Beaux Arts	300	0	0	33
	Bellevue	123,400	317	185	9,380
	Clyde Hill	2,985	3	3	248
	Estimated Unincorporated King County	87,572	418	(see total below)	(see total below)
	Issaquah	30,690	132	58	1,942
	Mercer Island	22,710	21	11	1,727
	Newcastle	10,410	40	13	520
	North Bend	5,830	42	26	535
	Snoqualmie	10,950	27	10	842
Yarrow Pt	1,005	1	0	100	
500	Kent (Includes Panther Lake Annexation)	118,200	614	1,454	8,555
	SeaTac	27,110	200	339	1,544
	Tukwila	19,050	121	200	1,065
	Auburn	0	0	0	0
	Black Diamond	4,160	18	24	340
	Covington	17,640	132	145	1,642
	Enumclaw	10,920	110	101	872
	Estimated Unincorporated King County	100,333	783	(see total below)	(see total below)
Maple Valley	22,930	89	111	1,919	
City Totals	782,785	2,817	2,900	57,593	
King County Unincorporated Area Totals	187,905	1,441	1,425	27,175	
TOTALS	970,690	4,258	4,325	84,768	

Note: Usage data from 2011 activity. License count excludes Senior Lifetime Licenses

Exhibit C-3**Calculation of Budgeted Total Allocable Costs, Budgeted Total Non-Licensing Revenue, and Budgeted Net Allocable Costs**

This Exhibit Shows the Calculation of Budgeted Total Allocable Costs, Budgeted Total Non-Licensing Revenue, and Budgeted Net Allocable Costs to derive Pre-Commitment Estimated 2013 Payments. All values shown are based on annualized costs and revenues. The staffing levels incorporated in this calculation are for year 2013 only and except as otherwise expressly provided in the Agreement may change from year to year as the County determines may be appropriate to achieve efficiencies, etc.

Control Services: Calculation of Budgeted Total Allocable Costs, Budgeted Total Non-Licensing Revenue, and Budgeted Net Allocable Costs

The calculation of Pre-Commitment Estimated 2013 Control Services Costs is shown below (all costs in 2012 dollars).

		Cost Methodology
1	Direct Service Management Staff Costs	\$148,361
2	Direct Service Field Staff Costs	\$725,879
3	Call Center Direct Service Staff Costs	\$229,697
4	Overtime, Duty, Shift Differential and Temp Costs	\$80,891
5	Facilities Costs	\$8,990
6	Office and Other Operational Supplies and Equipment	\$17,500
7	Printing, Publications, and Postage	\$34,000
8	Medical Costs	\$22,500
9	Other Services	\$80,000
10	Transportation	\$141,904
11	Communications Costs	\$38,811
12	IT Costs and Services	\$50,626
13	Misc Direct Costs	\$41,900
14	General Fund Overhead Costs	\$15,842
15	Division Overhead Costs	\$110,490
16	Other Overhead Costs	\$23,096
	2010 Budgeted Total Allocable Control Services Cost	\$1,770,487
17	Less 2010 Budgeted Total Non-Licensing Revenue Attributable to Control Services	\$80,040
18	Less 17% of Estimated New Regional Revenues for 2013	0
	2010 Budgeted Net Allocable Control Services Cost	\$1,690,447

NOTES:

- 4 These additional salary costs support complete response to calls at the end of the day, limited response to emergency calls after hours, and extra help during peak call times.
- 5 Facilities costs include maintenance and utilities for a portion (5%) of the Kent Shelter (which houses the call center staff operations and records retention as well as providing a base station for field officers). Excludes all costs associated with the Crossroads facility.
- 6 This item includes the office supplies required for both the call center as well as a wide variety of non-computer equipment and supplies related to animal control field operations (e.g., uniforms, tranquilizer guns, boots, etc.).
- 7 This cost element consists of printing and publication costs for various materials used in the field for animal control.
- 8 Medical costs include the cost for ambulance and hospital care for animals requiring emergency services.
- 9 Services for animal control operations vary by year but consist primarily of consulting vets and laboratory costs associated with cruelty cases.
- 10 Transportation costs include the cost of the maintenance, repair, and replacement of the animal care and control vehicles and cabs, fuel, and reimbursement for occasional job-related use of a personal vehicle.
- 11 Communication costs involve the direct service costs for telephone, cell phone, radio, and pager use.
- 12 Information technology direct costs include IT equipment replacement as well as direct services costs. Excludes approximately \$50,000 in service costs associated with mainframe systems.
- 13 Miscellaneous direct costs consist of all animal control costs not listed above including but not limited to contingency, training, certification, and bad checks.
- 14 General fund overhead costs included in this model include building occupancy charges and HR/personnel services. No other General Fund overhead costs are included in the model.
- 15 Division overhead includes a portion of the following personnel time as well as a portion of division administration non-labor costs, both based on FTEs: division director, assistant division director, administration, program manager, finance officer, payroll/accounts payable, and human resource officer.
- 16 Other overhead costs include IT, telecommunications, finance, and property services.
- 17 Non-licensing revenue attributable to field operations include animal control violation penalties, charges for field pickup of deceased/owner relinquished animals, and fines for failure to license.

Shelter Services: Calculation of Budgeted Total Allocable Costs, Budgeted Total Non-Licensing Revenue, and Budgeted Net Allocable Costs

The calculation of Pre-Commitment Estimated 2013 Shelter Services Costs is shown below (all costs in 2012 dollars).

		Cost Methodology
1	Direct Service Management Staff Costs	\$214,815
2	Direct Service Shelter Staff Costs	\$1,168,436
3	Direct Service Clinic Staff Costs	\$286,268
4	Overtime, Duty, Shift Differential and Temp Costs	\$159,682
5	Facilities Costs	\$170,814
6	Office and Other Operational Supplies and Equipment	\$94,200
7	Printing, Publications, and Postage	\$20,000
8	Medical Costs	\$127,500
9	Other Services	\$122,500
10	Transportation	\$10,566
11	Communications Costs	\$6,200
12	IT Costs and Services	\$51,360
13	Misc Direct Costs	\$60,306
14	General Fund Overhead Costs	\$113,614
15	Division Overhead Costs	\$176,572
16	Other Overhead Costs	\$37,124
	2010 Budgeted Total Allocable Shelter Services Cost	\$2,819,960
17	Less 2010 Budgeted Total Non-Licensing Revenue Attributable to Shelter Services	\$112,507
18	Less 27% of Estimated New Regional Revenues for 2013	0
	2010 Budgeted Net Allocable Shelter Services Cost	\$2,707,453

NOTES:

- 5 Facilities costs include maintenance and utilities for the majority (95%) of the Kent Shelter (which also houses the call center staff operations and records retention as well as providing a base station for field officers). It excludes all costs associated with the Crossroads facility.
- 6 This item includes the office supplies as well as a wide variety of non-computer equipment and supplies related to animal care (e.g., uniforms, food, litter, etc.).
- 7 This cost element consists of printing and publication costs for various materials used at the shelter.
- 8 Medical costs include the cost for ambulance and hospital care for animals requiring emergency services as well as the cost for consulting vets, laboratory costs, medicine, and vaccines.

- 9 Services for animal control operations vary by year but include costs such as shipping of food provided free of charge and sheltering of large animals.
- 10 Transportation costs include the cost of the maintenance, repair, and replacement of and fuel for the animal care and control vehicles used by the shelter to facilitate adoptions, as well as reimbursement for occasional job-related use of a personal vehicle.
- 11 Communication costs involve the direct service costs for telephone, cell phone, radio, and pager use.
- 12 Information technology direct costs include IT equipment replacement as well as direct services costs.
- 13 Miscellaneous direct costs consist of all animal care costs not listed above including but not limited to contingency, training, certification, and bad checks.
- 14 General fund overhead costs included in this model include building occupancy charges and HR/personnel services. No other General Fund overhead costs are included in the model.
- 15 Division overhead includes a portion of the following personnel time as well as a portion of division administration non-labor costs, both based on FTEs: division director, assistant division director, administration, program manager, finance officer, payroll/accounts payable, and human resource officer.
- 16 Other overhead costs include IT, telecommunications, finance, and property services.
- 17 Non-licensing revenue attributable to sheltering operations include impound fees, microchip fees, adoption fees, and owner relinquished euthanasia costs.

Licensing Services: Calculation of Budgeted Total Allocable Costs, Budgeted Total Non-Licensing Revenue, and Budgeted Net Allocable Costs

The calculation of Pre-Commitment Estimated 2013 Licensing Services Costs is shown below (all costs in 2012 dollars).

		Cost Methodology
1	Direct Service Management Staff Costs	\$52,917
2	Direct Service Licensing Staff Costs	\$346,523
3	Overtime, Duty, Shift Differential and Temp Costs	\$26,295
4	Facilities Costs	\$13,100
5	Office and Other Operational Supplies and Equipment	\$3,300
6	Printing, Publications, and Postage	\$74,600
7	Other Services	\$14,500
8	Communications Costs	\$2,265
9	IT Costs and Services	\$77,953
10	Misc Direct Costs	\$2,000
11	General Fund Overhead Costs	\$9,884
12	Division Overhead Costs	\$39,280
13	Other Overhead Costs	\$11,023
	2010 Budgeted Total Allocable Licensing Services Cost	\$673,640
14	Less 2010 Budgeted Total Non-Licensing Revenue Attributable to Licensing Services	\$13,265
15	Less 6% of Estimated New Regional Revenue	-0-
	2010 Budgeted Net Allocable Licensing Services Cost	\$660,375

NOTES:

- 4 Facilities costs include maintenance and utilities for the portion of the King County Administration building occupied by the pet licensing staff and associated records.
- 5 This item includes the office supplies required for the licensing call center.
- 6 This cost element consists of printing, publication, and distribution costs for various materials used to promote licensing of pets, including services to prepare materials for mailing.
- 7 Services for animal licensing operations include the purchase of tags and monthly fees for online pet licensing hosting.
- 8 Communication costs involve the direct service costs for telephone, cell phone, radio, and pager use.
- 9 Information technology direct costs include IT equipment replacement as well as direct services costs. Excludes approximately \$120,000 in service costs associated with mainframe systems.
- 10 Miscellaneous direct costs consist of all pet licensing costs not listed above including but not limited to training, certification, transportation, and bad checks.

- 11 General fund overhead costs included in this model include building occupancy charges and HR/personnel services. No other General Fund overhead costs are included in the model.
- 12 Division overhead includes a portion of the following personnel time as well as a portion of division administration non-labor costs, both based on FTEs: division director, assistant division director, administration, program manager, finance officer, payroll/accounts payable, and human resource officer.
- 13 Other overhead costs include IT, telecommunications, finance, and property services.
- 14 Non-licensing revenue attributable to licensing operations consists of licensing late fees.

Exhibit C-4

Calculation and Allocation of Transition Funding Credit ("T"), Shelter Credit ("V"), and Estimated New Regional Revenue ("ENR")

A. Transition Funding Credit

The Transition Funding Credit as originally calculated in the 2010 Agreement offset costs to certain Contracting Cities that would have otherwise paid the highest per capita costs for Animal Services in 2010. The credit was scheduled on a declining basis over four years (2010-2013). In this Agreement, the Contracting Cities qualifying for this credit are listed in Table 1 below; these cities will receive the credit at the level calculated for 2013 in the 2010 Agreement for Service Years 2013, 2014 and 2015, provided that, application of the credit can never result in the Estimated Payment Amount being less than zero (\$0) (i.e., cannot result in the County owing the City an Estimated Payment). The allocation of the Transition Funding Credit is shown in **Table 1** below.

Table 1: Transition Funding Credit – Annual Amount to be allocated each year in the period from 2013-2015

Jurisdiction	Transition Funding Credit
Carnation	\$552
North Bend	\$1,376
Kent	\$110,495
SeaTac	\$7,442
Tukwila	\$5,255
Black Diamond	\$1,209
Covington	\$5,070
Enumclaw	\$11,188
Maple Valley	\$6,027

Note: The Transitional Funding Credit is the same regardless of which cities sign the Agreement.

B. Shelter Credit

The Shelter Credit is designed to offset costs for those Contracting Cities whose per capita shelter intakes ("A") exceed the average for all Contracting Parties. A total of \$750,000 will be applied as a credit in each of the Service Years 2013-2015 to Contracting Cities whose per capita average shelter intakes ("A") exceeds the average for all Contracting Parties; *provided that* application of the Shelter Credit can never result in the Estimated Payment amount being less than zero (\$0) (i.e., cannot result in the County owing the City an Estimated Payment.) The 2013 Shelter Credit was determined based on estimated animal

intakes (“A”) for Calendar Year 2011 as shown on **Exhibit C-2**. The \$750,000 was allocated between every Contracting City with animal intakes over the estimated 2011 Program average, based on each Contracting City’s relative per capita animal intakes in excess of the average for all Contracting Parties. The Shelter Credit will be paid at the 2013 level in Service Years 2014 and 2015. The County will consider providing the Shelter Credit in Service Years 2016 and 2017 at the same level as for Service Year 2013.

Table 3: Annual Shelter Credit Allocation—2013 through 2015

City	Shelter Credit
North Bend	\$586
Kent	\$495,870
SeaTac	\$116,611
Tukwila	\$61,987
Black Diamond	\$3,263
Covington	\$36,409
Enumclaw	\$28,407
Maple Valley	\$6,867

C. New Regional Revenue: Estimation and Allocation

Goal

New Regional Revenue for each Service Year shall be estimated as part of the development of the Estimated Payment calculations for such Service Year. The goal of the estimate shall be to reduce the amount of Estimated Payments where New Regional Revenue to be received in the Service Year can be calculated with reasonable certainty. The Estimated New Regional Revenue will be reconciled annually to account for actual New Regional Revenue received, per **Exhibit D**.

Calculation of Estimated New Regional Revenue (ENR)

1. The value of the Estimated New Regional Revenue for Service Year 2013 is zero.
2. For Service Years after 2013, the Estimated New Regional Revenue will be set at the amount the County includes for such revenue in its adopted budget for the Service Year. For purposes of the Preliminary Estimated Payment calculation, the County will include its best estimate for New Regional Revenue at the time the calculation is issued, after first presenting such estimate to the Joint City County Committee for its input.

Application of ENR

1. For Service Years 2013 and 2016, 50% of the Estimated New Regional Revenue is incorporated into the calculations of **EC** and **ES** and **EL** as described in **Exhibit C**, specifically:
 - a. 17% of total Estimated New Regional Revenue is applied to reduce the total Budgeted Net Allocable Control Services Cost.
 - b. 27% of total Estimated New Regional Revenue is applied to reduce the total Budgeted Net Allocable Shelter Services Cost.
 - c. 6% of total Estimated New Regional Revenue is applied to reduce the total Budgeted Net Allocable Licensing Services Cost.

These amounts are reconciled as against actual New Regional Revenue (**ENR_A**) in the annual Reconciliation process. In 2014, 2015 and 2017 the 50% is simply deducted against Budgeted Total Allocable Costs to derive Budgeted Total Net Allocable Costs.

2. For each Service Year, the remaining 50% of Estimated New Regional Revenue is first applied to offset County contributions to the Program, in the following order of priority.
 - a. Offset payments made by the County to fund Transition Funding Credits, Shelter Credits, Impact Mitigation Credits (if any) and un-reimbursed Licensing Revenue Support.
 - b. Offset County funding of Animal Services Program costs that are not included in the cost allocation model described in **Exhibit C**, specifically, costs of:
 - i. The medical director and volunteer coordinator staff at the Kent Shelter.
 - ii. Other County-sponsored costs for Animal Services that are not included in the cost models described in **Exhibit C**.
 - c. In the event any of the 50% of Estimated New Regional Revenue remains after applying it to items (a) and (b) above, the remainder ("**Residual New Regional Revenue**") shall be held in a reserve and applied to the benefit of all Contracting Parties as part of the annual Reconciliation process, in the following order of priority:
 - i. First, to reduce *pro-rata* up to 20% of each Contracting Party's Estimated Total Animal Services Cost Allocation (6th column in the spreadsheet at **Exhibit C-1**), thereby reducing up to all cost allocations based on population. This is the factor "**X**" in the Reconciliation formula.
 - ii. Second, to reduce *pro rata* the amount owing from each Contracting Party with net final costs > 0 after consideration of all other factors in the Reconciliation formula.

Offsets described in (a) and (b) above do not impact the calculation of Estimated Payments or the Reconciliation of Estimated Payments since they are outside the cost model. The allocations described in (c) above, if any, will be considered in the annual Reconciliation as described in **Exhibit D**.

Exhibit C-5
Licensing Revenue Support

- A. The Contracting Cities that will receive licensing revenue support in 2013 are listed below (collectively, these nine cities are referred to as the “Licensing Revenue Support Cities”). These Cities have been selected by comparing the estimated 2013 Net Final Costs shown in **Exhibit C-1** to the 2012 Estimated Net Final Cost.² Where the 2013 Net Final Cost estimate was higher than the 2012 estimate, the difference was identified as the 2013 Licensing Revenue Target.
- B. For any Licensing Revenue Support City in **Table 1** whose Preliminary 2013 Estimated Payment is lower than the Pre-Commitment Estimate shown in **Exhibit C-1**, the Licensing Revenue Target (“RT”) and the Revenue Goal (“RG”) will be the reduced by an amount equivalent to the reduction between the Pre-Commitment and Preliminary Estimated Payment amounts for 2013.

Table 1:
2013 Licensing Revenue Support Cities, Licensing Revenue Targets and Revenue Goals*

City	2013 Licensing Revenue Target “RT” (<i>increment</i>)	Base Year Revenue (2011 Estimate per Exhibit C-2) “Base Amount”	Revenue Goal “RG” (<i>total</i>)
City of Carnation	\$966	\$4,752	\$5,718
City of Duvall	\$7,658	\$21,343	\$29,001
City of Kirkland	\$23,853	\$208,000	\$231,853
City of Bellevue	\$34,449	\$273,931	\$308,380
City of Newcastle	\$2,599	\$15,271	\$17,870
City of North Bend	\$6,463	\$15,694	\$22,157
City of Black Diamond	\$2,001	\$10,185	\$12,186
City of Enumclaw	\$5,973	\$25,307	\$31,280
City of Maple Valley	\$6,956	\$56,628	\$63,584

*Amounts in this table are subject to adjustment per Paragraph B above.

- C. The 2013 Licensing Revenue Target (“RT”) is the amount each City in **Table 1** will receive in 2013, either in the form of additional licensing revenues over the Base Year amount or as a **Licensing Revenue Credit (“LRC”)** applied at Reconciliation.

² For Contracting Cities that purchase shelter services from PAWS, the target was based on the Pre-Commitment 2013 Estimated Payment calculated in February 2012 during contract negotiations.

- D. As further described in **Section 7** and **Exhibit C-5**, licensing revenue support services include the provision of County staff and materials support (which may include use of volunteers or other in-kind support) as determined necessary by the County to generate the Licensing Revenue Target.
- E. In 2014 and 2015, any Licensing Revenue Support City or other Contracting City may request licensing revenue support services from the County under the terms of **Exhibit F**. Provision of such services is subject to the County determining it has capacity to perform such services. *Notwithstanding the foregoing*, a Licensing Revenue Support City for which **RT** is in excess of \$20,000 per year may receive licensing revenue support service in all three years, but only if by September 1, 2012, it commits to providing in-kind support in all three Services Years by executing the contract in **Exhibit F** with respect to *all 3 Service Years* (2013, 2014 and 2015). Allocation of licensing revenue support services in 2014 and 2015 will be prioritized first to meet the County's contractual commitment, if any, to a Licensing Revenue Support City that has entered into a 3-year agreement for such service. Thereafter, service shall be allocated to Licensing Revenue Support Cities requesting such service on first-come, first-served basis; and thereafter to any other Contracting City requesting such service on a first-come, first-served basis.

Table 2:
Calculation of Estimated Payments and Licensing Revenue Credits
for Licensing Revenue Support Cities

For Service Year 2013:

- The Estimated Payment calculation will include the 2013 Licensing Revenue Support Target ("RT"), if any, for the City per Table 1 above in the calculation of Estimated Licensing Revenues ("ER") (these amounts are shown in separate columns on **Exhibit C-1**).
- At Reconciliation:
 - For Cities with a **RT** > \$20,000, Actual Licensing Revenue for 2013 ("**AR**₂₀₁₃") will be determined by allocating 65% of Licensing Revenues received (if any) over the Base Amount to determine **AR**₂₀₁₃
 - if Actual Licensing Revenue for 2013 ("**AR**₂₀₁₃") ≥ Revenue Goal ("**RG**"), then no additional credit is payable to the City ("**LRC**" = \$0)
 - If **AR**₂₀₁₃ < **RG**, then the difference (**RG-AR**) is the Licensing Revenue Credit ("**LRC**") included in the Reconciliation Adjustment Amount *provided that*, for Cities whose **RT** > \$20,000, 35% of Licensing Revenues over the Base Amount shall be allocated to *increase* ("**LRC**") when the value of ANFC₀ is being calculated at Reconciliation, *and provided further*, that in all cases **LRC** cannot exceed the 2013 Licensing Revenue Target for the City.

For **Service Year 2014**, if the City and County have executed a Licensing Support Contract per **Exhibit F**, and the City is therefore providing additional in-kind services in order to generate licensing revenue support in 2014, then:

- The Estimated Payment for 2014 will include Estimated Licensing Revenues calculated at the amount of Actual Revenue (“**AR**”) for 2012 or the Revenue Goal (**RG**), whichever is greater. **RG** will be the amount in Table 1 for Licensing Revenue Support Cities, or such other amount as the Parties may agree in the Licensing Support Contract.
- At Reconciliation:
 - For Cities with a **RT** > \$20,000, **AR**₂₀₁₄ will be determined by allocating 65% of Licensing Revenues received (if any) over the Base Amount to determine **AR**₂₀₁₄
 - If Actual Licensing Revenue in 2014 is greater than the Revenue Goal (**AR**₂₀₁₄ ≥ **RG**), then
 - no Licensing Revenue Credit is payable to the City (**LRC** = \$0), and
 - The County shall charge the City for an amount which is *the lesser of*: (a) the cost of County’s licensing support services in 2014 to the City (as defined in the Licensing Support Contract for 2014), or (b) the amount by which **AR**₂₀₁₄ > **RG**.
 - If **AR**₂₀₁₄ < **RG**, then the difference (**RG**-**AR**₂₀₁₄) is **LRC**. The **LRC** amount is added to reduce the City’s costs when calculating the Reconciliation Adjustment Amount, *provided that*, for Cities whose **RT** > \$20,000, 35% of Licensing Revenues over the Base Amount shall be allocated to *increase* (“**LRC**”) a when the value of ANFC₀ is being calculated at Reconciliation, and *provided further* that in all cases **LRC** cannot exceed the 2013 Licensing Revenue Target for the City.

For **Service Year 2015**, the process and calculation shall be the same as for 2014, e.g.: if the City and County have executed **Exhibit F**, and the City is therefore providing additional in-kind services in order to generate Licensing Revenue Support in 2015, then:

- The Estimated Payment for 2015 will include Estimated Licensing Revenues calculated at the amount of Actual Revenue (“**AR**”) for 2013 (excluding **LRC** paid for Service Year 2013) or **RG**, whichever is greater. **RG** will be the amount in **Table 1** for Licensing Revenue Support Cities, or such other amount as the Parties may agree in the Licensing Support Contract.
- At Reconciliation:
 - For Cities with a **RT** > \$20,000, **AR**₂₀₁₅ will be determined by allocating 65% of Licensing Revenues received (if any) over the Base Amount to determine **AR**₂₀₁₅
 - If Actual 2015 Licensing Revenue is greater than the Revenue Goal (**AR**₂₀₁₅ ≥

RG), then

- no Licensing Revenue Credit is payable to the City (**LRC** = \$0), and
- The County shall charge the City for an amount which *is the lesser of*:
 - (a) the cost of County's licensing support services in 2015 to the City (as defined in the Licensing Support Contract for 2015), or (b) the amount by which **AR₂₀₁₅** > **RG**.
- If **AR₂₀₁₅** < **RG**, then the difference (**RG-AR₂₀₁₅**) is **LRC**. The **LRC** amount is added to reduce the City's costs when calculating the Reconciliation Adjustment Amount; *provided that*, for Cities whose **RT** > \$20,000, 35% of Licensing Revenues over the Base Amount shall be allocated to *increase* ("LRC") when the value of ANFC₀ is being calculated at Reconciliation, and *provided further* that in all cases **LRC** cannot exceed the 2013 Licensing Revenue Target for the City.

Exhibit C-6:**Summary of Calculation Periods for Use and Population Components**

This Exhibit restates in summary table form the Calculation Periods used for calculating the usage and population components in the formulas to derive Estimated Payments. See **Exhibit C** for complete formulas and definitions of the formula components.

ER is estimated Licensing Revenue attributable to the City

CFS is total annual number of Calls for Service originating in the City

A is the number of animals in the shelter attributable to the City

I is the number of active paid regular pet licenses issued to City residents

ENR is the New Regional Revenue estimated to be received during the Service Year

Pop is Population of the City expressed as a percentage of all Contracting Parties; **D-Pop** is

Population of the City expressed as a percentage of the population of all jurisdictions

within a Control District

Calculation Periods -- Service Year 2013

Component	Preliminary Estimated 2013 Payment (published August 2012)	Estimated 2013 Payment (final) (published December 15 2012)	Reconciliation Payment Amount (determined June 2014)
ER (Estimated Revenue)	Actual 2011	Same	Actual 2013
CFS (Calls for Service)	Actual 2011	Same	N/A
A (Animal intakes)	Actual 2011	Same	N/A
I (Issued Pet Licenses)	Actual 2011	Same	N/A
ENR (Estimated New Regional Revenue)	Estimated 2013 (\$0)	Estimated 2013 (\$0)	Actual 2013
Pop, D-Pop (Population)	July 2012 OFM report, adjusted for annexations \geq 2,500 occurring (and Latecomer Cities joining) after April 2012 and before the	Same, adjusted for all annexations \geq 2,500 occurring (and Latecomer Cities joining) after April 2012 and before the end of 2013	Same, adjusted for all annexations \geq 2,500 occurring (and Latecomer Cities joining) after April and before the end of 2013

	end of 2013.		
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Calculation Periods: Service Year 2014

Component	Preliminary Estimated 2014 Payment (published September 2013)	Estimated 2014 Payment (published December 2013)	Reconciliation Payment Amount (determined June 2015)
ER	Actual 2012	Same	Actual 2014
CFS	N/A	N/A	N/A
A	N/A	N/A	N/A
I	N/A	N/A	N/A
ENR	Estimated 2014	Estimated 2014	Actual 2014
Pop, D-Pop	July 2012 OFM report, adjusted for all annexations \geq 2,500 known to take effect (and Latecomer Cities joining) after April 2012 and before the end of 2014.	Same, adjusted for all annexations \geq 2,500 known to take effect (and Latecomer Cities joining) after April 2012 and before the end of 2014	Same, adjusted for all annexations \geq 2,500 (and Latecomer Cities joining) occurring after April 2012 and before the end of 2014

Calculation Periods: Service Year 2015

Component	Preliminary Estimated 2015 Payment (published September 2014)	Estimated 2015 Payment (published December 2014)	Reconciliation Payment Amount (determined June 2016)
ER	Actual 2013	Same	Actual 2015
CFS	N/A	N/A	N/A
A	N/A	N/A	N/A
I	N/A	N/A	N/A
ENR	Estimated 2015	Estimated 2015	Actual 2015
Pop, D-Pop	July 2012 OFM report, adjusted for all annexations \geq 2,500 known take effect (and Latecomer Cities joining) after April 2012 and before the end of 2015.	Same, adjusted for all annexations \geq 2,500 known to take effect (and Latecomer Cities joining) after April 2012 and before the end of 2015	Same , adjusted for all annexations \geq 2,500 occurring (and Latecomer Cities joining) after April 2012 and before the end of 2015

If the Agreement is extended past 2015 for an additional 2 years, the calculation periods for 2016 shall be developed in a manner comparable to Service Year 2013, and for 2017 shall be developed in a manner comparable to year 2014.

Exhibit C-7
Payment and Calculation Schedule

Service Year 2013

Item	Date
Preliminary estimate of 2013 Estimated Payments provided to City by County	August 1, 2012
Final Estimated 2013 Payment calculation provided to City by County	December 15, 2012
First 2013 Estimated Payment due	June 15, 2013
Second 2013 Estimated Payment due	December 15, 2013
2013 Reconciliation Adjustment Amount calculated	On or before June 30, 2014
2013 Reconciliation Adjustment Amount payable	On or before August 15, 2014

Service Year 2014

Item	Date
Preliminary estimate of 2014 Estimated Payments provided to City by County	September 1, 2013
Final Estimated 2014 Payment calculation provided to City by County	December 15, 2013
First 2014 Estimated Payment due	June 15, 2014
Second 2014 Estimated Payment due	December 15, 2014
2014 Reconciliation Adjustment Amount calculated	On or before June 30, 2015
2014 Reconciliation Adjustment Amount Payable	August 15, 2015

Service Year 2015

Item	Date
Preliminary estimate of 2015 Estimated Payments provided to City by County	September 1, 2014
Final Estimated 2015 Payment calculation provided to City by County	December 15, 2014
First 2015 Estimated Payment due	June 15, 2015
Second 2015 Estimated Payment due	December 15, 2015
2015 Reconciliation Adjustment Amount calculated	On or before June 30, 2016
2015 Reconciliation Adjustment Amount Payable	August 15, 2016

If the Agreement is extended past December 31, 2015, the schedule is developed in the same manner as described above for years 2016 and 2017.

Additional timelines are in place to commence and complete negotiations for an extension of the Agreement:

County convenes interested Contracting Cities to discuss (1) a possible extension on the same terms and (2) a possible extension on different terms.	September 2014
Notice of Intent by either Party not to renew agreement on the same terms (Cities also indicate whether they wish to negotiate for an extension on different terms or to let Agreement expire at end of 2015)	March 1, 2015
Deadline for signing an extension (whether on the same or amended terms)	July 1, 2015

See Section 4 of Agreement for additional details on Extension of the Agreement Term for an additional two years.

Dates for remittal to County of pet license sales revenues processed by Contracting Cities (per section 3.c)	Quarterly, each March 31, June 30, September 30, December 31
---	---

Except as otherwise provided for Licensing Revenue Support Cities with a Licensing Revenue Target greater than \$20,000/year, requests for **Licensing Revenue Support** in Service Years 2014 or 2015 may be made at any time between June 30 and October 31 of the prior Service Year. (See **Exhibit C-5** for additional detail).

Exhibit D Reconciliation

The purpose of the reconciliation calculation is to adjust payments made each Service Year by Contracting Parties to reflect actual licensing and non-licensing revenue, various credits, and New Regional Revenue, as compared to the estimates of such revenues and credits incorporated in the Estimated Payment calculations, and to adjust for population changes resulting from annexations of areas with a population of over 2,500 (if any) and the addition of Latecomer Cities. To accomplish this, an “Adjusted Net Final Cost” (“ANFC”) calculation is made each June for each Contracting Party as described below, and then adjusted for various factors as described in this **Exhibit D**.

As noted in **Section 7** of the Agreement, the Parties intend that receipt of Animal Services should not be a profit-making enterprise. When a City receives revenues in excess of its costs under this Agreement (including costs of PAWS shelter service, if applicable), such excess will be reinvested to reduce costs incurred by other Contracting Parties. The cost allocation formulas of this Agreement are intended to achieve this outcome.

Terms not otherwise defined here have the meanings set forth in **Exhibit C** or the body of the Agreement.

Calculation of ANFC and Reconciliation Adjustment Amount

The following formula will be used to calculate the Reconciliation Adjustment Amount, which shall be payable by August 15. The factors in the formula are defined below. As described in paragraphs A and B, the subscript “0” denotes the initial calculation; subscript “1” denotes the final calculation.

$$\text{ANFC}_0 = (\text{AR} + \text{T} + \text{V} + \text{X} + \text{LRC}) - (\text{B} \times \text{LF})$$

- A. If $\text{ANFC}_0 \geq 0$, i.e., revenues and credits are greater than costs (adding the cost factor “W” in the formula for Contracting Cities purchasing shelter services from PAWS or purchasing Enhanced Control Services), **then:**

$\text{ANFC}_1 = 0$, i.e., it is *reset to zero* and the difference between ANFC_0 and ANFC_1 is set aside by the County (or, if the revenues are not in the possession of the County, then the gap amount is payable by the City to the County by August 15) and **all such excess amounts from all Contracting Parties where $\text{ANFC}_0 \geq 0$ are allocated pro-rata to parties for which $\text{ANFC}_1 < 0$** , per paragraph B below. Contracting Parties for which $\text{ANFC}_0 \geq 0$ do not receive a reconciliation payment.

- B. If $ANFC_0 < 0$, i.e., costs are greater than revenues (*without* considering “W” for those Contracting Cities purchasing shelter services from PAWS or purchasing Enhanced Control Services), then the negative dollar amount is not “reset” and $ANFC_1$ is the same as $ANFC_0$. Contracting Parties in this situation will receive a *pro-rata* **allocation from the sum of excess revenues from those Parties for which $ANFC_0 \geq 0$** per paragraph A. In this way, excess revenues are reallocated across Contracting Parties with net final costs.

- C. If, after crediting the City with its *pro rata* share of any excess revenues per paragraph B, $ANFC_1 < \text{Total Estimated Payments made in the Service Year}$, then the difference shall be paid by the County to the City no later than August 15; if $ANFC_1 > \text{Total Estimated Payments made in the Service Year}$, then the difference shall be paid by the City to the County no later than August 15.

Where:

“AR” is **Actual Licensing Revenue** attributable to the City, based on actual Licensing Revenues received from residents of the City in the Service Year, adjusted for Cities with a Licensing Revenue Target > \$20,000 as described in **Exhibit C-5**. (License Revenue that cannot be attributed to a specific Party (e.g., License Revenue associated with incomplete address information), will be allocated amongst the Parties based on their respective percentages of total AR).

“T” is the Transition Funding Credit, if any, for the Service Year.

“V” is the Shelter Credit, if any, for the Service Year.

“W” is the actual amount paid by a City receiving shelter services to PAWS for such services during the Service Year, if any, plus the actual amount paid by a City to the County for the purchase of Enhanced Control Services during the Service Year, if any.

“X” is the amount of Residual New Regional Revenue, if any, allocable to the City from the 50% of New Regional Revenues which is first applied to offset County costs for funding Shelter Credits, Transition Funding Credits and any Program costs not allocated in the cost model. The residual is shared amongst the Contracting Parties to reduce *pro-rata* up to 20% of each Contracting Party’s Estimated Total Animal Services Cost Allocation (See column titled “Estimated Total Animal Services Cost Allocation” in the spreadsheet at **Exhibit C-1**).

“LRC” is the amount of any **Licensing Revenue Credit or Charge** to be applied based on receipt of licensing support services. For a Licensing Revenue Support City designated in **Exhibit C-5**, the amount shall be determined per **Table 2** of **Exhibit C-5** and the associated

Licensing Support Contract, if any. Where a Licensing Revenue Support City is due a Licensing Revenue Credit, the amount applied for this factor is a positive dollar amount (e.g., increases City's revenues in the amount of the credit); if a Licensing Revenue Support City is assessed a Licensing Revenue Charge, the amount applied for this factor is a negative amount (e.g., increases City's costs). For any Contracting City receiving licensing support services per a Licensing Support Contract/ **Exhibit F** other than a Licensing Revenue Support City, **LRC** will be a negative amount (increasing the City's costs) equal to the County's cost of the licensing support set forth in the Attachment A to the Licensing Support Contract.

"B" is the **"Budgeted Total Net Allocable Costs"** as *estimated* for the Service Year for the provision of Animal Services to be allocated between all the Contracting Parties for the purposes of determining the Estimated Payment, calculated as described in **Exhibit C**.

"LF" is the **"Program Load Factor"** attributable to City for the Service Year, calculated as described in **Exhibit C**. **LF** will be recalculated if necessary to account for annexations of areas with a population of 2,500 or more people, or for Latecomer Cities if such events were not accounted for in the Final Estimated Payment Calculation for the Service Year being reconciled.

Additional Allocation of New Regional Revenues after calculation of all amounts

above: If there is any residual New Regional Revenue remaining after allocating the full possible **"X"** amount to each Party (to fully eliminate the population based portion of costs), the remainder shall be allocated on a *pro rata* basis to all Contracting Parties for which $ANFC_1 < 0$. If there is any residual thereafter, it will be applied to improve Animal Services.

Exhibit E

Enhanced Control Services Contract (Optional)

Between City of _____ (“City”) and King County (“County”)

The County will to offer Enhanced Control Services to the City during Service Years 2013, 2014 and 2015 of the **Animal Services Interlocal Agreement for 2013 Through 2015** between the City and the County dated and effective as of July 1, 2012 (the “Agreement”) subject to the terms and conditions as described herein. **The provisions of this Contract are optional to both Parties and shall not be effective unless executed by both Parties.**

A. The City may request services under two different options, summarized here and described in further detail below:

Option 1: for a period of *not less than one year*, the City may request service from an Animal Control Officer dedicated to the City (“Dedicated Officer”). Such service must be confirmed in writing through both Parties entering into this Enhanced Control Services Contract no later than August 15 of the year prior to the Service Year in which the service is requested.

Option 2: for a period of *less than one year*, the City may request a specified number of over-time service hours on specified days and time from the 6 Animal Control Officers staffing the three Control Districts. Unlike Option 1, the individual officers providing the service will be determined by the County and may vary from time to time; the term “Dedicated Officer” used in context of Option 2 is thus different than its meaning with respect to Option 1. Option 2 service must be requested no later than 60 days prior to the commencement of the period in which the service is requested, unless waived by the County.

The City shall initiate a request for enhanced service by completing and submitting **Attachment A** to the County. If the County determines it is able to provide the requested service, it will so confirm by completing and countersigning **Attachment A** and signing this Contract and returning both to the City for final execution.

B. The County will provide enhanced Control Services to the City in the form of an Animal Control Officer dedicated to the City (“Dedicated Officer”) as described in **Attachment A** and this Contract.

1. Costs identified in **Attachment A** for **Option 1** are for one (1) year of service in 2010, in 2010 dollars, and include the cost of the employee (salary, benefits), equipment and animal control vehicle for the employee’s use). Costs are subject

to adjustment each year, limited by the Annual Budget Inflation Cap (as defined in the Agreement).

2. Costs for **Option 2** will be determined by the County each year based on its actual hourly overtime pay for the individual Animal Control Officers providing the service, plus mileage at the federal reimbursement rate. The number of miles for which mileage is charged shall be miles which would not have been traveled but for the provision of the enhanced service.
 3. Costs paid for enhanced services will be included in the Reconciliation calculation for each Service Year, as described in **Exhibit D** of the Agreement.
- C. Services of the Dedicated Officer shall be in addition to the Animal Services otherwise provided to the City by the County through the Agreement. Accordingly, the calls responded to by the Dedicated Officer shall **not** be incorporated in the calculation of the City's Calls for Service (as further described in **Exhibit C and D** to the Agreement).
- D. The scheduling of work by the Dedicated Officer will be determined by mutual agreement of the contract administrators identified in the Agreement, and (in the case of a purchase of service under **Option 1**) the mutual agreement of officials of other Contracting Cities named as contract administrators that have committed to sharing in the expense of the Dedicated Officer. In the event the parties are unable to agree on scheduling, the County shall have the right to finally determine the schedule of the Dedicated Officer(s).
- E. Control Services to be provided to the City pursuant to this Enhanced Services Contract include Control Services of the type and nature as described under the Agreement with respect to Animal Control Officers serving in Control Districts, and include but are not limited to, issuing written warnings, citations and other enforcement notices and orders on behalf of the City, or such other services as the Parties may reasonably agree.
- F. The County will provide the City with a general quarterly calendar of scheduled service in the City, and a monthly report of the types of services offered and performed.
- G. **For Services purchased under Option 1:** An FTE will be scheduled to serve 40 hour weeks, however, with loss of service hours potentially attributable to vacation, sick leave, training and furlough days, not less than 1600 hours per year will be provided. Similarly, a half-time FTE will provide not less than 800 hours per year. The County shall submit to the City an invoice and billing voucher at the end of each calendar

quarter, excepting that during the 4th quarter of each year during the term of this Contract, an invoice shall be submitted to the City no later than December 15th. All invoiced amounts shall be payable by the City within 30 days of the invoice date.

- H. **For Services purchased under Option 2:** The County shall submit to the City an invoice and billing voucher at the end of each calendar quarter. All invoiced amounts shall be payable by the City within 30 days of the invoice date.
- I. The City or County may terminate this Enhanced Services Contract with or without cause upon providing not less than 3 months written notice to the other Party; provided that, if the City has purchased services under **Option 1** and is sharing the Enhanced Control Services with other Contracting Cities, this Contract may only be terminated by the City if: (1) all such other Contracting Cities similarly agree to terminate service on such date, or (2) if prior to such termination date another Contracting City or Cities enters into a contract with the County to purchase the Enhanced Control Service that the City wishes to terminate; *provided further:* except as provided in Paragraph A.1, a Contract may not be terminated if the term of service resulting is less than one year.
- J. All terms of the Agreement, except as expressly stated otherwise in this Exhibit, shall apply to this Enhanced Control Services Contract. Capitalized Terms not defined herein have those meanings as set forth in the Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Enhanced Services Contract to be executed effective as of this ____ day of _____, 201__.

King County

City of _____

Dow Constantine
King County Executive

By:
Mayor /City Manager

Date

Date

Approved as to Form:

Approved as to Form:

Deputy Prosecuting Attorney

City Attorney

Exhibit E: Attachment A

ENHANCED CONTROL SERVICES OPTION REQUEST

(to be completed by City requesting Enhanced Control Services; final service terms subject to adjustment by County and agreement by City and will be confirmed in writing executed and appended to Enhanced Control Service Contract/Exhibit E)

City _____

Requested Enhanced Control Services Start Date: _____

Requested Enhanced Control Services End Date: _____*

*term of service must be at least one year, except if purchasing services under Option 2.

Please indicate whether City is requesting services under Option 1 or Option 2:

_____ Option 1:

% of Full Time Equivalent Officer (FTE) requested: _____ (minimum request: 20%; requests must be in multiples of either 20% or 25%)

_____ Option 2:

Overtime Hours purchase from existing ACO staff: ____ hours per (week /month)

General Description of desired services (days, hours, nature of service):

_____.

For Option 1:

Contracting Cities with whom the City proposes to share the Enhanced Control Services, and proposed percentages of an FTE those Cities are expected to request:

_____.

On behalf of the City, the undersigned understands and agrees that the County will attempt to honor requests but reserves the right to propose aggregated, adjusted and variously scheduled service, *including but not limited to adjusting allocations of service from*

increments of 20% to 25%, in order to develop workable employment and scheduling for the officers within then-existing workrules, and that the City will be allowed to rescind or amend its request for Enhanced Control Services as a result of such proposed changes.

Requests that cannot be combined to equal 50% of an FTE, 100% of an FTE, or some multiple thereof may not be honored. Service must be requested for a minimum term of one-year, except as permitted by Paragraph A.1. .Service may not extend beyond the term of the Agreement.

City requests that alone or in combination with requests of other Contracting Cities equal at least 50% of an FTE will be charged at the rate in Column 1 below.

City requests that alone or in combination with other requests for Enhanced Control Services equal 100% of an FTE will be charged at the rate in Column 2 below.

Cities may propose a different allocation approach for County consideration.

An FTE will be scheduled to serve 40 hour weeks, however, with loss of hours potentially attributable to vacation, sick leave, training and furlough days, a minimum of 1600 hours per year will be provided. A half-time FTE will provide a minimum of 800 hours per year. *For example*, a commitment to purchase 20% of an FTE for enhanced service will result in provision of not less than 320 hours per year.

Hours of service lost for vacation, sick leave, training and furlough days will be allocated on *pro rata* basis between all Contracting Cities sharing the services of that FTE.

<p align="center">Column 1: Aggregate of 50% of an FTE Requested by all Participating Cities</p>	<p align="center">Column 2: Aggregate of 1 FTE Requested by all Participating Cities</p>
<p>Cost to City: (% of Half-Time FTE requested) x \$75,000/year in 2010*</p> <p><i>Example:</i> if City A requests 25% of an FTE ** and City B requests 25% of an FTE**, then each city would pay \$18,750 for Enhanced Control Services from July 1, 2010 through December 31, 2011 (6 months).</p> <p>** (50% of a Half-Time FTE)</p>	<p>Cost to City: (% of FTE requested) x \$115,000/year in 2010 *</p> <p><i>Example:</i> If City A requests 25% of an FTE and City B requests 25% of an FTE and City C requests 50% of an FTE, Cities A and B would pay \$14,375 and City C would pay \$28,750 for Enhanced Control Services from July 1, 2010 through December 31, 2011 (6 months)</p>

* This example is based on 2010 costs. Actual costs will be based on actual Service Year FTE costs.

For Option 2:

On behalf of the City, the undersigned understands and agrees that the County will confirm what services, if any, it can provide, and at what costs, by completing this Attachment A, and the City must signify whether it accepts the County's offer by signing the Enhanced Services Contract.

Request Signed as of this ___ day of _____, 201__.

City of _____

By: _____

Its _____

To be completed by King County:

___ **Option 1:** The County hereby confirms its ability and willingness to provide Enhanced Control services as requested by the City in this **Attachment A**, *with adjustments as noted below (if any):*

The FTE Cost for the Service Year in which the City has requested service is:
\$_____.

___ **Option 2:** the County confirms its ability to provide control service overtime hours as follows (*insert description – days/hours*):

Such overtime hours shall be provided at a cost of \$_____, (may be a range) per service hour, with the actual cost depending on the individual(s) assigned to work the hours, plus mileage at the federal reimbursement rate.

King County

By: _____

Its _____

Date: _____

Exhibit F

Licensing Support Contract (Optional)

Between City of _____ (“City”) and King County (“County”)

The County is prepared to offer licensing revenue support to the City subject to the terms and conditions described in this Licensing Support Contract (“Contract”). The provisions of this Exhibit are optional and shall not be effective unless this Exhibit is executed by both the City and the County and both parties have entered into the underlying Animal Services Interlocal Agreement for 2013 Through 2015 (the “Agreement”).

- A. Service Requests, Submittal:** Requests to enter into a licensing support contract should be made by submitting the Licensing Revenue Support Services Request (**Attachment A** to this **Exhibit F**) to the County between June 30 and October 31 of the calendar year prior to year in which such services are requested (“Service Year”). A separate Request shall be submitted for each Service Year, excepting that a Licensing Support City with a revenue target in excess of \$20,000/year may submit a request by September 1, 2012 in order to receive service in all three Service Years (2013, 2014 and 2015).
- B. County to Determine Service Availability:** The County will determine whether it has capacity to provide the requested service based on whether it has staff available, and consistent with the priorities stated in **Section 7.c** and **Exhibit C-5** of the Agreement.
- C. Services Provided by County, Cost:** The County will determine the licensing revenue support activities it will undertake to achieve the Licensing Revenue Target. Activities may include, but are not limited to canvassing, mailings, calls to non-renewals. In completing **Attachment A** to confirm its ability to provide licensing support services to the City, the County shall identify the cost for such service for each applicable Service Year. If the City accepts the County’s proposed costs, it shall so signify by countersigning **Attachment A**.
- D. Services Provided by City:** In exchange for receiving licensing revenue support from the County, the City will provide the following services:
1. Include inserts regarding animal licensing in bills or other mailings as may be allowed by law, at the City’s cost. The County will provide the design for the insert and coordinate with the City to deliver the design on an agreed upon schedule.
 2. Dedicate a minimum level of volunteer/staff hours per month (averaged over the year), based on the City’s Licensing Revenue Target for the Year (as

specified/selected in Attachment A) to canvassing and/or mailings and outbound calls to non-renewals. City volunteer/staff hour requirements are scaled based on the size of the Licensing Revenue Target per **Table A** below:

Table A: Volunteer/Staff Hours to be Provided by City

If the Licensing Revenue Target for the Service Year is between:	The City shall provide volunteer/staff hours support (averaged over the year)
\$0 and \$5,000	9 hours per month
\$5,001-\$10,000	18 hours per month
\$10,000-\$20,000	27 hours per month
\$20,001 and \$40,000	36 hours per month
>\$40,000	45 hours per month

3. Provide representation at a minimum of two public events annually to inform City residents about the Animal Services Program and promote pet licensing.
4. Inform City residents about the Animal Services Program and promote pet licensing utilizing print and electronic media including the city's website, social media, community brochures and newsletter ads/articles, signage/posters and pet licensing applications in public areas of city buildings and parks.
5. Appoint a representative to serve on the joint City-County marketing subcommittee; this representative shall attend the quarterly meetings of the subcommittee and help shape and apply within the City the joint advertising strategies developed by consensus of the subcommittee.

E. Selection of Licensing Revenue Target and Payment for Licensing Revenue Support:

1. For **Licensing Revenue Support Cities** (those identified in **Exhibit C-5** of the Agreement):
In 2014 and 2015, Licensing Revenue Support Cities may receive licensing revenue support intended to generate total annual Licensing Revenue at or above the Revenue Goal in Table 1 of **Exhibit C-5**. The City will receive a **Licensing Revenue Credit or Charge** at Reconciliation in accordance with the calculations in **Table 2** of **Exhibit C-5**. A Licensing Revenue Support City may request service under subparagraph 2 below.
2. For **all other Contacting Cities**: The City will identify a proposed Licensing Revenue Target in **Attachment A**. The County may propose an alternate Revenue Target. If the Parties agree upon a Licensing Revenue Target, the County shall identify its annual cost to provide service designed to achieve the target. At Reconciliation, the City shall be charged for licensing support service at the cost specified and agreed in **Attachment A** (the "**Licensing Revenue Charge**"),

regardless of the amount of Licensing Revenue received by the City during the Service Year (see Exhibit D of the Agreement for additional detail).

F. Other Terms and Conditions:

1. Before January 31 of the Service Year, each Party will provide the other with a general calendar of in-kind services to be provided over the course of the Service Year.
2. Each Party will provide the other with a monthly written report of the services performed during the Service Year.
3. Either Party may terminate this Contract with or without cause by providing not less than 2 months' advance written notice to the other Party; provided that all County costs incurred to the point of termination remain chargeable to the City as otherwise provided.
4. All terms of the Agreement, except as expressly stated otherwise herein, shall apply to this Contract, and Capitalized Terms not defined herein have the meanings as set forth in the Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Contract for Licensing Support Services to be executed effective as of this ___ day of ____, 201_.

King County

City of _____

 Dow Constantine
 King County Executive

 By:
 Mayor /City Manager

Date

Date

Approved as to Form:

Approved as to Form:

Deputy Prosecuting Attorney

City Attorney

Exhibit F: Attachment A
LICENSING REVENUE SUPPORT SERVICES REQUEST

(to be completed by City requesting licensing support services; one request per Service Year except for a Licensing Support City with a Licensing Revenue Target over \$20,000/year; final terms subject to adjustment by County and agreement by City confirmed in writing, executed and appended to the Contract for Licensing Support Services—**Exhibit F** of the *Animal Services Interlocal Agreement for 2013 Through 2015* (“the Agreement”) dated effective as of July 1, 2012.)

1. City _____ Date of Request: _____

2. Licensing Revenue Target (the amount by which the City seeks to increase its revenues in the Service Year): \$_____

Note:

- For Licensing Revenue Support Cities, the Licensing Revenue Support Target is defined in **Table 1** of **Exhibit C-5** of the Agreement, unless the Parties otherwise agree.
 - The amount of volunteer/staff hours and other in-kind services required of the City in exchange for receipt of licensing support services is based on the size of the Licensing Revenue Target (see Licensing Support Contract/**Exhibit F** of Agreement).
3. Contact person who will coordinate City responsibilities associated with delivery of licensing support services:
Name:
Title:
Phone:
Fax:

I understand that:

- A. provision of licensing revenue support services is subject to the County determining it has staff available to provide the services;
- B. For Contracting Cities other than Licensing Revenue Support Cities, the County may propose an adjustment in the requested Licensing Revenue Target;
- C. the County will, by September 1 of the current calendar year, provide the City with a firm cost to provide the amount of licensing support services the County proposes to provide by completing this **Attachment A**;
- D. the County cannot verify and does not guarantee a precise level of Licensing Revenues to be received by the City as a result of these services;
- E. Receipt of service is subject to County and City agreeing on the Licensing Revenue Target and County charge for these services (incorporated in

calculation of the **Licensing Revenue Credit/Charge** per the Agreement), and executing the Licensing Support Contract (**Exhibit F** of the Agreement).

Request signed as of this ___ day of _____, 201__.
City of _____

By: _____
Its: _____

To be completed by King County:

The County offers to provide the City licensing revenue support services in Service Year 201__ intended to generate \$_____ (the "Licensing Revenue Target") in additional Licensing Revenue for a total Service Year cost of \$_____, some or all of which cost may be charged to the City in calculating the Licensing Revenue Charge, as further described in the Licensing Support Contract and **Exhibits C-5** (for Licensing Support Cities) and **D** of the Agreement.

King County

By: _____
Its: _____
Date: _____

To be completed by the City:

The County offer is accepted as of this ___ day of _____, 201__.
City of _____

By: _____
Its: _____

**CITY OF KIRKLAND****Police Department**

123 Fifth Avenue, Kirkland, WA 98033 425.587.3400

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Nick Seibert, Lieutenant

Date: May 23, 2012

Subject: City Provided Animal Control Service

BACKGROUND

This memo is a summary to date for the implementation of Animal Control Service by the City of Kirkland.

- Job Description
 - A job description has been completed and is in draft form pending final decision and implementation for the Police Department to provide services for animal control.
 - The job description mirrors that of Bothell's Animal Control Officer (ACO), with some edits.
- Mutual Aid
 - Bothell Police Department
 - Inquiries were made to Bothell Police regarding covering of service when Kirkland's ACO is sick or on scheduled leave and vice versa. They are receptive to idea.
 - Further discussion needed for coverage when neither Bothell nor Kirkland ACO's are available.
 - Problematic should both ACO's be off on leave at the same time.
- Animal Control Vehicle
 - Repurposed Holdover Vehicle
 - Longevity 1-2 years
 - Miles on vehicle – 160,000
 - Operating and Maintenance – Not available at time of memo
 - Cage – Slides in van \$5000
 - New Vehicle
 - Longevity 8-10 years
 - Cost Estimate - \$40,000 equipped with cage
 - Operating and Maintenance – \$15,120 over three years
 - Defense Logistics Agency (DLA)
 - Military Surplus Program

- Has vehicles and animal control cages from time to time, but they are rare and unknown if they fit what our needs would be.
- Training
 - Training occurs once a year (March) for Animal Control Officers
 - Criminal Justice Training Commission – 80 Hours
 - Next training date is March 2013
 - Bothell Police are willing to conduct the field training for Kirkland ACO
 - Further discussion needed to determine length of field training and logistics.
- RFP
 - One Proposal received from Community Animal Resource & Education Society (CARES)
 - Review Committee convened on May 15th
 - Proposal does not demonstrate to the City's satisfaction that the proposer has sufficient experience and is not considered a viable option at this time
 - Letter is being sent indicating a decision is on hold pending contract discussions with County
 - Follow-up letter pending Council decision

Pending Items:

- Employee Recruitment
 - Pending final decision on how animal services will be provided
- Police Guild Considerations – MOU's
 - Pending final decision on how animal services will be provided
- Sheltering Contracts
 - Pending final decision on how animal services will be provided
- Timeline of Implementation
 - Pending final decision on how animal services will be provided
- Kirkland Municipal Code
 - Review and edits of current KMC has not begun
- Vehicle Computer
 - Laptop for vehicle estimated at \$7,500
- Vehicle Radio
 - A spare radio may be available when rebanding is completed

**CITY OF KIRKLAND****Police Department**

123 Fifth Avenue, Kirkland, WA 98033 425.587.3400

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Eric W. Olsen, Chief of Police
Bill Hamilton, Operations Captain
Oskar Rey, Assistant City Attorney

Date: May 24, 2012

Subject Proposed Watercraft Noise Ordinance

RECOMMENDATION:

That Council adopts the attached Ordinance amending the City's watercraft and public disturbance regulations.

BACKGROUND DISCUSSION:

[On March 6, 2012 the City Council considered a Kirkland Police Department proposal to amend Title 14](#) of the Kirkland Municipal Code ("KMC") in regard to public disturbance noises emanating from watercraft, the prohibition of rafting and tandem moorage, and fines and penalties. The changes were proposed because Title 14 does not provide sufficient enforcement provisions to address boating concerns that have been expressed by marine patrol, area residents, and others.

At the request of the City Council and the Council's Public Safety Subcommittee, the Police Department, City Manager's Office, and Parks & Community Services Department initiated a two-phase public involvement process to seek input from stakeholders. The Council also requested that an ordinance specific to addressing boating noise be brought back for Council consideration in advance of the 2012 peak boating season.

[On May 15, 2012 the City Council received an update on the City's public involvement efforts](#), including the Public Involvement Plan and printed materials. The Council also received a draft version of a boat noise ordinance.

Short Term/Phase I Public Involvement

This phase has now been completed and Council was recently updated on the process and outcome details. The following public information tools and materials were developed and utilized to garner increased community input specific to addressing watercraft noise.

- An informational webpage was developed: www.kirklandwa.gov/watercraftsafety. From the page, visitors can subscribe to receive email updates. There are 53 subscribers as of

May 30, 2012. The draft version of the boat noise ordinance provided to the City Council on May 15 was posted to the website including a link to the Ask a Question feature that allows for individuals to submit comments on the draft ordinance. Four comments have been received.

- An informational phone line was established (425-587-3516) and monitored daily by Police Department staff. (Activated April 17, 2012) As of May 30, one call has been received.
- An informational mailer was sent to boat launch access card holders. This also included boating safety tips. (April 23, 2012)
- A review of the emails sent to City Council and City staff was conducted and summarized.
- Police Captain Hamilton and Marie Stake, Communications Program Manager met with the Ad Hoc Boating Committee (April 26, 2012)
- An informational flyer was posted at the Marina Park boat launch and distributed to business near the park. (April 23 through April 27, 2012)
- City Staff facilitated a workshop meeting with interested stakeholders (May 3, 2012)
- The Police Department updated the Market Neighborhood Association on May 16, 2012 as well as the Moss Bay Neighborhood on May 21, 2012.
- In the [May 25 episode of Currently Kirkland](#), there is a story about the City's docks, boat launch access cards, water safety tips, and an announcement about the Council considering the draft boat noise ordinance.

Based on the community input received, staff recommends that the Council adopt the attached Ordinance relating to watercraft noise. The Ordinance would do the following:

- Create a new KMC Section 14.24.140 that states that the City's general public disturbance noise regulation (KMC Section 11.84A.070) is applicable to watercraft (Ordinance, Section 1);
- Amend KMC Section 11.84A.070 to make subsections 1, 2, 4, 5 and 6 applicable to watercraft. Under the proposed amendment, noise from watercraft would be regulated in the same manner as noise emanating from sources on land (Ordinance Section 2). The amendment also adds that vessels or watercraft participating in City sponsored or permitted events in which boat participation is a planned element of the event (such as the Christmas Ships) shall not be in violation of this Section.
- Amend KMC Section 14.36.070 to provide a fine in the amount of \$150 for violations of Chapter 14.36 (relating to City moorage facilities) for which penalty amounts are not otherwise specified. It should be noted that Section 14.36.070 contains a penalty provision for tandem moorage or rafting at the Kirkland moorage facilities such as the Marina. This existing provision is limited to City moorage facilities, but staff has added language to that effect to eliminate any possible confusion (Ordinance Section 3);
- Amend KMC Section 14.04.080 to provide a fine in the amount of \$150 for violations of Title 14 for which penalty amounts are not otherwise specified (Ordinance Section 4).

Phase II Public Involvement and Next Steps

If the proposed ordinance is adopted, the City will initiate public information efforts to let residents, boaters, parks users, media, and the general public know of the regulation changes.

According to the Public Involvement Plan, in Phase 2 stakeholder involvement will be expanded and participants will be similarly engaged to help the City undertake a comprehensive review of [Kirkland Municipal Code \(KMC\) Title 14, Waters and Surface](#). This phase will include identifying stakeholder concerns about the existing code and a much more detailed review of the existing provisions to identify all necessary and reasonable edits, updates or additions, not limited to the current enforcement considerations. A second stakeholder meeting is anticipated to be held in fall. Results from Phase 2 will be presented to the Council Public Safety Committee and the full City Council following public involvement.

ORDINANCE O-4356

AN ORDINANCE OF THE CITY OF KIRKLAND MAKING CITY PUBLIC DISTURBANCE NOISE REGULATIONS APPLICABLE TO WATERCRAFT IN CITY OF KIRKLAND WATERS AND SPECIFYING PENALTY AMOUNTS FOR CERTAIN VIOLATIONS OF KIRKLAND MUNICIPAL CODE TITLE 14.

The City Council of the City of Kirkland does ordain as follows:

Section 1. A new Section 14.24.140 of the Kirkland Municipal Code ("KMC") is hereby adopted to read as follows:

14.24.140 Public disturbance noises in Kirkland waters. For noise regulations applicable to City of Kirkland waters, please see KMC Section 11.84A.070.

Section 2. Section 11.84A.070 is hereby amended to read as follows:

11.84A.070 Public disturbance noises.

It is unlawful for any person to cause, or for any person in possession of property to allow to originate from the property, sound that is a public disturbance noise. The following sounds are determined to be public disturbance noises:

- (1) The frequent, repetitive or continuous sounding of any horn or siren attached to a motor vehicle or watercraft, except as a warning of danger or as specifically permitted or required by law;
- (2) The creation of frequent, repetitive or continuous sounds in connection with the starting, operation, repair, rebuilding or testing of any motor vehicle, motorcycle, off-highway vehicle, watercraft or internal combustion engine within a residential district, so as to unreasonably disturb or interfere with the peace, comfort and repose of owners or possessors of real property;
- (3) Yelling, shouting, hooting, whistling or singing on or near the public streets, particularly between the hours of eleven p.m. and seven a.m. or at any time and place so as to unreasonably disturb or interfere with the peace, comfort and repose of owners or possessors of real property;
- (4) The creation of frequent, repetitive or continuous sounds which emanate from any building, structure, apartment, ~~or~~ condominium, or watercraft, which unreasonably interferes with the peace, comfort and repose of owners or possessors of real property, such as sounds from musical instruments, audio sound systems, band sessions or social gatherings;
- (5) Sound from any motor vehicle or watercraft audio sound systems, such as tape players, radios, docking stations and compact disc players, operated at a volume so as to be audible greater than fifty feet from the vehicle or watercraft itself;
- (6) Sound from portable audio equipment, such as tape players, radios, docking stations and compact disc players, operated at a

volume so as to be audible greater than fifty feet from the source, and if not operated upon the property of the operator;

(7) The foregoing provisions shall not apply to regularly scheduled events at parks, such as public address systems for baseball games or park concerts.

Provided, that the foregoing enumeration of acts and noises not be construed as excluding other acts and noises which offend the public peace. And provided further that vessels or watercraft participating in City sponsored or permitted events in which boat participation is a planned element of the event shall not be in violation of this Section.

Section 3. Section 14.36.070 of the KMC is hereby amended to read as follows:

14.36.070 Compliance required.

(a) All persons using city moorage facilities shall abide by all applicable ordinances of the city and any rules and regulations adopted by the parks director.

(b) The following violations of this chapter shall be civil infractions:

(1) Moorage without registering or without paying the established fee; continuing to moor without paying the established fee as it becomes due. The civil penalty shall be sixty-six dollars. Each calendar day on which a failure to pay the moorage fees occurs shall constitute a separate civil infraction.

(2) Moorage in a restricted or prohibited area. The civil penalty shall be one hundred fifty dollars. Each calendar day on which a watercraft is moored in a restricted or prohibited area shall constitute a separate civil infraction.

(3) Tying together or rafting of watercraft at a City moorage facility. The civil penalty shall be one hundred fifty dollars. Each of the watercraft involved shall be subject to issuance of a separate civil infraction.

(c) Unless otherwise specified, any other violation of this chapter is a civil infraction, punishable by a fine of one hundred fifty dollars (\$150.00) per violation.

(ed) The parks director shall designate an employee or contractor who shall be responsible for issuing civil infractions pursuant to this chapter. The employee or contractor designated by the parks director shall receive any necessary authorization and training from the Kirkland police department with respect to issuance of civil infractions. Alternatively, the parks director may make arrangements with the Kirkland police department for police personnel to issue civil infractions under this chapter.

Section 4. A new KMC 14.04.080 is hereby adopted to read as follows:

14.04.080 Penalties for violations.

Unless otherwise specified, any violation of this Title 14 is a civil infraction, punishable by a fine of one hundred fifty dollars (\$150.00) per violation.

Section 5. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the

ordinance, or the application of the provision to other persons or circumstances is not affected.

Section 6. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this _____ day of _____, 2012.

Signed in authentication thereof this _____ day of _____, 2012.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney