



CITY OF KIRKLAND

CITY COUNCIL

Penny Sweet, Mayor • Jay Arnold, Deputy Mayor • Dave Asher • Kelli Curtis
Tom Neir • Toby Nixon • Jon Pascal • Kurt Triplett, City Manager

Vision Statement

Kirkland is one of the most livable cities in America. We are a vibrant, attractive, green and welcoming place to live, work and play. Civic engagement, innovation and diversity are highly valued. We are respectful, fair and inclusive. We honor our rich heritage while embracing the future. Kirkland strives to be a model, sustainable city that values preserving and enhancing our natural environment for our enjoyment and future generations.

123 Fifth Avenue • Kirkland, Washington 98033-6189 • 425.587.3000 • TTY Relay Service 711 • www.kirklandwa.gov

AGENDA

KIRKLAND CITY COUNCIL SPECIAL MEETING

City Council Chamber

Wednesday, August 7, 2019

6:00 p.m. – Study Session

7:30 p.m. – Special 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.

PLEASE CALL 48 HOURS IN ADVANCE (425-587-3190) if you require this content in an alternate format or if you need a sign language interpreter in attendance at this meeting.

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.

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.

1. *CALL TO ORDER*
2. *ROLL CALL*
3. *STUDY SESSION*
 - a. Parks and Community Services Resource Allocation Model
4. *EXECUTIVE SESSION*
 - a. To Discuss Potential Acquisition of Real Property
5. *HONORS AND PROCLAMATIONS*
6. *COMMUNICATIONS*
 - a. *Announcements*
 - b. *Items from the Audience*
 - c. *Petitions*
7. *PUBLIC HEARINGS*
8. *SPECIAL PRESENTATIONS*
 - a. Evergreen Health/Totem Lake Traffic Study

***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

b. Future Metro RapidRide 1027

9. *CONSENT CALENDAR*

a. *Approval of Minutes*

(1) July 16, 2019

b. *Audit of Accounts and Payment of Bills and Payroll*

c. *General Correspondence*

d. *Claims*

(1) Claims for Damages

e. *Award of Bids*

(1) Advance Mitigation Project Maintenance

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

(1) 1st Street Sewer Main Replacement Project

(2) 6th Street South Water and Sewer Main Replacement Project

(3) Neighborhood Safety Program – 2018 Projects

g. *Approval of Agreements*

h. *Other Items of Business*

(1) Resolution R-5380, Approving the Subdivision and Final Plat of Bridgewood Estates (Formerly Named Bridlestone Estates) Being Planning and Building Department File No. SUB15-00572 and Setting Forth Conditions to which such Subdivision and Final Plat shall be Subject

(2) Cultural Arts Commission Resignation and Appointment

(3) Surplus Vehicles

10. *BUSINESS*

a. Potential Initiative with Kirkland Sustainable for Affordable Housing and City Employee Rental Housing

b. I-405/NE 85th Street Inline Bus Rapid Transit Station and Interchange Letter of Support and 85th Street Discussion

- c. Water System Plan Extension and Model Update
- d. Totem Lake Gateway Project – Award Contract
- e. Rose Point Lift Station Improvement Project – Award Contract

11. REPORTS

- a. *City Council Regional and Committee Reports*
- b. *City Manager Reports*
 - (1) Calendar Update

12. ITEMS FROM THE AUDIENCE

13. ADJOURNMENT

CITY COUNCIL COMMITTEE
agendas and minutes are posted on
the City of Kirkland website,
www.kirklandwa.gov.

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 Parks and Community Services
123 Fifth Avenue, Kirkland, WA 98033 425.587.3000
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Lynn Zwaagstra, Director, Parks and Community Services

Date: August 7, 2019

Subject: Parks and Community Services Resource Allocation Model

RECOMMENDATION

That the City Council review and provide final guidance on the attached resource allocation model as an addendum to the previously approved fiscal policy. Council feedback will be incorporated into a final model and corresponding resolution for adoption. Additionally, staff is seeking guidance on what information Council would like to see to reconcile two specific programmatic categories, athletic field fees and special event fees, that require more policy deliberation and stakeholder outreach prior to being incorporated into the model.

BACKGROUND:

In accordance with financial policy and previous practice, staff embarked upon the completion of a cost recovery study in February 2018. Parks and Community Services (PCS) previously carried out a financial analysis resulting in updated financial guidelines for the Department in 1999, 2002 and 2005.

Throughout 2018, staff presented various components of the cost recovery study. The goal of this project was to develop a cost recovery philosophy, model and policy that provides a framework for resource allocation, budgeting, pricing, and future planning. This interactive and holistic approach allows the department to be more strategic and make operating decisions based on an articulated rationale. Specifically, available public resources would be aligned with the greatest community benefit and programs and services with more individual benefit would be added as revenue generation allows. This is especially important as the City prepares for the elimination of the annexation sales tax credit in 2021.

In December 2018, City Council approved a fiscal policy, Resolution R-5347, located in **Addendum A**. The fiscal policy is an overarching document with the stated goal "to help ensure a sustainable parks and recreation system into the future by responsibly using tax revenues as well as fees, charges and other identified sources (e.g. grants, donations and commercial sponsorships) in support of carrying out the Department's mission with the goal of meeting the community's health, wellness and recreation needs." As the City discusses service level decisions during the 2021-2022 budget and engages in difficult decision making, it will likely become challenging to sustain the current level of parks, recreation and community services without alternate revenue sources. The fiscal policy and resource allocation model

provide guidance on these decisions. Another component of the cost recovery study included community engagement to complete a “community benefit” versus “individual benefit” assessment. This assessment is part of R-5347 which states in section iv:

“In establishing fees and charges, the Department will determine the direct and indirect costs of providing services and establish goals to recover those costs. The appropriate level of cost recovery will be based on an assessment of who is benefiting from the programs and services provided, along a spectrum ranging from “mostly community benefit” to “mostly individual benefit.” Cost recovery ranges will be identified by “community” versus “individual” benefit tier levels guided by the Pyramid Model, which will be periodically adopted as a supplement to this fiscal policy.”

This component was carried out by the parks and recreation consulting firm GreenPlay, LLC (GreenPlay). Their methodology is based in the Pyramid Model (**Addendum B**), which allows for the sorting of each category of programs into the 5 tiers of a pyramid. The bottom of the pyramid is Tier 1, which is understood to have the most community benefit and expected to be supported through tax funding. The top of the pyramid is Tier 5, which is understood to have the most individual benefit and expected to receive the least tax dollar support. Tiers 2 through 4 have both community and individual benefits and would be supported by a mix of tax dollars, fees, and other alternative revenue sources. This model serves as the philosophical foundation of the resource allocation component.

City Council previously reviewed a draft resource allocation model with cost recovery targets; however, a model was not approved. The recommended resource allocation model with cost recovery targets is attached in **Addendum C**. Please note that athletic field rentals and special events are not yet included in the model, but a proposal to include those programs in appropriate tiers will come to future Council meetings after further policy and community discussion as discussed below.

Two resources that may be of interest in reviewing the current recommended model include the fiscal analysis from MGT of America Consulting, LLC; this shows the full cost, annual revenue, annual subsidy and cost recovery of the programmatic categories completed from 2017 year-end actual dollars. This is located in **Addendum D**. Additionally, the 2005 financial review that yielded cost recovery targets, which was the most recent guidance document completed, is attached in **Addendum E**.

NEXT STEPS

Staff is seeking any last feedback on the resource allocation model with cost recovery targets and will return to a September Council meeting with a resolution for final adoption.

General Model

The proposed Resource Allocation Model with Cost Recovery Targets is being presented based on the following considerations.

- This model closely reflects the community feedback received during the cost recovery study on alignment of programmatic categories into tiers based on community versus individual benefit. It also reflects the Park Board recommendation to shift rentals into Tier 5.

- In addition to using the various factors discussed when sorting categories into tiers, the model also reflects a general pattern.
 - Tier 5 – These are mostly entrepreneurial functions
 - Tier 4 – These are mostly adult functions
 - Tier 3 – These are mostly youth functions
 - Tier 2 – These are mostly community services functions
 - Tier 1 – These are mostly human services and park infrastructure

Addendum D, 2017 Fiscal Analysis, has a column added to describe financial management changes that could be made in order to achieve the recommended cost recovery targets for any categories below the recommendation based on 2017 financial information. Most programmatic categories not currently in alignment with the tier recommended cost recovery minimum have a straightforward method of reconciliation.

Staff is seeking feedback on any changes Council would like to see to the model in order to approve this through a corresponding resolution.

FUTURE DISCUSSION

As previously mentioned, the attached model does not contain 2 programmatic categories; athletic field rentals and special events. Athletic fields and special events significantly under recover revenue from the original community-based tier recommendations. Simply adopting them as proposed in the draft model would result in large fee increases to both categories. Athletic field use by local teams and special events do have strong individual user benefit that suggest higher cost recovery targets. But the two categories also create community connections and contribute to the quality of life of Kirkland in ways that are real, but difficult to quantify. These unique blends of individual benefit and community benefit, coupled with the potential large fee increases, necessitates additional policy level discussion and community outreach, which will occur at a future date.

Therefore, staff is seeking guidance from Council on specific information needed to discuss and assign these 2 categories to a tier in the model. Some background information is presented below.

Special Events

KMC 19.24.190 contains the following language on special event cost recovery; "For special events in which benefits to recognized charitable organizations are a significant component, staff time and costs associated with day of event activities shall be charged based on the city's published fee schedule. For all other special events, staff time and costs incurred with day of event activities shall be for the full amount of costs incurred by the city in connection with the events, including indirect costs of staff time such as benefits and all overhead costs associated with the position."

Of special note is the verbiage "day of event activities", indicating that municipal code did not intend for special event fees to cover general indirect and overhead costs. Additionally, it allows for differing fees and charges depending on whether a special event benefits a charitable organization.

The original resource allocation model sorted Special Event Services Permitted into Tier 2 of the model, which has a cost recovery target of $\geq 25\%$. Current cost recovery based on 2017 numbers is 7%. This analysis includes pertinent City and Department overhead, direct and indirect expenses [e.g., Special Event Coordinator, supplies, and direct labor expenses from City departments who provide day-of event services (PD, Fire, PW, etc.)], and all revenue including the pass-through fees for day-of event support. One explanation for the lower cost recovery is the practice of not charging event organizers for park facility and park space use or labor by PCS staff. Instituting these changes would increase the cost recovery to over 25%.

As this programmatic category is significantly under recovering from the original tier placement, more policy discussion is needed. Also, at the [City Council Study Session on July 2, 2019](#), Council indicated interest in differential fees for special events and a discussion on the cost recovery. Possible questions for discussion include the following.

- Does the Council concur with the current KMC language about special event cost recovery?
- Does Council wish to see options for separating different types of events into different tiers based on preliminary criteria developed by staff?
- Does the Council wish to see options to direct charitable contributions from special events towards Kirkland-based organizations?
- What other information or community engagement does the Council need to decide on a final tier allocation?

Staff is seeking direction from Council on what other information should be developed for future discussions and what other questions should be addressed.

Athletic Field Rentals

Athletic Field Rentals were placed in Tier 3, with a cost recovery target of $\geq 50\%$, based upon community input. Current cost recovery for this category is 4.8%. This analysis includes all City and Department overhead, direct and indirect expenses (e.g., labor expenses for administration and maintenance of fields, supplies, etc.), and all field rental revenue received. One explanation for the lower cost recovery is the practice of providing a high level of field maintenance service, providing one-on-one customer service for field scheduling and not charging or charging minimal field rental rates. Adjustments to all 3 of these factors could be made in order to increase the cost recovery.

As this programmatic category is significantly under recovering from the original tier placement, more policy discussion is needed. Possible questions for discussion include the following.

- Does Council wish to examine service level reductions and other efficiency strategies to reduce costs of field maintenance as a method to improve the cost recovery?
- If fee increases are considered, over what period should they occur?
- What other information or community engagement does the Council need to decide on a final tier allocation?

Examples of additional information could be: further comparison data with other cities; information on athletic organizations; what opportunities and constraints are there on volunteers contributing to lowering the cost of service, how do Kirkland-based organizations utilize fields throughout the region; and/or scholarship options.

Staff is seeking direction from Council on what information should be developed for the future discussions and what other questions should be addressed.

Addendum A – Fiscal Policy R-5347

Addendum B – GreenPlay Pyramid Methodology

Addendum C – Resource Allocation Model and Cost Recovery Targets

Addendum D – 2017 Fiscal Analysis Sorted by Recommended Pyramid Tier

Addendum E – 2005 Mode

RESOLUTION R-5347

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ESTABLISHING A FISCAL POLICY FOR THE DEPARTMENT OF PARKS AND COMMUNITY SERVICES UTILIZING TAX REVENUES SUPPLEMENTED BY FEES, CHARGES AND OTHER IDENTIFIED SOURCES TO HELP RECOVER COSTS IN SUPPORT OF A SUSTAINABLE SYSTEM THAT MEETS COMMUNITY PARKS AND RECREATION NEEDS.

1 WHEREAS, establishment of a fiscal policy for the Department of
2 Parks and Community Services ("Department") is an extension of
3 current City of Kirkland ("City") fiscal policies adopted with the biennial
4 budget and consistent with previous Department cost recovery studies
5 completed in 1999, 2002 and 2005; and
6

7 WHEREAS, the goal of the fiscal policy is to help ensure a
8 sustainable parks and recreation system into the future by responsibly
9 using tax revenues as well as fees, charges and other identified sources
10 (e.g. grants, donations and commercial sponsorships) in support of
11 carrying out the Department's mission with the goal of meeting the
12 community's health, wellness and recreation needs; and
13

14 WHEREAS, the use of fees, charges and other alternative
15 revenue sources will allow for provision of some services that might not
16 otherwise be possible based on tax revenues alone; and
17

18 WHEREAS, the use of fees, charges and other alternative
19 revenue sources provides financial resources to keep up with growing
20 costs and to help make possible the expansion of services to keep up
21 with growing demand; and
22

23 WHEREAS, the fiscal policy will help residents, businesses and
24 users of the parks and recreation system by providing a formal,
25 transparent, and equitable policy basis for the use of taxes, fees,
26 charges and alternative revenue sources to provide the parks and
27 recreations system assets, programs and services; and
28

29 WHEREAS, the fiscal policy will also help staff establish and
30 achieve financial targets that utilize efficiencies and cost saving
31 measures as well as revenue generation, thereby helping maximize tax
32 revenue support for those service areas identified by the City Council as
33 foundational to community needs and interests, in part by better
34 matching payments for services with the recipients of those services.
35

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

38 Section 1. The City Council supports and hereby adopts the
39 following fiscal policy for the Department of Parks and Community
40 Services.

- 41
- 42 i. This fiscal policy is established to help ensure a sustainable parks
43 and recreation system that will meet the community's health,
44 wellness and recreation needs now, and into the future.
- 45
- 46 ii. A sustainable parks and recreation system requires use of both
47 revenue generation and efficiency measures to contribute to the
48 Department's cost recovery level and establish the level of
49 service provided to the community.
- 50
- 51 iii. The Department provides a basic level of programs and services
52 to the public that are fully funded utilizing tax revenues. In
53 addition, the use of fees, charges and other revenue sources
54 (e.g. grants, donations and commercial sponsorships) to recover
55 costs is considered a responsible and necessary means to
56 supplement tax revenues to help ensure a sustainable system.
- 57
- 58 iv. In establishing fees and charges, the Department will determine
59 the direct and indirect costs of providing services and establish
60 goals to recover those costs. The appropriate level of cost
61 recovery will be based on an assessment of who is benefiting
62 from the programs and services provided, along a spectrum
63 ranging from "mostly community benefit" to "mostly individual
64 benefit." Cost recovery ranges will be identified by "community"
65 versus "individual" benefit tier levels guided by the Pyramid
66 Model, which will be periodically updated as a supplement to this
67 fiscal policy.
- 68
- 69 v. If the benefit is to the community as a whole, it is appropriate
70 to use tax revenues to completely or primarily fund the services
71 where practicable. Examples of services that primarily benefit
72 the community as a whole are play areas, parks, trails and large
73 natural areas. The Department may also seek grants, donations
74 and commercial sponsorships for these community benefit
75 services as appropriate to help sustain these services.
- 76
- 77 vi. As the benefit moves along the spectrum towards primarily
78 benefitting an individual or identified group of individuals, it is
79 appropriate to charge fees for the service at an increasing rate
80 of cost recovery. Supervised or instructed programs, facilities
81 that visitors can use exclusively and products and services that
82 may be purchased are examples where user fees are
83 appropriate.

- 84 vii. The Department shall also consider available resources,
85 alternative service providers, public need, the community
86 economic climate and market rate when establishing fees and
87 charges. Fees and charges may utilize a non-resident rate
88 differential in recognition of the taxpayer resources provided by
89 Kirkland residents. Other fee differentiations may be used where
90 appropriate, including, but not limited to, "youth", "adult",
91 "premium" and "non-profit" categories.
92
- 93 viii. Fees and charges can be set to recover costs in excess of direct
94 and indirect costs where appropriate as a method of supporting
95 other parks and recreation services desired by the community.
96 Revenue generated through fees and charges will be returned
97 to the Department to enhance its ability to meet the programs
98 and services desired by the community in accordance with this
99 fiscal policy, unless otherwise allocated during the biennial
100 budget process.
101
- 102 ix. The Department may employ incremental periodic fee increases,
103 typically annually, as a best practice in the parks and recreation
104 industry to help keep up with increasing expenses. Smaller, more
105 frequent increases are less impactful on program participants
106 than larger increases that occur less frequently. When
107 substantial changes are necessary, they may be implemented
108 over a reasonable period of time.
109
- 110 x. The Department will provide transparency on fees and charges
111 for programs and services by notifying the City Council of
112 anticipated changes prior to the semi-annual publication of the
113 recreation program guide. Fee schedules will be posted on the
114 City's website and other designated publicity media. The
115 Department shall utilize key user groups and the City's Park
116 Board to educate and engage the community in developing
117 proposals on fees and partnerships, and to discuss general policy
118 implementation.
119
- 120 xi. The Department may subsidize, in whole or in part, the cost
121 recovery targets for persons with economic need or other
122 appropriately targeted populations through tax-supported fee
123 reductions, scholarships, grants or other methods. The
124 Department Director may also approve lower fees or fee waivers
125 upon determination the fee arrangement will primarily benefit
126 the public interest.
127
- 128 xii. The City shall adopt a scholarship policy to ensure easy access
129 for those in economic need, establishing eligibility requirements,
130 allowable uses, and individual and family limits. User groups,

131 contractors, concessionaires and vendors will be encouraged to
132 also adopt scholarship policies.

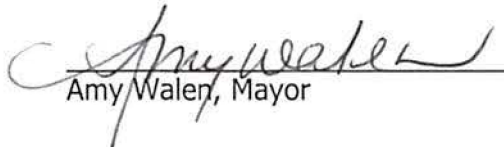
133 xiii. The Department may enter into commercial sponsorship or
134 partnership agreements that create a reduced need for taxpayer
135 support of programs and services.

136
137 xiv. The City shall adopt sponsorship and partnership policies to
138 provide guidelines for agreements, approval processes, and
139 operating procedures that create equity and consistency while
140 maximizing and leveraging resources of the Department.
141

142 Section 2. This Parks and Community Services Department fiscal
143 policy shall hereafter be included in the City's fiscal policy section of
144 each City biennial budget.

145
146 Passed by majority vote of the Kirkland City Council in open meeting
147 this 11th day of December, 2018.

148
149 Signed in authentication thereof this 11th day of December,
150 2018.


Amy Waler, Mayor

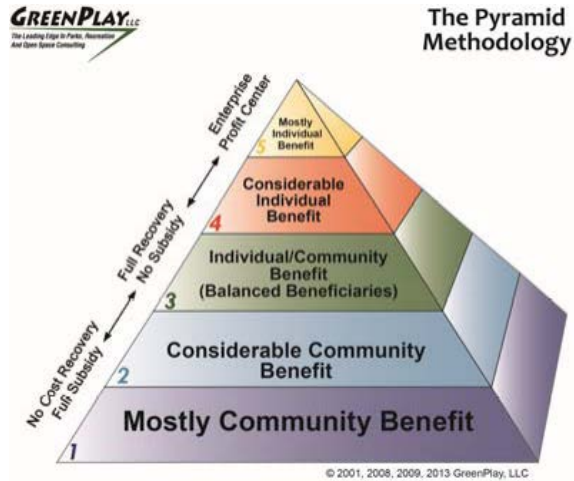
Attest:


Kathi Anderson, City Clerk

THE PYRAMID METHODOLOGY: COST RECOVERY AND SUBSIDY ALLOCATION PHILOSOPHY

The creation of a cost recovery and subsidy allocation philosophy and policy is a key component to maintaining an agency's financial control, equitably pricing offerings, and helping to identify core services including programs and facilities.

Critical to this philosophical undertaking is the support and buy-in of elected officials and advisory boards, staff, and ultimately, citizens. Whether or not significant changes are called for, the organization should be certain that it philosophically aligns with its constituents. The development of a financial resource allocation philosophy and policy is built upon a very logical foundation, based upon the theory that those who benefit from parks and recreation services ultimately pay for services.



The development of a financial resource allocation philosophy can be separated into the following steps:

Step 1 – Building on Your Organization's Values, Vision, and Mission

The premise of this process is to align agency services with organizational values, vision, and mission. It is important that organizational values are reflected in the vision and mission. Oftentimes, mission statements are a starting point and further work needs to occur to create a more detailed common understanding of the interpretation of the mission and a vision for the future. This is accomplished by engaging staff and community members in a discussion about a variety of Filters.

Step 2 – Understanding the Pyramid Methodology, the Benefits Filter, and Secondary Filters

Filters are a series of continuums covering different ways of viewing service provision. **Filters** influence the final positioning of services as they relate to each other and are summarized below. The **Benefits Filter**, however, forms the **foundation** of the **Pyramid Model** and is used in this discussion to illustrate a cost recovery philosophy and policies for parks and recreation organizations.

| Filter | Definition |
|--------------------------------------|---|
| Benefit | Who receives the benefit of the service? (Skill development, education, physical health, mental health, safety) |
| Access/Type of Service | Is the service available to everyone equally? Is participation or eligibility restricted by diversity factors (i.e., age, ability, skill, financial)? |
| Organizational Responsibility | Is it the organization's responsibility or obligation to provide the service based upon mission, legal mandate, or other obligation or requirement? |
| Historical Expectations | What have we always done that we cannot change? |
| Anticipated Impacts | What is the anticipated impact of the service on existing resources? On other users? On the environment? What is the anticipated impact of not providing the service? |
| Social Value | What is the perceived social value of the service by constituents, city staff and leadership, and policy makers? Is it a community builder? |

THE BENEFITS FILTER

The principal foundation of the Pyramid is the **Benefits Filter**. Conceptually, the base level of the pyramid represents the mainstay of a public parks and recreation system. Services appropriate to higher levels of the pyramid should only be offered when the preceding levels below are comprehensive enough to provide a foundation for the next level. This foundation and upward progression is intended to represent public parks and recreation's core mission, while also reflecting the growth and maturity of an organization as it enhances its service offerings.

It is often easier to integrate the values of the organization with its mission if they can be visualized. An ideal philosophical model for this purpose is the pyramid. In addition to a physical structure, *pyramid* is defined by Webster's Dictionary as "an immaterial structure built on a broad supporting base and narrowing gradually to an apex." Parks and recreation programs are built with a broad supporting base of core services, enhanced with more specialized services as resources allow. Envision a pyramid sectioned horizontally into five levels.

MOSTLY COMMUNITY Benefit

The foundational level of the Pyramid is the largest, and includes those services including programs and facilities which **MOSTLY** benefit the **COMMUNITY** as a whole. These services may increase property values, provide safety, address social needs, and enhance quality of life for residents. The community generally pays for these basic services via tax support. These services are generally offered to residents at a minimal charge or with no fee. A large percentage of the agency's tax support would fund this level of the Pyramid.

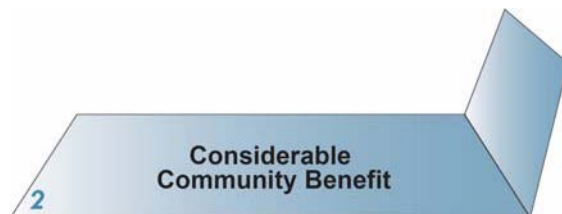


Examples of these services could include: the existence of the community parks and recreation system, the ability for youngsters to visit facilities on an informal basis, low-income or scholarship programs, park and facility planning and design, park maintenance, or others.

NOTE: All examples above are generic – individual agencies vary in their determination of which services belong in the foundation level of the Pyramid based upon agency values, vision, mission, demographics, goals, etc.

CONSIDERABLE COMMUNITY Benefit

The second and smaller level of the Pyramid represents services which promote individual physical and mental well-being, and may begin to provide skill development. They are generally traditionally expected services and/or beginner instructional levels. These services are typically assigned fees based upon a specified percentage of direct (and may also include indirect) costs. These costs are partially offset by both a tax subsidy to account for **CONSIDERABLE COMMUNITY** benefit and participant fees to account for the **Individual** benefit received from the service.



Examples of these services could include: the capacity for teens and adults to visit facilities on an informal basis, ranger led interpretive programs, beginning level instructional programs and classes, etc.

BALANCED INDIVIDUAL/COMMUNITY Benefit

The third and even smaller level of the Pyramid represents services that promote individual physical and mental well-being, and provide an intermediate level of skill development. This level provides balanced **INDIVIDUAL** and **COMMUNITY** benefit and should be priced accordingly. The individual fee is set to recover a higher percentage of cost than those services that fall within lower Pyramid levels.



Examples of these services could include: summer recreational day camp, summer sports leagues, year-round swim team, etc.

CONSIDERABLE INDIVIDUAL Benefit

The fourth and still smaller Pyramid level represents specialized services generally for specific groups, and those which may have a competitive focus. Services in this level may be priced to recover full cost, including all direct and indirect expenses.



Examples of these services could include: specialty classes, golf, and outdoor adventure programs.

MOSTLY INDIVIDUAL Benefit

At the top of the Pyramid, the fifth and smallest level represents services which have profit center potential, may be in an enterprise fund, may be in the same market space as the private sector, or may fall outside the core mission of the agency. In this level, services should be priced to recover full cost in addition to a designated profit percentage.



Examples of these activities could include: elite diving teams, golf lessons, food concessions, company picnic rentals, and other facility rentals such as for weddings or otherservices.

Step 3 – Developing the Organization’s Categories of Service

In order to avoid trying to determine cost recovery or subsidy allocation levels for each individual agency service including every program, facility, or property, it is advantageous to categorize agency services into like categories. This step also includes the development of category definitions that detail and define each category and service inventory “checks and balances” to ensure that all agency services belong within a developed category. *Examples of Categories of Service could include: Beginner Instructional Classes, Special Events, and Concessions/Vending.*

Step 4 – Sorting the Categories of Service onto the Pyramid

It is critical that this sorting step be done with staff, governing body, and citizen representatives involved. This is where ownership is created for the philosophy, while participants discover the current and possibly varied operating histories, cultures, and organizational values, vision, and mission. It is the time to develop consensus and get everyone on the same page – the page that is written together. Remember, this effort must reflect the community and must align with the thinking of policy makers.

Sample Policy Development Language:

XXX community brought together staff from across the department, agency leadership, and citizens to sort existing programs into each level of the Pyramid. The process was facilitated by an objective and impartial facilitator in order to hear all viewpoints. It generated discussion and debate as participants discovered what different people had to say about serving culturally and economically varied segments of the community, about historic versus active-use parks, about the importance of adult versus youth versus senior activities, and other philosophical and values-based discussions. This process gets at both the “what” and “why” with the intention of identifying common ground and consensus.

Step 5 – Defining Direct and Indirect Costs

The definition of direct and indirect costs can vary from agency to agency. What is important is that all costs associated with directly running a program or providing a service are identified and consistently applied across the system. Direct costs typically include all the specific, identifiable expenses (fixed and variable) associated with providing a service. These expenses would not exist without the service and may be variable costs. Defining direct costs, along with examples and relative formulas is necessary during this step.

Indirect costs typically encompass overhead (fixed and variable) including the administrative costs of the agency. These costs would exist without any specific service but may also be attributed to a specific agency operation (in which case they are direct expenses of that operation). If desired, all or a portion of indirect costs can be allocated, in which case they become a direct cost allocation.

Step 6 – Determining (or Confirming) Current Subsidy/Cost Recovery Levels

This step establishes the expectation that the agency will confirm or determine current cost recovery and subsidy allocation levels by service area based on the new or revised definition of direct and in-direct costs. This will include consideration of revenues sources and services costs or expenses. Typically, staff may not be cost accounting consistently, and these inconsistencies will become apparent. Results of this step will identify whether staff members know what it costs to provide services to the community, whether staff have the capacity or resources necessary to account for and track costs, whether accurate cost recovery levels can be identified, and whether cost centers or general ledger line items align with how the agency may want to track these costs in the future.

Step 7 – Establishing Cost Recovery/Subsidy Goals

Subsidy and cost recovery are complementary. If a program is subsidized at 75%, it has a 25% cost recovery, and vice-versa. It is more powerful to work through this exercise thinking about where the tax subsidy is used rather than what is the cost recovery. When it is complete, you can reverse thinking to articulate the cost recovery philosophy, as necessary.

The overall subsidy/cost recovery level is comprised of the average of everything in all of the levels together as a whole. This step identifies what the current subsidy level is for the programs sorted into each level. There may be quite a range within each level, and some programs could overlap with other levels of the pyramid. This will be rectified in the final steps.

This step must reflect your community and must align with the thinking of policy makers regarding the broad picture financial goals and objectives.

Examples

Categories in the bottom level of the Pyramid may be completely or mostly subsidized, with the agency having established limited cost recovery to convey the value of the experience to the user. An established 90-100% subsidy articulates the significant community benefit resulting from these categories.

The top level of the Pyramid may range from 0% subsidy to 50% excess revenues above all costs, or more. Or, the agency may not have any Categories of Service in the top level.

Step 8 – Understanding and Preparing for Influential Factors and Considerations

Inherent to sorting programs onto the Pyramid model using the Benefits and other filters is the realization that other factors come into play. This can result in decisions to place services in other levels than might first be thought. These factors also follow a continuum; however, do not necessarily follow the five levels like the Benefits Filter. In other words, a specific continuum may fall completely within the first two levels of the Pyramid. These factors can aid in determining core versus ancillary services. These factors represent a layering effect and should be used to make adjustments to an initial placement on the Pyramid.

THE COMMITMENT FACTOR: What is the intensity of the program; what is the commitment of the participant?



THE TRENDS FACTOR: Is the program or service tried and true, or is it a fad?



THE POLITICAL FILTER: What is out of our control?

This filter does not operate on a continuum, but is a reality, and will dictate from time to time where certain programs fit in the pyramid

THE MARKETING FACTOR: What is the effect of the program in attracting customers?



THE RELATIVE COST TO PROVIDE FACTOR: What is the cost per participant?



THE ECONOMIC CONDITIONS FACTOR: What are the financial realities of the community?



FINANCIAL GOALS FACTOR: Are we targeting a financial goal such as increasing sustainability, decreasing subsidy reliance?



Step 9 – Implementation

Across the country, ranges in overall cost recovery levels can vary from less than 10% to over 100%. The agency sets their goals based upon values, vision, mission, stakeholder input, funding, and/or other criteria. This process may have been completed to determine present cost recovery levels, or the agency may have needed to increase cost recovery levels in order to meet budget targets. Sometimes, simply implementing a policy to develop equity is enough without a concerted effort to increase revenues. Upon completion of steps 1-8, the agency is positioned to illustrate and articulate where it has been and where it is heading from a financial perspective.

Step 10 – Evaluation

The results of this process may be used to:

- Articulate and illustrate a comprehensive cost recovery and subsidy allocation philosophy
- Train staff at all levels as to why and how things are priced the way they are
- Shift subsidy to where it is most appropriately needed
- Benchmark future financial performance
- Enhance financial sustainability
- Recommend service reductions to meet budget subsidy targets, or show how revenues can be increased as an alternative
- Justifiably price new services

*This **Cost Recovery/Subsidy Allocation Philosophy: The Pyramid Methodology** Outline is provided by:*

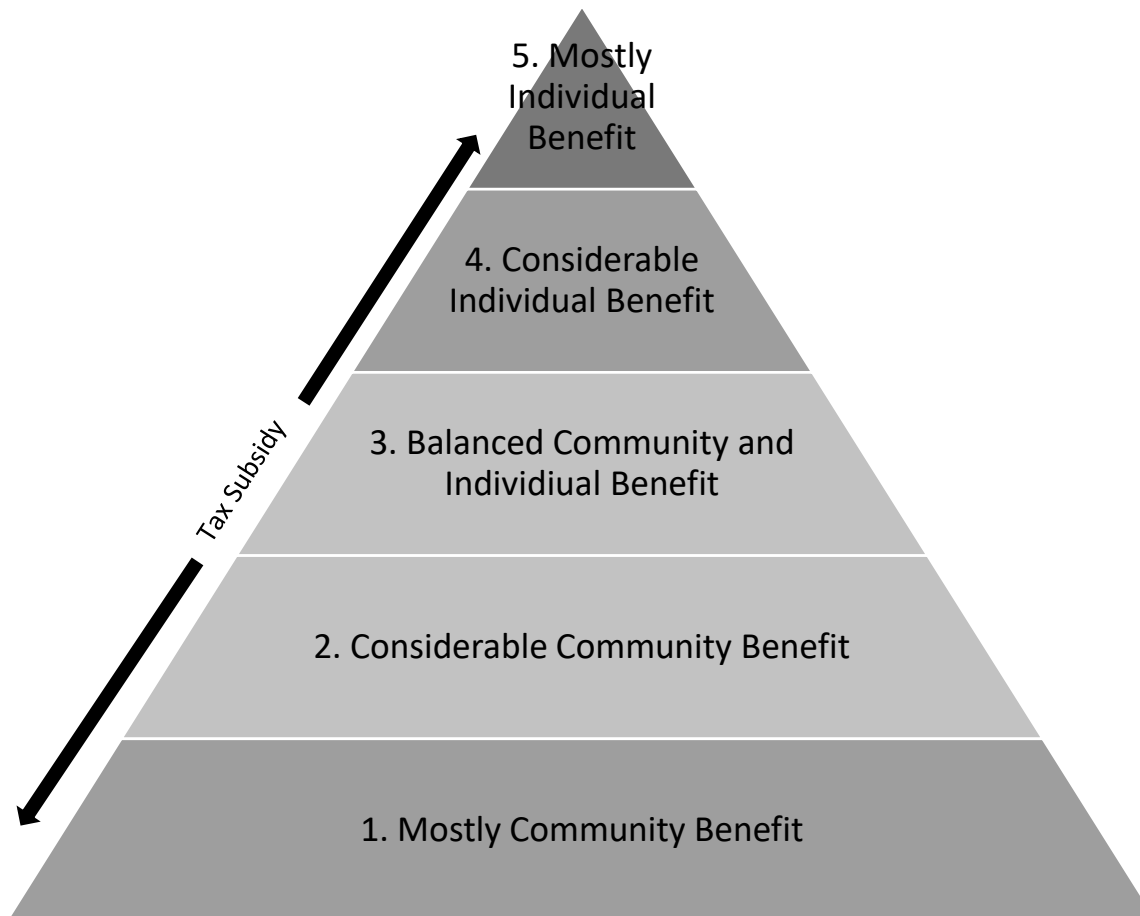


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Parks and Community Services
Supplement to Fiscal Policy Adopted December 2018 via Resolution 5347
Resource Allocation Methodology and Cost Recovery Targets

The resource allocation methodology sorts categories of programs into 5 tiers of a pyramid. This methodology utilizes the underlying principle that those who receive the benefit of the service, pay for the service. The bottom of the pyramid is Tier 1, which is understood to have the most community benefit and expected to be supported through tax funding. The top of the pyramid is Tier 5, which is understood to have the most individual benefit and expected to receive the least tax dollar support. Tiers 2 through 4 have both community and individual benefits and would be supported by a mix of tax dollars, fees, and other alternative revenue sources.



Tier 5: No Subsidy, $\geq 100\%$ Cost Recovery*

| | |
|------------------------------|----------------------|
| Vendors/Concessionaires | Private Lessons |
| Marina Piers and Boat Launch | Park Shelter Rentals |
| Cemetery Funeral Services | Facility Rentals |

Tier 4: Partial Subsidy, $\geq 75\%$ Cost Recovery*

| | |
|----------------------------------|--------------|
| Adult General Classes and Sports | Senior Trips |
| 50+ General Classes and Sports | |
| Recreational Special Events | |

Tier 3: Partial Subsidy, $\geq 50\%$ Cost Recovery*

| |
|--------------------------------------|
| Youth Camps and After School |
| Youth General Classes and Sports |
| Preschool General Classes and Sports |

Tier 2: Partial Subsidy, $\geq 25\%$ Cost Recovery*

| |
|----------------------------------|
| Aquatics Public Swim at the Pool |
| 50+ Services via Partnerships |
| Senior Transportation Program |

Tier 1: Full Subsidy, $\geq 0\%$ Cost Recovery*

| | |
|----------------------------|-----------------|
| Park & Beach Use | Human Services |
| Green Kirkland Partnership | Youth Services |
| | Senior Services |

*R-5347: City Council, City Manager or the Department Director may approve lower fees upon determination the fee arrangement will primarily benefit the public interest.

2017 Fiscal Analysis Sorted by Recommended Pyramid Tier
October 30, 2018

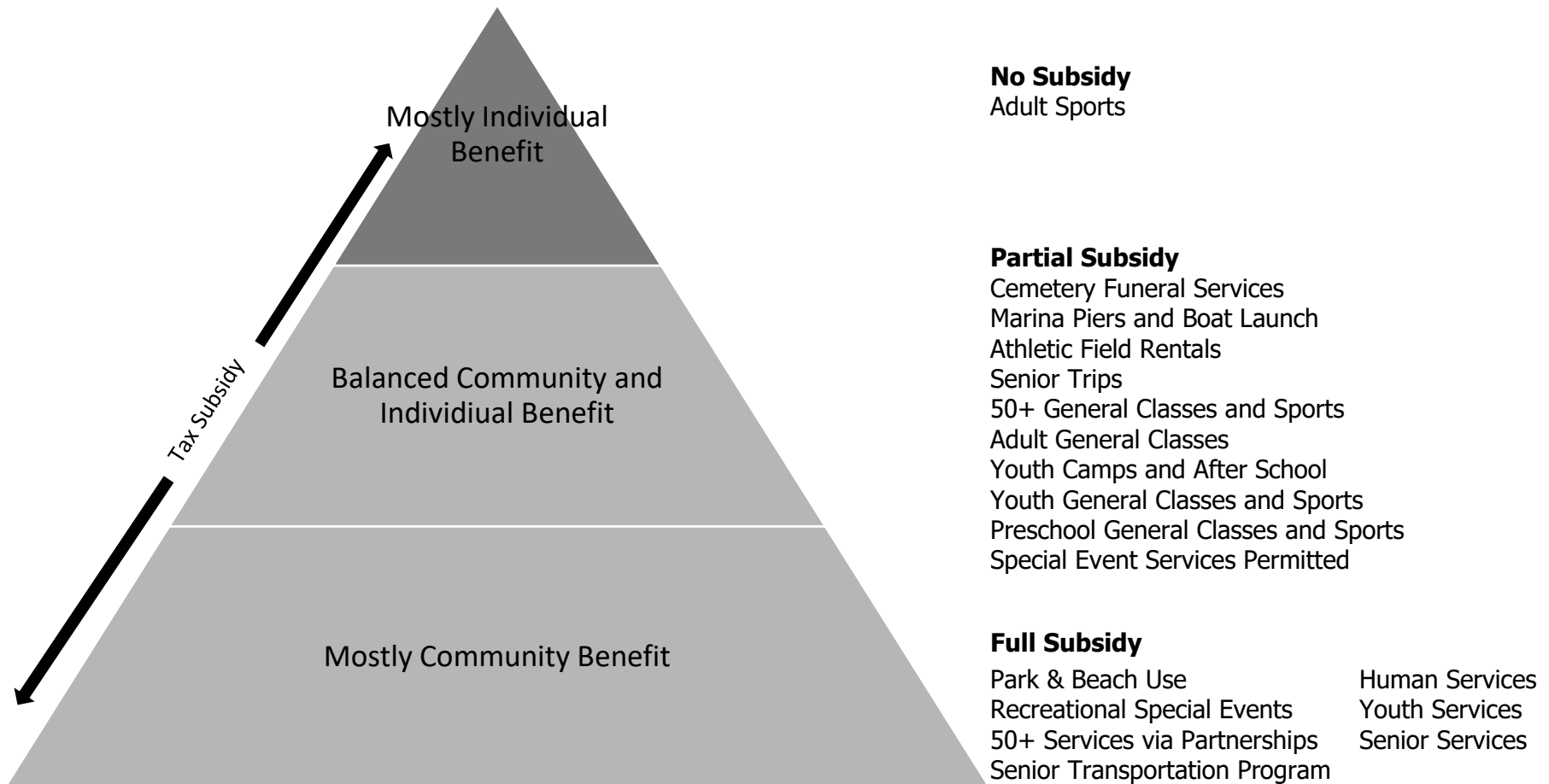
| Category | Programmatic Category | Full Cost | Annual Revenue | Annual Subsidy | Current Recovery % | Minimum Target Cost Recovery | | Potential Actions |
|---------------|-------------------------------------|---------------------|--------------------|--------------------|--------------------|------------------------------|---------------------------------|-------------------|
| | | | | | | | | |
| 5 | Vendors/Concessionaires | \$17,201 | \$51,608 | -\$34,407 | 300.0% | 100% | None needed | |
| 5 | Private Lessons (e.g. one-on-one) | \$36,288 | \$53,735 | -\$17,447 | 148.1% | 100% | None needed | |
| 5 | Cemetery - Services | \$84,957 | \$121,187 | -\$36,230 | 142.6% | 100% | None needed | |
| 5 | Marina & Boat Launch | \$159,693 | \$168,706 | -\$9,013 | 105.6% | 100% | None needed | |
| 5 | Park Rentals | \$114,200 | \$105,754 | \$8,445 | 92.6% | 100% | Differential fees | |
| 5 | Facility Rentals (PKCC, NKCC, Pool) | \$521,946 | \$95,509 | \$426,437 | 18.3% | 100% | Cost allocation issue | |
| 4 | Senior Trips | \$36,021 | \$19,144 | \$16,877 | 53.1% | 75% | Increase fee | |
| 4 | Recreation Special Events | \$85,838 | \$32,250 | \$53,588 | 37.6% | 75% | Increase fee, alternate revenue | |
| 4 | 50+ General Classes and Sports | \$169,632 | \$104,630 | \$65,002 | 61.7% | 75% | Increase fee | |
| 4 | Adult General Classes and Sports | \$222,266 | \$146,212 | \$76,054 | 65.8% | 75% | Increase fee | |
| 3 | Youth Camps and After School | \$288,603 | \$328,321 | -\$39,717 | 113.8% | 50% | None needed | |
| 3 | Youth Classes and Sports | \$352,882 | \$313,304 | \$39,577 | 88.8% | 50% | None needed | |
| 3 | Preschool Classes and Sports | \$461,599 | \$397,815 | \$63,783 | 86.2% | 50% | None needed | |
| 3 | Sports Fields & Court Rentals | \$1,390,314 | \$66,961 | \$1,323,353 | 4.8% | 50% | TBD | |
| 2 | Special Event Services (permitted) | \$400,190 | \$28,332 | \$371,858 | 7.1% | 25% | TBD | |
| 2 | Senior Transportation Program | \$29,226 | \$3,009 | \$26,217 | 10.3% | 25% | *Alternate revenue | |
| 2 | 50+ Services via Partnerships | \$53,065 | \$3,243 | \$49,822 | 6.1% | 25% | *Alternate revenue | |
| 2 | Aquatics - Public Swim at the Pool | \$137,973 | \$88,200 | \$49,773 | 63.9% | 25% | None needed | |
| 1 | Senior Services/Council | \$42,594 | \$450 | \$42,144 | 1.1% | 0% | None needed | |
| 1 | Youth Services/Council | \$321,587 | \$0 | \$321,587 | 0.0% | 0% | None needed | |
| 1 | Green Kirkland Partnership | \$1,032,590 | \$17,238 | \$1,015,351 | 1.7% | 0% | None needed | |
| 1 | Human Services | \$1,243,636 | \$51,687 | \$1,191,950 | 4.2% | 0% | None needed | |
| 1 | General Park/Beach Use | \$4,222,408 | \$77,500 | \$4,144,908 | 1.8% | 0% | None needed | |
| Totals | | \$11,424,710 | \$2,274,796 | \$9,149,914 | 19.9% | | | |

*Alternate revenue = grants, sponsorships and donations

2005 Cost Recovery Model



This cost recovery model utilizes the underlying principle that those who receive the benefit of the service, pay for the service. The bottom level has the most community benefit and is expected to be fully subsidized with tax payer revenue. The middle level has a mix of community and individual benefit and is expected to be supported through a combination of tax payer revenue, fees and alternate revenue sources. The top level is mostly individual benefit and should be fully supported through fees.





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: Kathy Brown, Public Works Director
Joel Pfundt, AICP, CTP, Transportation Manager

Date: July 25, 2019

Subject: EVERGREEN HEALTH/TOTEM LAKE TRAFFIC STUDY

RECOMMENDATION:

City Council receives a presentation regarding the results of the [EvergreenHealth/Totem Lake Traffic Study](#).

BACKGROUND DISCUSSION:

During the summer of 2017, EvergreenHealth approached the City about partnering on a multimodal traffic study for the Totem Lake Business District, where the hospital is located, to analyze transportation impacts of the rapid development that is occurring in that area. EvergreenHealth is currently the City's largest employer and a critical regional medical facility that has plans for renovation and expansion. Safe, reliable and predictable transportation options to and from the hospital are therefore important to patients, doctors, nurses, and hospital employees travelling from throughout the region. This joint study is consistent with the Council's 2017-2018 City Work Program to fund capital investments that support growth in the Totem Lake Urban Center. The goals of the study were to: 1) identify the current state of transportation and traffic, 2) identify the future state of transportation and traffic based on planned development and transportation projects, and 3) identify public and private projects that could mitigate the impacts of growth. The study began in the fall of 2017 and was performed by Transportation Solutions Inc. (TSI) with data provided by INRIX.

The cost of the study was \$38,498, with EvergreenHealth and the City of Kirkland each contributing \$19,249.

The outcomes of the study are described in the "EvergreenHealth/Totem Lake Traffic Study" report. The report includes the following sections:

- Section 0. Executive Summary. Provides a brief overview of the major conclusions from this traffic study.
- Section 1. Introduction and Purpose. Summarizes the study area, overview, and organization.
- Section 2. Methods and Assumptions. Reviews the methods and assumptions used to evaluate existing and future traffic conditions and policies to support land use growth and changes.
- Section 3. Existing Conditions. Reviews the existing motorized and non-motorized road network and land uses. The technical analysis is intended to provide an existing baseline to compare future growth in the study area and make recommendations for immediate network improvements.
- Section 4. Future 2035 Conditions. Reviews the year 2035 motorized and non-motorized road network and land use conditions based on the City of Kirkland's planning forecasts. The technical analysis assumes completion of the 2035 land use plan and all funded, and unfunded, transportation network improvements.
- Section 5. Improvement Recommendations and Priorities. Includes recommendations for additional improvements based on stakeholder priorities.
- Section 6. Summary of Recommendations. Provides a matrix summarizing recommendations for improvements.
- Section 7. Appendix. Appendices include the following technical information:
 - Existing AM and PM Intersection Capacity Reports
 - Future AM and PM Intersection Capacity Reports
 - March 15, 2019 NE 128th Street Westbound Left Turn at Totem Lake Blvd Draft Memorandum
 - Select CIP Projects Intersection Capacity Reports
 - Master Transportation Project List

The study resulted in identifying two transportation projects that are high priorities for both the City and EvergreenHealth:

- **NE 124th Street/ 116th Avenue NE Southbound Right Turn Lane:** This project improves circulation for both vehicles and transit and access to I-405.
- **I-405/NE 132nd Street Interchange:** This project provides a southbound off-ramp and northbound on-ramp. It improves vehicle access and circulation to the Totem Lake Business District, including the EvergreenHealth Campus, and supports future land use growth.

Both projects are currently funded and in the design phase. The City is leading the design and construction of the NE 124th Street/116th Avenue NE Southbound Right Turn Lane. The project is funded through a state Regional Mobility Grant that was acquired in partnership with King County Metro Transit. This project is scheduled to be complete by summer of 2021. The Washington State Department of Transportation (WSDOT) is leading the design and construction of the I-405/NE 132nd Street Interchange project. It is scheduled to be open to traffic in 2023.

The study also identified additional high priority projects for EvergreenHealth that were determined not to be high priority funded projects for the City of Kirkland:

- **NE 130th Street Extension between 120th Avenue NE and Totem Lake Blvd:** This connection is a low priority for the City to construct on its own as a City Capital Improvement Project, because the right-of-way costs and impacts to existing land uses make the project infeasible in the near term. In the long term, this project is a much higher priority for the City and would be a critical part of any development project that occurred along this potential street corridor.
- **120th Avenue NE Improvements between NE 128th Street and NE 132nd Street:** This connection is a medium priority for the City relative to other projects in the area because today it functions adequately for people in cars and walking. The lack of bicycle facilities and a high-quality pedestrian environment means improvements to the corridor could create a better multimodal connection between surrounding retail, housing, employment, transit, and the trail network. This corridor does not currently have a plan for what improvements are needed to address the identified transportation needs.
- **NE 128th Street/ Totem Lake Boulevard Westbound Left Turn:** This project was evaluated to be a medium priority to the City because other options currently exist to make this vehicle turning movement. Allowing this left turn would improve vehicle access and circulation in Totem Lake, decreasing driver frustration. Implementation will require additional traffic operations and safety analysis and requires WSDOT approval.

EvergreenHealth also identified priorities related to the transit, bicycle, and pedestrian networks that would provide improved access to its the campus, as well as surrounding portions of the Totem Lake Business District and beyond.

EvergreenHealth's highest priorities converge on the NE 128th Street corridor between 120th Avenue NE and 116th Avenue NE. Based on this, and the opportunities presented by other developments and regional transportation projects taking place near the corridor, the City and EvergreenHealth staff are recommending funding a NE 128th Street Corridor Study and Preliminary Design. This recommendation is based on the 2019-2020 City Work Program elements that state, "continue capital investments to support growth...especially in the Totem Lake Urban Center..." This corridor study would perform a detailed, multimodal transportation analysis of the corridor in close coordination with area stakeholders, the community, WSDOT, Sound Transit, and King County Metro to develop preliminary design for the corridor. This preliminary design would be developed based on the vision laid out in already adopted planning documents, including the Totem Lake Business District Plan and Totem Lake Enhancement and Multimodal Transportation Network Plan, and address the priorities identified in the attached EvergreenHealth/Totem Lake Traffic Study. Staff plans to return to the Council with a proposed scope and budget as part of the 2021-2022 Budget and CIP process.



CITY OF KIRKLAND
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www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Kimberly Scrivner, Transportation Planner
Joel Pfundt, Transportation Manager
Kathy Brown, Public Works Director

Date: July 25, 2019

Subject: FUTURE METRO RAPIDRIDE 1027—TOTEM LAKE TO SOUTH BELLEVUE

RECOMMENDATION:

City Council receives a briefing about the planned King County Metro RapidRide line 1027 from Totem Lake to south Bellevue/Eastgate expected to come on-line in 2025.

BACKGROUND DISCUSSION:

King County Metro's long-range plan, METRO CONNECTS, was adopted by the King County Council in 2017. It identifies a significant expansion of King County Metro service integrated with Sound Transit's expanded Link Light Rail network and other transit modes. The plan reflects input from local jurisdictions on needed transit service levels and includes implementation of a high capacity transit network of 26 RapidRide projects. RapidRide is an arterial Bus Rapid Transit service that has high quality service and facilities, employs state-of-the-art innovations, and has the highest level of speed and reliability investments among Metro services. King County Metro currently operates six RapidRide routes, named Line A through Line F, based primarily on the chronological order of when the route was established. Metro intends to add 7 additional RapidRide routes by 2027.

One of the planned new RapidRide projects, called "Corridor 1027," is a route that would traverse through Kirkland from Totem Lake to South Bellevue/Eastgate, and it is expected to come on-line in 2025. City staff recommend that Kirkland requests Metro to name the Kirkland RapidRide route "Line K", regardless of the chronological order of the implementation of the route. The representative alignment that was identified in METRO CONNECTS includes portions of routes 234, 235, 255, and 271. As the RapidRide alignment is further refined (for examples, via Juanita or Rose Hill; via 6th Street South/108th Ave NE or State Street/Lake Washington

Boulevard?), the current routes 255 and 271 could see changes depending on how and where the preferred RapidRide alignment is decided. The new 250 and 239 routes that will be created when the North Eastside Mobility Project is implemented in 2020 also could be subject to change based on the final alignment of the RapidRide 1027. Those possible changes are because the frequency of service and significant capital investments associated with RapidRide means that its network uses local routes to complement RapidRide, not to duplicate it.

Projects Identified in METRO CONNECTS are programmed into Metro's capital improvement program, which identifies available RapidRide program funding for the next 10 years. The capital budget for the RapidRide 1027 project is approximately \$90 million. That assumes that Metro will receive about half of that amount in additional Small Starts grant funding from the Federal Transit Administration, with the remaining cost being paid from local Metro funds plus an additional, secured WSDOT Regional Mobility Grant of \$2.2 million.

Metro will be conducting engagement with the communities along the corridor. Any suggestions that the City Council has for how best to engage with the Kirkland community would be welcomed. Metro is still finalizing the timing of the outreach and will be looking for the support of the Kirkland Council and staff about project elements, including alignment, stop locations, speed and reliability projects, and access improvements. Metro will conduct more extensive technical and targeted stakeholder evaluations to narrowing down to a preferred alignment in the October/November 2019 timeframe. Kirkland and other stakeholders will be invited to participate and involved with alignment decisions and associated changes throughout this evaluation phase.

NEXT STEPS:

King County Metro and staff will continue to brief the City Council periodically throughout the implementation of RapidRide 1027 and any associated impacts to the North Eastside Mobility Project.



KIRKLAND CITY COUNCIL MEETING MINUTES
July 16, 2019

1. CALL TO ORDER

Mayor Sweet called the study session to order at 6 p.m. and the regular meeting to order at 7:30 p.m.

2. ROLL CALL

ROLL CALL:

Members Present: Deputy Mayor Jay Arnold, Councilmember Dave Asher, Councilmember Kelli Curtis, Councilmember Tom Neir, Councilmember Toby Nixon, Councilmember Jon Pascal, and Mayor Penny Sweet.

Members Absent: None.

3. STUDY SESSION

a. I-405/NE 85th Street Inline Station and Interchange Update

Joining the Council were City Manager Kurt Triplett, Public Works Director Kathy Brown, Washington State Department of Transportation (WSDOT) I-405/SR 167 Corridor Program Deputy Program Administrator Lisa Hodgson, Sound Transit Bus Rapid Transit (BRT) Program Project Director Paul Cornish, WSDOT I-405/SR167 Corridor Program Engineering Manager Barrett Hanson, WSDOT I-405/SR167 Corridor Program Traffic Engineer Karl Westby, and WSDOT I-405/SR167 Corridor Program Design Project Engineer Diana Giraldo.

Council recessed for a short break.

4. EXECUTIVE SESSION

None.

5. HONORS AND PROCLAMATIONS

a. Proclamation honoring Mayor Penny Sweet

Deputy Mayor Jay Arnold and the City Council presented Mayor Sweet with a proclamation honoring her 20 years of creating community through "Celebrate Kirkland."

6. COMMUNICATIONS

a. Announcements

City Manager Kurt Triplett recognized and thanked departing Chief Information Officer Brenda Cooper for her more than twenty years of service to the City.

b. Items from the Audience

None.

c. Petitions

7. PUBLIC HEARINGS

None.

8. SPECIAL PRESENTATIONS

None.

9. CONSENT CALENDAR

a. Approval of Minutes

(1) July 2, 2019

(2) July 10, 2019

The minutes were approved via approval of the Consent Calendar.

b. Audit of Accounts and Payment of Bills and Payroll

Payroll: \$3,099,455.52

Bills: \$2,598,734.77

LB703B wire #s 89, 92

CA190703 wire #s 93, 94 check #s 706586 - 706787

The payments were acknowledged via approval of the Consent Calendar.

c. General Correspondence

d. Claims

e. Award of Bids

(1) 6th Street South Rehabilitation Project

The construction contract for the 6th Street South Rehabilitation Project was awarded to Lakeside Industries of Issaquah, Washington in the amount of \$1,489,979.00 via approval of the Consent Calendar.

f. Acceptance of Public Improvements and Establishing Lien Period

g. Approval of Agreements

h. Other Items of Business

(1) Public Disclosure Semi-Annual Report

- (a) Ordinance O-4692, entitled "AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE PUBLIC RECORDS PERFORMANCE REPORT."

The report was acknowledged and the Ordinance was approved via approval of the Consent Calendar.

- (1) Ordinance O-4693, entitled "AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE EXPIRATION OF LAND SURFACE MODIFICATION PERMITS AND AMENDING SECTION 21.06.255 OF THE KIRKLAND MUNICIPAL CODE."

The Ordinance was approved via approval of the Consent Calendar.

(2) Procurement Report

The report was acknowledged via approval of the Consent Calendar.

Motion to Approve the Consent Calendar.

Moved by Councilmember Kelli Curtis, seconded by Councilmember Tom Neir

Vote: Motion carried 7-0

Yes: Deputy Mayor Jay Arnold, Councilmember Dave Asher, Councilmember Kelli Curtis, Councilmember Tom Neir, Councilmember Toby Nixon, Councilmember Jon Pascal, and Mayor Penny Sweet.

10. BUSINESS

a. Cross Kirkland Corridor Historic Depot Site Project

Senior Neighborhood Services Coordinator Kari Page provided a brief introduction to the options proposed for Council consideration related to the size and funding of the Kirkland Rotary sponsored project.

Motion to Select option 2, the 16' x 36' size, at a City contribution amount of \$48,155, for the Cross Kirkland Corridor Historic Depot Site.

Moved by Councilmember Toby Nixon, seconded by Councilmember Jon Pascal

Vote: Motion carried 7-0

Yes: Deputy Mayor Jay Arnold, Councilmember Dave Asher, Councilmember Kelli Curtis, Councilmember Tom Neir, Councilmember Toby Nixon, Councilmember Jon Pascal, and Mayor Penny Sweet.

Motion to Select option B, using funding from REET 2018 over projections for the Cross Kirkland Corridor Historic Depot Site Project.

Moved by Deputy Mayor Jay Arnold, seconded by Councilmember Toby Nixon

Vote: Motion carried 7-0

Yes: Deputy Mayor Jay Arnold, Councilmember Dave Asher, Councilmember Kelli Curtis, Councilmember Tom Neir, Councilmember Toby Nixon, Councilmember Jon Pascal, and Mayor Penny Sweet.

b. Ordinance O-4694, Amending the Biennial Budget for 2019-2020

Director of Finance and Administration Michael Olson provided a recap of the year-end 2018 financial results and the proposed ordinance increasing the 2019-2020 budget appropriations for selected funds.

Motion to Approve Ordinance O-4694, entitled "AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING THE BIENNIAL BUDGET FOR 2019-2020."

Moved by Deputy Mayor Jay Arnold, seconded by Councilmember Jon Pascal

Vote: Motion carried 7-0

Yes: Deputy Mayor Jay Arnold, Councilmember Dave Asher, Councilmember Kelli Curtis, Councilmember Tom Neir, Councilmember Toby Nixon, Councilmember Jon Pascal, and Mayor Penny Sweet.

c. 2019 Comprehensive Solid Waste Management Plan

Public Works Solid Waste Programs Supervisor John MacGillivray introduced King County Solid Waste Division Director Pat McLaughlin, who provided an overview of the comprehensive plan elements, process and next steps. Following his presentation, Mr. MacGillivray reviewed additional aspects of the plan, revisions in the proposed ordinance and responded to Council questions and comment.

(1) Resolution R-5379, Approving the 2019 Comprehensive Solid Waste Management Plan for the King County Solid Waste System

Motion to Approve Resolution R-5379, entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND APPROVING THE 2019 COMPREHENSIVE SOLID WASTE MANAGEMENT PLAN FOR THE KING COUNTY SOLID WASTE SYSTEM."

Moved by Councilmember Tom Neir, seconded by Councilmember Toby Nixon

Vote: Motion carried 7-0

Yes: Deputy Mayor Jay Arnold, Councilmember Dave Asher, Councilmember Kelli Curtis, Councilmember Tom Neir, Councilmember Toby Nixon, Councilmember Jon Pascal, and Mayor Penny Sweet.

(2) Ordinance O-4695 and its Summary, Relating to Refuse and Garbage and Amending Chapter 16 of the Kirkland Municipal Code

Motion to Approve Ordinance O-4695 and its Summary, entitled "AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO REFUSE AND GARBAGE AND AMENDING TITLE 16 OF THE KIRKLAND MUNICIPAL CODE."

Moved by Councilmember Jon Pascal, seconded by Councilmember Toby Nixon

Vote: Motion carried 7-0

Yes: Deputy Mayor Jay Arnold, Councilmember Dave Asher, Councilmember Kelli Curtis, Councilmember Tom Neir, Councilmember Toby Nixon, Councilmember Jon Pascal, and Mayor Penny Sweet.

Motion to Amend Ordinance O-4695, by substituting the alternate version presented by Councilmember Nixon.

Moved by Councilmember Toby Nixon, seconded by Deputy Mayor Jay Arnold

Vote: Motion carried 7-0

Yes: Deputy Mayor Jay Arnold, Councilmember Dave Asher, Councilmember Kelli Curtis, Councilmember Tom Neir, Councilmember Toby Nixon, Councilmember Jon Pascal, and Mayor Penny Sweet.

Motion to Amend Ordinance O-4695 and its Summary, as amended, by deleting the words "combusting separated waste," on Line 31, after the word "of".

Moved by Councilmember Dave Asher, seconded by Councilmember Kelli Curtis

Vote: Motion carried 7-0

Yes: Deputy Mayor Jay Arnold, Councilmember Dave Asher, Councilmember Kelli Curtis, Councilmember Tom Neir, Councilmember Toby Nixon, Councilmember Jon Pascal, and Mayor Penny Sweet.

Motion to Amend the previous amendment to Ordinance O-4695 and its Summary, as amended, Relating to Refuse and Garbage and Amending Chapter 16 of the Kirkland Municipal Code by deleting subsection 1 in its entirety and renumbering subsequent subsections under section 2.

Moved by Councilmember Toby Nixon, seconded by Deputy Mayor Jay Arnold

Vote: Motion carried 7-0

Yes: Deputy Mayor Jay Arnold, Councilmember Dave Asher, Councilmember Kelli Curtis, Councilmember Tom Neir, Councilmember Toby Nixon, Councilmember Jon Pascal, and Mayor Penny Sweet.

d. Ordinance O-4696, Adopting the Kirkland General Sewer Plan

Utility Manager Josh Pantzke provided an overview of the renamed and updated plan elements and approval process for Council consideration.

Motion to Approve Ordinance O-4696, entitled "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ADOPTING THE KIRKLAND GENERAL SEWER PLAN."

Moved by Councilmember Kelli Curtis, seconded by Councilmember Toby Nixon

Vote: Motion carried 7-0

Yes: Deputy Mayor Jay Arnold, Councilmember Dave Asher, Councilmember Kelli Curtis, Councilmember Tom Neir, Councilmember Toby Nixon, Councilmember Jon Pascal, and Mayor Penny Sweet.

11. REPORTS

a. City Council Regional and Committee Reports

Councilmembers shared information regarding the Fourth of July Celebrate Kirkland celebration; an interfaith 4th of July BBQ at the IMAN Center; the Kirkland Business Roundtable meeting; a Sound Cities Association Public Issues Committee meeting; an upcoming Eastrail activation event on July 20th; an upcoming Port of Seattle Commission meeting will be hosted at Kirkland City Hall on July 23; a National Night Out event at the Kirkland Justice Center on August 6th; an Eastrail Regional Advisory Committee meeting; an upcoming Sound Transit Bus Rapid Transit Elected Leadership Group meeting; a Starbucks Behind the Bar program event; a Greater Kirkland Chamber of Commerce ribbon-cutting event at Athina Flora; a King County Regional Water Quality Committee meeting; and a King County Metropolitan Solid Waste Management Advisory Committee meeting.

Mayor Sweet asked the Council to approve a draft 'letter to the editor' in support of Kirkland's safe, welcoming and inclusive community values. The Mayor had first emailed a draft of the letter to the Council at 4:35 p.m. on July 11, 2019, receiving individual replies that day from Councilmember Nixon commenting with suggested edits, from Councilmember Curtis, and on the morning of July 12, 2019, from Deputy Mayor Arnold. The Mayor then forwarded a new draft to the full Council at 10:44 a.m. on July 16, 2019 in advance of the Council's evening meeting, which referenced a comment from Councilmember Nixon and noted no replies had been received from Councilmembers Asher or Neir. The Mayor then received individual email replies in the affirmative from Councilmembers Curtis, Neir, Nixon, and Pascal within the subsequent two hours which included a request to the Mayor from Councilmember Neir for clarification of Councilmember Nixon's comment. These email communications may have given the impression of an inadvertent online serial meeting, which is documented here as a record of the exchange. The Mayor expressed apologies for any errors which may have occurred as a result.

Motion to Authorize Mayor Sweet's draft letter to the editor as presented on the dais.

Moved by Deputy Mayor Jay Arnold, seconded by Councilmember Kelli Curtis
Vote: Motion carried 7-0

Yes: Deputy Mayor Jay Arnold, Councilmember Dave Asher, Councilmember Kelli Curtis, Councilmember Tom Neir, Councilmember Toby Nixon, Councilmember Jon Pascal, and Mayor Penny Sweet.

b. City Manager Reports

(1) Calendar Update

City Manager Kurt Triplett requested and received approval to send an issue of Emergency Management Grant funding to the Public Safety Committee for review.

12. ITEMS FROM THE AUDIENCE

None.

13. ADJOURNMENT

The Kirkland City Council regular meeting of July 16, 2019 was adjourned at 9:33 p.m.

Kathi Anderson, City Clerk

Penny Sweet, 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: August 7, 2019
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) Clifford Hou & Jenny Chang
2010 1st Street
Kirkland, WA 98033

Amount: Unspecified

Nature of Claim: Claimants states damage to their fence and landscape light resulted from a fallen tree.

- (2) Ryan Davis
10108 NE 64th St
Kirkland, WA 98033

Amount: \$1,600.00

Nature of Claim: Claimant states damage to his personal vehicle occurred when he struck a metal access cover in the roadway while driving south on 124th Avenue NE near 104th Street.

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

**CITY OF KIRKLAND****123 Fifth Avenue, Kirkland, WA 98033 425.587.3000**
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Aparna Khanal, P.E., Sr. Project Engineer
Rod Steitzer, P. E., Capital Projects Manager
Kathy Brown, Public Works Director

Date: July 25, 2019

Subject: ADVANCE MITIGATION PROJECT MAINTENANCE—AWARD CONTRACT

RECOMMENDATION:

City Council to award a five-year Advance Mitigation Project Maintenance contract (Project) to the lowest responsible bidder, OMA Construction, Inc., of Maple Valley, Washington, in the amount of \$236,715.

By taking action on this item under the Consent Calendar, the City Council is awarding the contract for the subject Project.

BACKGROUND DISCUSSION:

Staff discussed advanced mitigation with City Council in association with the review and adoption of amendments to Chapter 90 of the *Kirkland Zoning Code*, "Critical Areas," in late 2016 (item 10. g., KZC 90.145.4.c, [Ordinance 4551, December 13, 2016](#)). Briefly, this zoning code provision allows otherwise smaller, scattered mitigation sites to be centralized, and the program is available only to the City and other public agencies.

The City Council awarded the first advanced mitigation construction contract to OMA construction of Maple Valley on [October 16, 2018](#). The scope of the Project included wetland and buffer mitigation work in Juanita Bay Park, identified as "Forbes A" and "Forbes B" (see Attachment A, Vicinity Map) to provide significant opportunity for wetland and wetland/stream buffer restoration through invasive plant removal and hand planting of hundreds of live willow stakes. The advanced mitigation work is substantially complete, including the installation of a temporary irrigation system. The remaining work calls for the installation of plants in the identified wetland area of "Forbes B," which is scheduled for October 7 through October 11, 2019 as required by the permit.

The Advance Mitigation Program also requires five years of post-construction monitoring and maintenance. The Project was first advertised for contractor bids on June 13 and bids were opened on June 26, 2019, with the City receiving three bids. The outcome of the competitive bidding process is shown below in Table 1:

Table 1: Project Bid Results

| Contractor | Total Bid |
|---|---------------------|
| OMA Construction | \$236,715.00 |
| Judha of Lion Landscaping and Services, LLC | \$252,305.16 |
| <i>Engineer's Estimate</i> | <i>\$280,000.00</i> |
| Green Slate Landscaping, Inc. | \$311,283.32 |

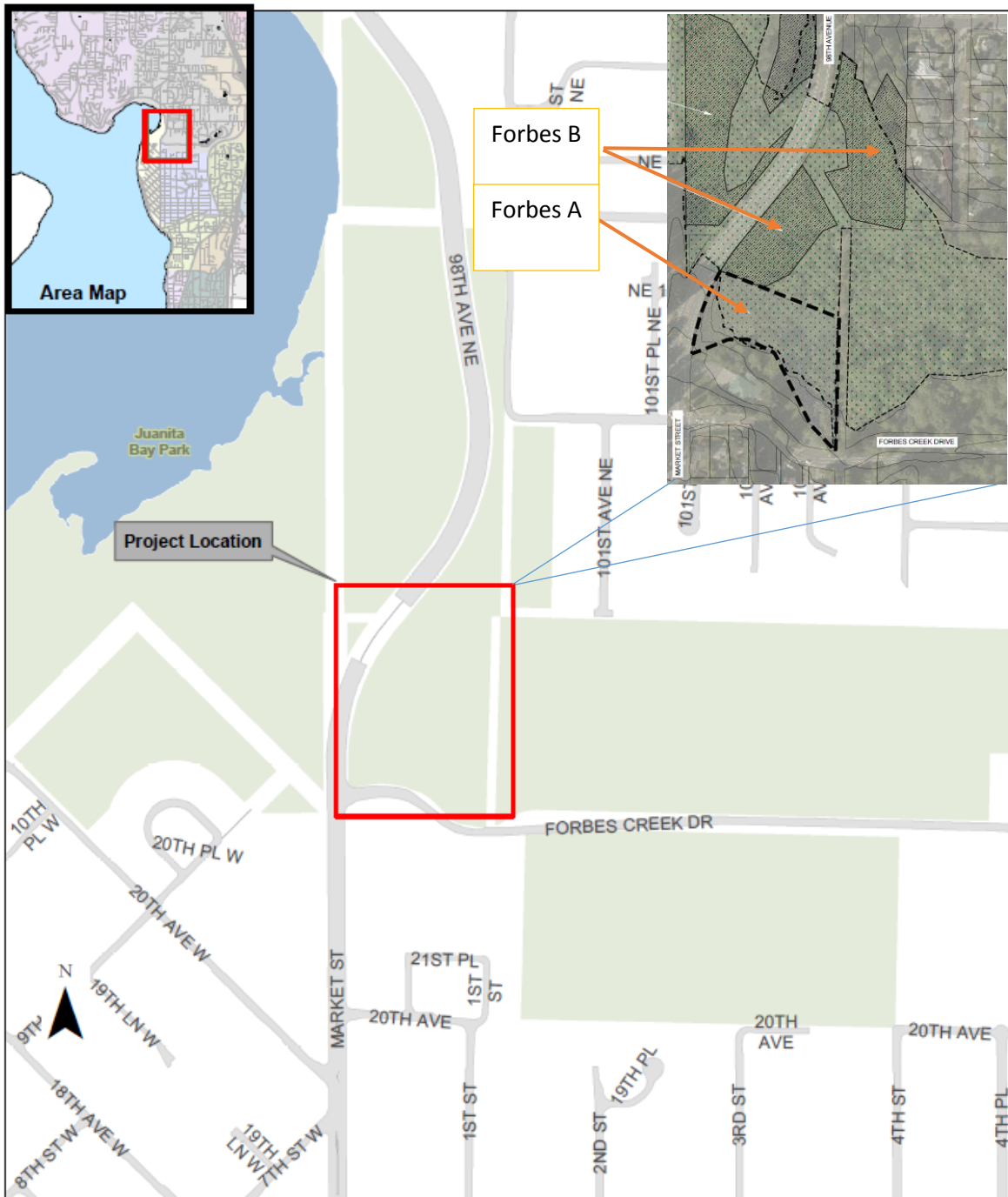
Table 2 below shows the funding versus anticipated expenses for the Project. As a result of the low bid price received for construction, the Project budget currently shows a 32% contingency and, because this is a first-of-its-kind project for the City, staff recommends maintaining the current contingency for any unknowns that may present themselves during the five-year completion, and any excessive funds will be returned to its original source during the acceptance of the project.

Table 2: Funding vs Anticipated Expenses Total

| Funding | Amount |
|---|--------------------|
| NM 7777 - Annual Non-Motorized CAO/SWDM Surface Water Support | \$1,400,000 |
| TR 7777 - Annual Traffic CAO/SWDM Surface Water Support | \$500,000 |
| Total | \$1,900,000 |
| Expenses | |
| Construction | \$887,219 |
| Water Connection for Irrigation | \$40,000 |
| Contingency (32%) | \$286,066 |
| Engineering including Monitoring | \$450,000 |
| 5 Year Maintenance (this contract) | \$236,715 |
| Total | \$1,900,000 |

Were this contract to be approved, the maintenance efforts would begin soon after the contract is executed.

Attachment A: Vicinity Map



Vicinity Map

Advance Mitigation Projects

**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: Marius Eugenio Jr., P.E., Project Engineer
Rod Steitzer, P.E., Capital Projects Manager
Kathy Brown, Public Works Director

Date: July 25, 2019

Subject: 1st STREET SEWER MAIN REPLACEMENT—ACCEPT WORK

RECOMMENDATION:

City Council to:

- Accept the work on the 1st Street Sewer Main Replacement (Project) performed by Rodarte Construction, Inc., Auburn, Washington, thereby establishing the statutory lien period; and
- Approve returning the \$427,767 fund balance to the Water/Sewer Construction Reserve.

By taking action on this memo during approval of the consent calendar, the City Council is accepting the work for the Project and authorizing the return of all remaining funds back to the Water/Sewer Construction Reserve.

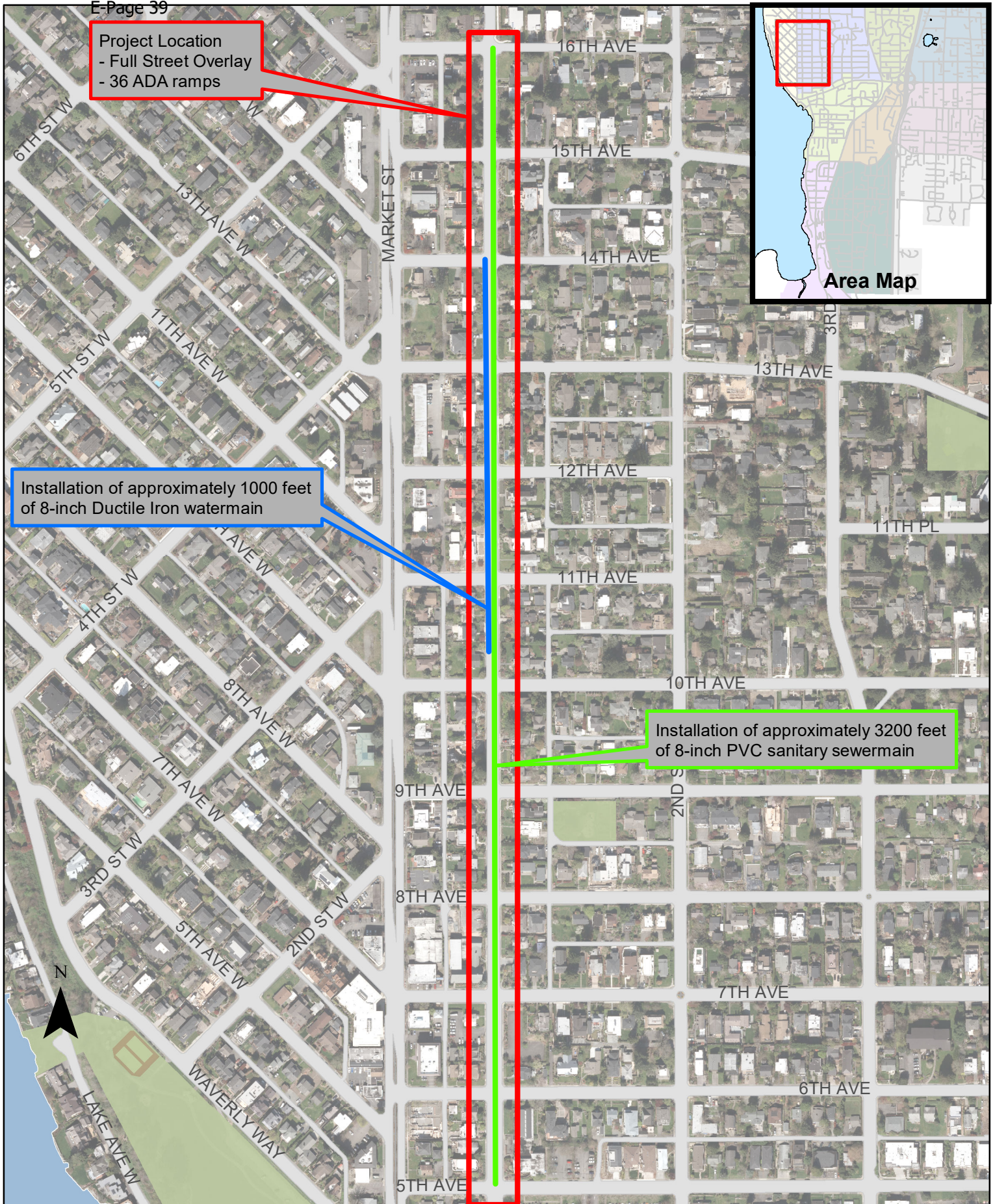
BACKGROUND DISCUSSION:

The Project provided water and sewer utility improvements within 1st Street, between 5th and 16th Avenues in Kirkland's Norkirk Neighborhood (see Attachment A, Vicinity Map). The work included installation of approximately 3,200 feet of 8-inch sanitary sewer main and 1,000 linear feet of new 8-inch ductile iron watermain, including all new water service lines and sewer lateral connections. In addition to the utility upgrades, the Project also installed a full street overlay and upgraded 36 curb ramps to current ADA standards.

At its July 5, 2017 meeting, City Council awarded the construction contract to Rodarte Construction in the amount of \$3,093,728.00. Construction began on August 7, 2017 and was physically complete on July 9, 2019. The total earned by the contractor for this Project was \$3,025,233.00. The difference is accounted for by two contract change orders and variation in estimated quantities. The remaining surplus is from lower than expected engineering costs.

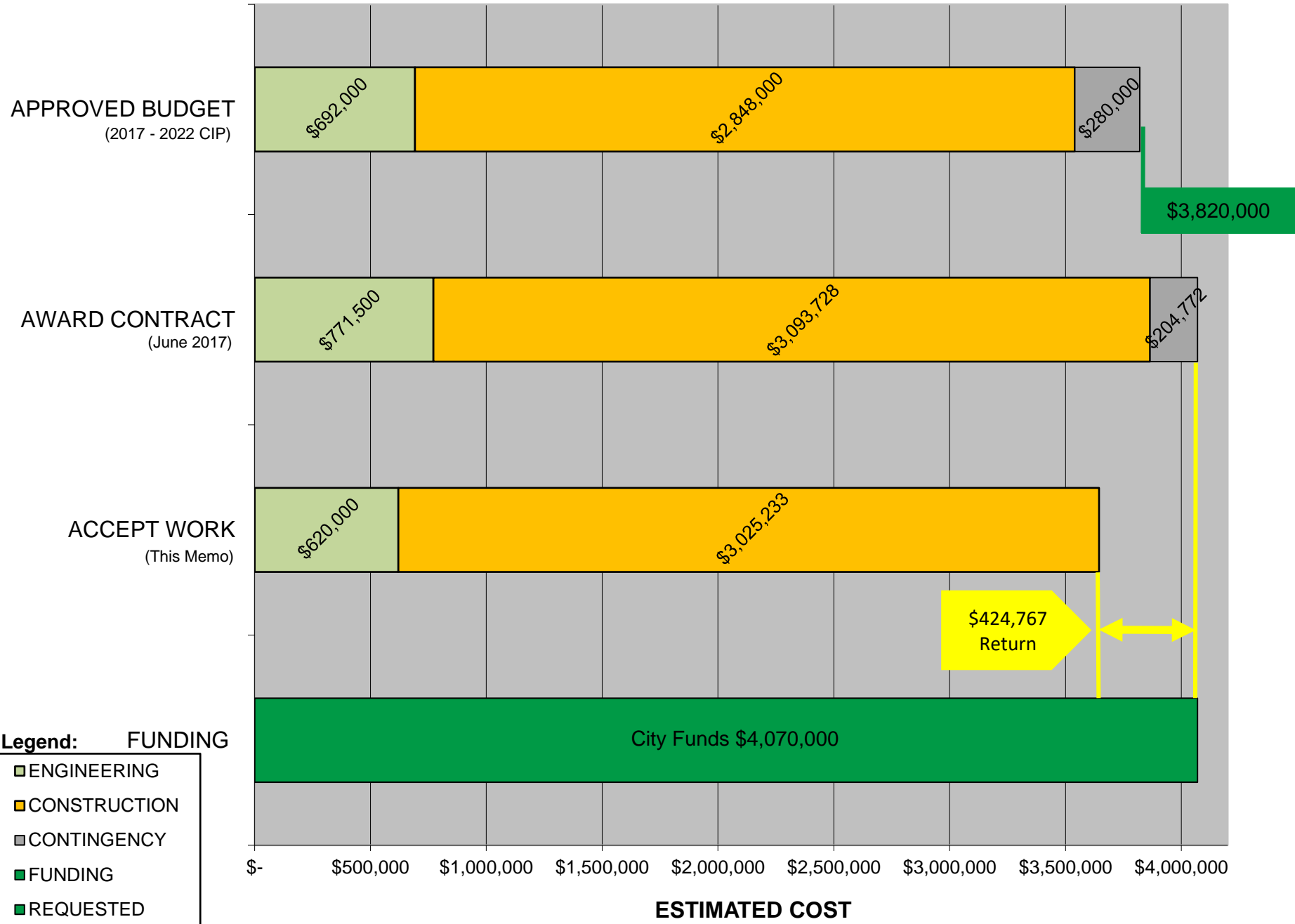
With all project costs accounted for, there remains a budget surplus of \$424,767 and staff is recommending the return of all surplus funds to the original Project funding source (see Budget Report and Fiscal Note: Attachments B and C). The 8/7/2019 City Council meeting has multiple fiscal requests involving the Water/Sewer Construction Reserve (1st Street, 6th Street, Rose Point Lift Station). If all three are approved, the net effect will be a (\$398,393) reduction in balance, with a projected Water/Sewer Capital Construction Reserve ending balance of \$10,459,096

Attachment A: Vicinity Map
Attachment B: Project Budget Report
Attachment C: Fiscal Note



**1st Street Sewer Main Replacement
(CSS0069)
PROJECT BUDGET REPORT**

Attachment B



FISCAL NOTE*CITY OF KIRKLAND*

| Source of Request | | | | | | | |
|---|--|-------------------------|-----------------------------|----------------------------------|------------------------|-----------------------------|----------------|
| Kathy Brown, Director of Public Works | | | | | | | |
| Description of Request | | | | | | | |
| One-time transfer returning unspent project contingency balance of \$427,767 from 1st Street Sewer Main Replacement Project (SSC0690000) to the Water/Sewer Construction Reserve balance. | | | | | | | |
| Legality/City Policy Basis | | | | | | | |
| | | | | | | | |
| Fiscal Impact | | | | | | | |
| One-time transfer to return \$427,767 to the Water/Sewer Construction Reserve. The project balance will be returned to the original utility funding source. | | | | | | | |
| Recommended Funding Source(s) | | | | | | | |
| | Description | 2020 Est End Balance | Prior Auth. 2019-20 Uses | Prior Auth. 2019-20 Additions | Amount This Request | Revised 2020 End Balance | 2020 Target |
| Reserve | W/S Capital CN Reserve | 11,100,663 | (305,000) | 61,796 | 427,767 | 11,285,226 | N/A |
| | | | | | | | |
| | | | | | | | |
| Revenue/Exp Savings | | | | | | | |
| Other Source | | | | | | | |
| Other Information | | | | | | | |
| The 8/7/2019 City Council meeting has multiple fiscal requests involving the W/S Capital Construction Reserve (6th St, 1st St, Rose Point). If all three are approved, the net effect will be a (\$398,393) reduction in balance, with a projected W/S Capital Construction Reserve ending balance of \$10,459,096. | | | | | | | |
| Prepared By | Kyle Butler, Financial Planning Supervisor | | | | Date | July 25, 2019 | |



CITY OF KIRKLAND

123 Fifth Avenue, Kirkland, WA 98033 425.587.3000
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Marius Eugenio Jr., P.E., Project Engineer
Rod Steitzer, P.E., Capital Projects Manager
Kathy Brown, Public Works Director

Date: July 25, 2019

Subject: 6th STREET SOUTH WATER AND SEWER MAIN REPLACEMENT—ACCEPT WORK

RECOMMENDATION:

City Council to:

- Accept the work on 6th Street South Water and Sewer Main Replacement project (Project) performed by Shoreline Construction Company, Woodinville, Washington, thereby establishing the statutory lien period; and
- Approve returning \$55,870 surplus funds to the Water/Sewer Construction Reserve.

By taking action on this memo during approval of the Consent Calendar, City Council is accepting the work performed by the contractor on the referenced Project, establishing the statutory lien period, and approving the return of funds to the appropriate funding source.

BACKGROUND DISCUSSION:

The Project provided water and sewer utility system improvements on 6th Street South between 5th Avenue South and NE 68th Street (see Attachment A, Vicinity Map). The work included replacing approximately 1,900 feet of 8-inch and 10-inch asbestos concrete water line with 16-inch ductile iron pipe, replacing 950 feet of 8-inch and 10-inch concrete sanitary sewer pipe with 12-inch high-density polyethylene pipe using a pipe bursting method, related appurtenances, and six fire hydrants.

At its July 25, 2018 meeting, the City Council awarded the construction contract to Shoreline Construction in the amount of \$2,143,440.20. Construction began on October 3, 2018 and was physically complete on July 2, 2019 with the contractor earning a total of \$2,159,303.54. Through the duration of the contract, three change orders were issued because of differing site conditions. They totaled \$101,566.44. However, certain actual quantities were less than estimated, resulting in offsetting savings. Also, staff worked with the contractor and found ways to reduce construction time, allowing the Project to finish three working days ahead of

schedule. The net result is that the Project did not use all the authorized contingency, leaving a surplus of \$55,870.

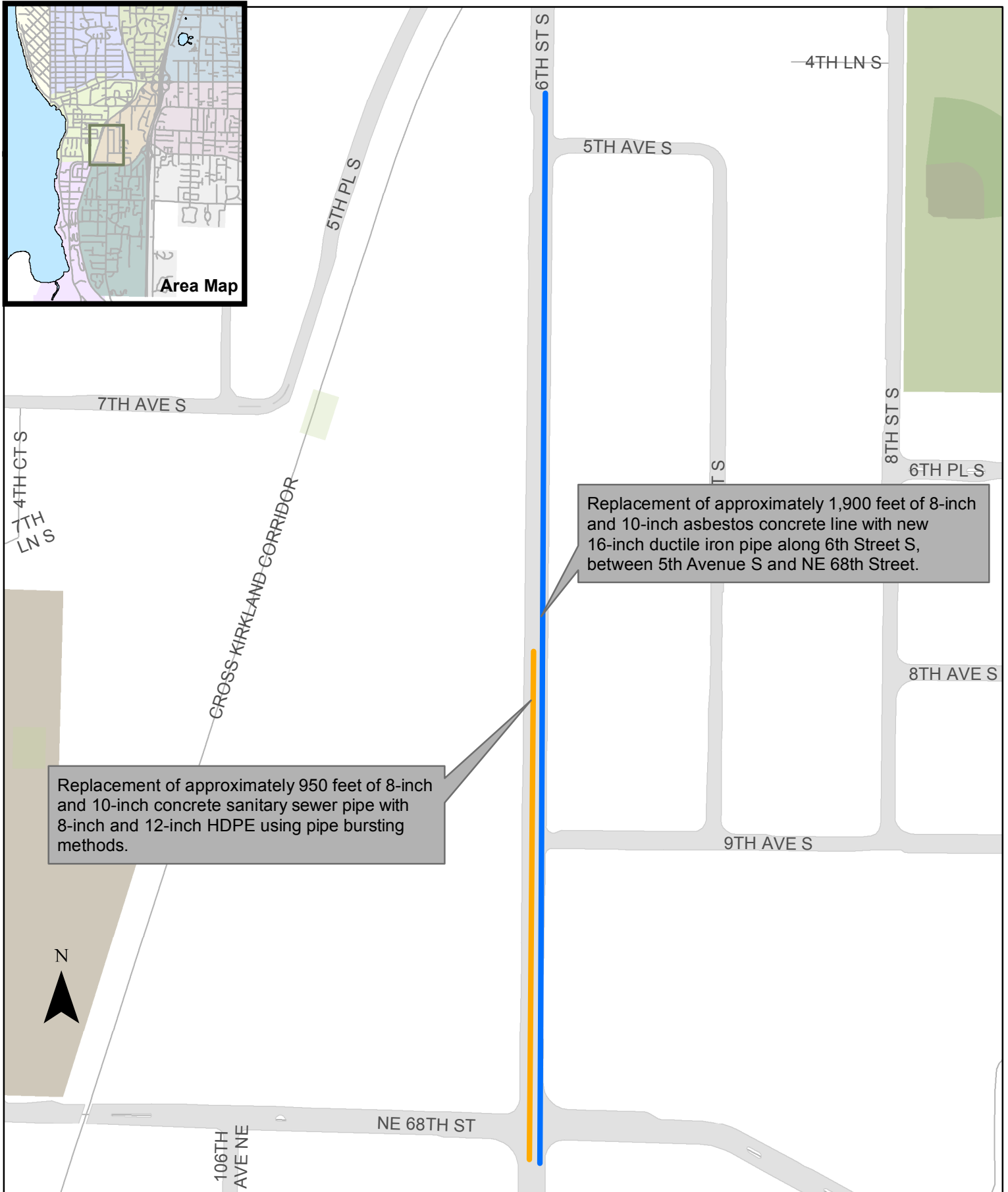
With all project costs accounted for staff is recommending the return of all surplus funds to the original Project funding source (see Attachments B and C).

The 8/7/2019 City Council meeting has multiple fiscal requests involving the Water/Sewer Construction Reserve (1st Street, 6th Street, Rose Point Lift Station). If all three are approved, the net effect will be a (\$398,393) reduction in balance, with a projected Water/Sewer Capital Construction Reserve ending balance of \$10,459,096.

Attachment A: Vicinity Map

Attachment B: Project Budget Report

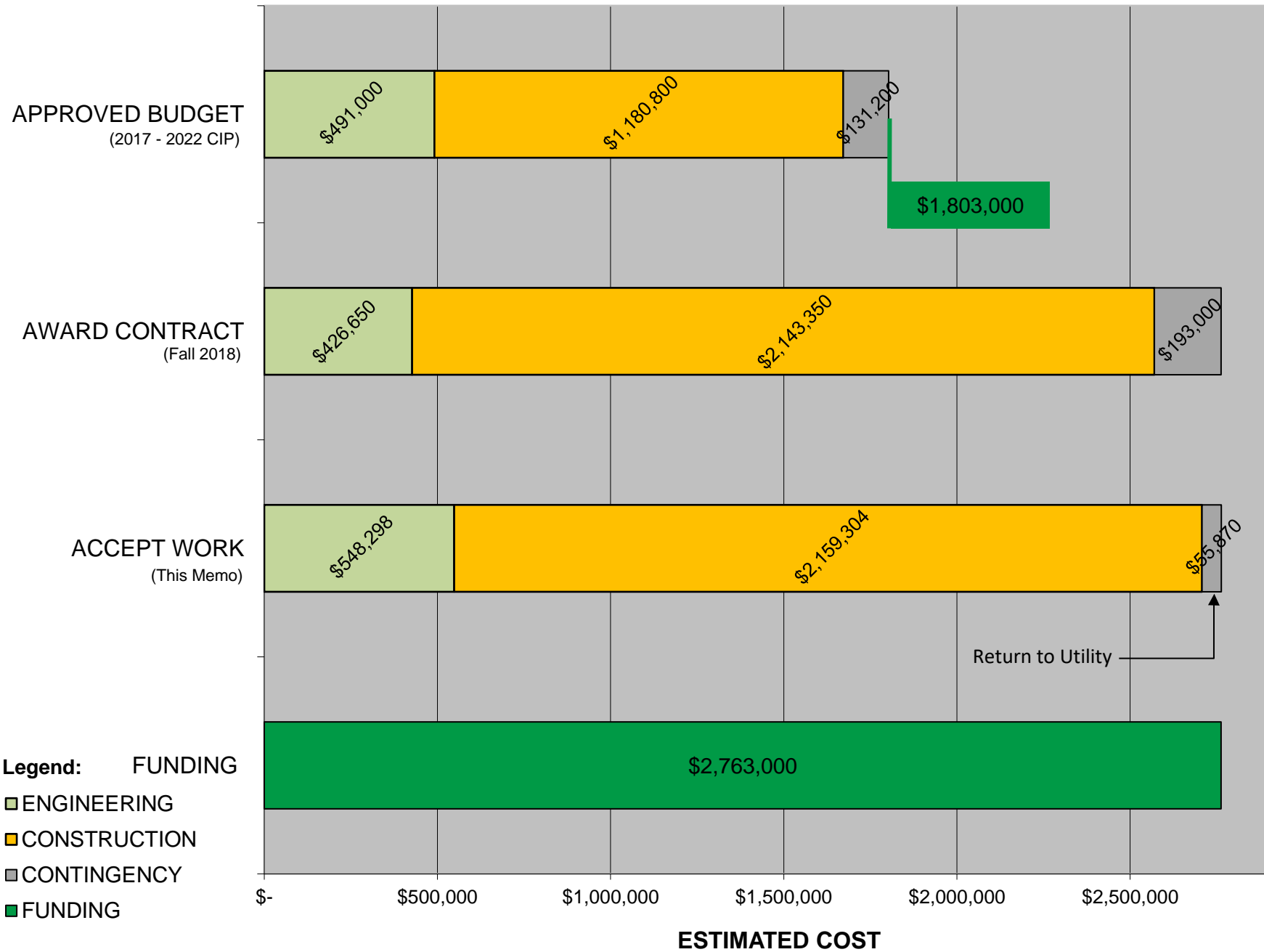
Attachment C: Fiscal Note



Vicinity Map
6th Street South Water and Sewer Main Replacement

**6th Street South Water and Sewer Main Replacement
(CWA013 and CSS0051)
PROJECT BUDGET REPORT**

Attachment B



FISCAL NOTE*CITY OF KIRKLAND*

| Source of Request | | | | | | | |
|---|------------------------|-------------------------|-----------------------------|----------------------------------|------------------------|-----------------------------|----------------|
| Kathy Brown, Director of Public Works | | | | | | | |
| Description of Request | | | | | | | |
| One-time transfer returning unspent project contingency balance of \$55,870 from 6th Street South Water and Sewer Main Replacement Project (WAC1390000 / SSC0510000) to the Water/Sewer Construction Reserve balance. | | | | | | | |
| Legality/City Policy Basis | | | | | | | |
| | | | | | | | |
| Fiscal Impact | | | | | | | |
| One-time transfer to return \$55,870 to the Water/Sewer Construction Reserve. The project balance will be returned to the original utility funding source. | | | | | | | |
| Recommended Funding Source(s) | | | | | | | |
| <i>Reserve</i> | Description | 2020 Est End Balance | Prior Auth. 2019-20 Uses | Prior Auth. 2019-20 Additions | Amount This Request | Revised 2020 End Balance | 2020 Target |
| | W/S Capital CN Reserve | 11,100,663 | (305,000) | 61,796 | 55,870 | 10,913,329 | N/A |
| | | | | | | | |
| | | | | | | | |
| <i>Revenue/Exp Savings</i> | | | | | | | |
| <i>Other Source</i> | | | | | | | |
| Other Information | | | | | | | |
| The 8/7/2019 City Council meeting has multiple fiscal requests involving the W/S Capital Construction Reserve (6th St, 1st St, Rose Point). If all three are approved, the net effect will be a (\$398,393) reduction in balance, with a projected W/S Capital Construction Reserve ending balance of \$10,459,096. | | | | | | | |

| | | | |
|-------------|--|------|---------------|
| Prepared By | Kyle Butler, Financial Planning Supervisor | Date | July 25, 2019 |
|-------------|--|------|---------------|



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: Kari Page, Neighborhood Outreach Coordinator
Marius Eugenio Jr., P.E., Project Engineer
Rod Steitzer, P.E., Capital Projects Manager
Kathy Brown, Public Works Director

Date: July 25, 2019

Subject: NEIGHBORHOOD SAFETY PROGRAM—2018 PROJECTS—ACCEPT WORK

RECOMMENDATION:

City Council to:

- Accept the work for construction of the 2018 Neighborhood Safety Program (NSP) projects completed by Road Construction Northwest, Inc., of Renton, Washington, thereby establishing the statutory lien period; and
- Approve the transfer of remaining funds at the time of final Project close-out from the 2018 NSP Projects to the 2019 NSP Projects.

By taking action on this memo during approval of the consent calendar, the City Council is accepting the work for the 2018 Project and authorizing the use of remaining funds for the 2019 NSP projects.

BACKGROUND DISCUSSION:

The 2018 NSP began in the fall of 2017, and in April 2018 the [City Council approved 7 projects](#) prioritized by NSP Panel Representatives and Public Works staff (see Attachment A, Map of 2018 Neighborhood Safety Program Application Priorities). Projects were divided into three priority levels with only the highest priority ones deemed likely to be funded. Funding for the second-level priorities was to be determined after the engineering/bid documents and more detailed cost estimating were complete. The Council directed staff to research additional funding and try to reduce costs so that second-level priorities could be completed. Staff was successful both in finding other funding and reducing costs in the following ways:

- 1) Projects were designed by in-house staff engineers, saving time and money;
- 2) The Lake Washington School District funded the bicycle improvements on 98th Avenue NE and 100th Avenue NE (up to \$36,000);

- 3) Following appropriate guidelines for the use of volunteers on public projects, Highlands Neighborhood Association volunteers built the stair runnel and railing for the Cross Kirkland Corridor (CKC) connection along NE 100th Street at Cotton Hill Park (actual cost \$7,228);
- 4) Volunteers and City crews built the CKC connection at NE 53rd Street (actual cost \$4,989);
- 5) City crews built the Lake Shore Plaza crosswalk ramp and the pavement marking program will do the thermoplastic to complete the crosswalk this coming summer (estimated cost \$10,903); and
- 6) The 2017 Program resulted in a savings of \$46,758 which was rolled forward to the 2018 Program (Fiscal Note with [2017 Phase 2 Projects Accept Work Memo](#)).

Funds available for the 2018 program totaled \$457,758.

In summary, all nine 2018 priority 1 and priority 2 Council-approved NSP project were complete. As noted, three of the nine projects—numbers 3, 4, and 5 in the paragraph above—were completed by volunteers and/or the City itself. Therefore, the six projects that are recommended for acceptance and subject to a lien period are:

- 18NSP01 - Bicycle Improvements 98th Ave and 100th Ave NE,
- 18NSP02 - Radar Speed Sign on 132nd Ave NE near NE 128th Street,
- 18NSP03 - Radar Speed Signs on Kirkland Way at CKC,
- 18NSP05 - Walkway Improvement on 7th Ave from 5th to 6th Streets,
- 18NSP07 - Rapid Flashing Beacon on NE 70th Street at 120th Ave, and
- 18NSP09 - Radar Speed Sign on 131st Way east of 94th Ave NE.

At the meeting of [January 15, 2019](#), the City Council awarded the 2018 NSP construction contract to Road Construction Northwest, Inc., in the amount of \$329,815. Construction began on January 30, 2019 and the Project was considered physically complete on June 19, 2019 with total payments to the contractor totaling \$303,460.10. The actual cost of some projects built by the contractor proved less than originally bid, with the greatest savings coming from the walkway improvement on 7th Avenue and from the rapidly flashing beacon on NE 70th Street.

There were no change orders.

Table 1: Budget Summary

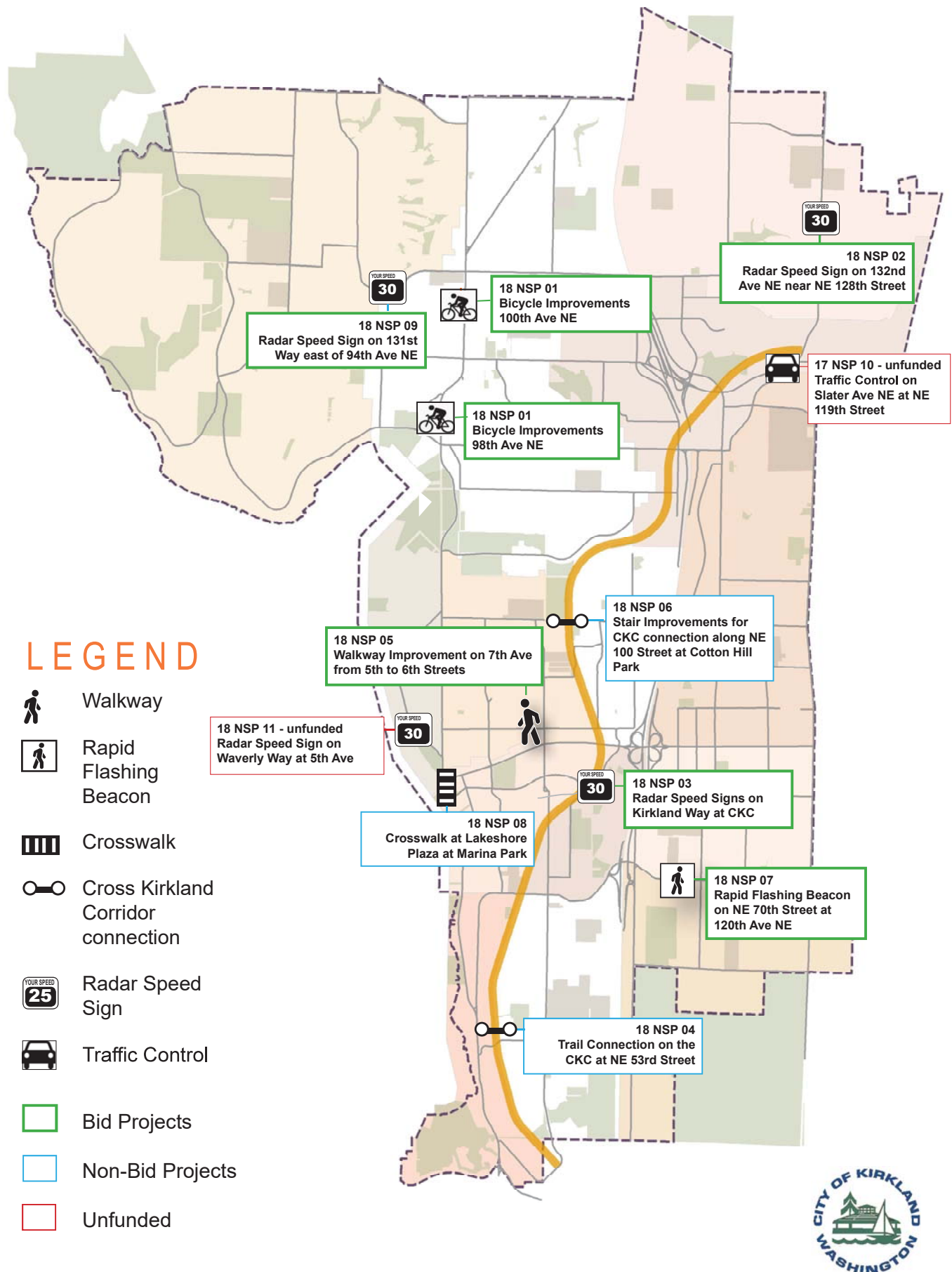
| | |
|--|-------------|
| Funds Available for 2018 Program | \$457,758 |
| Project Paid by School District | (\$34,379) |
| Projects Completed by Volunteers and/or City | (\$23,120) |
| Paid to Contractor | (\$303,460) |
| Soft Costs | (\$26,942) |
| Balance/Surplus | \$69,857 |

With all to-date costs for the nine 2018 NSP projects accounted for except for staff time for close-out paperwork, there will be a budget surplus of approximately \$70,000 (see Attachment B, Funding Matrix). Consequently, staff recommends the City Council's approval to use all remaining 2018 NSP Project funds for 2019 NSP projects, once staff time charged for all required close-out paperwork on the 2018 NSP is complete.

Staff is anticipating these savings will go toward funding the rapid flashing beacon on 108th Avenue NE at NE 46th Street. The City Council asked staff to try to fund this rapid flashing beacon (a second-level priority project from the 2019 NSP Program) during the [approval of](#)

[projects for 2019 in April of 2019](#). The complete list of funded projects and estimates for 2019 will come to the City Council as part of the 2019 NSP Award memo later this year. Attachment C, "Status of 2014-2019 Projects," shows all NSP Projects since the Program's inception. All 2014-2018 Council-approved projects are complete. The 2019 projects are anticipated to be complete in 2020.

Attachment A: Map of 2018 NSP Application Priorities
Attachment B: Funding Matrix
Attachment C: Status of 2014-2019 Projects
Attachment D: Fiscal Note



Funding Matrix: 2018 Neighborhood Safety Program Projects

Attachment B

| 2018 Bid-Projects (this accept memo) | | | Estimates | | Actual Costs by Funding Source (including soft costs) | | | | | | |
|--------------------------------------|----------------|--|-------------------|----------------------|---|--------------------------------|--------------------------------|--------------------------------|---|---------------------------------|---------------|
| Bid Schedule NSP # | Priority Level | Description | Original Estimate | Estimate (after bid) | Walkable Kirkland [NMC0062117] | Levy - Ped Safety [NMC0062017] | Walkable Kirkland [NMC0062118] | Levy - Ped Safety [NMC0062018] | Neighborhood Traffic Control [TRC1170318] | Lake Washington School District | Total Project |
| Original Budget by Funding Source | | | | | \$37,841 | \$8,916 | \$200,000 | \$150,000 | \$25,000 | \$36,000 | \$457,758 |
| 18NSP01 | 1 | Bicycle Improvements 98th Ave and 100th Ave NE | \$35-50,000 | \$ 36,000 | | | | | | \$ 34,379 | \$ 34,379 |
| 18NSP02 | 1 | Radar Speed Sign on 132nd Ave NE near NE 128th Street | \$35-50,000 | \$ 62,783 | | | \$ 27,988 | | \$ 25,000 | | \$ 52,988 |
| 18NSP03 | 1 | Radar Speed Signs on Kirkland Way at CKC | \$35-50,000 | \$ 96,440 | \$ 267 | \$ 8,916 | \$ 33,802 | \$ 55,569 | | | \$ 98,554 |
| 18NSP05 | 1 | Walkway Improvement on 7th Ave from 5th to 6th Streets | \$35-50,000 | \$ 103,068 | | | \$ 79,981 | | | | \$ 79,981 |
| 18NSP07 | 1 | Rapid Flashing Beacon on NE 70th Street at 120th Ave | \$35-50,000 | \$ 94,431 | | | | \$ 61,670 | | | \$ 61,670 |
| 18NSP09 | 2 | Radar Speed Sign on 131st Way east of 94th Ave NE | \$35-50,000 | \$ 37,574 | \$ 37,209 | | | | | | \$ 37,209 |
| Bid-Project Actual Subtotal | | | \$210-300,000 | \$ 430,297 | \$ 37,476 | \$ 8,916 | \$ 141,772 | \$ 117,239 | \$ 25,000 | \$ 34,379 | \$ 364,781 |

| 2018 Non-Bid-Projects | | | Estimates | | Actual Costs by Funding Source (including soft costs) | | | | | | |
|--------------------------------------|----------------|---|-------------------|----------------------|---|----------|--------------------------------|--------------------------------|-----------|-----------|---------------|
| NSP # | Priority Level | Description | Original Estimate | Estimate (after bid) | | | Walkable Kirkland [NMC0062118] | Levy - Ped Safety [NMC0062018] | | | Total Project |
| 18NSP06 | 1 | Stair Improvements for CKC connection along NE 100 Street at Cotton Hill Park | \$35-50,000 | \$ 11,676 | | | \$ 7,228 | | | | \$ 7,228 |
| 18NSP04 | 1 | Trail Connection on the CKC at NE 53rd Street | \$4-14,000 | \$ 4,935 | | | \$ 4,989 | | | | \$ 4,989 |
| 18NSP08 | 2 | Crosswalk at Lakeshore Plaza at Marina Park | \$35-50,000 | \$ 10,850 | | | \$ 10,903 | | | | \$ 10,903 |
| 18NSP10 | 3 | Traffic Control on Slater Ave NE at NE 119th Street | | Unfunded | | | | | | | |
| 18NSP11 | 3 | Radar Speed Sign on Waverly Way at 5th Ave West | | Unfunded | | | | | | | |
| Non-Bid Project Subtotal | | | \$74-114,000 | \$ 27,461 | | | \$ 23,120 | \$ - | \$ - | | \$ 23,120 |
| 2018 Program Total | | | \$284-414,000 | \$ 457,758 | \$ 37,476 | \$ 8,916 | \$ 164,892 | \$ 117,239 | \$ 25,000 | \$ 34,379 | \$ 387,902 |
| SAVINGS/AMOUNT TO ROLL INTO 2019 NSP | | | | \$ 69,856 | \$ 365 | \$ 0 | \$ 35,108 | \$ 32,761 | \$ - | \$ 1,621 | \$ 69,856 |

| Status of 2014-2019 NSP Projects | | | | | | | | | | |
|----------------------------------|---|------------------|------------------------------------|---------------------------|-------------------------|----------------------|------------------------------------|------------------------|---------------------------------|----------|
| Project # | Project Description | JFK [NM 0073] | Walkable Kirkland [NM 6-201] | Levy - Ped. [NM 6-200] | Crosswalk [NM 0-012] | Private Dev./LWSD | Levy – School Rts [NM 6-100] | Other City Programs | Total Project Costs/Estimate | Status |
| 2014 | | | | | | | | | | |
| 14NSP01 | Rapid Flashing Beacon on NE 132nd Street at 121st Ave NE and turn lane (east to north bound) | | | | | \$ 120,867 | | | \$ 120,867 | Complete |
| 14NSP02 | Rapid Flashing Beacon on Juanita Drive at NE 137th Street connecting Big Finn Hill Park trails | | | | | | | \$ 60,630 | \$ 60,630 | Complete |
| 14NSP03 | Crosswalk and curb along 84th Ave NE from NE 139th Street to NE 141st Street | \$ 975 | | | | | | | \$ 975 | Complete |
| 14NSP04 | Rapid Flashing Beacon on NE 132nd Street at 105th Ave NE | \$ 61,174 | | | | | \$ 3,003 | | \$ 64,177 | Complete |
| 14NSP05 | Trail Connection at Forbes Creek Drive and the CKC - between 113th Court NE and 115th Court NE | \$ 11,006 | | | | | \$ 1,794 | | \$ 12,800 | Complete |
| 14NSP06 | Crosswalk markings along 90th Ave NE at NE 134th Street, NE 137th Street, and NE 139th Street | \$ 46,845 | | | | | \$ 2,245 | | \$ 49,090 | Complete |
| 14NSP07 | Crosswalk markings along NE 145th Street at 84th Ave NE, 88th Ave NE, and 92nd Ave NE | \$ 30,000 | | | | | | | \$ 30,000 | Complete |
| Grant | Rapid Flashing Beacon on Juanita Drive at 93rd Avenue NE | | | | | | | \$ 59,033 | \$ 59,033 | Complete |
| 2015 | | | | | | | | | | |
| 15NSP01 | Stairs from NE 68 th Street to the CKC | | \$ 66,970 | | | | \$ 9,989 | \$ 17,500 | \$ 94,459 | Complete |
| 15NSP02 | Sidewalk on north side of Kirkland Avenue at 6 th Street South | | \$ 78,947 | | | | \$ 3,708 | | \$ 82,655 | Complete |
| 15NSP03 | Rapid Flashing Beacon on 84th Avenue NE at NE 138th Street crosswalk | | \$ 37,273 | | | | \$ 1,507 | | \$ 38,780 | Complete |
| 15NSP04 | Stairs and bridge connection from 116 th Avenue NE to the CKC | | \$ 9,523 | | | | | | \$ 9,523 | Complete |
| 15NSP05 | Improved connection from NE 60th Street to the CKC | | \$ 5,320 | | | | | | \$ 5,320 | Complete |
| 15NSP06 | Rapid Flashing Beacon at crosswalk on 132 nd Avenue NE at NE 97 th Street | | | \$ 8,000 | \$ 57,029 | | \$ 3,252 | | \$ 68,281 | Complete |
| 15NSP07 | Crosswalk improvements on 112th Avenue at NE 68th Street | | | \$ 9,016 | | | \$ 331 | | \$ 9,347 | Complete |
| 15NSP08 | Rapid Flashing Beacon at crosswalk on 132 nd Avenue NE at NE 93 rd Street | | | \$ 17,514 | \$ 12,971 | | \$ 43,016 | | \$ 73,501 | Complete |
| 15NSP09 | Rapid Flashing Beacon on NE 70 th Place at 130 th Avenue NE | | | \$ 44,350 | | | | | \$ 44,350 | Complete |
| 15NSP10 | Radar speed sign on Juanita Drive (in the vicinity of Woodlands Park) | | \$ 1,967 | \$ 41,228 | | | \$ 5,164 | | \$ 48,359 | Complete |
| 15NSP11 | Crosswalk improvements on 7 th Avenue S. at 1 st Street, 4 th Street, and 5 th Street | | | \$ 29,892 | | | \$ 2,767 | | \$ 32,659 | Complete |
| Grant | Rapid Flashing Beacon on Market and 4th Street | | | | | | | \$ 67,900 | \$ 67,900 | Complete |
| 2016 | | | | | | | | | | |
| 16NSP01 | Intersection study for Kirkland Way and Railroad Ave | | \$ 7,500 | | | | | | \$ 7,500 | Complete |
| 16NSP02 | Intersection study for 124th Ave NE and NE 80th Street | | \$ 7,500 | | | | | | \$ 7,500 | Complete |
| 16NSP03 | Stair connection near 2nd Ave at the CKC | | \$ 19,515 | | | | | | \$ 19,515 | Complete |
| 16NSP04 | Extruded curb along 87th Ave NE and 134th Street | | \$ 68,264 | | | \$ 10,000 | | | \$ 78,264 | Complete |
| 16NSP05 | Crosswalk island on 124th Ave NE at 142nd Place | | \$ 11,290 | \$ 12,637 | | \$ 26,000 | | | \$ 49,927 | Complete |
| 16NSP06 | New crosswalk with ramps on Kirkland Ave at Marina Park | | | | | | | \$ 6,600 | \$ 6,600 | Complete |
| 16NSP07 | Sight distance improvement at 15th Ave and 4th Street | | \$ 19,640 | | | | | \$ 25,000 | \$ 44,640 | Complete |
| 16NSP08 | Rapid Flashing Beacon on Market Street at 7th Ave W | | | \$ 53,071 | | | | | \$ 53,071 | Complete |
| 16NSP09 | Rapid Flashing Beacon on 108th Ave NE at 62nd Street | | | \$ 84,292 | | | | | \$ 84,292 | Complete |
| 16NSP10 | Trail lighting and gravel on walkway to NE 126th Street from NKCC | | \$ 13,331 | | | \$ 32,500 | | | \$ 45,831 | Complete |
| 16NSP11 | Gravel walkway along 8th Street South and Railroad Ave to the CKC | | \$ 42,160 | | | | | | \$ 42,160 | Complete |
| 16NSP12 | Asphalt walkway along 7th Ave between 6th & 8th Streets | | \$ 10,800 | | | | | | \$ 10,800 | Complete |
| 16NSP13 | Trail connection at the end of 111th Ave NE to the CKC | | | | | | | \$ 1,320 | \$ 1,320 | Complete |
| 16NSP14 | Intersection study at NE 132nd Street and 136th Ave NE | | | | | | | \$ 7,500 | \$ 7,500 | Complete |
| 2017 | | | | | | | | | | |
| 17NSP01 | Radar Speed Signs on NE 143rd Street and 132nd and 128th Avenue NE | | \$ 70,463 | | | | | | \$ 70,463 | Complete |
| 17NSP02 | Rapid Flashing Beacon on NE 120th Place south of NE 122nd Street | | | \$ 124,938 | | | | | \$ 124,938 | Complete |
| 17NSP03 | Crosswalk Improvement at NE 138th Street and 84th Avenue NE | | | | | | | \$ 2,601 | \$ 2,601 | Complete |

| Project # | Project Description | JFK [NM 0073] | Walkable Kirkland [NM 6-201] | Levy - Ped. [NM 6-200] | Crosswalk [NM 0-012] | Private Dev./LWSD | Levy – School Rts [NM 6- 100] | Other City Programs | Total Project Costs/Estimate | Status |
|-----------|--|------------------|------------------------------------|---------------------------|-------------------------|----------------------|-------------------------------------|------------------------|---------------------------------|----------|
| 17NSP04 | Rapid Flashing Beacon on 116th Avenue NE at 12500 block | | \$ 71,138 | \$ 25,062 | | | | | \$ 96,200 | Complete |
| 17NSP05 | Reflective Pavement Markers on NE 68th Street at 110th Avenue NE (criteria not met for radar speed signs) | | | | | | | \$713 | \$ 713 | Complete |
| 17NSP06 | Intersection Improvements on Kirkland Way and Railroad Avenue | | \$54,625 | | | | | | \$ 54,625 | Complete |
| 17NSP07 | Intersection Improvements on 124th Avenue NE and NE 80th Street | | \$3,774 | | | | | \$17,567 | \$ 21,341 | Complete |
| | Walkway Improvement on 7th Avenue at 5th Street | | | | | | | \$17,592 | \$ 17,592 | Complete |

| | | | | | | | | | | |
|-------------|---|------------|--------------|------------|-----------|------------|-----------|------------|--------------|------------------------|
| 2018 | | | | | | | | | | |
| 18NSP01 | Bicycle Improvements 98th Ave and 100th Ave NE | | | | | \$ 34,379 | | | \$ 34,379 | Complete |
| 18NSP02 | Radar Speed Sign on 132nd Ave NE near NE 128th | | \$ 27,988 | | | | | \$ 25,000 | \$ 52,988 | Complete |
| 18NSP03 | Radar Speed Signs on Kirkland Way at CKC | | \$ 34,069 | \$ 64,485 | | | | | \$ 98,554 | Complete |
| 18NSP04 | Trail Connection on the CKC at NE 53rd Street | | \$ 4,989 | | | | | | \$ 4,989 | Complete |
| 18NSP05 | Walkway Improvement on 7th Ave from 5th to 6th Streets | | \$ 79,981 | | | | | | \$ 79,981 | Complete |
| 18NSP06 | Stair Improvements for CKC connection along NE 100 Street at Cotton Hill Park | | \$ 7,228 | | | | | | \$ 7,228 | Complete |
| 18NSP07 | Rapid Flashing Beacon on NE 70th Street at 120th Ave | | | \$ 61,670 | | | | | \$ 61,670 | Complete |
| 18NSP08 | Crosswalk at Lakeshore Plaza at Marina Park | | \$ 10,903 | | | | | | \$ 10,903 | Complete |
| 18NSP09 | Radar Speed Sign on 131st Way east of 94th Ave NE | | \$ 37,209 | | | | | | \$ 37,209 | Complete |
| | ADA Ramp at Forbes Creek Park | | | | | | | \$ 8,518 | \$ 8,518 | Complete |
| 2019 | | | | | | | | | | |
| 19NSP01 | Raised sidewalk on corner of NE 134th Street at 87th Ave NE | | Pending bids | | | | | | | Anticipated April 2020 |
| 19NSP02 | Rapid Flashing Beacon on NE 132nd Street at 129th PI NE | | Pending bids | | | | | | | Anticipated April 2020 |
| 19NSP03 | Traffic median island on Slater Ave NE at NE 119th Street | | Pending bids | | | | | | | Anticipated April 2020 |
| 19NSP04 | Intersection improvement on NE 87th Street at 114th Ave NE | | Pending bids | | | | | | | Anticipated April 2020 |
| 19NSP05 | Walkway on NE 120th Street between 93rd PI NE and 96th Ave NE | | Pending bids | | | | | | | Anticipated April 2020 |
| 19NSP06 | Crosswalk on Lakeview Drive north of 64th Street | | Pending bids | | | | | | | Anticipated April 2020 |
| 19NSP07 | Rapid Flashing Beacon on 108th Ave at NE 46th Street | | Pending bids | | | | | | | Anticipated April 2020 |
| | | \$ 150,000 | \$ 802,367 | \$ 576,155 | \$ 70,000 | \$ 223,746 | \$ 76,776 | \$ 317,474 | \$ 2,216,518 | |

FISCAL NOTE*CITY OF KIRKLAND*

| | | | | | | | |
|---|---|-------------------------|-----------------------------|----------------------------------|------------------------|-----------------------------|----------------|
| Source of Request | | | | | | | |
| Kathy Brown, Director of Public Works | | | | | | | |
| Description of Request | | | | | | | |
| One-time request to transfer unspent project balance of \$69,857 forward from the 2018 Neighborhood Safety Program project (NMC0062118) to the 2019 Neighborhood Safety Program project (NMC0062119). | | | | | | | |
| Legality/City Policy Basis | | | | | | | |
| | | | | | | | |
| Fiscal Impact | | | | | | | |
| An increase of \$69,857 in Walkable Kirkland funding for the 2019 Neighborhood Safety Program (NMC00622119). The remaining balance in the 2018 Neighborhood Safety Program (NMC0062118) is available to fully fund this request. | | | | | | | |
| Recommended Funding Source(s) | | | | | | | |
| Reserve | Description | 2020 Est End Balance | Prior Auth. 2019-20 Uses | Prior Auth. 2019-20 Additions | Amount This Request | Revised 2020 End Balance | 2020 Target |
| | | | | | | 0 | |
| | | | | | | | |
| | | | | | | | |
| Revenue/Exp Savings | Unspent funding of \$69,857 in the 2018 Neighborhood Safety Program (NMC0062118). Remaining Funding in this project originated from the general fund Walkable Kirkland program. | | | | | | |
| Other Source | | | | | | | |
| Other Information | | | | | | | |
| | | | | | | | |

| | | | |
|-------------|--|------|---------------|
| Prepared By | Kyle Butler, Financial Planning Supervisor | Date | July 25, 2019 |
|-------------|--|------|---------------|



CITY OF KIRKLAND
Planning and Building Department
123 5th Avenue, Kirkland, WA 98033
425.587.3600- www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Adam Weinstein, AICP, Planning and Building Director
Désirée Goble, AICP, Planner

Date: July 22, 2019

Subject: Bridlestone Estates Final Subdivision (renamed Bridgewood Estates in Kirkland) SUB15-00572

RECOMMENDATION

City Council approves the Final Subdivision application for the Bridgewood Estates in Kirkland. The City Council may do so by adopting the enclosed resolution through approval of the consent calendar.

BACKGROUND DISCUSSION

On June 7, 2016, City Council approved Ordinance O-4516, authorizing the Rezone, Preliminary Subdivision, and the requested modifications to streams, wetlands and their associated buffers as recommended by the Hearing Examiner.

The proposal includes the following elements:

- Subdivide five existing parcels (totaling 17.59 acres) into 35 separate lots in a RS 12.5 Zone.
- Access to the lots will be provided via a new access road off of 116th Avenue NE. The new access is not a through road and has two cul-de-sacs.
- A SEPA Determination of non-significance was issued on January 29, 2016.

The proposal complies with the Final Subdivision Approval Criteria as documented in Enclosure 1.

The Final Subdivision approval is in the nature of a ministerial, non-discretionary process, meaning that if the Final Subdivision meets the terms of the Preliminary Subdivision and the plan conforms to State law and local ordinances, final approval must be granted (pursuant to Revised Code of Washington [RCW] 58.17.170).

ENCLOSURE

1. Memo to Planning and Building Director, dated July 15, 2019, Findings, Conclusion and Recommendation with Attachments



CITY OF KIRKLAND
Planning and Building Department
123 Fifth Avenue, Kirkland, WA 98033 425.587.3225
www.kirklandwa.gov

MEMORANDUM
ADVISORY REPORT
FINDINGS, CONCLUSION, AND RECOMMENDATIONS

To: Adam Weinstein, AICP, Planning and Building Director
From: Désirée Goble, AICP, Planner
Date: July 15, 2019
File: Bridgewood Estates at Kirkland (formerly known as Bridlestone Estates) Final Subdivision, File No. SUB15-00572

I. RECOMMENDATION

Approve the Final Subdivision application for the Bridgewood Estates at Kirkland.

II. BACKGROUND

- A. The applicant is Erin Hopkins of Toll Brothers Inc.
- B. The site is located at 4600 116th Ave NE (see Attachment 1).
- C. This is a final subdivision application to approve a 35-lot subdivision on a 17.59-acre site (see Attachment 2). Access to the lots is provided via a new public access road on the east side of 116th Ave NE.

III. HISTORY

- A. On March 16, 2016, the Kirkland Hearing Examiner recommended approval of the Bridlestone Estates Rezone, Preliminary Subdivision, and the requested modifications to streams, wetlands and their associated buffers. A State Environmental Policy Act (SEPA) Determination of Non-significance was issued on December 3, 2015.
- B. On March 28, 2016, the Planning and Building Department received a challenge to the Hearing Examiner's recommendation to approve the project with conditions. The challenge was brought to City Council for a decision on May 3, 2016, May 17, 2016 and June 7, 2016.
- C. On June 7, 2016, City Council approved Ordinance O-4516, authorizing the project to move forward as recommended by the Hearing Examiner (see Attachment 3).

IV. APPROVAL CRITERIA

A. Facts:

1. Section 22.16.080 of the Kirkland Municipal Code (KMC) discusses the conditions under which the final plat may be approved by the City Council. These conditions are as follows:

- a. Except for minor modifications under Section 22.16.090, the final plat is consistent with the approved preliminary plat; and
- b. The final plat is consistent with the provisions of this title and Chapter 58.17 RCW.

2. On June 10, 2019, a minor modification was submitted requesting approval of changes to the size of all lots within the proposed plat (see Attachment 4).

3. KMC Section 22.16.090(a) allows minor deviations from the preliminary plat if the change:

- a. Does not increase the number of lots; and

Staff comment: The total number of lots proposed and approved (35 lots) remains unchanged.

- b. Does not decrease any lot size by more than ten percent; and

Staff comment: None of the lot sizes decreased by more than ten percent.

- c. Does not substantially alter the location or nature of any improvements or any other element of the subdivision; and

Staff comment: The configuration of an equestrian trail between Lots 9 and 10 which would provide access from the right-of-way within the plat to Bridle Trails State Park changed from a straight line to a meander with two bends in the trail. Several members of the Equestrian Committee reviewed the proposed change and did not raise any concerns.

- d. Does not significantly alter the subdivision.

Staff comment: No significant alterations have been made to the subdivision.

4. On August 3, 2017, Toll Brothers Inc. submitted a bond covering the cost of all street and utility improvements approved for construction within the plat by permit LSM16-08433.
5. On May 2, 2018, a separate bond was submitted covering the implementation, monitoring and maintenance of the approved improvements within the stream,

wetlands and their associated buffers. This work was permitted under LSM16-08433.

- B. Conclusions: The applicant has complied with all of the conditions that were placed on the preliminary subdivision application (File No. SUB15-00572) and the minor modification criteria.

V. CHALLENGE, JUDICIAL REVIEW, AND LAPSE OF APPROVAL

- A. Section 22.16.070 of the Kirkland Municipal Code states that any person who disagrees with the report of the Planning Director may file a written challenge to City Council by delivering it to the City Clerk not later than the close of business of the evening City Council first considers the final plat.
- B. Section 22.16.110 of the Kirkland Municipal Code allows the action of the City in granting or denying this final plat to be reviewed in King County Superior Court. The petition for review must be filed within 21 calendar days of the issuance of the final land use decision by the City.
- C. Section 22.16.130 of the Kirkland Municipal Code states that unless specifically extended in the decision on the plat, the plat must be submitted to the city for recording with King County within six (6) months of the date of approval or the decision becomes void; provided, however, that in the event judicial review is initiated per Section 22.16.110, the running of the six (6) months is tolled for any period of time during which a court order in said judicial review proceeding prohibits the recording of the plat.

VI. APPENDICES


Attachments 1 through 4 are attached.

1. Vicinity Map
2. Final Plat Map
3. Ordinance O-4516
4. Modification to proposed lot sizes

Review by Planning Director:

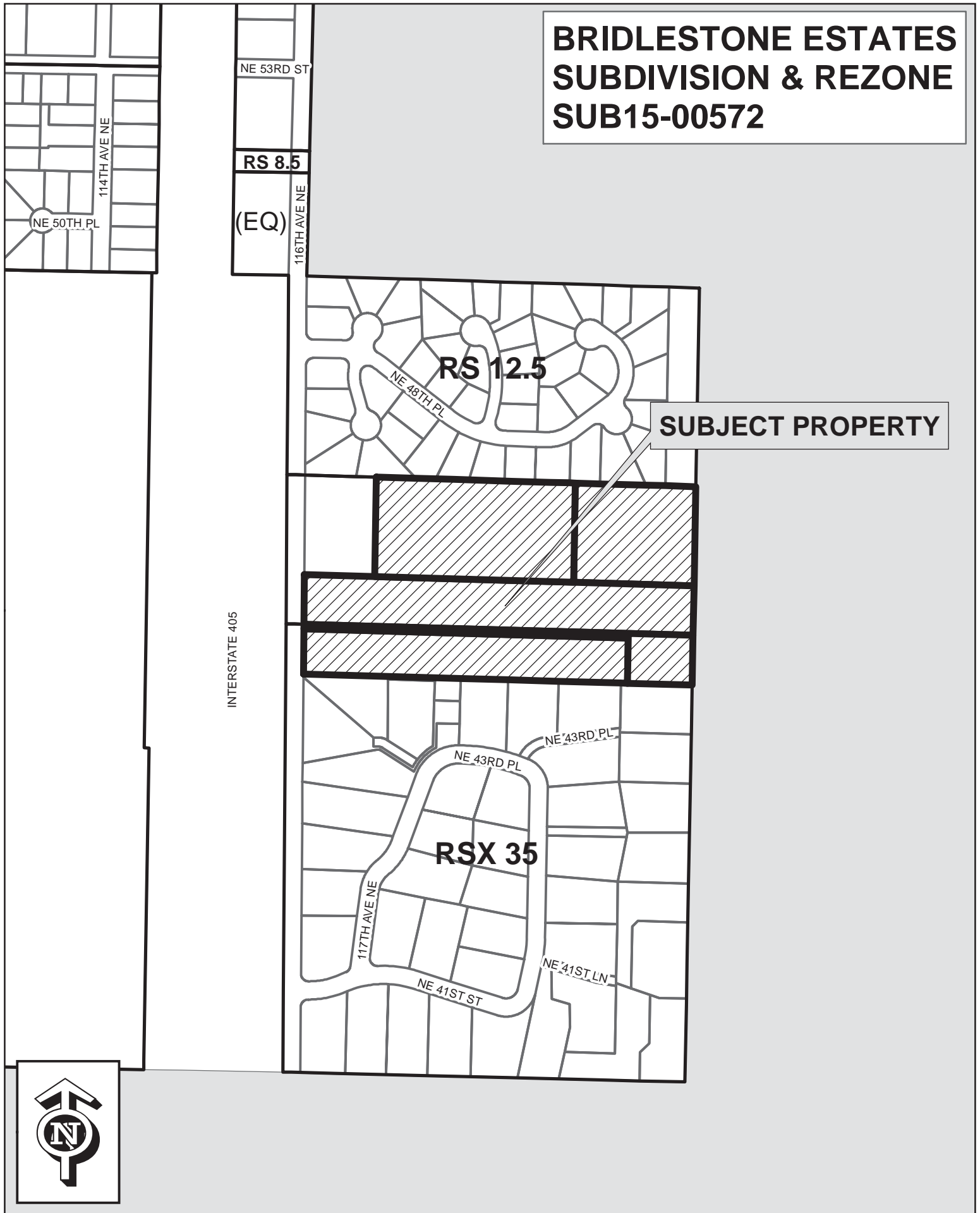
I concur ☒ I do not concur ☐

Comments: _____


Adam Weinstein, AICP

July 24, 2019
Date

cc: Applicant
File: SUB15-01332



BRIDGEWOOD ESTATES AT KIRKLAND, A PLAT COMMUNITY

A PORTION OF THE W 1/2, OF THE SW 1/4, SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M.
CITY OF KIRKLAND, KING COUNTY, WASHINGTON
FILE NO. SUB15-00572

VOL/PG

DEDICATION

KNOW ALL PEOPLE BY THESE PRESENTS THAT WE, THE UNDERSIGNED BEING ALL OF THE OWNERS OF THE LAND HEREBY SUBDIVIDED, HEREBY DECLARE THIS PLAT TO BE THE GRAPHIC REPRESENTATION OF THE SUBDIVISION MADE HEREBY, AND DO HEREBY DEDICATE TO THE USE OF THE PUBLIC FOREVER ALL STREETS AND AVENUES NOT SHOWN AS PRIVATE HEREON AND DEDICATE THE USE THEREOF FOR ALL PUBLIC PURPOSES NOT INCONSISTENT WITH THE USE THEREOF FOR PUBLIC HIGHWAY PURPOSES, AND ALSO THE RIGHT TO MAKE ALL NECESSARY SLOPES FOR CUTS AND FILLS UPON THE LOTS SHOWN THEREON IN THE ORIGINAL REASONABLE GRADING OF SAID STREETS AND AVENUES, AND FURTHER DEDICATE TO THE USE OF THE PUBLIC ALL THE EASEMENTS AND TRACTS SHOWN ON THIS PLAT FOR ALL PUBLIC PURPOSES AS INDICATED THEREON, INCLUDING BUT NOT LIMITED TO PARKS, OPEN SPACE, UTILITIES AND DRAINAGE UNLESS SUCH EASEMENTS OR TRACTS ARE SPECIFICALLY IDENTIFIED ON THE PLAT AS BEING DEDICATED OR CONVEYED TO A PERSON OR ENTITY OTHER THAN THE PUBLIC.

FURTHER, THE UNDERSIGNED OWNERS OF THE LAND HEREBY SUBDIVIDED, WAIVE FOR THEMSELVES, THEIR HEIRS AND ASSIGNS AND ANY PERSON OR ENTITY DERIVING TITLE FROM THE UNDERSIGNED, AND ANY AND ALL CLAIMS FOR DAMAGES AGAINST THE CITY OF KIRKLAND, ITS SUCCESSORS AND ASSIGNS WHICH MAY BE OCCASIONED BY THE ESTABLISHMENT, CONSTRUCTION OR MAINTENANCE OF ROADS AND/OR DRAINAGE SYSTEMS WITHIN THIS SUBDIVISION OTHER THAN CLAIMS RESULTING FORM INADEQUATE MAINTENANCE BY THE CITY OF KIRKLAND.

FURTHER, THE UNDERSIGNED OWNERS OF THE LAND HEREBY SUBDIVIDED, AGREE FOR THEMSELVES, THEIR HEIRS AND ASSIGNS TO INDEMNIFY AND HOLD THE CITY OF KIRKLAND, ITS SUCCESSORS AND ASSIGNS HARMLESS FROM ANY DAMAGE, INCLUDING ANY COSTS OF DEFENSE CLAIMED BY PERSONS WITHIN OR WITHOUT THIS SUBDIVISION TO HAVE BEEN CAUSED BY ALTERATIONS OF THE GROUND SURFACE, VEGETATION, DRAINAGE OR SURFACE OR SUBSURFACE WATER FLOWS WITHIN THIS SUBDIVISION OR BY ESTABLISHMENT, CONSTRUCTION OR MAINTENANCE OF THE ROADS WITHIN THIS SUBDIVISION. PROVIDED, THIS WAIVER AND INDEMNIFICATION SHALL NOT BE CONSTRUED AS RELEASING THE CITY OF KIRKLAND, ITS SUCCESSORS AND ASSIGNS, FROM LIABILITY FOR DAMAGES, INCLUDING THE COST OF DEFENSE, RESULTING IN WHOLE OR IN PART FROM THE NEGLIGENCE OF THE CITY OF KIRKLAND, ITS SUCCESSORS OR ASSIGNS.

THIS SUBDIVISION, DEDICATION, WAIVER OF CLAIMS AND AGREEMENT TO HOLD HARMLESS IS MADE WITH THE FREE CONSENT AND IN ACCORDANCE WITH THE DESIRES OF SAID OWNERS.

IN WITNESS WHEREOF WE SET OUR HANDS AND SEALS.

TOLL BROS., INC., A PENNSYLVANIA CORPORATION

BY: _____
ITS:

DECLARANT DECLARATION

THE UNDERSIGNED OWNER OR OWNERS OF THE INTEREST IN THE REAL ESTATE DESCRIBED HEREIN HEREBY DECLARE THIS MAP AND DEDICATE THE SAME FOR A COMMON INTEREST COMMUNITY NAMED BRIDGEWOOD ESTATES AT KIRKLAND, A PLAT COMMUNITY, AS THAT TERM IS DEFINED IN THE WASHINGTON UNIFORM COMMON INTEREST OWNERSHIP ACT, SOLELY TO MEET THE REQUIREMENTS OF THE WASHINGTON UNIFORM COMMON INTEREST OWNERSHIP ACT AND NOT FOR ANY PUBLIC PURPOSES. THIS MAP AND ANY PORTION THEREOF IS RESTRICTED BY LAW AND THE DECLARATION FOR BRIDGEWOOD ESTATES AT KIRKLAND, A PLAT COMMUNITY.

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS UNDER RECORDING NUMBER _____

IN WITNESS WHEREOF WE SET OUR HANDS AND SEALS.

TOLL BROS., INC., A PENNSYLVANIA CORPORATION

BY: _____
ITS:

ACKNOWLEDGEMENTS

STATE OF WASHINGTON)
)SS
COUNTY OF _____)

I CERTIFY THAT I KNOW OR HAVE SATISFACTORY EVIDENCE THAT _____ SIGNED THIS INSTRUMENT, ON OATH STATED THAT HE/SHE WAS AUTHORIZED TO EXECUTE THE INSTRUMENT AND ACKNOWLEDGED IT AS THE _____ OF TOLL BROS., INC., A PENNSYLVANIA CORPORATION, TO BE THE FREE AND VOLUNTARY ACT OF SUCH PARTY FOR THE USES AND PURPOSES MENTIONED IN THE INSTRUMENT.

DATED: _____, 20____.

PRINTED NAME: _____
NOTARY PUBLIC IN AND FOR THE STATE OF WASHINGTON

RESIDING AT _____

MY APPOINTMENT EXPIRES _____

LEGAL DESCRIPTION

PARCEL A:

THE EAST 397.36 FEET OF THE NORTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON;

TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS PER DRIVEWAY EASEMENT RECORDED UNDER KING COUNTY RECORDING NUMBER 6367183;

ALSO TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS, AND UTILITIES AS RESERVED IN STATUTORY WARRANTY DEED RECORDED UNDER KING COUNTY RECORDING NUMBER 8708201403;

PARCEL B:

THAT PORTION OF THE NORTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SUBDIVISION NORTH 88° 18' 48" WEST 1,055.61 FEET FROM THE NORTHEAST CORNER THEREOF; THENCE SOUTH 88° 18' 48" EAST 658.25 FEET; THENCE SOUTH 01° 02' 42" WEST PARALLEL TO THE EAST LINE OF SAID SUBDIVISION 327.52 FEET TO THE SOUTH LINE THEREOF; THENCE NORTH 88° 21' 20" WEST ALONG THE SOUTH LINE OF SAID SUBDIVISION 655.90 FEET; THENCE NORTH TO THE POINT OF BEGINNING;

PARCEL C:

THE NORTH HALF OF THE SOUTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON,

EXCEPT THE WEST 30 FEET FOR 116TH AVENUE NORTHEAST AS ESTABLISHED IN VOLUME 33 OF COMMISSIONERS RECORDS ON PAGE 175;

PARCEL D:

THE EAST 214 FEET OF THE SOUTH HALF OF THE SOUTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON;

ALSO THE NORTH 15 FEET OF THE SOUTH HALF OF THE SOUTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M.;

EXCEPT THE EAST 214 FEET THEREOF;
AND EXCEPT THAT PORTION LYING WITHIN 116TH AVENUE NE;

PARCEL E:

THE SOUTH HALF OF THE SOUTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON;

EXCEPT THE EAST 214 FEET THEREOF;

ALSO EXCEPT THE NORTH 15 FEET THEREOF;

AND ALSO EXCEPT THE WEST 30 FEET THEREOF FOR 116TH AVE NE AS ESTABLISHED BY ORDER OF ESTABLISHMENT RECORDED IN COUNTY COMMISSIONER'S RECORDS BOOK 33, PAGE 175;

SITUATE IN THE CITY OF KIRKLAND, COUNTY OF KING, STATE OF WASHINGTON.

LAND SURVEYOR'S CERTIFICATE

THIS MAP CORRECTLY REPRESENTS A SURVEY, MADE BY ME OR UNDER MY DIRECTION, IN CONFORMANCE WITH THE REQUIREMENTS OF THE SURVEY RECORDING ACT AT THE REQUEST OF TOLL BROS., INC., A PENNSYLVANIA CORPORATION ON JUNE 15, 2018. I HEREBY CERTIFY THAT THIS MAP FOR BRIDGEWOOD ESTATES AT KIRKLAND, A PLAT COMMUNITY, IS BASED UPON AN ACTUAL SURVEY OF THE PROPERTY HEREIN DESCRIBED; THAT THE BEARINGS AND DISTANCES ARE CORRECTLY SHOWN; THAT ALL INFORMATION REQUIRED BY THE WASHINGTON UNIFORM COMMON INTEREST OWNERSHIP ACT IS SUPPLIED HEREIN; AND THAT ALL BOUNDARIES ARE SHOWN ON THE MAP.

JOHN JOEL CAYTON CERTIFICATE. NO. DATE

RECORDER'S CERTIFICATE

FILED FOR RECORD THIS DAY OF, 20.....

AT M IN BOOK OF PLATS AT PAGE(S) AT

THE REQUEST OF THE CITY OF KIRKLAND

MANAGER SUPT. OF RECORDS

APPROVALS

PUBLIC WORKS DEPARTMENT

EXAMINED AND APPROVED THIS ____ DAY OF _____, 20____

DIRECTOR

CITY TREASURER CERTIFICATE

I HEREBY CERTIFY THAT THERE ARE NO DELINQUENT LOCAL IMPROVEMENT ASSESSMENTS AND THAT ALL SPECIAL ASSESSMENTS ON ANY OF THE PROPERTY HEREIN CONTAINED, DEDICATED AS STREETS OR FOR OTHER PUBLIC USE, ARE PAID IN FULL. THIS ____ DAY OF _____, 20____

TREASURER, CITY OF KIRKLAND

CITY OF KIRKLAND
PLANNING AND BUILDING DEPARTMENT

EXAMINED, REVIEWED AND APPROVED BY THE CITY OF KIRKLAND PURSUANT TO THE SUBDIVISION PROVISIONS OF TITLE 22 (LAND SUBDIVISION), KIRKLAND MUNICIPAL CODE, THIS ____ DAY OF _____, 20____

DIRECTOR, PLANNING AND BUILDING DEPARTMENT

KING COUNTY FINANCE DIVISION CERTIFICATE

I HEREBY CERTIFY THAT ALL PROPERTY TAXES ARE PAID, THAT THERE ARE NO DELINQUENT SPECIAL ASSESSMENTS CERTIFIED TO THIS OFFICE FOR COLLECTIONS AND THAT ALL SPECIAL ASSESSMENTS CERTIFIED TO THIS OFFICE FOR COLLECTION ON ANY OF THE PROPERTY HEREIN CONTAINED, DEDICATED AS STREETS, ALLEYS OR FOR OTHER PUBLIC USE, ARE PAID IN FULL.

THIS ____ DAY OF _____, 20____.

MANAGER, FINANCE DIVISION

DEPUTY

KING COUNTY DEPARTMENT OF ASSESSMENTS

EXAMINED AND APPROVED THIS ____ DAY OF _____, 20____.

KING COUNTY ASSESSOR

DEPUTY KING COUNTY ASSESSOR

TAX ACCOUNT NUMBERS: 162505903102
162505902203
162505902104
162505901700
162505903409



ESE Consultants, Inc.
8815 122nd Ave NE
Suite 200
Kirkland, WA 98033
TEL: 425-825-5367

| | |
|--------------------|-------------------|
| DATE: | SCALE: |
| DESIGN: JCAYTON | DRAWN: JCAYTON |
| JOB NO.: 3829 | FILE NAME: |
| REF. NO.: | |
| SHEET NO.: 1 OF 4 | |

BRIDGEWOOD ESTATES AT KIRKLAND, A PLAT COMMUNITY

A PORTION OF THE W 1/2, OF THE SW 1/4, SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M.
CITY OF KIRKLAND, KING COUNTY, WASHINGTON
FILE NO. SUB15-00572

VOL/PG

EASEMENT PROVISIONS

EASEMENTS GRAPHICALLY DEPICTED ON SHEETS 3 AND 4

- AN EASEMENT IS HEREBY RESERVED FOR AND GRANTED TO THE CITY OF KIRKLAND, AND ALL UTILITIES SERVICING SAID PROPERTY, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, OVER, UNDER, ACROSS AND UPON THE EXTERIOR 10 FEET, PARALLEL WITH AND ADJOINING THE STREET FRONTAGE OF ALL LOTS, AND TRACTS 902 AND 904, IN WHICH TO LAY, INSTALL, CONSTRUCT, RENEW, OPERATE AND MAINTAIN UNDERGROUND CONDUITS, MAINS, CABLES, PIPES AND WIRES WITH NECESSARY FACILITIES AND OTHER EQUIPMENT FOR THE PURPOSE OF SERVING THIS SUBDIVISION AND OTHER PROPERTY WITH ELECTRIC, TELEPHONE, TV, GAS, WATER AND SEWER SERVICE, TOGETHER WITH THE RIGHT TO ENTER UPON THE LOTS AND TRACTS AT ALL TIMES FOR THE PURPOSE HEREIN STATED. THESE EASEMENTS ENTERED UPON FOR THESE PURPOSES SHALL BE RESTORED AS NEAR AS POSSIBLE TO THEIR ORIGINAL CONDITION BY THE UTILITY. NO LINES OR WIRES FOR THE TRANSMISSION OF ELECTRIC CURRENT, TELEPHONE OR CABLE TV SHALL BE PLACED OR PERMITTED TO BE PLACED UPON ANY LOT UNLESS THAT SAME SHALL BE UNDERGROUND OR IN CONDUIT ATTACHED TO A BUILDING.
- A PUBLIC STORM DRAINAGE EASEMENT OVER THE ENTIRETY OF TRACT 902 IS HEREBY GRANTED AND CONVEYED TO THE CITY OF KIRKLAND, ITS SUCCESSORS AND ASSIGNS, FOR LOCATION AND MAINTENANCE OF A STORMWATER DETENTION VAULT AND/OR ASSOCIATED PUBLIC STORM DRAINAGE FACILITIES LOCATED WITHIN SAID TRACT, TOGETHER WITH THE RIGHT OF INGRESS AND EGRESS FOR PURPOSES OF MAINTENANCE AND INSPECTION OF SAID STORMWATER VAULT AND ASSOCIATED STORM DRAINAGE FACILITIES.
- AN EASEMENT OVER THE ENTIRETY OF TRACTS 900, 901, 903, THOSE PORTIONS OF LOTS 15 AND 29, AND LOTS 32 THROUGH 35 AS DEPICTED HEREON, IS HEREBY GRANTED TO THE CITY OF KIRKLAND, ITS SUCCESSORS AND ASSIGNS, FOR THE PURPOSE OF MONITORING THE NGPE AREAS TO ENSURE COMPLIANCE WITH AND OTHERWISE ENFORCE APPLICABLE PERMIT CONDITIONS.
- AN EASEMENT OVER THE ENTIRETY OF TRACT 904 IS HEREBY DEDICATED FOR AND GRANTED TO THE PUBLIC FOR PEDESTRIAN AND EQUESTRIAN ACCESS TO AND FROM BRIDLE TRAILS STATE PARK.
- A PRIVATE STORM DRAINAGE EASEMENT IS HEREBY RESERVED FOR AND GRANTED TO THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION, OVER, UNDER, ACROSS AND UPON THAT PORTION OF LOTS 29 THROUGH 33, AND TRACT 901, AS DEPICTED HEREON. THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION SHALL MAINTAIN THE FACILITIES, WITH THE COST OF MAINTENANCE ASSESSED TO ALL OF THE OWNER(S), TOGETHER WITH THE RIGHT OF INGRESS AND EGRESS THERETO. THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION ACKNOWLEDGES THAT THE FACILITIES WITHIN THIS EASEMENT CONVEY BOTH PUBLIC AND PRIVATE STORM WATER, AND THE FACILITIES WERE CONSTRUCTED SOLELY TO BENEFIT THE BRIDGEWOOD ESTATES AT KIRKLAND DEVELOPMENT. THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION ACCEPTS FULL RESPONSIBILITY FOR THE MAINTENANCE OF THE STORM WATER FACILITIES WITHIN THIS EASEMENT AREA.
- A 15 FOOT PUBLIC WATER EASEMENT IS HEREBY RESERVED FOR AND GRANTED TO THE CITY OF KIRKLAND AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, OVER, UNDER, ACROSS AND UPON THAT PORTION OF LOTS 16, 17, AND 28, FOR THE PURPOSE OF CONSTRUCTING, RECONSTRUCTING, OPERATING AND MAINTAINING A PUBLIC WATER LINE, TOGETHER WITH THE RIGHT TO INGRESS AND EGRESS THE PROPERTIES FOR SUCH PURPOSES.
- A 10 FOOT PRIVATE STORM DRAINAGE EASEMENT SHOWN ON LOTS 1 AND 2 IS HEREBY GRANTED AND CONVEYED TO THE OWNERS OF LOTS 2 AND 3. THE OWNERS OF LOTS 2 AND 3 MUST RESTORE LOTS 1 AND 2 IF DISTURBED WHILE EXERCISING MAINTENANCE ACTIVITIES UNDER THIS EASEMENT TO SUBSTANTIALLY THE SAME CONDITION AS EXISTED PRIOR TO UNDERTAKING ANY MAINTENANCE ACTIVITIES.
- A 10 FOOT PRIVATE STORM DRAINAGE EASEMENT SHOWN ON LOT 3 IS HEREBY GRANTED AND CONVEYED TO THE OWNER OF LOT 4. THE OWNER OF LOT 4 MUST RESTORE LOT 3 IF DISTURBED WHILE EXERCISING MAINTENANCE ACTIVITIES UNDER THIS EASEMENT TO SUBSTANTIALLY THE SAME CONDITION AS EXISTED PRIOR TO UNDERTAKING ANY MAINTENANCE ACTIVITIES.
- A 10 FOOT PRIVATE STORM DRAINAGE EASEMENT SHOWN ON LOTS 8, 9, AND TRACT 904 IS HEREBY GRANTED AND CONVEYED TO THE OWNERS OF LOTS 9 AND 10. THE OWNERS OF LOTS 9 AND 10 MUST RESTORE LOTS 8, 9, AND TRACT 904 IF DISTURBED WHILE EXERCISING MAINTENANCE ACTIVITIES UNDER THIS EASEMENT TO SUBSTANTIALLY THE SAME CONDITION AS EXISTED PRIOR TO UNDERTAKING ANY MAINTENANCE ACTIVITIES.
- A 10 FOOT PRIVATE STORM DRAINAGE EASEMENT SHOWN ON LOT 12 IS HEREBY GRANTED AND CONVEYED TO THE OWNER OF LOT 13. THE OWNER OF LOT 13 MUST RESTORE LOT 12 IF DISTURBED WHILE EXERCISING MAINTENANCE ACTIVITIES UNDER THIS EASEMENT TO SUBSTANTIALLY THE SAME CONDITION AS EXISTED PRIOR TO UNDERTAKING ANY MAINTENANCE ACTIVITIES.
- A 10 FOOT PRIVATE STORM DRAINAGE EASEMENT SHOWN ON LOTS 15 THROUGH 17 IS HEREBY GRANTED AND CONVEYED TO THE OWNERS OF LOTS 14 THROUGH 16. THE OWNERS OF LOTS 14 THROUGH 16 MUST RESTORE LOTS 15 THROUGH 17 IF DISTURBED WHILE EXERCISING MAINTENANCE ACTIVITIES UNDER THIS EASEMENT TO SUBSTANTIALLY THE SAME CONDITION AS EXISTED PRIOR TO UNDERTAKING ANY MAINTENANCE ACTIVITIES.
- A 20 FOOT PRIVATE SANITARY SEWER AND STORM DRAINAGE EASEMENT SHOWN AT THE REAR OF LOT 19 IS HEREBY GRANTED AND CONVEYED TO THE OWNER OF LOT 18. THE OWNER OF LOT 18 MUST RESTORE LOT 19 IF DISTURBED WHILE EXERCISING MAINTENANCE ACTIVITIES UNDER THIS EASEMENT TO SUBSTANTIALLY THE SAME CONDITION AS EXISTED PRIOR TO UNDERTAKING ANY MAINTENANCE ACTIVITIES.
- A 10 FOOT PRIVATE STORM DRAINAGE EASEMENT SHOWN ON LOTS 22 AND 23 IS HEREBY GRANTED AND CONVEYED TO THE OWNERS OF LOTS 21 AND 22. THE OWNERS OF LOTS 21 AND 22 MUST RESTORE LOTS 22 AND 23 IF DISTURBED WHILE EXERCISING MAINTENANCE ACTIVITIES UNDER THIS EASEMENT TO SUBSTANTIALLY THE SAME CONDITION AS EXISTED PRIOR TO UNDERTAKING ANY MAINTENANCE ACTIVITIES.
- A 10 FOOT PRIVATE STORM DRAINAGE EASEMENT SHOWN ON LOTS 26 AND 27 IS HEREBY GRANTED AND CONVEYED TO THE OWNERS OF LOTS 27 AND 28. THE OWNERS OF LOTS 27 AND 28 MUST RESTORE LOTS 26 AND 27 IF DISTURBED WHILE EXERCISING MAINTENANCE ACTIVITIES UNDER THIS EASEMENT TO SUBSTANTIALLY THE SAME CONDITION AS EXISTED PRIOR TO UNDERTAKING ANY MAINTENANCE ACTIVITIES.
- A PRIVATE STORM DRAINAGE EASEMENT SHOWN ON LOT 30 IS HEREBY GRANTED AND CONVEYED TO THE OWNER OF LOT 29. THE OWNER OF LOT 29 MUST RESTORE LOT 30 IF DISTURBED WHILE EXERCISING MAINTENANCE ACTIVITIES UNDER THIS EASEMENT TO SUBSTANTIALLY THE SAME CONDITION AS EXISTED PRIOR TO UNDERTAKING ANY MAINTENANCE ACTIVITIES.
- A 10 FOOT PRIVATE STORM DRAINAGE EASEMENT SHOWN ON LOT 32 IS HEREBY GRANTED AND CONVEYED TO THE OWNER OF LOT 31. THE OWNER OF LOT 31 MUST RESTORE LOT 32 IF DISTURBED WHILE EXERCISING MAINTENANCE ACTIVITIES UNDER THIS EASEMENT TO SUBSTANTIALLY THE SAME CONDITION AS EXISTED PRIOR TO UNDERTAKING ANY MAINTENANCE ACTIVITIES.
- A 10 FOOT PRIVATE STORM DRAINAGE EASEMENT SHOWN ON LOT 5 IS HEREBY GRANTED AND CONVEYED TO THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION IN THE EVENT THE OWNERS OF LOT 5 FAIL TO MAINTAIN THE STORM FACILITIES ASSOCIATED WITH THE WALL. THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION MUST RESTORE LOT 5 IF DISTURBED WHILE EXERCISING MAINTENANCE ACTIVITIES UNDER THIS EASEMENT TO SUBSTANTIALLY THE SAME CONDITION AS EXISTED PRIOR TO UNDERTAKING ANY MAINTENANCE ACTIVITIES. SEE PLAT NOTE 4.
- A 10 FOOT PRIVATE STORM DRAINAGE EASEMENT SHOWN ON LOT 7 IS HEREBY GRANTED AND CONVEYED TO THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION IN THE EVENT THE OWNERS OF LOT 7 FAIL TO MAINTAIN THE STORM FACILITIES ASSOCIATED WITH THE WALL. THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION MUST RESTORE LOT 7 IF DISTURBED WHILE EXERCISING MAINTENANCE ACTIVITIES UNDER THIS EASEMENT TO SUBSTANTIALLY THE SAME CONDITION AS EXISTED PRIOR TO UNDERTAKING ANY MAINTENANCE ACTIVITIES. SEE PLAT NOTE 4.
- A 20 FOOT PUBLIC STORM DRAINAGE EASEMENT IS HEREBY RESERVED FOR AND GRANTED TO THE CITY OF KIRKLAND AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, OVER, UNDER, ACROSS AND UPON THAT PORTION OF TRACT 903 AS DEPICTED HEREON, FOR THE PURPOSE OF CONSTRUCTING, RECONSTRUCTING, OPERATING AND MAINTAINING A PUBLIC STORM DRAINAGE LINE, TOGETHER WITH THE RIGHT TO INGRESS AND EGRESS THE PROPERTIES FOR SUCH PURPOSES.
- THE OWNERS OF THE LAND HEREIN SUBDIVIDED HEREBY GRANTS TO THE CITY OF KIRKLAND, A MUNICIPAL CORPORATION, ITS SUCCESSORS AND ASSIGNS, A NATURAL GREENBELT PROTECTION EASEMENT (NGPE) OVER THE ENTIRETY OF TRACTS 900, 901, AND 903, AND THOSE PORTIONS OF LOTS 15, 29, AND 32 THROUGH 35 AS DEPICTED HEREON. NO TREE TRIMMING, TREE TOPPING, TREE CUTTING, TREE REMOVAL, SHRUB OR BRUSH-CUTTING OR REMOVAL OF NATIVE VEGETATION, APPLICATION OF PESTICIDES, HERBICIDES, OR FERTILIZERS; CONSTRUCTION; CLEARING; OR ALTERATION ACTIVITIES SHALL OCCUR WITHIN THE EASEMENT AREA WITHOUT PRIOR WRITTEN APPROVAL FROM THE CITY OF KIRKLAND. APPLICATION FOR SUCH WRITTEN APPROVAL TO BE MADE TO THE KIRKLAND PLANNING AND BUILDING DEPARTMENT WHO MAY REQUIRE INSPECTION OF THE PREMISES BEFORE ISSUANCE OF THE WRITTEN APPROVAL AND FOLLOWING COMPLETION OF THE ACTIVITIES. ANY PERSON CONDUCTING OR AUTHORIZING SUCH ACTIVITY IN VIOLATION OF THIS PARAGRAPH OR THE TERMS OF ANY WRITTEN APPROVAL ISSUED PURSUANT HERETO, SHALL BE SUBJECT TO THE ENFORCEMENT PROVISIONS OF CHAPTER 170, ORDINANCE 3719, THE KIRKLAND ZONING CODE. IN SUCH EVENT, THE KIRKLAND PLANNING AND BUILDING DEPARTMENT MAY ALSO REQUIRE WITHIN THE IMMEDIATE VICINITY OF ANY DAMAGED OR FALLEN VEGETATION, RESTORATION OF THE AFFECTED AREA BY PLANTING REPLACEMENT TREES AND OTHER VEGETATION AS REQUIRED IN APPLICABLE SECTIONS OF THE KIRKLAND ZONING CODE. THE DEPARTMENT ALSO MAY REQUIRE THAT THE DAMAGED OR FALLEN VEGETATION BE REMOVED. IT IS THE RESPONSIBILITY OF THE PROPERTY OWNER TO MAINTAIN CRITICAL AREAS AND THEIR BUFFERS BY REMOVING NON-NATIVE, INVASIVE, AND NOXIOUS PLANTS IN A MANNER THAT WILL NOT HARM CRITICAL AREAS OR THEIR BUFFERS AND IN ACCORDANCE WITH KIRKLAND ZONING CODE REQUIREMENTS FOR TREES AND OTHER VEGETATION WITHIN CRITICAL AREAS AND CRITICAL AREA BUFFERS. THE CITY SHALL HAVE A LICENSE TO ENTER THE EASEMENT AREA (AND THE PROPERTY IF NECESSARY FOR ACCESS TO THE EASEMENT AREA) FOR THE PURPOSE OF MONITORING COMPLIANCE WITH THE TERMS OF THIS EASEMENT. DEVELOPMENT OUTSIDE OF THIS NATURAL GREENBELT PROTECTIVE EASEMENT MAY BE LIMITED BY CODIFIED STANDARDS, PERMIT CONDITIONS, OR MOVEMENT OF THE CRITICAL AREA. EACH OF THE UNDERSIGNED OWNERS AGREE TO DEFEND, PAY, AND SAVE HARMLESS THE CITY OF KIRKLAND, ITS OFFICERS, AGENTS, AND EMPLOYEES FROM ANY AND ALL CLAIMS OF EVERY NATURE WHATSOEVER, REAL OR IMAGINARY, WHICH MAY BE MADE AGAINST THE CITY, ITS OFFICERS, AGENTS, OR EMPLOYEES FOR ANY DAMAGE TO PROPERTY OR INJURY TO ANY PERSON ARISING OUT OF THE EXISTENCE OF SAID NATURAL GREENBELT PROTECTIVE EASEMENT OVER SAID OWNER'S PROPERTY OR THE ACTIONS OF THE UNDERSIGNED OWNERS IN CARRYING OUT THE RESPONSIBILITIES UNDER THIS AGREEMENT, INCLUDING ALL COSTS AND EXPENSES, AND RECOVER ATTORNEY'S FEES AS MAY BE INCURRED BY THE CITY OF KIRKLAND IN DEFENSE THEREOF; EXCEPTING THEREFROM ONLY SUCH CLAIMS AS MAY ARISE SOLELY OUT OF THE NEGLIGENCE OF THE CITY OF KIRKLAND, ITS OFFICERS, AGENTS, OR EMPLOYEES. THIS EASEMENT SHALL BE BINDING UPON THE PARTIES HERETO, THEIR SUCCESSORS AND ASSIGNS, AND SHALL RUN WITH THE LAND.

PLAT NOTES

- TRACTS 900, 901, AND 903, SENSITIVE AREA TRACTS, ARE HEREBY GRANTED AND CONVEYED TO THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION FOR THE BENEFIT OF ALL LOT OWNERS IN THE PLAT UPON THE RECORDING OF THIS PLAT. SAID TRACTS ARE SUBJECT TO EASEMENT PROVISION 3 ON THIS SHEET. THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION SHALL BE RESPONSIBLE FOR THE MAINTENANCE OF THE TRACTS. THE ENTIRETY OF SAID TRACTS ARE SUBJECT TO A NATURAL GREENBELT PROTECTION EASEMENT (SEE EASEMENT PROVISION 20).
- TRACT 902, A RECREATION TRACT, IS HEREBY GRANTED AND CONVEYED TO THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION UPON THE RECORDING OF THIS PLAT. THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION IS RESPONSIBLE FOR THE MAINTENANCE OF SAID TRACT EXCEPT FOR THE DRAINAGE FACILITIES WITHIN WHICH ARE OWNED BY THE CITY OF KIRKLAND. THE DRAINAGE FACILITIES WITHIN SAID TRACT SHALL BE THE RESPONSIBILITY OF THE CITY OF KIRKLAND. SAID TRACT IS SUBJECT TO EASEMENT PROVISION 2 ON THIS SHEET. THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION SHALL BE RESPONSIBLE FOR THE MAINTENANCE OF THE TRACT'S SURFACE FEATURES AND PLAYGROUND EQUIPMENT AND LANDSCAPING, AND SHALL NOT CONSTRUCT ANY IMPROVEMENTS ON THE TRACT WITHOUT WRITTEN PERMISSION FROM THE CITY OF KIRKLAND, ITS SUCCESSORS AND ASSIGNS.
- TRACT 904, A PEDESTRIAN AND EQUESTRIAN ACCESS TRACT, IS HEREBY GRANTED AND CONVEYED TO THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION UPON THE RECORDING OF THIS PLAT. SAID TRACT IS SUBJECT TO EASEMENT PROVISION 4 ON THIS SHEET. THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION SHALL BE RESPONSIBLE FOR THE MAINTENANCE OF THE TRACT.
- ALL ROCK AND MASONRY WALLS CONSTRUCTED ON LOTS, AS WELL AS THE STORM DRAINAGE FACILITIES SERVICING THE WALLS, SHALL BE OWNED AND MAINTAINED BY SAID LOT OWNERS. FOR ALL ROCK AND MASONRY WALLS THAT RUN CONTINUOUSLY ACROSS MULTIPLE LOTS, AS WELL AS THE STORM DRAINAGE FACILITIES SERVICING THE WALLS, SAID LOT OWNERS SHALL BE JOINTLY RESPONSIBLE FOR MAINTENANCE OF SAID WALLS AND STORM DRAINAGE FACILITIES.
- THE STRUCTURAL WALL AT THE ENTRANCE TO THE PLAT IS LOCATED IN THE PUBLIC RIGHT OF WAY BUT SHALL BE MAINTAINED BY THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION.
- ADDRESSING SHALL BE IN ACCORDANCE WITH KIRKLAND BUILDING POLICY MANUAL NUMBER 9.001, ASSIGNMENT OF STREET NUMBERS AND ROAD SIGNAGE.
- UTILITY MAINTENANCE: EACH PROPERTY OWNER SHALL BE RESPONSIBLE FOR MAINTENANCE OF THE SANITARY SEWER OR STORM WATER STUB FROM THE POINT OF USE ON THEIR OWN PROPERTY TO THE POINT OF CONNECTION IN THE CITY SANITARY SEWER MAIN OR STORM WATER MAIN. ANY PORTION OF A SANITARY SEWER OR SURFACE WATER STUB, WHICH JOINTLY SERVES MORE THAN ONE PROPERTY, SHALL BE JOINTLY MAINTAINED AND REPAIRED BY THE PROPERTY OWNERS SHARING EACH STUB. THE JOINT USE AND MAINTENANCE SHALL RUN WITH THE LAND" AND WILL BE BINDING ON ALL PROPERTY OWNERS WITHIN THIS SUBDIVISION, INCLUDING THEIR HEIRS, SUCCESSORS AND ASSIGNS.
- PUBLIC RIGHT-OF-WAY, SIDEWALK, AND VEGETATION MAINTENANCE: EACH PROPERTY OWNER SHALL BE RESPONSIBLE FOR KEEPING THE SIDEWALK ABUTTING THE SUBJECT PROPERTY CLEAN AND LITTER FREE. THE VEGETATION WITHIN THE ABUTTING LANDSCAPE STRIP, INCLUDING THE STREET TREES SHALL BE MAINTAINED BY THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION. THE MAINTENANCE OBLIGATION SHALL "RUN WITH THE LAND" AND WILL BE BINDING ON ALL PROPERTY OWNERS WITHIN THIS SUBDIVISION, INCLUDING THEIR HEIRS, SUCCESSORS AND ASSIGNS.
- MAINTENANCE OF ON-SITE PRIVATE STORMWATER FACILITIES: LOTS 2, 4, 6, AND 7 EACH HAVE AN INFILTRATION FACILITY WHICH IS DESIGNED TO AID STORM WATER FLOW CONTROL FOR THE DEVELOPMENT. THE STORMWATER FACILITY WITHIN EACH LOT SHALL BE OWNED, OPERATED AND MAINTAINED BY THE OWNER. THE CITY OF KIRKLAND SHALL HAVE THE RIGHT TO INGRESS AND EGRESS OVER EACH LOT FOR INSPECTION OF AND TO REASONABLE MONITORING OF THE PERFORMANCE, OPERATIONAL FLOWS, OR DEFECTS OF THE STORMWATER/FLOW CONTROL FACILITY. IF THE CITY OF KIRKLAND DETERMINES RELATED MAINTENANCE OR REPAIR WORK OF THE STORMWATER FACILITY IS REQUIRED, THE CITY OF KIRKLAND SHALL GIVE NOTICE TO THE OWNER OF THE ANY SPECIFIC MAINTENANCE AND/OR REPAIR WORK REQUIRED. IF THE ABOVE REQUIRED MAINTENANCE OR REPAIR IS NOT COMPLETED WITHIN THE TIME SET BY THE CITY OF KIRKLAND, THE CITY OF KIRKLAND MAY PERFORM THE REQUIRED MAINTENANCE OR REPAIR, OR CONTRACT WITH A PRIVATE COMPANY CAPABLE OF PERFORMING THE STORMWATER FACILITY MAINTENANCE OR REPAIR AND THE OWNER WILL BE REQUIRED TO REIMBURSE THE CITY FOR ANY SUCH WORK PERFORMED. THE OWNER IS REQUIRED TO OBTAIN WRITTEN APPROVAL FROM THE CITY OF KIRKLAND PRIOR TO REPLACING, ALTERING, MODIFYING OR MAINTAINING THE STORM WATER FACILITY.
- THE BRIDGEWOOD ESTATES AT KIRKLAND HOMEOWNERS ASSOCIATION SHALL BE RESPONSIBLE FOR THE MAINTENANCE OF THE STREET TREES IN THE RIGHTS-OF-WAY DEDICATED WITH THIS RECORDING.
- LOCAL IMPROVEMENT DISTRICT (LID) WAIVER AGREEMENT. CHAPTER 110.607.B OF THE KIRKLAND ZONING CODE. REQUIRES ALL OVERHEAD UTILITY LINES ALONG THE FRONTAGE OF THE SUBJECT PROPERTY TO BE CONVERTED TO UNDERGROUND UNLESS THE PUBLIC WORKS DIRECTOR DETERMINES THAT IT IS INFEASIBLE TO DO SO AT THE TIME OF THE SUBDIVISION RECORDING. IF IT IS DETERMINED TO BE INFEASIBLE, THEN THE PROPERTY OWNER SHALL CONSENT TO THE FORMATION OF A LOCAL IMPROVEMENT DISTRICT, HEREAFTER FORMED BY THE CITY OR OTHER PROPERTY OWNERS. DURING REVIEW OF THIS SUBDIVISION IT WAS DETERMINED THAT IT WAS INFEASIBLE TO CONVERT THE OVERHEAD UTILITY LINES TO UNDERGROUND ALONG THE FRONTAGE OF THIS SUBDIVISION ON 116TH AVE NE. THEREFORE, IN CONSIDERATION OF DEFERRING THE REQUIREMENT TO UNDERGROUND THE OVERHEAD UTILITY LINES AT THE TIME OF THE SUBDIVISION RECORDING, THE PROPERTY OWNER AND ALL FUTURE PROPERTY OWNERS OF LOTS WITHIN THIS SUBDIVISION HEREBY CONSENT TO THE FORMATION OF A LOCAL IMPROVEMENT DISTRICT HEREAFTER FORMED BY THE CITY OR OTHER PROPERTY OWNERS.
- THE WETLAND BUFFER OVER LOTS 15, 29, AND 32 THROUGH 35, AND TRACTS 900, 901, AND 903 ARE SUBJECT TO THE CITY OF KIRKLAND RESTRICTIONS RELATING TO THE WETLAND BUFFERS PURSUANT TO CHAPTER 90 OF THE CITY OF KIRKLAND ZONING CODE.
- IMPERVIOUS SURFACE LIMIT COVENANT: THE SUBDIVISION IS HEREBY RESTRICTED TO THE AMOUNT OF IMPERVIOUS SURFACE ALLOWED FOR THE PURPOSE OF LIMITING STORMWATER FLOWS. EACH PROPERTY OWNER WITH THE RESTRICTION HEREBY COVENANTS AND AGREES AS FOLLOWS: THE ALLOWABLE SQUARE FOOTAGE OF IMPERVIOUS SURFACE IS RESTRICTED AS LISTED IN THE IMPERVIOUS SURFACE LIMIT TABLE. SEE THIS SHEET. IMPERVIOUS SURFACE MEANS AN UNMITIGATED HARD SURFACE AREA THAT EITHER PREVENTS OR RETARDS THE ENTRY OF WATER INTO THE SOIL MANTLE AS UNDER NATURAL CONDITIONS BEFORE DEVELOPMENT; OR THAT CAUSES WATER TO RUN OFF THE SURFACE IN GREATER QUANTITIES OR AT AN INCREASED RATE OF FLOW FROM THE FLOW PRESENT UNDER NATURAL CONDITIONS PRIOR TO DEVELOPMENT. COMMON IMPERVIOUS SURFACES INCLUDE, BUT ARE NOT LIMITED TO, ROOF, WALKWAYS, PATIOS, DRIVEWAYS, PARKING LOTS, OR STORAGE AREAS, AREAS THAT ARE PAVED, GRAVELED OR MADE OF PACKED OR OILED EARTHEN MATERIALS, OR OTHER SURFACES THAT SIMILARLY IMPEDE THE NATURAL INFILTRATION OF SURFACE AND STORM WATER; PERVIOUS SURFACES WITH UNDERDRAINS DESIGNED TO COLLECT STORMWATER RUNOFF ARE CONSIDERED AN IMPERVIOUS SURFACE. COMMON PERVIOUS SURFACES ARE CONSIDERED 50% IMPERVIOUS FOR THE PURPOSES OF CALCULATING AN IMPERVIOUS SURFACE LIMIT ARE POROUS CONCRETE, PERVIOUS PAVERS, PERMEABLE ASPHALT, AND SLATED DECKS, PER KZC 115.90.3 EXEMPTIONS. THE CITY OF KIRKLAND OR ITS MUNICIPAL SUCCESSORS SHALL HAVE A NONEXCLUSIVE PERPETUAL ACCESS EASEMENT ON THE PROPERTY IN ORDER TO INGRESS AND EGRESS FOR THE SOLE PURPOSES OF INSPECTING AND MONITORING THE PROPERTY'S IMPERVIOUS SURFACE COVERAGE. THIS EASEMENT/RESTRICTION IS BINDING UPON THE GRANTOR(S), ITS HEIRS, SUCCESSORS, AND ASSIGNS UNLESS OR UNTIL A NEW DRAINAGE OR SITE PLAN IS REVIEWED AND APPROVED BY THE CITY OF KIRKLAND PUBLIC WORKS DEPARTMENT OR ITS SUCCESSOR.

RESTRICTIONS OF RECORD

- THIS SITE IS SUBJECT TO ANY (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OF EXCEPTIONS IN PATENTS OF IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) INDIAN TREATY OR ABORIGINAL RIGHTS, INCLUDING, BUT NOT LIMITED TO, EASEMENTS OR EQUITABLE SERVITUDES; OR (D) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B), (C), OR (D) ARE SHOWN BY THE PUBLIC RECORDS. NOT PLOTTED
- THIS SITE IS SUBJECT TO A NOTICE OF CHARGES BY WATER, SEWER, AND STORM SURFACE WATER UTILITIES TO THE CITY OF BELLEVUE AS DISCLOSED BY INSTRUMENT NUMBER 9612200938 DATED DECEMBER 20, 1996. NOT PLOTTED
- THIS SITE IS SUBJECT TO THE RIGHT TO MAKE NECESSARY SLOPES FOR CUTS OR FILLS UPON THE LAND HEREIN DESCRIBED AS DISCLOSED BY ORDER OF ESTABLISHMENT FOR 116TH AVENUE N.E. KING COUNTY COMMISSIONERS RECORDS BOOK 33, PAGE 175. NOT PLOTTED
- THIS SITE IS SUBJECT TO A CITY OF KIRKLAND ORDINANCE NO. 2373 AND THE TERMS AND CONDITIONS THEREOF AS DISCLOSED BY INSTRUMENT NUMBER 7802210553 DATED FEBRUARY 21, 1978. NOT PLOTTED AND AFFECTS PARCELS B AND C
- THIS SITE IS SUBJECT TO A CITY OF KIRKLAND SEWER FACILITIES AGREEMENT AND THE TERMS AND CONDITIONS THEREOF AS DISCLOSED BY INSTRUMENT NUMBER 8912150612 DATED DECEMBER 15, 1989. NOT PLOTTED AND AFFECTS PARCELS B, C, D, AND E
- THIS SITE IS SUBJECT TO ALL COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, EASEMENTS OR OTHER SERVITUDES, IF ANY, AS DISCLOSED BY THE SURVEY RECORDED UNDER RECORDING NUMBER 20100617900011.

THIS POLICY DOES NOT INSURE THAT THE LAND DESCRIBED IN SCHEDULE A IS BENEFITED BY EASEMENTS, COVENANTS OR OTHER APPURTENANCES SHOWN ON THE PLAT OR SURVEY TO BENEFIT OR BURDEN REAL PROPERTY OUTSIDE THE BOUNDARIES OF SAID LAND.
- THIS SITE IS SUBJECT TO A LICENSE TO ENTER GRANTED TO THE CITY OF KIRKLAND TO MAINTAIN STORM DRAINAGE, SANITARY SEWER, WATER UTILITIES AND WETLAND MITIGATION AND/OR ENHANCEMENT AS DISCLOSED BY INSTRUMENT NUMBER 20180531001095 DATED MAY 31, 2018. NOT PLOTTED AND AFFECTS PARCELS A, B, C, D AND E
- THIS SITE IS SUBJECT THE MATTERS SET FORTH IN AN UNRECORDED SURVEY BY ESE CONSULTANTS, INC. SHOWING THE FOLLOWING:

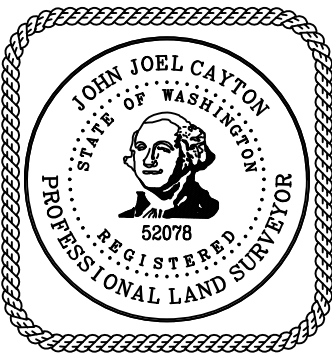
FENCES ALONG NORTHERLY BOUNDARY DO NOT CONFORM TO THE BOUNDARY LINE, RIGHTS OF PARTIES IN POSSESSION AS TO THOSE PORTIONS LYING NORTH AND SOUTH OF THE FENCES ALONG THE NORTHERLY BOUNDARY, FENCES ALONG EASTERLY BOUNDARY ENCROACH ONTO THE EASTERLY ADJOINING PROPERTY. AFFECTS PARCEL A

ENCROACHMENT BY KEYSTONE BLOCK WALL DITCH WITH CULVERT ALONG THE NORTHERLY BOUNDARY LINE, FENCES ALONG NORTHERLY BOUNDARY DO NOT CONFORM TO THE BOUNDARY LINE, RIGHTS OF PARTIES IN POSSESSION AS TO THOSE PORTIONS LYING NORTH AND SOUTH OF THE FENCES ALONG THE NORTHERLY BOUNDARY, FENCES ALONG EASTERLY BOUNDARY ENCROACH ONTO THE EASTERLY ADJOINING PROPERTY, FENCES ALONG SOUTHERLY BOUNDARY ENCROACH ONTO THE SOUTHERLY ADJOINING PROPERTY, WOOD RAIL FENCE ON WESTERLY BOUNDARY ENCROACH INTO THE RIGHT OF WAY FOR 116TH AVE N.E. AFFECTS PARCELS B, C AND D

FENCES ALONG SOUTHERLY BOUNDARY ENCROACH ONTO THE SOUTHERLY ADJOINING PROPERTY, WOOD RAIL FENCE ON WESTERLY BOUNDARY ENCROACH INTO THE RIGHT OF WAY FOR 116TH AVE N.E.. AFFECTS PARCEL E

- THIS SITE IS SUBJECT TO AN EASEMENT GRANTED TO PUGET SOUND ENERGY, INC. FOR UTILITY SYSTEMS AS DISCLOSED BY INSTRUMENT NUMBER 20180813000148 DATED AUGUST 13, 2018, AND AMENDMENTS THERETO RECORDED UNDER RECORDING NUMBER 20190627002007, DATED JUNE 27, 2019. SHOWN HEREON

| LOT | IMPERVIOUS SURFACE LIMIT (S.F.) |
|-----|---------------------------------|
| 1 | 5,000 |
| 2 | 5,200 |
| 3 | 5,900 |
| 4 | 5,000 |
| 5 | 5,000 |
| 6 | 5,000 |
| 7 | 5,000 |
| 8 | 5,000 |
| 9 | 5,900 |
| 10 | 5,000 |
| 11 | 5,000 |
| 12 | 5,000 |
| 13 | 5,000 |
| 14 | 5,800 |
| 15 | 6,245 |
| 16 | 6,000 |
| 17 | 5,000 |
| 18 | 5,000 |
| 19 | 5,000 |
| 20 | 6,000 |
| 21 | 5,303 |
| 22 | 5,000 |
| 23 | 5,900 |
| 24 | 5,600 |
| 25 | 5,800 |
| 26 | 5,500 |
| 27 | 6,000 |
| 28 | 6,353 |
| 29 | 6,000 |
| 30 | 5,600 |
| 31 | 5,800 |
| 32 | 6,000 |
| 33 | 5,900 |
| 34 | 5,600 |
| 35 | 6,000 |

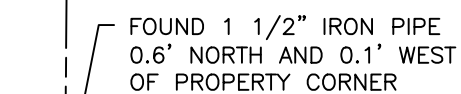


ESE Land Planning
Engineering
Land Surveying

ESE Consultants, Inc.
8815 122nd Ave NE
Suite 200
Kirkland, WA 98033
TEL: 425-825-5367

| | |
|--------------------|----------------------|
| DATE: | SCALE: |
| DESIGN: JCAYTON | DRAWN: JCAYTON |
| JOB NO.: 4014 | FILE NAME: |
| REF. NO.: | |
| SHEET NO.: | 2 OF 4 |

- FOUND MONUMENT IN CONCRETE
WITH PUNCHED 3" BRASS DISK
"KING COUNTY SURVEY MONUMENT"
DOWN 0.9' IN CASE (06/01/16). 17 | 16
HELD FOR POSITION
CITY OF KIRKLAND POINT DESIGNATION 9



GRAPHIC SCALE

(IN FEET)
1" = 50 FEET

1. ALTERATION TO THE PLAT OF SABLEWOOD, VOLUME 145 OF PLATS, PAGES 82 THROUGH 85.
2. PLAT OF COR-SUN RANCH ESTATES, VOLUME 122 OF PLATS, PAGES 76 THROUGH 78.

N00°28'49"W BETWEEN THE MONUMENTS FOUND AT THE SOUTHWEST CORNER AND WEST QUARTER CORNER OF SECTION 16-25-5.

NAD 83 (2011)

LEGEND

- ④ FOUND SURVEY MONUMENT AS NOTED
- FOUND LOT CORNER AS NOTED
- SET 1/2" REBAR WITH PLASTIC CAP STAMPED "LS 52078".
- ⊕ SET LEAD AND TACK WITH WASHER "LS 52078" 10.25 FEET ON LINE IN LIEU OF THE FRONT PROPERTY CORNER UNLESS OTHERWISE NOTED.
- ⊗ SET 4X4 CONCRETE MONUMENT WITH BRASS DISK STAMPED "LS 52078"

BSBL BUILDING SETBACK LINE

① EASEMENT PROVISION NUMBER

✠ FOUND SECTION CORNER AS NOTED

FOUND QUARTER SECTION CORNER AS NOTED

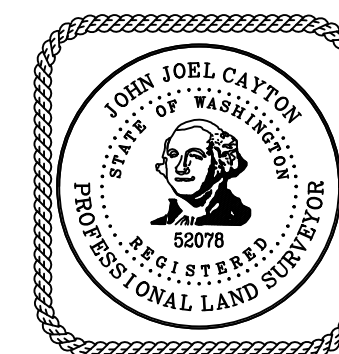
ESMT EASEMENT

P.S.D.E PRIVATE STORM DRAINAGE EASEMENT

NGPE NATURAL GREENBELT PROTECTION EASEMENT- SEE EASEMENT
PROVISION NOTE 20 SHEET 2

SURVEYOR'S NOTES

1. TITLE INFORMATION FROM TITLE RESOURCES INSURANCE COMPANY'S COMMITMENT NUMBER 40215039, TENTH SUBDIVISION GUARANTEE, DATED JUNE 21, 2019.
2. ALL DISTANCES ARE IN FEET.
3. THIS SURVEY REPRESENTS VISIBLE PHYSICAL IMPROVEMENT CONDITIONS EXISTING ON OCTOBER 10, 2018. ALL SURVEY CONTROL INDICATED AS "FOUND" WAS RECOVERED FOR THIS PROJECT IN JUNE, 2016.
4. THIS IS A FIELD TRAVERSE SURVEY. A LIECA FIVE SECOND ELECTRONIC TOTAL STATION WAS USED TO MEASURE THE ANGULAR AND DISTANCE RELATIONSHIPS BETWEEN THE CONTROLLING MONUMENTATION AS SHOWN. CLOSURE RATIOS OF THE TRAVERSE MET OR EXCEEDED THOSE SPECIFIED IN WAC 332-130-090. DISTANCE MEASURING EQUIPMENT HAS BEEN MAINTAINED IN ADJUSTMENT ACCORDING TO MANUFACTURERS' GUIDELINES.



COVENANTS, CONDITIONS, AND RESTRICTIONS

1. THE APPLICANT SHALL INSTALL A SYSTEM TO PROVIDE POTABLE WATER, ADEQUATE FIRE FLOW AND ALL REQUIRED FIRE-FIGHTING INFRASTRUCTURE AND APPURTENANCES TO EACH LOT CREATED.

FOUND MONUMENT IN CONCRETE
WITH PUNCHED 3" BRASS DISK
"COB 1995 24780" DOWN 0.5'
IN CASE (06/01/16).
HELD FOR ROTATION
CITY OF KIRKLAND POINT REGION

COR-SUN RANCH ESTATES
VOL. 122, PGS. 76-78

17

PART OF LOT
18

ESE Land Planning
Engineering
Land Surveying

ESE Consultants, Inc.
8815 122nd Ave NE
Suite 200
Kirkland, WA 98033
TEL: 425-825-5367

| | |
|------------------------------------|-------------------|
| DATE: | SCALE: |
| DESIGN: JCAYTON | DRAWN: JCAYTON |
| JOB NO.: 4014 | FILE NAME: |
| REF. NO.: | |
| SHEET NO.: 3 OF 4 | |

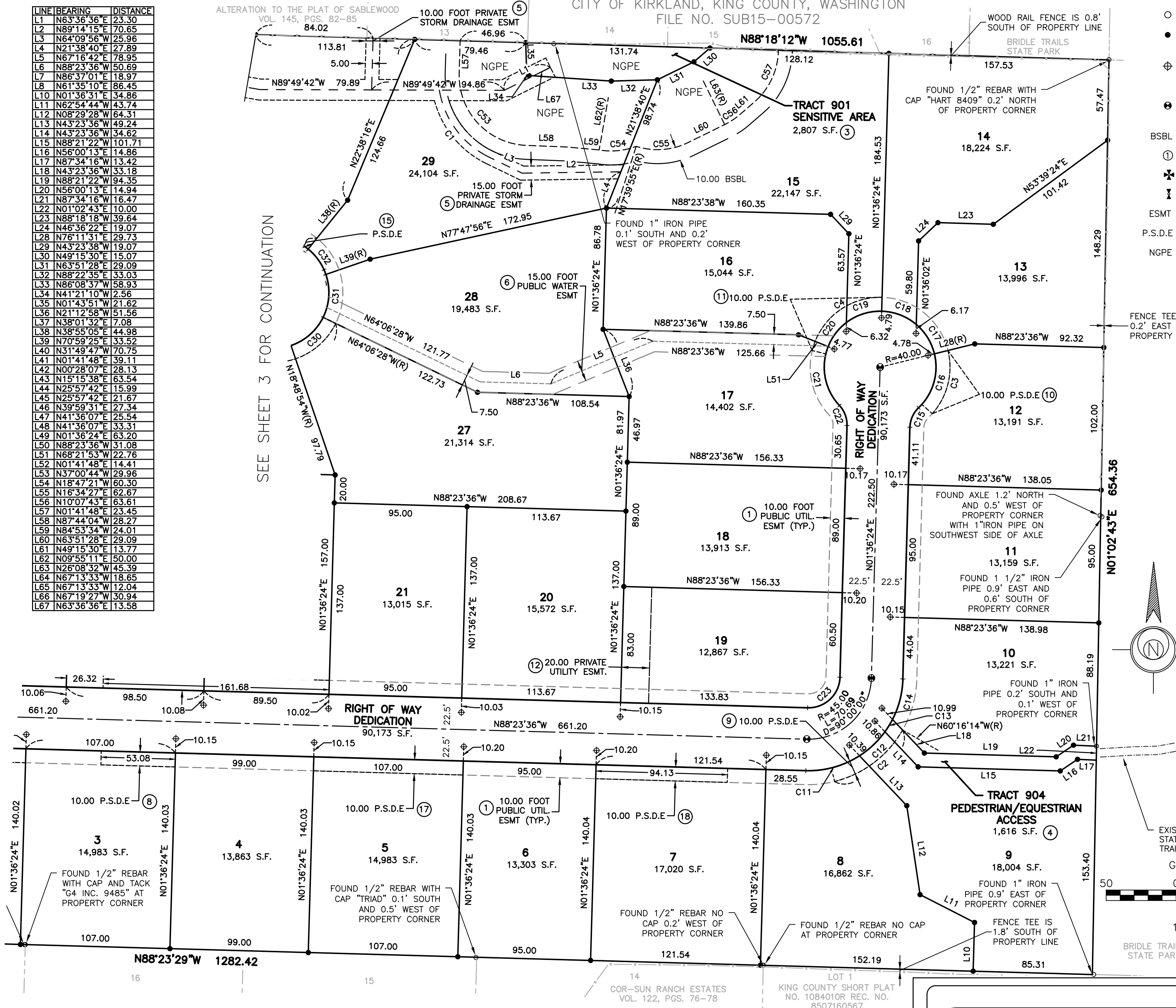
BRIDGEWOOD ESTATES AT KIRKLAND, A PLAT COMMUNITY

VOL/PG

A PORTION OF THE W 1/2, OF THE SW 1/4, SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M.
CITY OF KIRKLAND, KING COUNTY, WASHINGTON
FILE NO. SUB15-00572

| LINE | BEARING | DISTANCE |
|------|-------------|----------|
| L1 | N63°36'36"E | 23.30 |
| L2 | N89°14'15"E | 70.65 |
| L3 | N64°09'56"W | 25.96 |
| L4 | N21°38'40"E | 27.89 |
| L5 | N67°16'42"E | 78.95 |
| L6 | N88°23'36"W | 50.69 |
| L7 | N86°37'01"E | 18.97 |
| L8 | N61°35'10"E | 86.45 |
| L9 | N01°36'31"E | 34.86 |
| L10 | N62°54'44"W | 43.74 |
| L11 | N08°29'28"W | 64.31 |
| L12 | N43°23'36"W | 49.24 |
| L13 | N43°23'36"W | 34.62 |
| L14 | N88°21'22"W | 101.71 |
| L15 | N56°00'13"E | 14.86 |
| L16 | N87°34'16"W | 13.42 |
| L17 | N43°23'36"W | 33.18 |
| L18 | N88°21'22"W | 94.35 |
| L19 | N56°00'13"E | 14.94 |
| L20 | N87°34'16"W | 16.47 |
| L21 | N01°02'43"E | 10.00 |
| L22 | N88°18'18"W | 39.64 |
| L23 | N46°36'22"E | 19.07 |
| L24 | N76°11'31"E | 29.73 |
| L25 | N43°23'38"W | 19.07 |
| L26 | N49°15'30"E | 15.07 |
| L27 | N63°51'28"E | 29.09 |
| L28 | N88°22'35"E | 33.03 |
| L29 | N86°08'37"W | 58.93 |
| L30 | N41°21'10"W | 2.56 |
| L31 | N01°43'51"W | 21.62 |
| L32 | N21°12'58"W | 51.56 |
| L33 | N38°01'32"E | 7.08 |
| L34 | N38°55'05"E | 44.98 |
| L35 | N70°59'25"E | 33.52 |
| L36 | N31°49'47"W | 70.75 |
| L37 | N01°41'48"E | 39.11 |
| L38 | N00°28'07"E | 28.13 |
| L39 | N15°15'38"E | 63.54 |
| L40 | N25°57'42"E | 15.99 |
| L41 | N25°57'42"E | 21.67 |
| L42 | N39°59'31"E | 27.34 |
| L43 | N41°36'07"E | 25.54 |
| L44 | N41°36'07"E | 33.31 |
| L45 | N01°36'24"E | 63.20 |
| L46 | N88°23'36"W | 31.08 |
| L47 | N68°21'53"W | 22.76 |
| L48 | N01°41'48"E | 14.41 |
| L49 | N37°00'44"W | 29.96 |
| L50 | N18°47'21"W | 60.30 |
| L51 | N16°34'27"E | 62.67 |
| L52 | N10°07'43"E | 63.61 |
| L53 | N01°41'48"E | 23.45 |
| L54 | N87°44'04"W | 28.27 |
| L55 | N84°53'34"W | 24.01 |
| L56 | N63°51'28"E | 29.09 |
| L57 | N49°15'30"E | 13.77 |
| L58 | N09°55'11"E | 50.00 |
| L59 | N26°08'32"W | 45.39 |
| L60 | N67°13'33"W | 18.65 |
| L61 | N67°13'33"W | 12.04 |
| L62 | N67°19'27"W | 30.94 |
| L63 | N63°36'36"E | 13.58 |

SEE SHEET 3 FOR CONTINUATION



ORDINANCE O-4516

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO LAND USE AND APPROVAL OF A REZONE, PRELIMINARY SUBDIVISION, AND MULTIPLE SENSITIVE AREA DECISIONS AS APPLIED FOR BY KLN CONSTRUCTION, INC. IN DEPARTMENT OF PLANNING AND BUILDING FILE NOS. SUB15-00572, REZ15-00575, SAR15-00573, SAR15-00574, SAR15-00580 AND SETTING FORTH CONDITIONS OF APPROVAL.

1 WHEREAS, the Department of Planning and Building received
2 an application, pursuant to Process IIB, for a Rezone ("REZ"),
3 Preliminary Subdivision ("SUB"), and multiple Sensitive Area Decisions
4 ("SAR") as filed by KLN Construction, Inc. ("Applicant") for a 35 lot
5 development within a Single-Family Residential (RS/RSX) 35 zone
6 known as Bridlestone Estates Rezone and Subdivision ("Development").
7 The application is contained in Department of Planning and Building File
8 Nos. SUB15-00572, REZ15-00575, SAR15-00573, SAR15-00574, and
9 SAR15-00580 (collectively, "Application"); and

10
11 WHEREAS, pursuant to the City of Kirkland's Concurrency
12 Management System, Kirkland Municipal Code Title 25, a concurrency
13 application was submitted to the City of Kirkland ("City"), reviewed by
14 the responsible Public Works official, the concurrency test applied for
15 and successfully passed, and a concurrency test notice issued; and

16
17 WHEREAS, pursuant to the State Environmental Policy Act,
18 chapter 43.21C RCW, and the Administrative Guidelines and local
19 ordinance adopted to implement it, an environmental checklist was
20 submitted to the City, reviewed by the responsible official of the City,
21 and a determination of non-significance was issued; and

22
23 WHEREAS, the environmental checklist and determination have
24 been available and have accompanied the Application through the entire
25 review process; and

26
27 WHEREAS, the Application was submitted to the Kirkland
28 Hearing Examiner who held a hearing on March 9, 2016; and

29
30 WHEREAS, the Kirkland Hearing Examiner after her public
31 hearing and consideration of the recommendations of the Department
32 of Planning and Building adopted Findings, Conclusions and
33 Recommendation dated March 16, 2016 ("Recommendation")
34 recommending approval of the Application and issuance of a Process IIB
35 Permit subject to the specific conditions set forth in the
36 Recommendation; and

37
38 WHEREAS, the City Council, in a regular meeting, considered
39 the environmental documents received from the responsible official of
40 the City, together with the Recommendation of the Hearing Examiner
41 and the record developed in connection with the March 9, 2016 hearing;
42 and

WHEREAS, the Section 130.45 of the Kirkland Zoning Ordinance requires approval of the application for a rezone to be made by ordinance,

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

Section 1. The Findings, Conclusions, and Recommendation of the Kirkland Hearing Examiner dated March 16, 2016 and filed in Department of Planning and Building File Nos. REZ15-00575, SUB15-00572, SAR15-00573, SAR15-00574, and SAR15-00580, a copy of which is attached to this ordinance as Exhibit A and incorporated herein by this reference, are adopted by the Kirkland City Council.

Section 2. The City Council approves the Application for a rezone preliminary subdivision, and multiple sensitive area decisions subject to the conditions set forth in the Findings, Conclusions, and Recommendation referenced in Section 1 of this ordinance.

Section 3. The Process IIB Permit shall be issued to the Applicant subject to the conditions set forth in the Findings, Conclusions, and Recommendations adopted by the City Council in Section 1 of this ordinance.

Section 4. The real property within the city of Kirkland and described in more detail in Exhibit B to this ordinance is rezoned from RS 35 and RSX 35 to RS 12.5. Exhibit B is incorporated herein by this reference.

Section 5. The Director of the Planning and Building Department is directed to amend the official Kirkland Zoning Map, Ordinance No. 3710, as amended, to conform with this ordinance, indicating thereon the date of ordinance adoption. Copies of this ordinance shall be filed with the Planning and Building Department and the office of the City Clerk.

Section 6. Nothing in this ordinance shall be construed as excusing the Applicant from compliance with any federal, state or local statutes, ordinances or regulations applicable to this Application, other than expressly set forth in this ordinance.

Section 7. Failure on the part of the Applicant as the holder of the Process IIB Permit issued hereby to meet and maintain strict compliance with the standards and conditions to which the Process IIB Permit is subject shall be grounds for revocation in accordance with Ordinance No. 3719, as amended, the Kirkland Zoning Ordinance.

Section 8. This ordinance shall be in full force and effect five (5) days from and after its passage by the City Council and publication pursuant to Kirkland Municipal Code 1.08.017, in the summary form attached to the original of this ordinance and by this reference approved by the City Council as required by law.

Section 9. A complete copy of this ordinance, including the Findings, Conclusions and Recommendation adopted by reference, shall

96 be certified by the City Clerk, who shall then forward a certified copy
97 thereof to the King County Department of Assessments.
98

99 Section 10. A certified copy of this ordinance, together with the
100 Findings, Conclusions, and Recommendation adopted by reference,
101 shall be attached to and become a part of the Process IIB Permit
102 provided to the Applicant as permittee.
103

104 Passed by majority vote of the Kirkland City Council in open
105 meeting this 7th day of June, 2016.
106

107 Signed in authentication thereof this 7th day of June, 2016.


MAYOR

Attest:


City Clerk

Publication Date: June 13, 2016

Approved as to Form:


City Attorney

O-4516

Exhibit A

RECEIVED

MAR 18 2016

**CITY OF KIRKLAND
HEARING EXAMINER FINDINGS,
CONCLUSIONS AND RECOMMENDATION**

AM PM
PLANNING DEPARTMENT

BY _____

APPLICANT: Cher Anderson, KLN Construction, Inc.

FILE NO: SUB15-00572

APPLICATION:

1. Site Location: 4600 – 4646 116th Avenue NE
2. Requests: The applicant requests approval of a rezone and preliminary subdivision as follows:
 - a. Rezone the 17.59 acre subject property from RS/RSX 35 (single-family residential, minimum lot size of 35,000 square feet (s.f.)) to RS 12.5 (single-family residential, minimum lot size of 12,500 s.f.).
 - b. Subdivide the property into 35 lots for construction of single-family homes. Access to the lots will be provided via a new public access road off of 116th Avenue NE.
 - c. Fill and “paper fill” a portion of a wetland to provide vehicular access that meets City requirements. Proposed compensatory mitigation includes wetland creation, restoration, and enhancement.
 - d. Reduce the wetland buffer only where necessary to provide access to the remainder of the property. Mitigation is proposed through enhancement.
 - e. Install a stream culvert to create vehicular access and install utilities that comply with the City’s requirements.
 - f. Discharge stormwater using a piped outfall to the wetland buffer.
 - g. Install a bioswale along the south side of the new access road to treat stormwater runoff prior to water reaching stream/wetlands or their associated buffers.
3. Review Process: Process IIB, the Hearing Examiner conducts a public hearing and makes a recommendation to the City Council, which makes a final decision.
4. Key Issues:
 - Compliance with rezone criteria
 - Compliance with subdivision criteria
 - Compliance with various sensitive area criteria

Hearing Examiner Recommendation
File: SUB15-00572
Page 2 of 11

- Equestrian and pedestrian access to Bridle Trails State Park

SUMMARY OF RECOMMENDATIONS:

| | |
|------------------|-------------------------|
| Department | Approve with conditions |
| Hearing Examiner | Approve with conditions |

PUBLIC HEARING:

The Hearing Examiner held a public hearing on the applications on March 9, 2016, at 7:00 p.m. in the Peter Kirk Room, City Hall, 123 Fifth Avenue, Kirkland, Washington. A verbatim recording of the hearing is available at the City Clerk's office. The minutes of the hearing and the exhibits are available for public inspection in the Planning and Building Department. The Examiner visited the site in advance of the hearing.

TESTIMONY AND PUBLIC COMMENT:

A list of those who testified at the public hearing, and a list of the exhibits offered at the hearing are included at the end of this Recommendation. The testimony is summarized in the hearing minutes.

For purposes of this recommendation, all section numbers refer to the Kirkland Zoning Code ("KZC") or Kirkland Municipal Code ("KMC") unless otherwise indicated.

FINDINGS, CONCLUSIONS AND RECOMMENDATION

Having considered the evidence in the record and reviewed the site, the Hearing Examiner enters the following:

Findings of Fact and Conclusions:

A. Site Description

The reference to "Attachment 2, Sheet 2 of 14" on page 5 of the Staff Report (at II.A.1(4)) is corrected to read Attachment 2, Sheet 3 of 14. With that correction, the Facts and Conclusions on site development and zoning, and on neighboring development and zoning, set forth at Subsection II.A of the Staff Report are accurate and supported by the record, and therefore are adopted by reference as the Hearing Examiner's Findings and Conclusions.

Additional Facts:

1. The Sablewood development, located to the north of the subject property, is zoned RS 12.5 and has lot sizes ranging from 10,500 to 19,353 square feet.

2. Cor Sun Ranch Estates to the south is zoned RSX 35 and has lots sizes ranging from 28,002 to 47,502 square feet.
3. Only one of the 40 lots to the south of the subject property and within the Kirkland city limits has a paddock area.

B. History

The Facts and Conclusion on the subject property's tax history, set forth in Subsection II.B of the Staff Report are accurate and supported by the record, and therefore are adopted by reference as the Hearing Examiner's Findings and Conclusion.

C. Public Comment

The Facts and Conclusion on public comment set forth at Subsection II.C of the Staff Report are accurate and supported by the record, and therefore are adopted by reference as the Hearing Examiner's Findings and Conclusions.

Additional Facts:

1. Public comments at the hearing reiterated some of the concerns expressed in the comment letters included in the record as Attachment 5 to the Staff Report, particularly those expressing opposition to the requested rezone as failing to comply with the applicable Neighborhood Plan and threatening the area's equestrian lifestyle.
2. Some members of the public emphasized that the market for "horse properties" remains strong but that such properties are in short supply in the area. They pointed out that the lots in the Cor-Sun development to the south of the subject property allow keeping of horses only with special approval of an architectural control committee. *See* Exhibit I at 3. They also stated that the Zoning Code would prohibit the keeping of horses on most of the lots in the development for the subject property.
3. The lots in the proposed subdivision range in size from 12,506 to 24,752 square feet. Six of the lots exceed 20,000 square feet.
4. KZC 115.20.5.b(3) provides that in zones other than "RS 35 and RSX 35 within the Bridle Trails neighborhood north and northeast of Bridle Trails State Park," the City may approve the keeping of up to two horses on lots less than 35,000 square feet using Process I in Chapter 145 KZC and specific setback regulations.
5. Conclusion: As the subdivision is presently configured, it may be possible for a few of the lots to support horse keeping. *See* Attachment 2 to the Staff Report, Sheet 11 of 14.

Hearing Examiner Recommendation
File: SUB15-00572
Page 4 of 11

D. State Environmental Policy Act and Concurrency

The Facts and Conclusion on this application set forth at Subsection II.D of the Staff Report are accurate and supported by the record, and therefore are adopted by reference as the Hearing Examiner's Findings and Conclusions.

E. Approval Criteria

1. REZONE

a. Facts:

- (1) Zoning Code section 130.40 states that a quasi-judicial rezone may be approved only if:
 - Conditions have substantially changed since the property was given its present zoning or the proposed rezone implements the policies of the comprehensive plan; and
 - The proposed rezone is compatible with the existing land uses in the immediate vicinity of the subject property; and
 - The proposed rezone bears a substantial relationship to the public health, safety, or welfare; and
 - The proposed rezone is in the best interest of the community of Kirkland; and
 - If the rezone is to place or remove an overlay zoning designation on the Zoning Map, the proposal meets the applicable designation criteria of chapters 70 through 80 of the Zoning Code.
- (2) Figure BT-1 on page XV.C-2 of the Neighborhood Plan designates the subject property for low density residential development, 1-3 dwelling units per acre. See Attachment 9 to the Staff Report. Table LU-3 in the Land Use Section of the Comprehensive Plan lists RS 35,000 as the comparable zoning classification for low density residential development "Up to 1 d/a," and RS 12,500 as the comparable zoning classification for low density residential development "Up to 3 d/a". The applicant seeks RS 12,500 zoning and proposes a development density of 2 dwelling units per acre.
- (3) Historical information regarding annexation, land use designation, and zoning on the subject and adjoining properties includes the following:
 - (a) On February 21, 1989, Ordinance 3158 was signed agreeing to the property owners' petition for annexation. The annexation included the entire subject property, Cor-Sun Ranch Estates, and the properties located on the east side of Cor-Sun Ranch Estates and west of Bridle Trails State Park. At the time of annexation the entire area was zoned RS 35.
 - (b) Sablewood, the adjoining subdivision to the north of the subject property, was originally part of the City of Houghton and zoned for approximately 12 dwelling units per acre. After the cities of Houghton and Kirkland consolidated,

the property was downzoned, but the downzone was overturned in court. A subsequent development proposal was denied pursuant to SEPA, and an appeal followed. Ultimately, a negotiated agreement led to the property being rezoned to RS 12.5 in 1985, and the Sablewood subdivision was approved in 1987.

- (c) Cor-Sun Ranch Estates, to the south of the subject property, was already developed when it was annexed into the City of Kirkland in 1989. Based on size alone, most of the lots in Cor-Sun are large enough to keep a horse without any special Zoning Code review or process although, as noted, covenants require a special approval by an architectural review committee. No horses or paddock areas are visible on the aerial maps for Sablewood or Cor-Sun Ranch Estates. *See* Attachment 8 to the Staff Report.
 - (d) One residential parcel between Cor-Sun Ranch Estates and Bridle Trails State Park shows evidence of a paddock area and active horse use. In 2008 a stable and paddock area was located on the most southeasterly property between Cor-Sun Ranch Estates and Bridle Trail State Park. It has been demolished and the site is currently unimproved.
- (4) Comprehensive Plan policies relevant to the rezone include the following:
- (a) Land Use Policy LU-2.2: Use land efficiently, facilitate infill development or redevelopment, and where appropriate, preserve options for future development.

This land use policy supports a rezone to a maximum of three units per acre as designated on Comprehensive Plan Figure BT-1, the Bridle Trails Land Use Map. *See* Attachment 9 to the Staff Report.
 - (b) Land Use Policy LU-2.3: Ensure an adequate supply of housing units ... to meet the required growth targets through efficient use of land.

If developed to the maximum allowed development potential under the Comprehensive Plan of 3 units per acre, the property could provide 15 dwelling units more than the number that could be provided under the existing zoning designation of 1 unit per acre. *See* Section II.F.1 of the Staff Report. (As noted, the development proposal is for two dwelling units per acre.)
 - (c) Land Use Policy LU 4.3: Continue to allow for new residential growth throughout the community, consistent with the basic pattern of land use in the City.
 - (d) Natural Environment Policy NE-1.8: Strive to minimize human impact on habitat areas.

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File: SUB15-00572
Page 6 of 11

As discussed in Sections II.E.3 through II.E.8 of the Staff Report, if the rezone is approved, multiple existing encroachments into the critical areas and their associated buffers would be removed, and the proposed project would conform to critical areas regulations. The northern access, which bisects Wetland B, would be reestablished as wetland, and the southern access, which is between Wetlands B and C, would become wetland buffer. Additional wetland and buffer mitigation would compensate for new encroachments proposed with the development.

- (e) The introduction to the Comprehensive Plan addresses the relationship between the Citywide Elements of the Plan and the Neighborhood Plans:

The Neighborhood Plans allow a more detailed examination of issues affecting smaller geographic areas within the City and clarify how broader City goals and policies in the Citywide Elements apply to each neighborhood. It is intended that each neighborhood plan be consistent with the Citywide Elements. However, because many of the neighborhood plans were adopted prior to the 1995 Plan update, portions of some of the neighborhood plans may contain inconsistencies. Where this is the case, the conflicting portions of the Citywide Elements will prevail.

- (f) Under the vision statement for the Bridle Trails Neighborhood Plan, it is explained that the “primary policy direction for this neighborhood is to *maintain the low-density residential character with some areas containing large lots capable of keeping horses.*” Emphasis added.

- (g) The Neighborhood Plan addresses specific geographic areas, including:

- (1) an area east of I-405 with “relatively new” residential developments, where new residential development “*should be low density (up to five dwelling units per acre);*”
- (2) the single-family area north of the State Park and south of NE 70th Street, which “contains some large lots capable of keeping horses,” and in which “[r]esidential sites ... should be designed to allow sufficient space to provide ... for horses, and to appropriately buffer development bordering equestrian areas;”
- (3) the Bridlewood Circle, Silver Spurs Ranch, and Bridle View areas, which “*should remain at a very low density (one dwelling unit per acre)* with private stable facilities permitted;” and
- (4) the area “southwest of Bridle Trails State Park and adjacent to 116th Avenue NE,” which includes the subject property and is described as an area that, at the time the Neighborhood Plan was adopted, “*contains low-density*

residential development (one to three dwelling units per acre) and large stable facilities. Existing equestrian access to Bridle Trails State Park from this area should be preserved."

Emphasis added.

- (h) The Neighborhood Plan then addresses "[p]roblems with utilities and traffic in the area southwest of the State Park and adjacent to 116th Avenue NE. It states that the extension of water and sewer services should always be a condition of development in the area, and that "higher-density residential uses" would increase traffic volumes, noise and hazards and should not be permitted. "Based upon the above considerations, development in this area should be limited to *low-density equestrian-oriented residential (one to three dwelling units per acre)*. In addition, the existing stable facilities should be encouraged to remain"

Emphasis added.

- (5) As noted above, the area to the north of the subject property was developed at a density of 3 dwelling units per acre (RS 12.5 zoning), and the area to the south of the subject property was developed at a density of 1 dwelling unit per acre (RSX 35 zoning). The proposal would be developed at a density of two dwelling units per acre.
- (6) The proposal would preserve the subject property's existing equestrian/pedestrian access to Bridle Trails State Park.

b. Conclusions: The proposed rezone is consistent with the criteria set forth in KZC 130.40:

- (1) The proposed rezone would implement the Comprehensive Plan's Land Use policies supporting infill housing and ensuring an adequate housing supply. It would also protect the wetlands and streams and their associated buffer to the maximum extent possible, including removing existing non-conforming wetland encroachments and bringing non-conforming wetland buffers into conformance with existing regulations, thereby implementing policies in the Plan's Natural Environment element.
- (2) The rezone would also implement the Bridle Trails Neighborhood Plan. It is clear from the explanatory statement under the vision statement that maintenance of the low-density residential character in the area is key, and that "some areas" should continue to maintain large lots for horses. The Neighborhood Plan expressly directs that in the single family area north of the State Park and south of NE 70th Street, residential sites within areas that are equestrian-oriented should be designed to allow for keeping horses. It also expressly directs that Bridlewood Circle, Silver Spurs Ranch and Bridle View should remain at "very low" residential density, which is stated to be one dwelling unit per acre. But for the area in question, southwest of the State Park along 116th Avenue NE, both "low density development and equestrian facilities should be

Hearing Examiner Recommendation
File: SUB15-00572
Page 8 of 11

permitted.” “Low density” is repeatedly explained as being from one to three dwelling units per acre.

The Neighborhood Plan’s discussion of “very low density” as one dwelling unit per acre and “low density” as one to three dwelling units per acre is consistent with the comparable zoning classifications for those densities listed in Table LU-3 of the Comprehensive Plan. Thus, the Neighborhood Plan does not conflict with the Comprehensive Plan.

- (3) The rezone would be compatible with existing land uses in the immediate vicinity of the subject property. Properties to the north and south are developed with low-density residential development and, with one exception, the lots are not used for keeping horses.
- (4) The rezone bears a substantial relationship to public health, safety, or welfare because the proposal will create infill residential development while meeting the goals and policies of the Comprehensive Plan, including the applicable Neighborhood Plan.
- (5) The proposed rezone would be in the best interest of the community of Kirkland because it would increase the housing stock, thereby assisting the City in meeting its housing targets while protecting the stream and wetlands to the maximum extent possible.
- (6) The rezone will not place or remove an overlay zoning designation on the Zoning Map.

2. PRELIMINARY PLAT
3. CRITICAL AREAS

The Facts and Conclusions concerning the proposal’s consistency with the approval criteria for a preliminary subdivision and with critical area requirements are set forth in Subsections II.E.2 through II.E.3 through II.E.8 of the Staff Report and are adopted by reference as the Hearing Examiner’s Findings and Conclusions.

F. Development Regulations

The Facts and Conclusions on the proposal’s consistency with applicable development regulations are set forth at Subsection II.F of the Staff Report are accurate and supported by the record, and therefore are adopted by reference as the Hearing Examiner’s Findings and Conclusions.

G. Comprehensive Plan

The proposal’s consistency with the Comprehensive Plan is addressed above in Section E.

O-4516

Exhibit A

Hearing Examiner Recommendation

File: SUB15-00572

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H. Development Standards

The Fact and Conclusion on this matter set forth at Subsection II.H of Exhibit A are accurate and supported by the record, and therefore are adopted by reference as the Hearing Examiner's Findings and Conclusions.


I. Process IIB Decisional Criteria

As noted above, the application for the rezone, preliminary subdivision and sensitive area approvals is consistent with all applicable development regulations and, to the extent there is no applicable development regulation, with the Comprehensive Plan, and it is also consistent with the public health, safety and welfare. It therefore meets the requirement of KZC 152.70.3.

Recommendation:

Based upon the foregoing findings of fact and conclusions, the Hearing Examiner recommends that the City Council approve the entire application subject to the conditions set forth in Section I.B of the Staff Report.

Entered this 16th day of March, 2016.


Sue A. Tanner
Hearing Examiner

EXHIBITS:

The following exhibits were entered into the record:

| | |
|-----------|---|
| Exhibit A | Department's Advisory Report with Attachments 1 through 17 |
| Exhibit B | Department's PowerPoint presentation |
| Exhibit C | Packet of public comments sent to the Department after release of Department recommendation |
| Exhibit D | Illustrative Site Plan, Site Enlargements & Photos, Engineering Plans & Sections, Vicinity Map and Site Vicinity Enlargement (total 5 sheets) |
| Exhibit E | Declaration of Michael Crooks, former owner of subject property |
| Exhibit F | Traffic data for 116 th Ave.NE/NE 60 th St. before and after start of I-405 tolling |
| Exhibit G | Illustration of "paper fill" of wetland |
| Exhibit H | Comments of Jennifer Duncan |
| Exhibit I | Protective Covenants – Plat of Con-Sun Ranch Estates |
| Exhibit J | Illustration re balancing development with community character |
| Exhibit K | Enlarged aerial photos of Con-Sun Ranch Subdivision |
| Exhibit L | Comments of Ann Shilling |
| Exhibit M | Comments of Molly Lawrence |
| Exhibit N | Comments of Jim Erckmann |

Hearing Examiner Recommendation
File: SUB15-00572
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Exhibit O Comments of Mary Decher
Exhibit P Comments of Deborah Giddings
Exhibit Q Comments of Jessica Reaves
Exhibit R Comments of Jana Hobbs
Exhibit S Comments of Klara Lukacs
Exhibit T Comments of Andrea Lorig, former owner of subject property

PARTIES OF RECORD:

Cher Anderson, KLN Construction, Inc., applicant
Brian Holtzclaw, attorney-at-law, on behalf of applicant
Jim Erckmann
Jennifer Duncan
Suzanne Kagen
Amy Supple
Molly Lawrence
Mary Decher
Rob Hemingson
Carolyn Adams
Jana Hobbs
Gavin Wissler
Andy Held
Ann Shilling
Lynn Erckmann
Kay Brossard
Mehri Kaufman
Alice Prince
Suki Steiner
Amy Itkin
Paula Munson
Parties of Record prior to hearing
Planning and Building Department
Department of Public Works

SUBSEQUENT MODIFICATIONS

Modifications to the approval may be requested and reviewed pursuant to the applicable modification procedures and criteria in effect at the time of the requested modification.

CHALLENGES AND JUDICIAL REVIEW

The following is a summary of the deadlines and procedures for challenges and appeals. Any person wishing to file or respond to a challenge or appeal should contact the Planning Department for further procedural information.

CHALLENGE

Section 152.85 of the Zoning Code allows the Hearing Examiner's recommendation to be challenged by the applicant or any person who submitted written or oral comments or

testimony to the Hearing Examiner. A party who signed a petition may not challenge unless such party also submitted independent written comments or information. The challenge must be in writing and must be delivered, along with any fees set by ordinance, to the Planning Department by 5:00 p.m., March 28, 2016, seven (7) calendar days following distribution of the Hearing Examiner's written recommendation on the application. Within this same time period, the person making the challenge must also mail or personally deliver to the applicant and all other people who submitted comments or testimony to the Hearing Examiner, a copy of the challenge together with notice of the deadline and procedures for responding to the challenge.

Any response to the challenge must be delivered to the Planning Department within seven (7) calendar days after the challenge letter was filed with the Planning Department. Within the same time period, the person making the response must deliver a copy of the response to the applicant and all other people who submitted comments or testimony to the Hearing Examiner.

Proof of such mail or personal delivery must be made by affidavit, available from the Planning Department. The affidavit must be attached to the challenge and response letters, and delivered to the Planning Department. The challenge will be considered by the City Council at the time it acts upon the recommendation of the Hearing Examiner.

JUDICIAL REVIEW

Section 152.110 of the Zoning Code allows the action of the City in granting or denying this zoning permit to be reviewed in King County Superior Court. The petition for review must be filed within twenty-one (21) calendar days of the issuance of the final land use decision by the City.

LAPSE OF APPROVAL

Under KMC 22.16.010, "Final plat – Submittal – Time limits," if the final plat is not submitted to the City Council within the time limits set forth in RCW 58.17.140, it shall be void.

Link to Exhibit A:

[http://www.kirklandwa.gov/depart/planning/Boards and Commissions/Hearing Examiner Meeting Information.htm](http://www.kirklandwa.gov/depart/planning/Boards_and_Commissions/Hearing_Examiner_Meeting_Information.htm)

March 9, 2016 Meeting Packet (This can be viewed by clicking on the links to the four parts of the staff recommendation for the March 9, 2016 meeting.)

Link to Exhibit B through D:

http://www.kirklandwa.gov/Assets/Planning/Planning+PDFs/Hearing+Examiner/KHE+Recommendation+Exhibits+Combined+--+Bridlestone+Estates+SUB15-00572_Part1.pdf

March 9, 2016 Exhibits Received at the Hearing Examiner Meeting

Link to Exhibit E through I:

http://www.kirklandwa.gov/Assets/Planning/Planning+PDFs/Hearing+Examiner/KHE+Recommendation+Exhibits+Combined+--+Bridlestone+Estates+SUB15-00572_Part2.pdf

March 9, 2016 Exhibits Received at the Hearing Examiner Meeting

Link to Exhibit J through L:

http://www.kirklandwa.gov/Assets/Planning/Planning+PDFs/Hearing+Examiner/KHE+Recommendation+Exhibits+Combined+--+Bridlestone+Estates+SUB15-00572_Part3.pdf

March 9, 2016 Exhibits Received at the Hearing Examiner Meeting

Link to Exhibit M through T:

http://www.kirklandwa.gov/Assets/KHE+Recommendation+Exhibits+Combined+--+Bridlestone+Estates+SUB15-00572_Part4.pdf

March 9, 2016 Exhibits Received at the Hearing Examiner Meeting

O-4516
Exhibit B**PARCEL # 162505-9017:**

THE EAST 397.36 FEET OF THE NORTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON;

TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS PER DRIVEWAY EASEMENT RECORDED UNDER KING COUNTY RECORDING NUMBER 6367183;

ALSO TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS, AND UTILITIES AS STATUTORY WARRANTY DEED RECORDED UNDER KING COUNTY RECORDING NUMBER 8708201403;

SITUATE IN THE CITY OF KIRKLAND, COUNTY OF KING, STATE OF WASHINGTON.

PARCEL # 162505-9021:

THE SOUTH 1/2 OF THE SOUTH 1/2 OF THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M.;

EXCEPT THE EAST 214 FEET THEREOF;

EXCEPT THE NORTH 15 FEET THEREOF;

AND EXCEPT THE WEST 30 FEET THEREOF FOR 116TH AVE NE AS ESTABLISHED BY ORDER OF ESTABLISHMENT RECORDED IN COUNTY COMMISSIONER'S RECORDS BOOK 33, PAGE 175;

SITUATE IN THE CITY OF KIRKLAND, COUNTY OF KING, STATE OF WASHINGTON.

PARCEL # 162505-9022:

THAT PORTION OF THE NORTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SUBDIVISION NORTH 88° 18' 48" WEST 1,055.61 FEET FROM THE NORTHEAST CORNER THEREOF;

THENCE SOUTH 88° 18' 48" EAST 658.25 FEET;

THENCE SOUTH 01° 02' 42" WEST PARALLEL TO THE EAST LINE OF SAID SUBDIVISION 327.52 FEET TO THE SOUTH LINE THEREOF;

THENCE NORTH 88° 21' 20" WEST ALONG THE SOUTH LINE OF SAID SUBDIVISION 655.90 FEET;

THENCE NORTH TO THE POINT OF BEGINNING;

PARCEL # 162505-9031:

THE NORTH HALF OF THE SOUTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, EXCEPT THE WEST 30 FEET FOR 116TH AVENUE NORTHEAST AS ESTABLISHED IN VOLUME 33 OF COMMISSIONERS RECORDS ON PAGE 175;

SITUATE IN THE CITY OF KIRKLAND, COUNTY OF KING, STATE OF WASHINGTON.

PARCEL # 162505-9034:

THE EAST 214 FEET OF THE SOUTH HALF OF THE SOUTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON;

TOGETHER WITH THE NORTH 15 FEET OF THE SOUTH HALF OF THE SOUTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 5 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON;

EXCEPT THE EAST 214 FEET THEREOF; AND

EXCEPT THAT PORTION THEREOF LYING WITHIN 116TH AVENUE NORTHEAST.

Bridlestone Plat (SUB15-00572)

In response to the request for a Minor Modification explaining how applicant complies with the criteria found in KMC Title 22.163.090, please accept the following:

RCW 58.17.020(4) defines a “preliminary plat” as a “*neat and approximate drawing of a proposed subdivision showing the general layout of streets and alleys, lots, blocks, and other elements of a subdivision consistent with the requirements of this chapter.*” KMC 22.163.090(a) imposes certain limits to changes to any preliminary plat, consistent with the state definition, and defines these as “Minor Deviations.” The council may simply approve final plats meeting these conditions, and no new application is required. In respect to demonstrating to staff and council that Toll is within these 4 specific limiting items:

(1) The applicant proposes the same number of lots as the preliminary plat. No changes to the lot count were proposed.

(2) A visual illustration showing the preliminary plat lines and the proposed future final plat lot lines is shown on sheet 42 of the approved plans that was reviewed by planning at time of LSM approval, illustrating compliance with general layout of the project. Included with the illustration on sheet 42 is a table that identifies preliminary and final lot sizes demonstrating compliance with the 10% limitation on reduction of lot size of any one lot imposed by KMC 22.16.090(a)(2). This table, with final lot sizes as shown on the final plat drawings is included below to demonstrate continued compliance. With the exception of a minor change to lot 1, which is still well within the 10% limit, all lots are within (3) square feet of the lot sizes proposed at the LSM stage.

| Lot # | P-Plat Lot Size | Final Plat Lot Size | Change P-Plat to Final Plat |
|-----------|-----------------|---------------------|-----------------------------|
| 1 | 18,143 | 22,060 | 21.6% |
| 2 | 14,000 | 14,282 | 2.0% |
| 3 | 12,600 | 14,983 | 18.9% |
| 4 | 12,600 | 13,863 | 10.0% |
| 5 | 12,600 | 14,983 | 18.9% |
| 6 | 12,600 | 13,303 | 5.6% |
| 7 | 18,900 | 17,020 | -9.9% |
| 8 | 18,349 | 16,862 | -8.1% |
| 9 | 19,929 | 18,004 | -9.7% |
| 10 | 13,445 | 13,221 | -1.7% |
| 11 | 13,158 | 13,159 | 0.0% |
| 12 | 12,506 | 13,191 | 5.5% |
| 13 | 13,212 | 13,996 | 5.9% |
| 14 | 20,104 | 18,224 | -9.4% |
| 15 | 23,691 | 22,147 | -6.5% |

| | | | |
|-----------|---------------|---------------|--------------|
| 16 | 13,015 | 15,044 | 15.6% |
| 17 | 12,700 | 14,402 | 13.4% |
| 18 | 12,506 | 13,913 | 11.3% |
| 19 | 13,861 | 12,867 | -7.2% |
| 20 | 14,208 | 15,572 | 9.6% |
| 21 | 13,125 | 13,015 | -0.8% |
| 22 | 12,750 | 14,051 | 10.2% |
| 23 | 12,583 | 14,927 | 18.6% |
| 24 | 13,357 | 14,707 | 10.1% |
| 25 | 16,839 | 15,311 | -9.1% |
| 26 | 14,507 | 13,944 | -3.9% |
| 27 | 22,815 | 21,314 | -6.6% |
| 28 | 21,442 | 19,483 | -9.1% |
| 29 | 24,752 | 24,104 | -2.6% |
| 30 | 15,724 | 14,240 | -9.4% |
| 31 | 12,560 | 15,028 | 19.6% |
| 32 | 18,411 | 16,909 | -8.2% |
| 33 | 22,866 | 21,211 | -7.2% |
| 34 | 15,387 | 14,222 | -7.6% |
| 35 | 18,441 | 19,121 | 3.7% |

(3) No substantial alterations to the location or nature of any proposed improvements were made in the final engineering process, and the plat improvements have been constructed as permitted in the LSM approvals reviewed by planning, or bonded as required by the city.

(4) No substantial alterations were made to the subdivision.

RESOLUTION R-5380

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND APPROVING THE SUBDIVISION AND FINAL PLAT OF BRIDGEWOOD ESTATES (FORMERLY NAMED BRIDLESTONE ESTATES) BEING PLANNING AND BUILDING DEPARTMENT FILE NO. SUB15-00572 AND SETTING FORTH CONDITIONS TO WHICH SUCH SUBDIVISION AND FINAL PLAT SHALL BE SUBJECT.

1 WHEREAS, a rezone, subdivision and preliminary plat of
2 Bridgewood Estates was approved by City Council on June 7, 2016; and
3

4 WHEREAS, thereafter the Planning and Building Department
5 received an application for approval of subdivision and final plat, said
6 application having been made by Toll Bros Inc., the owner of the real
7 property described in said application, which property is within a
8 Residential Single Family RS 12.5 zone; and
9

10 WHEREAS, pursuant to the City of Kirkland's Concurrency
11 Management System, KMC Title 25, a concurrency application has been
12 submitted to the City of Kirkland, reviewed by the responsible Public
13 Works official, the concurrency test has been passed, and a concurrency
14 test notice issued; and
15

16 WHEREAS, pursuant to the State Environmental Policy Act, RCW
17 43.21C and the Administrative Guideline and local ordinance adopted to
18 implement it, an environmental checklist has been submitted to the City
19 of Kirkland, reviewed by the responsible official of the City of Kirkland,
20 and a determination was made that the proposed action will not have
21 significant adverse effect on the environment; and
22

23 WHEREAS, said environmental checklist and determination have
24 been made available and accompanied the application throughout the
25 entire review process; and
26

27 WHEREAS, the Director of the Planning and Building Department
28 did make certain Findings, Conclusions and Recommendations and did
29 recommend approval of the subdivision and the final plat; and
30

31 WHEREAS, the City Council, in open meeting, considered the
32 environmental documents received from the responsible official, along
33 with the Findings, Conclusions and Recommendations of the Director;
34 and
35

36 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of
37 Kirkland as follows:
38

39 Section 1. The Findings, Conclusions and Recommendations of
40 the Director of the Planning and Building Department, filed in Planning
41 and Building Department File No. SUB15-00572, are hereby adopted by
42 the Kirkland City Council as though fully set forth herein this Resolution.
43

44 Section 2. Approval of the subdivision and the final plat of
45 Bridgewood Estates is subject to the applicant's compliance with the

conditions set forth in the recommendations hereinabove adopted by the City Council and further conditioned upon the following:

Section 4. Nothing in this resolution shall be construed as excusing the applicant from compliance with all federal, state or local statutes, ordinances or regulations applicable to this subdivision, other than as expressly set forth herein.

Section 5. A copy of this resolution, along with the Findings, Conclusions and Recommendations hereinabove adopted shall be delivered to the applicant.

Section 6. A completed copy of this resolution, including Findings, Conclusions and Recommendations adopted by reference, shall be certified by the City Clerk who shall then forward the certified copy to the King County Department of Assessments.

Passed in open meeting of the Kirkland City Council on the _____ day of _____, 2019.

SIGNED IN AUTHENTICATION thereof this ____ day of _____, 2019.

Penny Sweet, Mayor

Attest:

Kathi Anderson, City Clerk



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: Kathi Anderson, City Clerk
Michael Olson, Director of Finance and Administration

Date: August 1, 2019

Subject: Resignation and Appointment of Cultural Arts Commission Member

RECOMMENDATION:

That Council acknowledges receipt of Katie Wiederholt's resignation from the Kirkland Cultural Arts Commission, authorizes the attached draft response thanking her for her past service, and appoints alternate Kim Radcliffe to the remainder of the unexpired term.

BACKGROUND DISCUSSION:

Ms. Wiederholt has communicated her resignation due to a pending move for a professional opportunity, effective July 19, 2019.

Council had selected Kim Radcliffe as the alternate Cultural Arts Commission appointee at their March 21, 2019 special meeting. Ms. Radcliffe has confirmed her continued interest in serving on the Commission. If Council confirms their selection, the appointment to the unexpired term would be effective August 7, 2019 and end March 31, 2023.

By approving the consent calendar, the Council authorizes these actions.

From: Katie W.
Sent: Friday, July 19, 2019 5:16 PM
To: City Council
Cc: Kathi Anderson; Philly Marsh
Subject: Email of Resignation from KCAC

Hello,

I will be resigning from the Kirkland Culture and Arts Commission due to a professional opportunity that is moving me out of state. I have very much enjoyed being part of the commission. I appreciate all that the commission does to help make art part of the vibrant city of Kirkland.

Thank you,
Katie Wiederholt

DRAFT

August 7, 2019

Katie Wiederholt
9930 NE 144th Lane #201
Kirkland, WA 98034

Dear Ms. Wiederholt,

We have received your letter of resignation from the Kirkland Cultural Arts Committee.

The City Council appreciates your contributions to the Committee during your term of service, and we thank you for volunteering your time and talent to serve the Kirkland community.

Best wishes in your current and future endeavors.

Sincerely,

Kirkland City Council

By Penny Sweet,
Mayor

August 7, 2019

Kim Radcliffe
11607 NE 102nd Pl
Kirkland, WA 98033

Dear Kim:

Congratulations! At our August 7, 2019 meeting, the City Council appointed you to Position 5 for the remainder of an unexpired four-year term on the Cultural Arts Commission, ending March 31, 2023. The Council is excited about your interest and the enthusiasm you will bring to the Commission. Your official appointment certificate is enclosed.

Thank you for your interest in Kirkland and its future.

Sincerely,

KIRKLAND CITY COUNCIL

By Penny Sweet
Mayor

Enclosure



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: Archie Ferguson, Fleet Manager
Ray Steiger, P.E., Superintendent
Kathy Brown, Public Works Director

Date: June 5, 2019

Subject: SURPLUS OF EQUIPMENT RENTAL VEHICLES/EQUIPMENT

RECOMMENDATION:

City Council approves the surplus of the Equipment Rental vehicles/equipment identified in this memo and thus removes them from the City's Equipment Rental Replacement Schedule.

Approval of the consent calendar will authorize these vehicle surplus actions.

BACKGROUND DISCUSSION:

The surplus of vehicles and equipment that have been replaced with new vehicles or equipment, or which no longer meet the needs of the City, is consistent with the City's Equipment Rental Replacement Schedule Policy. Under this policy, if approved by City Council, vehicles or equipment are sold or disposed of in accordance with the *Kirkland Municipal Code*, Chapter 3.86, "Sale and Disposal of Surplus Personal Property."

The criteria for replacement are reviewed annually for each vehicle by Fleet Management prior to making a recommendation. Among the replacement criteria considered are:

- Wear and tear on the engine, drive train, and transmission;
- Condition of the structural body and major component parts;
- Frequency and nature of past repairs;
- Changes in the vehicle's mission as identified by the department which it serves;
- Changes in technology;
- Vehicle right-sizing;
- The impact of future alternative fuels usage; and
- Specific vehicle replacement funding accrued.

The decision to replace a vehicle requires the consensus of the Fleet Management staff and the Department that the vehicle serves. Vehicles should be replaced close to the point where major repairs and expenses occur in order to maximize their usefulness without sacrificing resale value. Consideration is given to the vehicle's established accounting life.

The accounting life of a vehicle is the number of years of anticipated useful life to City operations. It is determined by historical averages and replacement cycles of actual City vehicles. The accounting life provides a timeline basis for the accrual of vehicle Replacement Reserve charges so that, at the end of that timeline, there should be sufficient funds in the Replacement Reserve Fund to purchase a similar replacement vehicle. The accounting life is a guideline only, and the actual usage of vehicles typically vary from averages.

The City of Kirkland standard accounting life for a vehicle, which is also consistent with industry standard, is eight years or 80,000 miles, whichever comes first. The lifecycle for a pull behind Air Compressor is 12 years, and the City's standard for Fire Engines/Pumpers and for Fire Ladder/Aerial apparatus is 18 years. This is also supported by FleetAnswers.com which recently published Municipal Vehicle Replacement Trends. Among cities, the average age of replacement for police vehicles is 4 years, for cars is 6.7 years, and for class 1-5 trucks is 7.7 years. Data gathered in 2016 by the City of Kirkland lead to extending the patrol unit lifecycle by 12 months from replacement every 2.5 years to 3.5 years. Attachment A, "Surplus List", shows the vehicles and equipment recommended for surplus by this memo.

Attachment A: Surplus List

SURPLUS OF EQUIPMENT RENTAL VEHICLES/EQUIPMENT | August 7, 2019

| Fleet# | Dept. | Year | Make & Model | License | Miles | Comments |
|--------|----------------------|------|--------------------------|---------|--------|---|
| V-03 | Storm Water Division | 2006 | International/ Aquatech | 43219D | 139491 | Exceeded normal anticipated useful life by three years & 59,000 miles. |
| V-04 | Water Division | 2006 | International/ Aquatech | 43220D | 173243 | Exceeded normal anticipated useful life by three years & 90,000 Miles. |
| P139 | Police Patrol | 2014 | Ford Interceptor AWD | 56599D | 68342 | Exceeded normal anticipated useful life by one year. P139 was placed in-service on 7/7/2014 and has been in-service for over 4.5 years on a 3.5-year lifecycle. |
| P140 | Police Patrol | 2014 | Ford Interceptor AWD | 56600D | 74930 | Exceeded normal anticipated useful life by one year. P140 was placed in-service on 7/7/2014 and has been in-service for over 4.5 years on a 3.5-year lifecycle. |
| P145 | Police Patrol | 2015 | Ford Interceptor AWD | 48989D | 68719 | Exceeded normal anticipated useful life by one year. P145 was placed in-service on 3/11/2015 and has been in-service for 4.3 years on a 3.5-year lifecycle. |
| P146 | Police Patrol | 2015 | Ford Interceptor AWD | 58988D | 61100 | Exceeded normal anticipated useful life by one year. P146 was placed in-service on 3/11/2015 and has been in-service for 4.3-years on a 3.5-year lifecycle. |
| P147 | Police Patrol | 2016 | Ford Interceptor SUV AWD | 58922D | 48190 | Exceeded normal anticipated useful life by one year. P147 was placed in-service on 2/27/2015 and has been in-service for 4.4-years on a 3.5-year lifecycle. |
| P152 | Police Patrol | 2016 | Ford Interceptor SUV AWD | 49721D | 53854 | Unit due for replacement this year. P152 was placed in-service on 11/5/2015 and has been in-service for 3.6-years on a 3.5-year lifecycle. |

| | | | | | | |
|------|---------------|------|--------------------------|--------|-------|---|
| P153 | Police Patrol | 2016 | Ford Interceptor SUV AWD | 59715D | 37574 | Unit due for replacement this year. P153 was placed in-service on 10/29/2015 and has been in-service for 3.6-years on a 3.5-year lifecycle. |
|------|---------------|------|--------------------------|--------|-------|---|



CITY OF KIRKLAND

City Attorney's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3030

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Jim Lopez, Assistant City Manager
Dawn Nelson, Planning Manager
Kevin Raymond, City Attorney

Date: July 25, 2019

Subject: POTENTIAL INITIATIVE WITH KIRKLAND SUSTAINABLE FOR AFFORDABLE HOUSING AND CITY EMPLOYEE RENTAL HOUSING

RECOMMENDATION:

It is recommended that the City Council consider and provide feedback to City staff related to a potential initiative between the City of Kirkland ("City") and two related limited liability companies, Kirkland Sustainable Investments, LLC and Sustainable Kirkland, LLC (together, "Kirkland Sustainable") for new affordable rental housing units and City (and other public sector) employee rental housing units located within just a few blocks of City Hall. Kirkland Sustainable owns and operates the Arete multifamily development at 450 Central Way and is nearing completion of the construction of the Plaza multifamily development at 330 4th Street, both in Kirkland.

If approved, the initiative would include amendments to the City's Multifamily Housing Property Tax Exemption ("MFTE") ordinance, Chapter 5.88 of the Kirkland Municipal Code ("KMC"), to provide for 23 new affordable rental housing units at Plaza. It would also require Council approval of the execution by the City Manager and the recording by City staff of a contract and covenant for recording related to the 23 MFTE units at Plaza. Finally, the initiative would include the execution of master lease agreements with Kirkland Sustainable providing for up to an additional 34 units of rental housing that would be set aside for City employees or other public sector employees such as employed by the Lake Washington School District or the Lake Washington Institute of Technology.

Depending on Council interest and feedback, City staff would intend to bring back to the Council, for consideration and possible final action at its September 3, 2019 meeting, (1) an ordinance amending the MFTE ordinance for projects of this kind only, (2) a resolution authorizing the execution and recording of a contract and covenant for the 23 MFTE units at Plaza; and (3) a resolution authorizing City Manager execution of the master lease agreements for Plaza and Arete.

BACKGROUND DISCUSSION:**Plaza and Arete**

Robert Pantley is the majority owner of Sustainable Kirkland, LLC and Kirkland Sustainable Investments, LLC. In turn, Sustainable Kirkland owns and operates an existing 290-unit multifamily development called Arete, located at 450 Central Way. Arete consists of 62 apartments and 228 residential suites. Arete does not include any MFTE units and none are contemplated by this initiative. Kirkland Sustainable owns and will shortly operate Plaza, located at 330 4th Street, just west of Arete. Plaza is expected to be fully constructed as soon as this September. Once finished, Plaza will include 111 units – 10 studio apartments and 101 residential suites. Like Arete, Plaza is expected to be fully occupied once it opens, particularly with the completion of the first phase of the Kirkland Urban redevelopment, which is located directly across the street from both Plaza and Arete.

MFTE: Affordable Housing in Kirkland

The City has a strong policy commitment to encourage and stimulate the development of affordable rental housing in Kirkland. The MFTE ordinance is designed to help further these policy goals. Under the initiative, 23 new MFTE rental units would be created at Plaza. In the absence of the initiative, these units would be rented at fair market value.

City Employee Housing Demand

Like most cities in East King County, strong schools, high quality of life and extraordinary economic growth have combined to make Kirkland an expensive city in which to live. Many, and perhaps most, City employees cannot afford to live in Kirkland based solely on their public sector incomes. The often-prohibitive costs of living in Kirkland is beginning to impact the City's ability to successfully recruit and retain employees. These same factors are also impacting the ability of other public sector employers to attract and retain employees in Kirkland. A recent survey sent to all City employees demonstrates that many City employees would choose to live in Kirkland if they could afford to do so. Under this initiative, up to 34 additional rental housing units (combined at Plaza and Arete) would be set aside for City employees, or other public sector employees if so authorized by Kirkland. The actual number of units would be determined annually by the City over a 12-year period. To help make those units more affordable to City and other public sector employees, Kirkland Sustainable has agreed, under the initiative, to share 65% of its annual property tax savings with the City. Tax savings in the first year are estimated to be about \$151,487, which would result in approximately \$100,000 coming to the City in the first year.

On July 15, 2019, the City Manager sent an email related to this initiative to all City staff. The email invited staff to view a short video describing a potential proposal for City employee housing near City Hall, and to then take a survey to share their specific interests in the concept. In addition to questions to help identify the types of employees that might be interested, the survey asked employees what types of units they might be interested in, i.e. Ecoflats, studios, 1-bedroom, and 2-bedroom apartments. The survey first gauged whether the employees would be interested in the units at the fair market rental rates set forth in the survey instrument. If employees indicated they were not interested in units at those fair market rates, the survey asked employees to share information related to what they might be willing to pay.

As of July 24, 2019, a total of 216 Kirkland employees had completed the survey. Of those employees, 43 percent are currently renters and 75 percent do not currently live in Kirkland. What follows is a summary of the initial survey results from current renters demonstrating City employee interest in affordable rental housing opportunities in Kirkland:

Ecoflats: Eight City employees said there would be interested in this type of unit at the current listed rent (\$975). A vast majority of employees (47), however, stated that they would not be interested in an Ecoflat apartment (which comes with a communal kitchen). Two employees stated that the fair market cost of the unit was too high. Among those employees, the average cost the employees said they might pay was \$926.

Studios: Nine City employees stated that they would be interested in this type of unit at the current listed rent (\$1495). A majority of employees (36), however, stated that they would not be interested in a studio apartment. Fourteen employees stated that the cost of the units at market rates was too high. Among those employees, the average cost the employees said they might pay was \$1062.

1-Bedroom: 11 City employees stated that they would be interested in this type of unit at the current listed rent (\$1918). 20 employees stated that they would not be interested in a 1-bedroom apartment. 32 employees stated that the cost of the units at market rates was too high. Among those employees, the average cost the employees said they might pay was \$1347.

2-Bedroom: 16 City employees stated that they would be interested in this type of unit at the current listed rent (\$2216). 16 employees stated that they would not be interested in a 2-bedroom apartment. 27 employees stated that the cost of the unit at market rates was too high. Among those employees, the average cost the employees said they might pay was \$1666.

The City and Sustainable Kirkland anticipated that even the lower market rents at Arete and Plaza could be challenging for public sector employees. Therefore, the proposed partnership agreement provides the City with a 65% rebate of the MFTE property tax savings to be used to further discount the units rented through the master lease agreement. The City Manager's Office is developing options for discounting the units and will continue outreach to interested employees about the lower rents. Results of this updated outreach may be available by the Council meeting. If not, it will be communicated to the Council as soon as it is complete.

MFTE Ordinance Amendments and Master Lease Agreements

Key elements of the initiative include: (1) the dedication, for a period of at least twelve years, of 23 affordable rental units at Plaza to households whose household annual income does not exceed 80% of the King County median household income ("MFTE units") and (2) the reservation of up to a total of 34 additional rental units combined at Plaza and Arete for rental by eligible City employees.

1. MFTE Ordinance Amendments

Implementation of the initiative would require amendment of the City's Multifamily Housing Property Tax Exemption Ordinance, KMC 5.88, but only for projects of this kind as determined by the Council.

As noted above, Arete does not include any MFTE units, and Kirkland Sustainable had not planned to include any MFTE units at Plaza. However, City staff and representatives of Kirkland Sustainable have been working together for over a year to develop a comprehensive proposal that could include 23 MFTE rental units at Plaza and up to 34 additional rental units of City employee housing at Plaza and Arete.

As it relates to the 23 MFTE units at Plaza, the initiative contemplates two amendments to the City's MFTE ordinance.

The first proposed amendment relates to the financial eligibility of MFTE unit renters at Plaza. Under the present code, and in order to qualify for MFTE property tax savings under the City's MFTE ordinance, (1) at least ten percent of the Plaza units (i.e. 11 units) would need to be made available to households with annual household income that is not in excess of 50% of the King County median household income ("AMI"), and (2) at least a second 10 percent of the units (i.e. 11 additional units for a total of 22 units) would need to be made available at no more than 80% of AMI. State law requires only that the MFTE units meet the 80% AMI standard, but allows local government like Kirkland to impose additional requirements. Under the initiative, and in consideration for both the MFTE units and the master lease agreements described in greater detail below, the first proposed code amendment would require that all MFTE unit households associated with this project meet only the 80% AMI requirement. As drafted, this change would apply only to projects where, like here, the Council has specifically "determined the project confers additional, substantial public benefits in the form of additional rental housing units made available for city or other public entity employees in the city at discounted, below-market rates."

The second proposed code amendment would permit the MFTE units at Plaza to be marketed a fair market rental rates at the expiration of the 12-year MFTE property tax savings period. Under the City's MFTE ordinance, developers are required to maintain the affordable housing status of MFTE rental units "for the life of the project," which is anticipated to be longer than 12 years. One underlying goal of the current MFTE ordinance is that the property tax savings may make the difference between whether a project is built or not built, which is not that case here – Plaza is fully financed and construction is almost complete. As is true for the first proposed code amendment, the "life of project" is a requirement imposed by the City and is not a requirement of state law. And like the first proposed amendment, this change would apply only in the limited circumstances described above, e.g. council determination of substantial additional public benefits.

2. MFTE Contract and Covenant

In order to approve the MFTE application of Kirkland Sustainable in support of the 23 MFTE units referred to above, the Council must authorize City Manager execution of a contract and covenant, utilizing ARCH templates, for recording with King County. Importantly, this must occur in advance of the issuance of any certificate of occupancy for Plaza pursuant to KMC 5.88.040(7). The construction of Plaza is nearing completion and so the Council must make a final decision in September of this year.

3. Master Lease Agreements

Two draft master lease agreements have been negotiated with Kirkland Sustainable, one each for Plaza and Arete. The agreements are complementary and virtually identical, except that the Plaza agreement includes MFTE provisions.

A short summary of the major terms of the master lease agreements follows:

- Twelve-year term, terminable annually by City with notice.
- Plaza agreement includes 23 MFTE units at 80% of AMI and commitment to pay City amount equal to 65% of its MFTE property tax savings each year.
- City opts for up to 34 additional units reserved for City or other public sector employees; landlord to accommodate unit type mix requested by the City based on employee preferences.
- Number of units agreed to each year for following year; no minimum number of units required.
- City can "release" units for private rental by Kirkland Sustainable but then "get them back" at end of private rental term.

- The City employees pay fair market rent less City discount (TBD); discount funded by MFTE property tax savings shared by Kirkland Sustainable with City.
- Primary contractual relationship is landlord-tenant (i.e. Kirkland Sustainable and City employees via lease).
- City responsible for unpaid rent by City employees after remedies under employee leases exhausted; City employee pays rent via automatic payroll payment; City pays discount amount directly to Kirkland Sustainable.
- City employees must meet Kirkland Sustainable tenant criteria; however, City may direct Kirkland Sustainable to waive its normal tenant financial criteria on a case-by-case basis.
- Rent cannot increase more than 3% per year but is to be negotiated.
- City has right to assign some of its units to other public entities in Kirkland (e.g. Lake Washington School District or Lake Washington Institute of Technology).

City Employee Agreements

While the details of the program are still being developed, initially all City employees will be eligible to participate in the program. Participation is completely voluntary. If there is more interest than available units, then income levels of employees may become a key criterion and City employees likely would be determined on a lottery basis. The details of this program are still being developed. The rationales for providing City employees with a discount on fair market rent are (1) employee recruitment and retention and (2) quicker employee response times (e.g. ability to get to City Hall during an emergency or snowstorm). City employees must be determined to be "eligible" to participate in the program and then must retain that eligibility. Each eligible City employee will sign a contract with the City including at least the following:

- City employee is and remains in good standing with the City.
- Meets Kirkland Sustainable tenant screening criteria (financial criteria can be waived at the request of the City in individual cases).
- Signs and abides by standard lease at Plaza or Arete.
- Agrees to automatic payroll payment of City employee portion of rent.
- Agrees to reimburse City for any rent discount amounts paid when City employee no longer an eligible employee (e.g. has left City employment).

The form of this contract is currently being developed.

Conclusion and Next Steps

The Arete and Plaza units are not a housing solution for many City employees. Nor is this pilot the only affordable housing concept being explored. But City staff is excited about this initiative and has appreciated the opportunity to work with Robert Pantley and other Kirkland Sustainable representatives over the past year and more. This initiative represents not only an opportunity to gain an additional 23 MFTE units for the next 12 years without making any changes of general application to the City's MFTE ordinance; it also represents an opportunity for up to 34 City employees to live near where they work, and at discounted rent amounts funded by Kirkland Sustainable through its MFTE property tax savings during that same 12-year period.

Depending on input from the Council, City staff would intend to return to the Council at its regular meeting on September 3, 2019 for possible final action on (1) the MFTE-related ordinance and resolution and (2) the resolution authorizing the execution of the master lease agreements.

Attachments:

MFTE Ordinance
Draft Master Lease Agreements for Plaza and Arete

MASTER LEASE FOR PLAZA
FINAL DRAFT - JUNE 13, 2019

PLAZA
MASTER LEASE

BETWEEN

KIRKLAND SUSTAINABLE INVESTMENTS, LLC,
as Lessor

and

THE CITY OF KIRKLAND,
as Lessee

BASIC MASTER LEASE TERMS

Date of Lease: _____, 2019

Lessor: KIRKLAND SUSTAINABLE INVESTMENTS, LLC, a Washington limited liability company

Lessor's Address: Kirkland Sustainable Investments, LLC
450 Central Way
Kirkland, WA 98033
Attn: Robert Pantley

Lessee: The City of Kirkland, a Washington municipal corporation

Lessee's Address: 123 - 5th Avenue, Kirkland, WA 98033

Premises: Not more than twenty-three (23) workforce housing units (each, a “**Unit**”) located in the building commonly known as Plaza (the “**Building**”), located at 330 – 4th Street, City of Kirkland, King County, Washington, 98033. The Premises and Building are situated on property legally described on Exhibit A attached hereto (the “**Property**”), and the Units are listed on Exhibit B attached hereto. The maximum number of Units shall be subject to revision from time to time as the parties may hereafter mutually agree, provided that, except to the extent the parties may otherwise agree, in no event shall the total number of Units in the Building and in the “Areté Project” defined below exceed thirty-four (34).

Term: One (1) year; automatically renewed for up to eleven (11) additional one (1) year terms (each, an “**Extension Term**”) unless Lessee elects not to so renew the Term.

Commencement Date: The last to occur of (i) receipt of a certificate of occupancy for the Building by Lessor and (ii) issuance and filing with the King County Assessor of the MFTE Certificate (as defined below) for the Building. The “**Projected Commencement Date**” is January 1, 2020. Upon occurrence of the actual Commencement Date, the parties shall cooperate to execute a written confirmation thereof consistent with terms of this Lease.

Termination Date: December 31, 2020 (subject to automatic annual renewal as provided below).

Rent Due from Lessee: As set forth in Section 7 below.

Rent Credit For MFTE As set forth in Section 7.4 below.

Tax Savings:

Security Deposit: None.

Plaza MFTE Agreement: That certain Multifamily Housing Limited Property Tax Exemption Agreement by and between Lessor and Lessee, and recorded on _____, 2019 under Auditors' File No. _____, Official Records of King County, Washington, concerning the Building. In connection with the Plaza MFTE Agreement, the Director of Lessee's Planning & Community Development Department has or will issue a final certificate of tax exemption for the Plaza Project (the "**MFTE Certificate**") pursuant to Chapter 5.88 of the Kirkland Municipal Code ("**KMC**") and Chapter 84.14 RCW.

Areté Master Lease: That certain Arété Master Lease Agreement of even date herewith by and between SUSTAINABLE KIRKLAND, LLC, a Washington limited liability company ("**Areté Owner**") as "Lessor" thereunder and Lessee as the "Lessee" thereunder, concerning certain existing property and improvements on property legally described in Arété Master Lease and having a street address at 450 Central Way, Kirkland, Washington 98033 (the "**Areté Project**").

This Lease is a master lease of those Units at the Premises identified on Exhibit B attached hereto by Lessor to Lessee, as Exhibit B may be modified or changed from time to time by the Lessor and Lessee.

Exhibits:

| | |
|-----------|---|
| Exhibit A | Legal Description of the Property |
| Exhibit B | Schedule of Units and Rents |
| Exhibit C | Description of Property Management Services |
| Exhibit D | Lessor's Form Residential Lease |

GENERAL LEASE TERMS

1. **Definitions.** The capitalized terms used in this Lease shall have the meanings ascribed thereto in the Basic Master Lease Terms or as otherwise specifically defined herein. Any reference to “**Units**” in this Lease shall mean those residential workforce housing units located in the Premises and identified on Exhibit B attached hereto and incorporated herein, as Exhibit B may be modified or changed from time to time by the Lessor and Lessee pursuant to the procedures set forth elsewhere in this Lease (the “**Schedule of Units and Rents**”).

2. **Agreement to Lease; Condition of Units.** For and in consideration of Lessee’s performance of its covenants herein provided, Lessor does hereby master lease to Lessee, and Lessee does hereby master lease from Lessor, all of the Units. Lessee’s lease rights hereunder in and to the Units shall be limited to the right, in Lessee’s sole and absolute discretion, to identify, select and direct Qualified Residents (defined below) to Lessor, whereupon, subject to compliance with the other terms and conditions of this Lease, such Qualified Residents shall then execute direct individual residential rental agreements with Lessor on Lessor’s Form Residential Lease (as defined below) for the Units (each, a “**Unit Lease**”). The typical term of Lessor’s Form Residential Lease is one (1) year.

3. **Selection of and Changes to the Schedule of Units and Rents.**

3.1 **General.** The specific Units that are subject to this Lease shall be initially selected by the parties as described below and are subject to periodic revision by the parties not less frequently than annually as provided below.

3.2 **Initial Selection of Units.** The Schedule of Units and Rents attached hereto as Exhibit B is the initial schedule showing the initial Units subject to this Lease, which Units have been selected based on their anticipated availability as of the Projected Commencement Date. Exhibit B also sets forth the applicable Scheduled Unit Rent (defined below) payable by Qualified Residents as to each such Unit, and the Market Rent as to each such Unit.

3.3 **Annual Updates.** The Schedule of Units and Rents shall be reviewed and updated as may be necessary by the parties at least on an annual basis. Commencing in June of each calendar year during the Term, the parties shall begin exchanging information concerning the number of Units desired by the Lessee, existing and prospective new Qualified Residents and existing and prospective new Units, including consideration of changing market conditions and increases or decreases in rents, and anticipated lease expirations of current and projected future Units. The parties will use diligent, good faith efforts to negotiate and update the Schedule of Units and Rents with any changes to the Units, Scheduled Unit Rents, and Market Rents on or before September 30 of each calendar year during the Term, with such revised Schedule of Units and Rents to be effective during the next succeeding calendar year, subject to amendment as described in this Lease. If, despite diligent, good faith efforts, the parties are unable to agree to any changes to the then-current Schedule of Units and Rents, the then-current Schedule of Units and Rents shall remain in effect until December 31 of the next succeeding calendar year, except that Lessor may unilaterally change the Market Rents as to one or more Units applicable during such calendar year by not more than the average of (a) the percentage of increase in the CPI

defined below during the prior calendar year, and (b) the average of the percentage increase in Market Rents for the units at the Premises not subject to this Lease, and the matter shall be subject to mediation and arbitration as set forth in Section 18.13 below. As used herein, the “CPI” shall mean the Revised Consumer Price Index for All Urban Consumers (CPI-U): Seattle-Tacoma-Bremerton WA Area, all items index (Reference Base 1982-84 = 100) published by the Bureau of Labor Statistics of the United States Department of Labor. If the CPI is no longer published, it shall be replaced by a comparable index reasonably selected by Lessor. For the avoidance of doubt, any changes (i.e., increase or decrease) in the number of Units covered by any particular annual Schedule of Units and Rents shall not be binding on the parties in subsequent calendar years during the Term, and Lessee shall have the right to increase and/or decrease, on an annual basis, and from time to time as set forth in Section 3.4 and 3.5 hereof, the number of Units included within the Premises each calendar year when the Schedule of Units and Rents is next renegotiated, subject to the maximum number of Units set forth above.

3.4 Procedures for New Units. The parties anticipate that most Qualified Residents shall lease Units on a calendar year basis (i.e., with each Unit Lease term to commence on January 1). However, if a Unit is not available for rent to a Qualified Resident on the projected availability date for that Unit, notwithstanding such Unit’s inclusion on the Schedule of Units and Rents in effect for such calendar year, Lessor shall notify Lessee when such Unit becomes available, and such Unit shall be deemed added to this Lease on the first (1st) day of the next succeeding calendar month, whether or not a Qualified Resident has been selected for or actually moves into such Unit on such date. Furthermore, with respect to any Unit that becomes vacant and thus available for lease prior to the date on which such Unit was originally scheduled to be added to the Premises hereunder, Lessor shall promptly notify Lessee of such early vacancy/availability, and with the consent of the Lessee, such Unit shall be deemed added to the Premises the first (1st) day of the next succeeding calendar month. Although Lessee may at any time request that additional Units not already appearing on the then-effective Schedule of Units and Rents be reserved for rental by Qualified Residents, Lessor shall not be obligated to provide any such additional Units.

3.5 Procedures for Vacant Units. If despite good faith efforts, Lessee is unable to direct Qualified Residents for all Units appearing on the then-effective Schedule of Units and Rents, Lessee may direct Lessor to lease said Unit(s) as quickly as possible to any third party on Lessor’s Form Residential Lease, but otherwise on such terms and conditions (including as to rent) as Lessor may elect in its sole discretion, and in such case said Unit(s) shall be removed from the Schedule on the first (1st) day of the next succeeding calendar month. Furthermore, Lessor may at any time during the calendar year for which a Schedule of Units and Rents is then in effect (but not more frequently than once per month), elect to delete (but not add) vacant Units from the Schedule, such removal to be effective on a date chosen by Lessee during that calendar year that is the last day of a calendar month that is at least thirty (30) days after the date of Lessee’s notice of deletion.

3.6 Procedures for Surrendered Units. With respect to Units which will not be included in the new Schedule of Units and Rents for the next succeeding calendar year, unless Lessor elects in its sole discretion to continue leasing such Unit to the then-current Qualified Resident on such terms and conditions as to which Lessor may agree, Lessee shall use reasonable efforts to cause such Qualified Resident to vacate such Unit on or before December 31 of such

year, or such later date reflected as the last day of such Qualified Resident's lease term, as reflected in such Qualified Resident's Unit Lease (such later date, the "**Unit Lease Expiration Date**") and to surrender the same in the condition required by the Form Residential Lease. Lessee shall remain responsible for all Rent due under this Lease as such Unit through December 31 of such year or the Unit Lease Expiration Date, if later, regardless when the Qualified Resident actually vacates same, unless Lessor is able to re-rent such Unit to another resident. For any portion of a Qualified Resident's Unit Lease extending beyond the Term of this Lease, Lessor shall have the right to require such Qualified Resident to pay Lessor's then-market rental amount as to the applicable Unit for the remainder of such Qualified Resident's Unit lease term.

4. Selection and Qualification of Qualified Residents.

4.1 Qualified Resident Criteria. Lessee shall have the right to require Lessor to rent the Units included on the Schedule only to "**Qualified Residents**", which for purposes of this Lease are prospective Unit tenants who satisfy (i) Lessor's prospective tenant criteria, to be determined and applied in Lessor's sole discretion ("**Lessor's Qualified Resident Criteria**"), including financially-related tenant selection criteria relating to creditworthiness, net worth, income, or other financial-related considerations (the "**Financial Standards**"), provided, however, that Lessor shall consider its Financial Standards with reference to such Qualified Resident's ability to pay the Scheduled Unit Rent (not the Market Rent) as to the Unit which such Qualified Resident is seeking to rent, and (ii) Lessee's prospective tenant criteria, to be determined and applied in Lessee's sole discretion ("**Lessee's Qualified Resident Criteria**"). Without limiting the generality of the foregoing, Lessee shall be solely responsible for determining the standards and criteria of Lessee's Qualified Resident Criteria, including without limitation Financial Standards that may be less stringent than the Financial Standards included in Lessor's Qualified Resident Criteria, which Lessee may alter or amend at any time in Lessee's sole discretion. Lessor shall be solely responsible for determining the standards and criteria of Lessor's Qualified Resident Criteria, including without limitation background checks, which Lessor may alter or amend at any time in Lessor's sole discretion. For the avoidance of doubt, Lessee may also at any time in its sole discretion waive any prospective Qualified Resident's compliance with Lessee's Qualified Resident Criteria but not Lessor's Qualified Resident Criteria (except as noted in Section 4.2 below), and Lessor may at any time in its sole discretion waive any prospective Qualified Resident's compliance with Lessor's Qualified Resident Criteria but not Lessee's Qualified Resident Criteria.

4.2 Identification of Prospective Qualified Residents. From time to time, Lessee shall identify and/or refer potential tenant applicants to Lessor who meet Lessee's Qualified Resident Criteria. Lessor shall, promptly and in good faith, confirm with Lessee whether the prospective tenant satisfies Lessor's Qualified Resident Criteria (and thus is a Qualified Resident) and may, in its discretion, impose additional commercially reasonable tenant screening and application procedures and requirements, so long as the same are consistent with prudent industry practices, including without limitation application fees, typical refundable and non-refundable deposits, and credit and background checks and otherwise consistent with Lessor's screening and application procedures and requirements for residential units at the Building. If Lessor intends to reject a proposed Qualified Resident due to its failure to satisfy Lessor's Qualified Resident Criteria, Lessor shall promptly advise Lessee of the reasons therefor, to the extent Lessor is permitted to do so pursuant to applicable Laws (as defined below). On a

case-by-case basis, Lessee shall have the right to require Lessor accept a proposed Qualified Resident who meets all of Lessor's Qualified Resident Criteria except for the Financial Standards. Upon approval of such Qualified Resident by Lessor, each such Qualified Resident (but not Lessee) shall be required to execute and deliver to Lessor a Unit Lease on Lessor's standard residential apartment tenant lease form (the "**Form Residential Lease**"), the current form of which is attached hereto as Exhibit D, prior to its entry into and occupancy of the Unit, provided that (i) the monthly rent payable by such Qualified Resident shall not exceed the Scheduled Unit Rent as to such Unit as reflected in Exhibit B, and (ii) the Qualified Resident shall pay all other fees and charges for such Unit, including without limitation any parking fees, storage unit charges, utility charges, and the like, all as may be set forth in the Form Residential Lease.

4.3 Change in Status during Unit Lease Term. Lessee shall promptly notify Lessor at any time it becomes aware a Qualified Resident then occupying a Unit no longer satisfies Lessee's Qualified Resident Criteria. If more than one (1) month remains on the term of such former Qualified Resident's Unit Lease, Lessor shall have the right, in its sole discretion, upon thirty (30) days' prior written notice to such former Qualified Resident, to require such Former Qualified Resident to pay Lessor's then-market rental amount as to the applicable Unit for the remainder of such Former Qualified Resident's lease term. Furthermore, if Lessor and such former Qualified Resident shall desire to renew or extend the term of such party's Unit Lease, such Unit shall thereafter no longer be considered one of the "Units" subject to the terms of this Lease, and Exhibit B shall be accordingly updated as part of the next Annual Update.

5. Property Management. Lessor shall either provide or contract with a third-party property manager to provide property management services to the Units as described in Exhibit C (collectively, the "**Property Management Services**") in connection with this Lease and the Unit Leases at no additional fee or charge to Lessee. Lessor shall have the right to select and change from time to time the property manager for the Building/Property, which may be affiliated with Lessor.

6. Term; Termination; Surrender of Units. The Lease shall be for the Term indicated in the Basic Master Lease Terms and shall automatically renew annually (each such annual extension, an "**Extension Term**") on a calendar year to calendar year basis (i.e., from January 1 to the next succeeding December 31) for up to the maximum number of Extension Terms provided in Basic Master Lease Terms, unless Lessee elects, by written notice given to Lessor on or before September 30 of any year, to not extend the Term of this Lease beyond the end of the following calendar year. Upon the expiration or earlier termination of this Lease, Lessee shall surrender possession of all of the Units to Lessor free from possessory rights of all Qualified Residents or any other third party, on a rolling basis as part of a "**Ramp Down Period**". The Ramp Down Period shall commence on the Termination Date and during the Ramp Down Period, Lessee shall surrender or cause each Qualified Resident to surrender possession of the Units to Lessor in accordance with the surrender requirements in such Qualified Resident's Unit Lease, on the later of December 31 of such year, or the Unit Lease Expiration Date, if later, as to each Unit. During the Ramp Down Period, Lessee shall continue to comply with all of the terms and conditions the Lease with respect to each Unit that Lessee has not yet surrendered possession of.

7. **Rent; Rent Credits.**

7.1 Market Rent; Scheduled Unit Rent. Lessee covenants and agrees to pay Lessor the Market Rents as to each Unit set forth on Exhibit B (as it may be amended from time to time pursuant to the terms of this Lease) attached hereto during the Term hereof (the fair market rent as to each specific Unit which Lessee is required to pay is sometimes referred to hereafter as the “**Market Rent**,” the amount which Qualified Residents are obligated to pay as to such Unit is sometimes referred to hereinafter as the “**Scheduled Unit Rent**”, and all amounts payable or guaranteed by Lessee to Lessor hereunder are collectively referred to as “**Rent**”), regardless of whether any such Unit is then leased or occupied; provided, that prior to Lessee paying Scheduled Unit Rent to Lessor, Lessor agrees to use good faith, commercially reasonable efforts to enforce the terms of each Qualified Resident’s Unit Lease, including attempting to collect unpaid Scheduled Unit Rent owed and promptly commencing and diligently prosecuting to conclusion unlawful detainer actions if reasonably necessary to recover possession of a Unit from defaulting Qualified Residents as soon as reasonably possible.

7.2 Receipt of Qualified Resident Rentals; Reconciliation Payment by Lessee. On or before the fifth (5th) day of each calendar month throughout the Term, or as soon thereafter as reasonably possible, Lessor shall provide a detailed written statement to Lessee showing all Scheduled Unit Rent payments received from Qualified Residents of Units and reasonably allocable to such calendar month, and stating any new delinquencies for that calendar month as well as any outstanding delinquencies for prior calendar months. Within fourteen (14) days after Lessee’s receipt of such monthly statement, Lessee shall pay to Lessor an amount equal to the net positive difference (if any) between the Rent due hereunder (i.e., the sum of Market Rents as to all Units for such month, whether or not leased or vacant) and the sum of all Scheduled Unit Rent payments received by Lessor from Qualified Residents for such Units for such month. Within thirty (30) days after the end of each calendar year during the Term (including upon occurrence of the Termination Date of this Lease), or as soon thereafter as reasonably possible, Lessor shall prepare and deliver to Lessee an annual reconciliation of all such rental amounts received by Lessor from Lessee and from Qualified Residents, and within ten (10) days thereafter, Lessee shall pay any underpaid portion to Lessor or Lessor shall refund any overpayment to Lessee, as applicable. Amounts due hereunder from Lessee shall be paid to Lessor without further notice, demand, deduction or offset, in lawful money of the United States of America, at Lessor’s address listed in the Basic Master Lease Terms or such other place as Lessor may from time to time designate to Lessee in writing. Upon receipt of the foregoing payment by Lessee to Lessor, Lessor shall assign to Lessee any right Lessor may then have to collect any outstanding and then-unpaid rents or other charges owed by Qualified Residents to Lessor. Notwithstanding the foregoing, prior to making a demand to Lessee for payment of unpaid amounts, Lessor agrees to use good faith, commercially reasonable efforts to enforce the terms of each Qualified Resident’s Unit Lease, including attempting to collect unpaid Scheduled Unit Rent owed and promptly commencing and diligently prosecuting to conclusion unlawful detainer actions if reasonably necessary to recover possession of a Unit from defaulting Qualified Residents as soon as reasonably possible.

7.3 Late Charges. Lessee acknowledges that late payment of Rent or other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited

to, processing charges and late charges which may be imposed upon Lessor by terms of any mortgage or deed of trust covering the Units. Accordingly, if any Rent shall not be received by Lessor or Lessor's designee within thirty (30) days after it is due and after Lessor has provided written notice to a Qualified Resident and to Lessee of such failure and such failure has not been resolved within ten (10) additional days, Lessee shall pay to Lessor, on behalf of a Qualified Resident with respect to Scheduled Unit Rent and on its own behalf, a late charge equal to the amount calculated with interest on the unpaid amount at twelve percent (12%) per annum (the "**Default Rate**"), on a daily basis based on a 365 day year, plus any attorneys' fees incurred by Lessor by reason of Qualified Resident's or Lessee's failure to pay Rent or other charges when due hereunder. Such calculation for the late charge shall begin to accrue on the date immediately following the date that such Rent is due. Acceptance of late Rent without collecting a late charge shall not be a waiver of Lessor's rights under this section.

7.4 Rent Credit for MFTE Tax Savings. Pursuant to the MFTE Certificate, Lessor shall receive an exemption from a portion of the real property taxes otherwise payable by Lessor as to the Property. The annual amount of the real property tax savings realized as a result of such exemption is hereinafter referred to as the "**Annual MFTE Tax Savings.**" Each calendar year throughout the Term of this Lease, Lessee shall receive an amount equal to sixty-five percent (65%) of the Annual MFTE Tax Savings (the "**MFTE Rent Credit**") which it intends to use either (a) as a credit against all Rent payable under this Lease, as described in the following paragraph, or (b) for other purposes as determined by the City in its sole discretion and communicated in writing to Lessor.

On or before January 1, 2020, and on or before January 1 of each subsequent calendar year during the Term of this Lease, Lessor shall provide to Lessee a written estimate of the Annual MFTE Tax Savings projected to be realized by Lessor for such calendar year, and Lessee shall receive a credit on a monthly basis equal to one-twelfth (1/12th) of this estimated amount against amounts otherwise required to be paid by Lessee pursuant to Sections 7.1 and 7.2 above. On or about August 31 (for the prior time period from January 1 through and including June 1) and on or about the last day in February of the next year (for the prior time period from July 1 through and including December 31), Lessor shall notify Lessee of the actual amount of the Annual MFTE Tax Savings realized by Lessor for such portion of the year (and, with respect to the statement to be provided at the end of February, including a reconciliation for the entire prior year). If such statement shows that (i) the sum of the estimated monthly amounts credited to Lessee above during such partial year period were less than the actual MFTE Rent Credit for such partial year period, the uncredited portion thereof shall be applied against Rent next coming due, subject to the terms of the next grammatical sentence; or (ii) the sum of the estimated monthly amounts credited to Lessee above during such partial year period exceeded the actual MFTE Rent Credit for such partial year period, Lessee shall pay the amount of the deficiency within thirty (30) days thereafter. However, any portion of the MFTE Rent Credit not fully utilized by Lessee in any single calendar year (for example, due to fewer than expected Qualified Residents leasing Units from Lessor during that year, or due to lower-than-anticipated differences between Market Rents and Scheduled Unit Rents for Units leased by Lessee during that year) may be applied against Rent due and owing hereunder for only the next succeeding calendar year. Additionally, Lessor agrees to consider reasonably and in good faith any request by Lessee to amend the Schedule of Units and Rents (for example, to increase the net positive

difference between Scheduled Unit Rents and Market Rents for one or more Units) in order to facilitate Lessee's ability to realize the full benefit of the total MFTE Rent Credit for each calendar year during the Term.

8. Use of Units.

8.1 Permitted Uses. Lessee shall take reasonable steps to advise its Qualified Residents to use the Units solely for residential uses as per Lessor's Form Residential Lease, as the same may be amended by Lessor from time to time in its sole discretion. Lessee shall use reasonable efforts to advise its Qualified Residents to not use and to not permit the Units to be used for any other purpose without the prior written consent of Lessor.

8.2 Compliance with Laws. Lessee shall comply with and shall use reasonable efforts to advise and thereby cause its Qualified Residents to comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Units (collectively, "**Laws**"), including without limitation those relating to the Fair Housing Act of 1968, as amended, and the Washington Residential Landlord-Tenant Act, Chapter 59.18 RCW. Lessee will not ask, direct or seek Lessor to take any action or to refrain from taking any action where such action or inaction would, in Lessor's reasonable opinion, cause it or the Property to be in violation of any applicable Laws. Furthermore, Lessee will support, and will take reasonable steps to cause all Qualified Residents to support, Lessor's efforts to comply with applicable Laws concerning fair housing and anti-discrimination.

9. Maintenance. Lessor shall keep the Units and every part thereof in good condition and repair, including, without limitation, the maintenance, replacement and repair of any doors and door hardware, windows, plumbing, pipes, electrical wiring and conduits within the Units, as well as the common and public areas and facilities of the Units, water, sewer, fire protection and mechanical and electrical distribution systems and equipment serving the Units and the structural portions of the Premises, and otherwise in accordance with all applicable Laws.

10. Insurance. The parties acknowledge that Lessor shall require all Qualified Residents to carry Renter's Insurance meeting Lessor's minimum standards pursuant to Lessor's Form Residential Lease. If any Qualified Resident fails to do so, and such failure continues for ten (10) days after notice from Lessor, then Lessor shall provide written notice thereof to Lessee and, unless Lessee causes such Qualified Resident to cure any such failure within twenty (20) days after receipt of written notice from Lessor, Lessee shall be deemed to be providing such Renter's Insurance (provided that Lessee may self-insure for such risks in its sole discretion).

11. Reconstruction of Damage by Casualty.

11.1 Damage. If all or any portion of the Premises is damaged by fire or other insured casualty, Lessor shall repair the damage, this Lease shall remain in effect, Lessee shall pay all Rent due hereunder, subject to appropriate abatement to the extent one or more Units are

not reasonably occupiable and the affected Qualified Resident does not in fact occupy such Unit, and Lessor shall continue to provide the Services as provided herein to the extent reasonably possible under the circumstances.

11.2 Cancellation of Lease. Notwithstanding the foregoing, if more than fifty percent (50%) of the Units then being occupied by Qualified Residents are damaged, then Lessor and Lessee both shall have the right to terminate this Lease upon notice given to the other party within thirty (30) days after the date of the damage. This Lease shall be deemed terminated thirty (30) days after receipt of such notice of termination. If neither party elects to terminate the Lease as provided herein, then this Lease shall continue in full force and effect.

11.3 Settlement of Insurance Claims. Lessor shall have the exclusive right to settle and adjust all insurance claims with respect to any damage to the Units and to either retain, all such insurance proceeds and/or repair the damage, all as Lessor shall determine in Lessor's sole discretion.

12. Eminent Domain.

12.1 Total Condemnation. If the whole of the Units shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, then the term of this Lease shall terminate and cease as of the date that title or possession shall be transferred in such proceeding, whichever shall first occur, and all rent shall be paid up to that date and Lessee shall have no claim against Lessor for the value of any unexpired term of this Lease.

12.2 Partial Condemnation. If a portion (but less than all) of the Premises is appropriated or condemned by eminent domain, then Lessor and Lessee both shall have the right to terminate this Lease upon notice to the other party within thirty (30) days after being notified of the appropriation or condemnation. This Lease shall be deemed terminated as of the date title or possession shall be transferred to the condemning authority, whichever shall first occur. If neither party elects to terminate the Lease as provided herein, then this Lease shall continue in full force and effect.

12.3 Lessor's Damages. In the event of any condemnation or taking, whether whole or partial, Lessee shall not be entitled to any part of the award as damages or otherwise for such condemnation, Lessee hereby expressly waiving any claim or right to any part thereof. Lessor shall be entitled to all awards and damages in condemnation, to apply in such manner at Lessor determines in Lessor's sole discretion.

12.4 Voluntary Sale. A voluntary sale by Lessor to any public body or agency having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, shall be deemed to be a taking under the power of eminent domain.

13. Lessee's Default. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Lessee:

(a) Lessee's failure to make any payment of undisputed Rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of ten (10) days after written notice thereof by Lessor to Lessee.

(b) Except as provided in (a) and (c) of this section, any failure by Lessee to observe or perform any of the material covenants, conditions or provisions of this Lease to be observed or performed by Lessee where such failure shall continue for a period of sixty (60) days after written notice thereof by Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than sixty (60) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within ten (10) days after Lessor's notice and thereafter diligently prosecutes such cure and it is completed within one hundred twenty (120) days thereafter.

(c) Any assignment or subletting by Lessee in violation of this Lease.

14. Lessor's Remedies Upon Default. In the event of any material default under or breach of this Lease by Lessee, Lessor may, at any time thereafter, with or without notice or demand and without limiting any right or remedy which Lessor may have by reason of such default or breach, exercise any of the following remedies (all of the following rights and remedies of Lessor shall be subject to the existing rights of Residents pursuant to their respective Unit Leases):

(a) Lessor may continue this Lease in full force and effect, and this Lease shall continue in full force and effect as long as Lessor does not terminate this Lease, and Lessor shall have the right to collect Rent and other amounts when due.

(b) Lessor may terminate Lessee's right to possession of the Units at any time by giving written notice to that effect. No act by Lessor other than giving written notice to Lessee shall terminate this Lease.

(c) Lessor may perform or provide a cure to such default or breach, and shall, together with the costs of such cure (the "**Cure Costs**") collect interest on such Cure Costs accruing at the lesser of (i) the Default Rate, or (ii) the maximum rate permitted by applicable Law, computed from the date of Lessor's payment of such costs to the date of reimbursement. Cure Costs shall be limited to the actual, out-of-pocket expenses incurred by Lessor in curing such default or breach, and shall not include any other related expenses, including, but not limited to, legal fees related thereto.

(d) Lessor may have a receiver appointed for Lessee to take possession of the Units and to apply any rent collected from the Units and to exercise all other rights and remedies granted to Lessor as an attorney-in-fact for Lessee.

(e) Lessor may pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of Washington. Lessor may sue periodically to recover damages as they accrue under this Lease, and no one action for accrued damages shall be a bar to a later action for damages subsequently accruing.

15. Lessor's Default. Lessor shall not be in default unless Lessor fails to perform material obligations required of Lessor (including without limitation such obligations arising under the Unit Leases with Qualified Residents) within a reasonable time, but in no event later than sixty (60) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Building or Property whose name and address shall have theretofore been furnished to Lessee in writing and specifying how Lessor has failed to perform such obligations and the acts required to cure the same; provided, however, that if the nature of Lessor's obligation is such that more than sixty (60) days are required for performance, Lessor shall not be in default if Lessor commences performance within such sixty (60) day period and thereafter diligently prosecutes the same to completion; subject to existing rights of Qualified Residents pursuant to their respective Unit Leases. As of the date of mutual execution hereof, Lessor's lenders' address for notices is as follows:

Washington Trust Bank
Builder Services Western WA Region
10500 NE 8th St, Suite 1100
Bellevue, WA 98004
Attn: Ken Paauw, Senior Vice President

And to:

FNMA
c/o Hunt Mortgage
11501 Outlook, Ste. 300
Overland Park, KS 66211
Attn: Hunt Servicing

16. Lessee's Remedies Upon Default. Lessee shall have the right to recover its actual damages caused by any default of Lessor under this Lease. In no event shall Lessee have the right to engage in self-help remedies as a result of Lessor's default. Lessee shall have the right to revoke the MFTE Certificate for Plaza in the event of a continuing event of material default by Lessor under this Lease following due notice and an opportunity to cure as set forth in Section 15.

17. Assignment and Subletting. Lessee shall not, without the prior written consent of Lessor, which will not be unreasonably withheld, conditioned, or delayed, assign or hypothecate this Lease or any interest herein or sublet all or substantially all of the Units, or permit the use of the Units by any party other than Lessee and Qualified Residents. Any of the foregoing acts without Lessor's prior written consent as aforesaid shall be void and shall, at the option of Lessor, terminate this Lease. This Lease shall not, nor shall any interest of Lessee herein, be assignable by operation of law without the written consent of Lessor. Notwithstanding the foregoing, (a) Lessor consents and agrees that Lessee may propose as Qualified Residents employees of the Lake Washington School District, the Lake Washington Institute of Technology and/or another public entity (the "**Approved Entities**"); and (b) any proposed assignment, subletting, or other transfer of Lessee's rights hereunder to any Approved Entities

shall be subject to Lessor's reasonable prior consent (and the consent of any Lender of Lessor, as defined in Section 18.12 below) and Lessor's approval of (and execution by the applicable Approved Entities and Lessee of) commercially reasonable sublease, assignment and assumption, or other transfer documentation.

18. General Provisions.

18.1 Interpretation.

18.1.1 Plats and Riders. Clauses, plats, riders and addendums, if any, affixed to this Lease are a part hereof.

18.1.2 Construction as Covenants. Wherever in this Lease it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

18.1.3 Section Headings. The section headings and article titles of this Lease shall have no effect upon the construction or interpretation of any part hereof.

18.1.4 Time of Performance. Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

18.1.5 Partial Invalidity. Any provision of this Lease which is held to be invalid, void or illegal by any court of competent jurisdiction shall in no way affect, impair or invalidate any other provision hereof.

18.1.6 United States Funds. All sums herein mentioned shall be conclusively deemed to refer to the lawful currency of the United States.

18.1.7 Choice of Law. This Lease shall be governed by the Laws of the State of Washington.

18.2 Legal Relationships.

18.2.1 Authority of Parties. Each individual executing this Lease on behalf of Lessor and Lessee represents and warrants that he or she is duly authorized to execute and deliver this Lease and that this Lease is binding upon Lessor and Lessee, as applicable, in accordance with its terms.

18.2.2 No Partnership. This Lease shall not be construed as establishing a partnership or joint venture between Lessor and Lessee, and neither party shall be liable for the debts or obligations of the other, except to the extent specifically and expressly agreed to herein. Except as provided herein, neither party hereto may make any representation or create any liability on behalf of the other, and no rights in any third party shall arise by virtue of these presents.

18.2.3 Successors and Assigns. The covenants and conditions herein contained, subject to the restrictions upon assignments, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

18.3 Remedies and Liability.

18.3.1 Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies available at law or in equity.

18.3.2 No Waivers. No express or implied waiver by Lessor of any event of default shall in any way be or be construed to be a waiver of any future or subsequent event of default. The written waiver by Lessor of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding default by Lessee of any term, covenant or condition of this Lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such preceding default at the time of the acceptance of such rent.

18.3.3 Inability to Perform. Any delays in the performance of any obligation of either party under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, and other similar causes not within the control of such party, and any time periods required for performance shall be extended accordingly.

18.3.4 Sale of the Building or Property. In the event of any sale of the Building and Property by Lessor, this Lease shall remain in full force and effect according to its terms. However, in the event a condominium is established for all or any part of the Building or Property, then any Units that are to be included in any such condominium shall be released from this Lease.

18.3.5 Limitation on Liability. Anything in this Lease to the contrary notwithstanding, no shareholder, trustee, officer, employee or agent of Lessor shall be personally liable for any debt, claim, demand, judgment, decree, liability or obligation of any kind (in tort, contract or otherwise) of, against or with respect to Lessor arising out of any action taken or omitted to be taken for or on behalf of Lessor under and pursuant to this Lease, and resort shall be made solely to Lessor's interest in the Premises, Building and Property for the payment or performance thereof.

18.3.6 Attorneys' Fees. If any action or proceeding is brought by either party against the other under this Lease, each party shall bear their own costs and fees.

18.4 Brokers. Lessee warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease and it knows of no real estate broker or agent who is entitled to a commission in connection with this Lease. Although Robert Pantley, the Manager of the Managing Member of Lessor, is a licensed real estate broker in the State of Washington, he is not acting in any broker capacity in connection with this Lease.

18.5 Venue. The venue of any action brought to interpret or enforce any of the terms of this Lease or otherwise adjudicate the rights or liabilities of the parties hereto shall be laid in King County, Washington.

18.6 Notices. All notices and demands which may or are to be required or permitted to be given hereunder shall be in writing. All notices and demands by a party to the other shall be effective only if hand delivered, sent by recognized overnight courier service (e.g., FedEx), or sent by U.S. mail, postage prepaid, addressed to Lessor or Lessee, as applicable, at its address listed below or to such other place as such parties may from time to time designate in a written notice to the other party. The parties' initial addresses for notices shall be as stated in the Basic Master Lease Terms. Notices hand delivered or sent by overnight courier shall be effective upon receipt or refusal to receive; notices sent by U.S. mail shall be effective on the third (3rd) day after depositing same in the U.S. mails.

18.7 Recordation. Notwithstanding that the Plaza MFTE Agreement itself shall be recorded, neither Lessor nor Lessee may record this Lease.

18.8 Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Lease or any counterpart may be executed and delivered by facsimile or email/.pdf transmission with an executed hard copy to follow.

18.9 Waiver of Jury Trial. Lessor and Lessee desire and intend that any disputes arising between them with respect to or in connection with this Lease be subject to expeditious resolution in a court trial without a jury. Therefore Lessor and Lessee each hereby waive the right to a trial by jury of any cause of action, claim, counter claim or cross complaint in any action, proceeding or other hearing brought by either Lessor against Lessee or Lessee against Lessor on any matter whatsoever arising out of, or in any way connected with, this Lease, the relationship of Lessor and Lessee concerning the subject matter of this Lease or the documents related thereto or any claim of injury or damage, or the enforcement of any remedy under any Law now or hereafter in effect concerning such agreements.

18.10 Entire Agreement. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding upon any party until fully executed by both parties hereto.

18.11 Termination of Plaza MFTE Agreement. Notwithstanding anything to the contrary elsewhere herein, if the Plaza MFTE Agreement or MFTE Certificate shall expire or be terminated during the Term hereof, then, at Lessor's election, except to the extent the parties otherwise agree, this Lease shall terminate without further renewal at the end of the then-effective calendar year. In such event, with respect to all Qualified Residents then occupying Units: (a) each such Qualified Resident shall remain in possession of such Unit until the expiration of the Term as to such Qualified Resident's Unit Lease; and (b) from and after the

effective date of termination of this Lease, Lessor may elect to require each such Qualified Resident to pay then-Market Rent as to such Qualified Resident's Unit.

18.12 Estoppel Certificates. Lessee shall, upon at least ten (10) days' prior written notice, provide to Lessor, any person or entity acquiring Lessor's interest in the Building or Property, or any lender of either (a "**Lender**"), a certificate of estoppel stating: (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications); (b) the Term of the Lease including any extensions thereto; (c) the dates to which the Rent and any other charges hereunder have been paid by Lessee; (d) the amount of any security deposit (if any) delivered to Lessor; (e) whether or not, to Lessee's actual knowledge, Lessor is in default (or whether any event or condition exists which, with the passage of time, would constitute an event of default by Lessor under this Lease; (f) the address to which notices to Lessee should be sent; and (g) any other factual information concerning this Lease or the Premises as may be reasonably required by the recipient.

18.13 Lender Protections.

18.13.1 Lender Approval. This Lease is subject to the approval of Lessor's Lender, which Lessor shall use good faith, diligent efforts to obtain. If Lessor has not satisfied or waived the foregoing requirement within one hundred twenty (120) days after mutual execution hereof, despite Lessor's diligent, good faith efforts, then Lessor may elect to terminate this Lease by written notice to Lessee, in which event the parties shall have no further rights or obligations hereunder.

18.13.2 Lessor's Assignment of Lease. Lessee acknowledges that Lessor has the right to transfer all or any portion of its interest in the Property or Building and in this Lease, and Lessee agrees that in the event of any such transfer (other than a transfer solely for security purposes), Lessor shall automatically be released from all liability under this Lease and Lessee agrees to look solely to such transferee for the performance of Lessor's obligations hereunder after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Lessor, and Lessee shall attorn to such transferee. Lessee further acknowledges that Lessor may assign its interest in this Lease to its Lender as additional security and agrees that such an assignment shall not release Lessor from its obligations hereunder and that Lessee shall continue to look to Lessor for the performance of its obligations hereunder. Lessee hereby consents to any such assignment for security purposes and agrees to promptly execute at no cost to Lessor any additional commercially reasonable documentation required by Lessor or its Lender to document Lessee's consent to such assignment for the benefit of such lender and its assigns.

18.13.3 Subordination, Non-Disturbance, and Attornment. This Lease shall be subject and subordinate to all present and future ground or underlying leases of the Building or Property and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Property or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds (each of which, a "**Loan**"), unless the holders of such Loans or the lessors under such ground lease or underlying

leases (each of whom, for purposes of this Section 18.13, shall be deemed a “Lender”) require in writing that this Lease be superior thereto. Lessee covenants and agrees, upon written notice from Lender after the occurrence of an event of default by Lessor under such Lender’s Loan, to pay all Rent payable hereunder to Lender, and acknowledges that this Lease and all rights of Lessee hereunder are expressly subordinate to the Loan. In the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (each of which, a “**Foreclosure**”) (or if any such ground lease or underlying lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such Foreclosure, or to the ground lessor, if applicable (each of which, a “**Purchaser**”), if so requested to do so by such Purchaser, and to recognize such Purchaser as the lessor under this Lease, provided such Purchaser shall agree to accept this Lease and not terminate this Lease or disturb Lessee’s occupancy, so long as Lessee timely pays the rent and observes and performs the terms and conditions of this Lease to be observed and performed by Lessee, or except as may otherwise be provided in an executed SNDA (described below). The foregoing attornment shall be self-executing and shall be effective upon acquisition of title to the Building or Property by Lender or such other Purchaser, provided that Lessee agrees, within fourteen (14) days after request, to execute a subordination, nondisturbance, and attornment agreement (“**SNDA**”) or such other further instruments or assurances as Lender or any Purchaser may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such Loans and/or the subordination, nondisturbance, and attornment provisions set forth above.

18.14 Mediation or Arbitration of Certain Disputes. In the event of any dispute arising under this Lease, the parties shall make their best efforts to resolve disputes as expeditiously as possible through negotiations at the lowest possible decision-making level, and in the event such negotiations are unsuccessful, to first participate in good faith in the mediation process described below.

18.14.1 Involvement of Mediator & Mediator’s Consultants. In the event an issue cannot be resolved by negotiations between the parties for a period of thirty (30) days, the parties shall meet during the immediately succeeding ten (10) days to select a mediator to assist in the resolution of such dispute. If the parties cannot agree upon a mediator within such 10-day period, either party may apply to the American Arbitration Association or the Judicial Arbitration & Mediation Service for the appointment of a mediator according to the process that is established by such entity for such action. The parties shall share equally the cost charged for the mediation of any dispute. The mediator shall have the authority to engage one or more expert consultants with knowledge in the field(s) or area(s) involved in the matter(s) that are in dispute to assist the mediator and the parties to evaluate their respective claims and resolve their dispute.

18.14.2 Continuation of Efforts in Event of Dispute; No Litigation without Mediation. Notwithstanding the existence of any dispute between them, the parties shall continue to carry out, without unreasonable delay, all of their respective responsibilities under this Lease which are not affected by the dispute. Neither party to this Lease shall commence any litigation against the other with respect to any claim or dispute arising hereunder without first participating, in good faith, in mediation as contemplated in this Section.

18.14.3 Binding Arbitration. In the event of any dispute hereunder concerning the determination of Market Rents or Scheduled Unit Rents that is not satisfactorily resolved via mediation as described above, the matter will be promptly resolved through binding arbitration as follows:

(a) All disputes between the parties arising solely under this Section shall be decided by arbitration in accordance with the then applicable rules of the American Arbitration Association, unless the parties mutually agree otherwise. Notice of the demand for arbitration shall be filed in writing with the other party to this Lease and with the American Arbitration Association. The demand shall be made within a reasonable time after the dispute, or other matter in question, has arisen. This agreement to arbitrate shall be specifically enforceable under prevailing state or federal arbitration law. A single arbitrator experienced in commercial real property leases shall arbitrate the dispute, provided that in the event that the parties cannot agree on an arbitrator, each party shall select an arbitrator and the two arbitrators so selected shall select a third arbitrator. The panel of three arbitrators shall then arbitrate the dispute.

(b) Except as may be otherwise agreed by the parties to this Lease, the rules governing the issuance of subpoenas and discovery shall be those used by the United States District Courts which are commonly termed the Federal Rules of Civil Procedure. Those rules shall be reasonably adapted to a proceeding before the American Arbitration Association. Any pre-hearing disputes as to subpoenas or discovery shall be resolved by the arbitrator who is assigned to hear the claims, disputes and other matters in question. Only the arbitrator is authorized to issue subpoenas and may do so on the request of any party to the arbitration. Any award rendered by the arbitrator shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction. Venue of any arbitration conducted pursuant to the Lease shall be in King County, Washington.

(c) Notwithstanding anything to the contrary herein, no provision or, nor exercise of any rights under, the foregoing arbitration procedure shall limit the right of Lessor, and the Lessor shall have any right during any dispute to seek, use and employ ancillary or preliminary remedies, judicial or otherwise, for the purpose of preserving, protecting, or evicting Lessee or any Qualified Resident from the Premises. The institution and maintenance of any such actions, remedies, or rights or the pursuit of any such ancillary or provisional remedies or self-help shall not constitute a waiver of Lessor's right to submit a dispute to arbitration as permitted in this Section.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

LESSOR:

KIRKLAND SUSTAINABLE INVESTMENTS, LLC, a Washington limited liability company

By: Green Solar Investments, LLC, a Washington limited liability company, its Manager

By: _____
Robert Pantley, its Managing Member

Date: _____

LESSEE:

THE CITY OF KIRKLAND, a Washington municipal corporation

By: _____
Name: _____
Its: _____

STATE OF WASHINGTON

ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that Robert Pantley is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Managing Member of Green Solar Investments, LLC, a Washington limited liability company, the Manager of KIRKLAND SUSTAINABLE INVESTMENTS, LLC, a Washington limited liability company, to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2019.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____

My appointment expires _____

STATE OF WASHINGTON

ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of the City of Kirkland, a Washington municipal corporation, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2019.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____

My appointment expires _____

Exhibit A

Legal Description of the Property
(PLAZA)

Parcel 1:

Lots 1, 2, 3, 4 and 5, Block 96, Kirkland Terrace, according to the plat thereof, recorded in Volume 21 of Plats, Page(s) 42, in King County, Washington;

Together with that portion of vacated alley, which alley was vacated pursuant to City of Kirkland Ordinance No. 996, recorded under recording number 5974155, adjacent to and lying Southerly of said Lots 1, 2, 3, 4 and 5, Block 96, Kirkland Terrace, according to the plat thereof recorded in Volume 21 of Plats, Page 42, in King County, Washington, said portion more particularly described as follows:

The Northerly 2.50 feet of said vacated alley and the Southerly 2.75 feet of the Northerly 5.25 feet of the Westerly 57.60 feet of said vacated alley;

Situate in the County of King, State of Washington.

Parcel 2:

An easement for shared access and utilities as established by instrument recorded under recording number 20160811001442.

Exhibit B

Schedule of Units and Rents

*[*note to draft: attach*]*

Exhibit C

Property Management Services

*[*note to draft: attach*]*

Exhibit D

Form Residential Lease

*[*note to draft: attach*]*

[MASTER LEASE FOR ARETÉ]
FINAL DRAFT - JUNE 13, 2019

ARETÉ
MASTER LEASE

BETWEEN

SUSTAINABLE KIRKLAND, LLC,

as Lessor

and

THE CITY OF KIRKLAND,

as Lessee

BASIC MASTER LEASE TERMS

Date of Lease: _____, 2019

Lessor: SUSTAINABLE KIRKLAND, LLC, a Washington limited liability company

Lessor's Address: Sustainable Kirkland, LLC
450 Central Way
Kirkland, WA 98033
Attn: Robert Pantley

Lessee: The City of Kirkland, a Washington municipal corporation

Lessee's Address: 123 - 5th Avenue, Kirkland, WA 98033

Premises: Not more than eleven (11) workforce housing units (each, a “**Unit**”) located in the building commonly known as Areté (the “**Building**”), located at 450 Central Way, City of Kirkland, King County, Washington, 98033. The Premises and Building are situated on property legally described on Exhibit A attached hereto (the “**Property**”), and the Units are listed on Exhibit B attached hereto. The maximum number of Units shall be subject to revision from time to time as the parties may hereafter mutually agree, provided that, except to the extent the parties may otherwise agree, in no event shall the total number of Units in the Building and in the “Plaza Project” defined below exceed thirty-four (34).

Term: One (1) year; automatically renewed for up to eleven (11) additional one (1) year terms (each, an “**Extension Term**”) unless Lessee elects not to so renew the Term.

Commencement Date: The last to occur of (i) receipt of a certificate of occupancy for the Plaza Project (defined below) by the Plaza Owner (as defined below); and (ii) issuance and filing with the King County Assessor of the MFTE Certificate (as defined below) for the Plaza Project. The “**Projected Commencement Date**” is January 1, 2020. Upon occurrence of the actual Commencement Date, the parties shall cooperate to execute a written confirmation thereof consistent with terms of this Lease.

Termination Date: December 31, 2020 (subject to automatic annual renewal as provided below).

Rent Due from Lessee: As set forth in Section 7, below.

Security Deposit: None.

Plaza MFTE Agreement: That certain Multifamily Housing Limited Property Tax Exemption Agreement by and between KIRKLAND SUSTAINABLE INVESTMENTS, LLC, a Washington limited liability company (the “**Plaza Owner**”) and Lessee, and recorded on _____, 2019 under Auditors’ File No. _____, Official Records of King County, Washington, concerning certain property and improvements to be constructed on property legally described in the Plaza MFTE Agreement having a street address at 330 – 4th Street, Kirkland, Washington 98033 (the “**Plaza Project**”). In connection with the Plaza MFTE Agreement, the Director of Lessee’s Planning & Community Development Department has or will issue a final certificate of tax exemption for the Plaza Project (the “**MFTE Certificate**”) pursuant to Chapter 5.88 of the Kirkland Municipal Code (“**KMC**”) and Chapter 84.14 RCW.

Plaza Master Lease: That certain Plaza Master Lease Agreement of even date herewith by and between Plaza owner as “Lessor” thereunder and Lessee as the “Lessee” thereunder.

This Lease is a master lease of those Units at the Premises identified on Exhibit B attached hereto by Lessor to Lessee, as Exhibit B may be modified or changed from time to time by the Lessor and Lessee.

Exhibits:

| | |
|-----------|---|
| Exhibit A | Legal Description of the Property |
| Exhibit B | Schedule of Units and Rents |
| Exhibit C | Description of Property Management Services |
| Exhibit D | Lessor’s Form Residential Lease |

GENERAL LEASE TERMS

1. Definitions. The capitalized terms used in this Lease shall have the meanings ascribed thereto in the Basic Master Lease Terms or as otherwise specifically defined herein.

Any reference to “**Units**” in this Lease shall mean those residential workforce housing units located in the Premises and identified on Exhibit B attached hereto and incorporated herein, as Exhibit B may be modified or changed from time to time by the Lessor and Lessee pursuant to the procedures set forth elsewhere in this Lease (the “**Schedule of Units and Rents**”).

2. Agreement to Lease; Condition of Units. For and in consideration of Lessee’s performance of its covenants herein provided, Lessor does hereby master lease to Lessee, and Lessee does hereby master lease from Lessor, all of the Units. Lessee’s lease rights hereunder in and to the Units shall be limited to the right, in Lessee’s sole and absolute discretion, to identify, select and direct Qualified Residents (defined below) to Lessor, whereupon, subject to compliance with the other terms and conditions of this Lease, such Qualified Residents shall then execute direct individual residential rental agreements with Lessor on Lessor’s Form Residential Lease (as defined below) for the Units (each, a “**Unit Lease**”). The typical term of Lessor’s Form Residential Lease is one (1) year.

3. Selection of and Changes to the Schedule of Units and Rents.

3.1 General. The specific Units that are subject to this Lease shall be initially selected by the parties as described below and are subject to periodic revision by the parties not less frequently than annually as provided below.

3.2 Initial Selection of Units. The Schedule of Units and Rents attached hereto as Exhibit B is the initial schedule showing the initial Units subject to this Lease, which Units have been selected based on their anticipated availability as of the Projected Commencement Date. Exhibit B also sets forth the applicable Scheduled Unit Rent (defined below) payable by Qualified Residents as to each such Unit, and the Market Rent as to each such Unit.

3.3 Annual Updates. The Schedule of Units and Rents shall be reviewed and updated as may be necessary by the parties at least on an annual basis. Commencing in June of each calendar year during the Term, the parties shall begin exchanging information concerning the number of Units desired by the Lessee, existing and prospective new Qualified Residents and existing and prospective new Units, including consideration of changing market conditions and increases or decreases in rents, and anticipated lease expirations of current and projected future Units. The parties will use diligent, good faith efforts to negotiate and update the Schedule of Units and Rents with any changes to the Units, Scheduled Unit Rents, and Market Rents on or before September 30 of each calendar year during the Term, with such revised Schedule of Units and Rents to be effective during the next succeeding calendar year, subject to amendment as described in this Lease. If, despite diligent, good faith efforts, the parties are unable to agree to any changes to the then-current Schedule of Units and Rents, the then-current Schedule of Units and Rents shall remain in effect until December 31 of the next succeeding calendar year, except that Lessor may unilaterally change the Market Rents as to one or more Units applicable during such calendar year by not more than the average of (a) the percentage of increase in the CPI defined below during the prior calendar year, and (b) the average of the percentage increase in Market Rents for the units at the Premises not subject to this Lease, and the matter shall be subject to mediation and arbitration as set forth in Section 18.13 below. As used herein, the “**CPI**” shall mean the Revised Consumer Price Index for All Urban Consumers (CPI-U): Seattle-

Tacoma-Bremerton WA Area, all items index (Reference Base 1982-84 = 100) published by the Bureau of Labor Statistics of the United States Department of Labor. If the CPI is no longer published, it shall be replaced by a comparable index reasonably selected by Lessor. For the avoidance of doubt, any changes (i.e., increase or decrease) in the number of Units covered by any particular annual Schedule of Units and Rents shall not be binding on the parties in subsequent calendar years during the Term, and Lessee shall have the right to increase and/or decrease, on an annual basis, and from time to time as set forth in Section 3.4 and 3.5 hereof, the number of Units included within the Premises each calendar year when the Schedule of Units and Rents is next renegotiated, subject to the maximum number of Units set forth above.

3.4 Procedures for New Units. The parties anticipate that most Qualified Residents shall lease Units on a calendar year basis (i.e., with each Unit Lease term to commence on January 1). However, if a Unit is not available for rent to a Qualified Resident on the projected availability date for that Unit, notwithstanding such Unit's inclusion on the Schedule of Units and Rents in effect for such calendar year, Lessor shall notify Lessee when such Unit becomes available, and such Unit shall be deemed added to this Lease on the first (1st) day of the next succeeding calendar month, whether or not a Qualified Resident has been selected for or actually moves into such Unit on such date. Furthermore, with respect to any Unit that becomes vacant and thus available for lease prior to the date on which such Unit was originally scheduled to be added to the Premises hereunder, Lessor shall promptly notify Lessee of such early vacancy/availability, and with the consent of the Lessee, such Unit shall be deemed added to the Premises the first (1st) day of the next succeeding calendar month. Although Lessee may at any time request that additional Units not already appearing on the then-effective Schedule of Units and Rents be reserved for rental by Qualified Residents, Lessor shall not be obligated to provide any such additional Units.

3.5 Procedures for Vacant Units. If despite good faith efforts, Lessee is unable to direct Qualified Residents for all Units appearing on the then-effective Schedule of Units and Rents, Lessee may direct Lessor to lease said Unit(s) as quickly as possible to any third party on Lessor's Form Residential Lease, but otherwise on such terms and conditions (including as to rent) as Lessor may elect in its sole discretion, and in such case said Unit(s) shall be removed from the Schedule on the first (1st) day of the next succeeding calendar month. Furthermore, Lessor may at any time during the calendar year for which a Schedule of Units and Rents is then in effect (but not more frequently than once per month), elect to delete (but not add) vacant Units from the Schedule, such removal to be effective on a date chosen by Lessee during that calendar year that is the last day of a calendar month that is at least thirty (30) days after the date of Lessee's notice of deletion.

3.6 Procedures for Surrendered Units. With respect to Units which will not be included in the new Schedule of Units and Rents for the next succeeding calendar year, unless Lessor elects in its sole discretion to continue leasing such Unit to the then-current Qualified Resident on such terms and conditions as to which Lessor may agree, Lessee shall use reasonable efforts to cause such Qualified Resident to vacate such Unit on or before December 31 of such year, or such later date reflected as the last day of such Qualified Resident's lease term, as reflected in such Qualified Resident's Unit Lease (such later date, the "**Unit Lease Expiration Date**") and to surrender the same in the condition required by the Form Residential Lease. Lessee shall remain responsible for all Rent due under this Lease as such Unit through December

31 of such year or the Unit Lease Expiration Date, if later, regardless when the Qualified Resident actually vacates same, unless Lessor is able to re-rent such Unit to another resident. For any portion of a Qualified Resident's Unit Lease extending beyond the Term of this Lease, Lessor shall have the right to require such Qualified Resident to pay Lessor's then-market rental amount as to the applicable Unit for the remainder of such Qualified Resident's Unit lease term.

4. Selection and Qualification of Qualified Residents.

4.1 Qualified Resident Criteria. Lessee shall have the right to require Lessor to rent the Units included on the Schedule only to "**Qualified Residents**", which for purposes of this Lease are prospective Unit tenants who satisfy (i) Lessor's prospective tenant criteria, to be determined and applied in Lessor's sole discretion ("**Lessor's Qualified Resident Criteria**"), including financially-related tenant selection criteria relating to creditworthiness, net worth, income, or other financial-related considerations (the "**Financial Standards**"), provided, however, that Lessor shall consider its Financial Standards with reference to such Qualified Resident's ability to pay the Scheduled Unit Rent (not the Market Rent) as to the Unit which such Qualified Resident is seeking to rent, and (ii) Lessee's prospective tenant criteria, to be determined and applied in Lessee's sole discretion ("**Lessee's Qualified Resident Criteria**"). Without limiting the generality of the foregoing, Lessee shall be solely responsible for determining the standards and criteria of Lessee's Qualified Resident Criteria, including without limitation Financial Standards that may be less stringent than the Financial Standards included in Lessor's Qualified Resident Criteria, which Lessee may alter or amend at any time in Lessee's sole discretion. Lessor shall be solely responsible for determining the standards and criteria of Lessor's Qualified Resident Criteria, including without limitation background checks, which Lessor may alter or amend at any time in Lessor's sole discretion. For the avoidance of doubt, Lessee may also at any time in its sole discretion waive any prospective Qualified Resident's compliance with Lessee's Qualified Resident Criteria but not Lessor's Qualified Resident Criteria (except as noted in Section 4.2 below), and Lessor may at any time in its sole discretion waive any prospective Qualified Resident's compliance with Lessor's Qualified Resident Criteria but not Lessee's Qualified Resident Criteria.

4.2 Identification of Prospective Qualified Residents. From time to time, Lessee shall identify and/or refer potential tenant applicants to Lessor who meet Lessee's Qualified Resident Criteria. Lessor shall, promptly and in good faith, confirm with Lessee whether the prospective tenant satisfies Lessor's Qualified Resident Criteria (and thus is a Qualified Resident) and may, in its discretion, impose additional commercially reasonable tenant screening and application procedures and requirements, so long as the same are consistent with prudent industry practices, including without limitation application fees, typical refundable and non-refundable deposits, and credit and background checks and otherwise consistent with Lessor's screening and application procedures and requirements for residential units at the Building. If Lessor intends to reject a proposed Qualified Resident due to its failure to satisfy Lessor's Qualified Resident Criteria, Lessor shall promptly advise Lessee of the reasons therefor, to the extent Lessor is permitted to do so pursuant to applicable Laws (as defined below). On a case-by-case basis, Lessee shall have the right to require Lessor accept a proposed Qualified Resident who meets all of Lessor's Qualified Resident Criteria except for the Financial Standards. Upon approval of such Qualified Resident by Lessor, each such Qualified Resident (but not Lessee) shall be required to execute and deliver to Lessor a Unit Lease on Lessor's

standard residential apartment tenant lease form (the “**Form Residential Lease**”), the current form of which is attached hereto as Exhibit D, prior to its entry into and occupancy of the Unit, provided that (i) the monthly rent payable by such Qualified Resident shall not exceed the Scheduled Unit Rent as to such Unit as reflected in Exhibit B, and (ii) the Qualified Resident shall pay all other fees and charges for such Unit, including without limitation any parking fees, storage unit charges, utility charges, and the like, all as may be set forth in the Form Residential Lease.

4.3 Change in Status during Unit Lease Term. Lessee shall promptly notify Lessor at any time it becomes aware a Qualified Resident then occupying a Unit no longer satisfies Lessee’s Qualified Resident Criteria. If more than one (1) month remains on the term of such former Qualified Resident’s Unit Lease, Lessor shall have the right, in its sole discretion, upon thirty (30) days’ prior written notice to such former Qualified Resident, to require such Former Qualified Resident to pay Lessor’s then-market rental amount as to the applicable Unit for the remainder of such Former Qualified Resident’s lease term. Furthermore, if Lessor and such former Qualified Resident shall desire to renew or extend the term of such party’s Unit Lease, such Unit shall thereafter no longer be considered one of the “Units” subject to the terms of this Lease, and Exhibit B shall be accordingly updated as part of the next Annual Update.

5. Property Management. Lessor shall either provide or contract with a third-party property manager to provide property management services to the Units as described in Exhibit C (collectively, the “**Property Management Services**”) in connection with this Lease and the Unit Leases at no additional fee or charge to Lessee. Lessor shall have the right to select and change from time to time the property manager for the Building/Property, which may be affiliated with Lessor.

6. Term; Termination; Surrender of Units. The Lease shall be for the Term indicated in the Basic Master Lease Terms and shall automatically renew annually (each such annual extension, an “**Extension Term**”) on a calendar year to calendar year basis (i.e., from January 1 to the next succeeding December 31) for up to the maximum number of Extension Terms provided in Basic Master Lease Terms, unless Lessee elects, by written notice given to Lessor on or before September 30 of any year, to not extend the Term of this Lease beyond the end of the following calendar year. Upon the expiration or earlier termination of this Lease, Lessee shall surrender possession of all of the Units to Lessor free from possessory rights of all Qualified Residents or any other third party, on a rolling basis as part of a “**Ramp Down Period**”. The Ramp Down Period shall commence on the Termination Date and during the Ramp Down Period, Lessee shall surrender or cause each Qualified Resident to surrender possession of the Units to Lessor in accordance with the surrender requirements in such Qualified Resident’s Unit Lease, on the later of December 31 of such year, or the Unit Lease Expiration Date, if later, as to each Unit. During the Ramp Down Period, Lessee shall continue to comply with all of the terms and conditions the Lease with respect to each Unit that Lessee has not yet surrendered possession of.

7. Rent.

7.1 Market Rent; Scheduled Unit Rent. Lessee covenants and agrees to pay Lessor the Market Rents as to each Unit set forth on Exhibit B (as it may be amended from time

to time pursuant to the terms of this Lease) attached hereto during the Term hereof (the fair market rent as to each specific Unit which Lessee is required to pay is sometimes referred to hereafter as the “**Market Rent**,” the amount which Qualified Residents are obligated to pay as to such Unit is sometimes referred to hereinafter as the “**Scheduled Unit Rent**”, and all amounts payable or guaranteed by Lessee to Lessor hereunder are collectively referred to as “**Rent**”), regardless of whether any such Unit is then leased or occupied; provided, that prior to Lessee paying Scheduled Unit Rent to Lessor, Lessor agrees to use good faith, commercially reasonable efforts to enforce the terms of each Qualified Resident’s Unit Lease, including attempting to collect unpaid Scheduled Unit Rent owed and promptly commencing and diligently prosecuting to conclusion unlawful detainer actions if reasonably necessary to recover possession of a Unit from defaulting Qualified Residents as soon as reasonably possible.

7.2 Receipt of Qualified Resident Rentals; Reconciliation Payment by Lessee. On or before the fifth (5th) day of each calendar month throughout the Term, or as soon thereafter as reasonably possible, Lessor shall provide a detailed written statement to Lessee showing all Scheduled Unit Rent payments received from Qualified Residents of Units and reasonably allocable to such calendar month, and stating any new delinquencies for that calendar month as well as any outstanding delinquencies for prior calendar months. Within fourteen (14) days after Lessee’s receipt of such monthly statement, Lessee shall pay to Lessor an amount equal to the net positive difference (if any) between the Rent due hereunder (i.e., the sum of Market Rents as to all Units for such month, whether or not leased or vacant) and the sum of all Scheduled Unit Rent payments received by Lessor from Qualified Residents for such Units for such month. Within thirty (30) days after the end of each calendar year during the Term (including upon occurrence of the Termination Date of this Lease), or as soon thereafter as reasonably possible, Lessor shall prepare and deliver to Lessee an annual reconciliation of all such rental amounts received by Lessor from Lessee and from Qualified Residents, and within ten (10) days thereafter, Lessee shall pay any underpaid portion to Lessor or Lessor shall refund any overpayment to Lessee, as applicable. Amounts due hereunder from Lessee shall be paid to Lessor without further notice, demand, deduction or offset, in lawful money of the United States of America, at Lessor’s address listed in the Basic Master Lease Terms or such other place as Lessor may from time to time designate to Lessee in writing. Upon receipt of the foregoing payment by Lessee to Lessor, Lessor shall assign to Lessee any right Lessor may then have to collect any outstanding and then-unpaid rents or other charges owed by Qualified Residents to Lessor. Notwithstanding the foregoing, prior to making a demand to Lessee for payment of unpaid amounts, Lessor agrees to use good faith, commercially reasonable efforts to enforce the terms of each Qualified Resident’s Unit Lease, including attempting to collect unpaid Scheduled Unit Rent owed and promptly commencing and diligently prosecuting to conclusion unlawful detainer actions if reasonably necessary to recover possession of a Unit from defaulting Qualified Residents as soon as reasonably possible.

7.3 Late Charges. Lessee acknowledges that late payment of Rent or other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing charges and late charges which may be imposed upon Lessor by terms of any mortgage or deed of trust covering the Units. Accordingly, if any Rent shall not be received by Lessor or Lessor’s designee within thirty (30) days after it is due and after Lessor has provided written notice to a Qualified Resident and to Lessee of such failure and such failure has not been

resolved within ten (10) additional days, Lessee shall pay to Lessor, on behalf of a Qualified Resident with respect to Scheduled Unit Rent and on its own behalf, a late charge equal to the amount calculated with interest on the unpaid amount at twelve percent (12%) per annum (the “**Default Rate**”), on a daily basis based on a 365 day year, plus any attorneys’ fees incurred by Lessor by reason of Qualified Resident’s or Lessee’s failure to pay Rent or other charges when due hereunder. Such calculation for the late charge shall begin to accrue on the date immediately following the date that such Rent is due. Acceptance of late Rent without collecting a late charge shall not be a waiver of Lessor’s rights under this section.

8. Use of Units.

8.1 Permitted Uses. Lessee shall take reasonable steps to advise its Qualified Residents to use the Units solely for residential uses as per Lessor’s Form Residential Lease, as the same may be amended by Lessor from time to time in its sole discretion. Lessee shall use reasonable efforts to advise its Qualified Residents to not use and to not permit the Units to be used for any other purpose without the prior written consent of Lessor.

8.2 Compliance with Laws. Lessee shall comply with and shall use reasonable efforts to advise and thereby cause its Qualified Residents to comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Units (collectively, “**Laws**”), including without limitation those relating to the Fair Housing Act of 1968, as amended, and the Washington Residential Landlord-Tenant Act, Chapter 59.18 RCW. Lessee will not ask, direct or seek Lessor to take any action or to refrain from taking any action where such action or inaction would, in Lessor’s reasonable opinion, cause it or the Property to be in violation of any applicable Laws. Furthermore, Lessee will support, and will take reasonable steps to cause all Qualified Residents to support, Lessor’s efforts to comply with applicable Laws concerning fair housing and anti-discrimination.

9. Maintenance. Lessor shall keep the Units and every part thereof in good condition and repair, including, without limitation, the maintenance, replacement and repair of any doors and door hardware, windows, plumbing, pipes, electrical wiring and conduits within the Units, as well as the common and public areas and facilities of the Units, water, sewer, fire protection and mechanical and electrical distribution systems and equipment serving the Units and the structural portions of the Premises, and otherwise in accordance with all applicable Laws.

10. Insurance. The parties acknowledge that Lessor shall require all Qualified Residents to carry Renter’s Insurance meeting Lessor’s minimum standards pursuant to Lessor’s Form Residential Lease. If any Qualified Resident fails to do so, and such failure continues for ten (10) days after notice from Lessor, then Lessor shall provide written notice thereof to Lessee and, unless Lessee causes such Qualified Resident to cure any such failure within twenty (20) days after receipt of written notice from Lessor, Lessee shall be deemed to be providing such Renter’s Insurance (provided that Lessee may self-insure for such risks in its sole discretion).

11. Reconstruction of Damage by Casualty.

11.1 Damage. If all or any portion of the Premises is damaged by fire or other insured casualty, Lessor shall repair the damage, this Lease shall remain in effect, Lessee shall pay all Rent due hereunder, subject to appropriate abatement to the extent one or more Units are not reasonably occupiable and the affected Qualified Resident does not in fact occupy such Unit, and Lessor shall continue to provide the Services as provided herein to the extent reasonably possible under the circumstances.

11.2 Cancellation of Lease. Notwithstanding the foregoing, if more than fifty percent (50%) of the Units then being occupied by Qualified Residents are damaged, then Lessor and Lessee both shall have the right to terminate this Lease upon notice given to the other party within thirty (30) days after the date of the damage. This Lease shall be deemed terminated thirty (30) days after receipt of such notice of termination. If neither party elects to terminate the Lease as provided herein, then this Lease shall continue in full force and effect.

11.3 Settlement of Insurance Claims. Lessor shall have the exclusive right to settle and adjust all insurance claims with respect to any damage to the Units and to either retain, all such insurance proceeds and/or repair the damage, all as Lessor shall determine in Lessor's sole discretion.

12. Eminent Domain.

12.1 Total Condemnation. If the whole of the Units shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, then the term of this Lease shall terminate and cease as of the date that title or possession shall be transferred in such proceeding, whichever shall first occur, and all rent shall be paid up to that date and Lessee shall have no claim against Lessor for the value of any unexpired term of this Lease.

12.2 Partial Condemnation. If a portion (but less than all) of the Premises is appropriated or condemned by eminent domain, then Lessor and Lessee both shall have the right to terminate this Lease upon notice to the other party within thirty (30) days after being notified of the appropriation or condemnation. This Lease shall be deemed terminated as of the date title or possession shall be transferred to the condemning authority, whichever shall first occur. If neither party elects to terminate the Lease as provided herein, then this Lease shall continue in full force and effect.

12.3 Lessor's Damages. In the event of any condemnation or taking, whether whole or partial, Lessee shall not be entitled to any part of the award as damages or otherwise for such condemnation, Lessee hereby expressly waiving any claim or right to any part thereof. Lessor shall be entitled to all awards and damages in condemnation, to apply in such manner at Lessor determines in Lessor's sole discretion.

12.4 Voluntary Sale. A voluntary sale by Lessor to any public body or agency having the power of eminent domain, either under threat of condemnation or while

condemnation proceedings are pending, shall be deemed to be a taking under the power of eminent domain.

13. Lessee's Default. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Lessee:

(a) Lessee's failure to make any payment of undisputed Rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of ten (10) days after written notice thereof by Lessor to Lessee.

(b) Except as provided in (a) and (c) of this section, any failure by Lessee to observe or perform any of the material covenants, conditions or provisions of this Lease to be observed or performed by Lessee where such failure shall continue for a period of sixty (60) days after written notice thereof by Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than sixty (60) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within ten (10) days after Lessor's notice and thereafter diligently prosecutes such cure and it is completed within one hundred twenty (120) days thereafter.

(c) Any assignment or subletting by Lessee in violation of this Lease.

14. Lessor's Remedies Upon Default. In the event of any material default under or breach of this Lease by Lessee, Lessor may, at any time thereafter, with or without notice or demand and without limiting any right or remedy which Lessor may have by reason of such default or breach, exercise any of the following remedies (all of the following rights and remedies of Lessor shall be subject to the existing rights of Residents pursuant to their respective Unit Leases):

(a) Lessor may continue this Lease in full force and effect, and this Lease shall continue in full force and effect as long as Lessor does not terminate this Lease, and Lessor shall have the right to collect Rent and other amounts when due.

(b) Lessor may terminate Lessee's right to possession of the Units at any time by giving written notice to that effect. No act by Lessor other than giving written notice to Lessee shall terminate this Lease.

(c) Lessor may perform or provide a cure to such default or breach, and shall, together with the costs of such cure (the "**Cure Costs**") collect interest on such Cure Costs accruing at the lesser of (i) the Default Rate, or (ii) the maximum rate permitted by applicable Law, computed from the date of Lessor's payment of such costs to the date of reimbursement. Cure Costs shall be limited to the actual, out-of-pocket expenses incurred by Lessor in curing such default or breach, and shall not include any other related expenses, including, but not limited to, legal fees related thereto.

(d) Lessor may have a receiver appointed for Lessee to take possession of the Units and to apply any rent collected from the Units and to exercise all other rights and remedies granted to Lessor as an attorney-in-fact for Lessee.

(e) Lessor may pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of Washington. Lessor may sue periodically to recover damages as they accrue under this Lease, and no one action for accrued damages shall be a bar to a later action for damages subsequently accruing.

15. Lessor's Default. Lessor shall not be in default unless Lessor fails to perform material obligations required of Lessor (including without limitation such obligations arising under the Unit Leases with Qualified Residents) within a reasonable time, but in no event later than sixty (60) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Building or Property whose name and address shall have theretofore been furnished to Lessee in writing and specifying how Lessor has failed to perform such obligations and the acts required to cure the same; provided, however, that if the nature of Lessor's obligation is such that more than sixty (60) days are required for performance, Lessor shall not be in default if Lessor commences performance within such sixty (60) day period and thereafter diligently prosecutes the same to completion; subject to existing rights of Qualified Residents pursuant to their respective Unit Leases. As of the date of mutual execution hereof, Lessor's lenders' address for notices is as follows:

Washington Trust Bank
Builder Services Western WA Region
10500 NE 8th St, Suite 1100
Bellevue, WA 98004
Attn: Ken Paauw, Senior Vice President

And to:

FNMA
c/o Hunt Mortgage
11501 Outlook, Ste. 300
Overland Park, KS 66211
Attn: Hunt Servicing

16. Lessee's Remedies Upon Default. Lessee shall have the right to recover its actual damages caused by any default of Lessor under this Lease. In no event shall Lessee have the right to engage in self-help remedies as a result of Lessor's default.

17. Assignment and Subletting. Lessee shall not, without the prior written consent of Lessor, which will not be unreasonably withheld, conditioned, or delayed, assign or hypothecate this Lease or any interest herein or sublet all or substantially all of the Units, or permit the use of the Units by any party other than Lessee and Qualified Residents. Any of the foregoing acts without Lessor's prior written consent as aforesaid shall be void and shall, at the option of Lessor, terminate this Lease. This Lease shall not, nor shall any interest of Lessee

herein, be assignable by operation of law without the written consent of Lessor. Notwithstanding the foregoing, (a) Lessor consents and agrees that Lessee may propose as Qualified Residents employees of the Lake Washington School District, the Lake Washington Institute of Technology and/or another public entity (the “**Approved Entities**”); and (b) any proposed assignment, subletting, or other transfer of Lessee’s rights hereunder to any Approved Entities shall be subject to Lessor’s reasonable prior consent (and the consent of any Lender of Lessor, as defined in Section 18.12 below) and Lessor’s approval of (and execution by the applicable Approved Entities and Lessee of) commercially reasonable sublease, assignment and assumption, or other transfer documentation.

18. General Provisions.

18.1 Interpretation.

18.1.1 Plats and Riders. Clauses, plats, riders and addendums, if any, affixed to this Lease are a part hereof.

18.1.2 Construction as Covenants. Wherever in this Lease it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

18.1.3 Section Headings. The section headings and article titles of this Lease shall have no effect upon the construction or interpretation of any part hereof.

18.1.4 Time of Performance. Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

18.1.5 Partial Invalidity. Any provision of this Lease which is held to be invalid, void or illegal by any court of competent jurisdiction shall in no way affect, impair or invalidate any other provision hereof.

18.1.6 United States Funds. All sums herein mentioned shall be conclusively deemed to refer to the lawful currency of the United States.

18.1.7 Choice of Law. This Lease shall be governed by the Laws of the State of Washington.

18.2 Legal Relationships.

18.2.1 Authority of Parties. Each individual executing this Lease on behalf of Lessor and Lessee represents and warrants that he or she is duly authorized to execute and deliver this Lease and that this Lease is binding upon Lessor and Lessee, as applicable, in accordance with its terms.

18.2.2 No Partnership. This Lease shall not be construed as establishing a partnership or joint venture between Lessor and Lessee, and neither party shall be liable for the

debts or obligations of the other, except to the extent specifically and expressly agreed to herein. Except as provided herein, neither party hereto may make any representation or create any liability on behalf of the other, and no rights in any third party shall arise by virtue of these presents.

18.2.3 Successors and Assigns. The covenants and conditions herein contained, subject to the restrictions upon assignments, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

18.3 Remedies and Liability.

18.3.1 Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies available at law or in equity.

18.3.2 No Waivers. No express or implied waiver by Lessor of any event of default shall in any way be or be construed to be a waiver of any future or subsequent event of default. The written waiver by Lessor of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding default by Lessee of any term, covenant or condition of this Lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such preceding default at the time of the acceptance of such rent.

18.3.3 Inability to Perform. Any delays in the performance of any obligation of either party under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, and other similar causes not within the control of such party, and any time periods required for performance shall be extended accordingly.

18.3.4 Sale of the Building or Property. In the event of any sale of the Building and Property by Lessor, this Lease shall remain in full force and effect according to its terms. However, in the event a condominium is established for all or any part of the Building or Property, then any Units that are to be included in any such condominium shall be released from this Lease.

18.3.5 Limitation on Liability. Anything in this Lease to the contrary notwithstanding, no shareholder, trustee, officer, employee or agent of Lessor shall be personally liable for any debt, claim, demand, judgment, decree, liability or obligation of any kind (in tort, contract or otherwise) of, against or with respect to Lessor arising out of any action taken or omitted to be taken for or on behalf of Lessor under and pursuant to this Lease, and resort shall be made solely to Lessor's interest in the Premises, Building and Property for the payment or performance thereof.

18.3.6 Attorneys' Fees. If any action or proceeding is brought by either party against the other under this Lease, each party shall bear their own costs and fees.

18.4 Brokers. Lessee warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease and it knows of no real estate broker or agent who is entitled to a commission in connection with this Lease. Although Robert Pantley, the Manager of the Managing Member of Lessor, is a licensed real estate broker in the State of Washington, he is not acting in any broker capacity in connection with this Lease.

18.5 Venue. The venue of any action brought to interpret or enforce any of the terms of this Lease or otherwise adjudicate the rights or liabilities of the parties hereto shall be laid in King County, Washington.

18.6 Notices. All notices and demands which may or are to be required or permitted to be given hereunder shall be in writing. All notices and demands by a party to the other shall be effective only if hand delivered, sent by recognized overnight courier service (e.g., FedEx), or sent by U.S. mail, postage prepaid, addressed to Lessor or Lessee, as applicable, at its address listed below or to such other place as such parties may from time to time designate in a written notice to the other party. The parties' initial addresses for notices shall be as stated in the Basic Master Lease Terms. Notices hand delivered or sent by overnight courier shall be effective upon receipt or refusal to receive; notices sent by U.S. mail shall be effective on the third (3rd) day after depositing same in the U.S. mails.

18.7 Recordation. Notwithstanding that the Plaza MFTE Agreement itself shall be recorded, neither Lessor nor Lessee may record this Lease.

18.8 Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Lease or any counterpart may be executed and delivered by facsimile or email/.pdf transmission with an executed hard copy to follow.

18.9 Waiver of Jury Trial. Lessor and Lessee desire and intend that any disputes arising between them with respect to or in connection with this Lease be subject to expeditious resolution in a court trial without a jury. Therefore Lessor and Lessee each hereby waive the right to a trial by jury of any cause of action, claim, counter claim or cross complaint in any action, proceeding or other hearing brought by either Lessor against Lessee or Lessee against Lessor on any matter whatsoever arising out of, or in any way connected with, this Lease, the relationship of Lessor and Lessee concerning the subject matter of this Lease or the documents related thereto or any claim of injury or damage, or the enforcement of any remedy under any Law now or hereafter in effect concerning such agreements.

18.10 Entire Agreement. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding upon any party until fully executed by both parties hereto.

18.11 Termination of Plaza MFTE Agreement. Notwithstanding anything to the contrary elsewhere herein, if the Plaza MFTE Agreement or MFTE Certificate shall expire or

be terminated during the Term hereof, then, at Lessor's election, except to the extent the parties otherwise agree, this Lease shall terminate without further renewal at the end of the then-effective calendar year. In such event, with respect to all Qualified Residents then occupying Units: (a) each such Qualified Resident shall remain in possession of such Unit until the expiration of the Term as to such Qualified Resident's Unit Lease; and (b) from and after the effective date of termination of this Lease, Lessor may elect to require each such Qualified Resident to pay then-Market Rent as to such Qualified Resident's Unit.

18.12 Estoppel Certificates. Lessee shall, upon at least ten (10) days' prior written notice, provide to Lessor, any person or entity acquiring Lessor's interest in the Building or Property, or any lender of either (a "**Lender**"), a certificate of estoppel stating: (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications); (b) the Term of the Lease including any extensions thereto; (c) the dates to which the Rent and any other charges hereunder have been paid by Lessee; (d) the amount of any security deposit (if any) delivered to Lessor; (e) whether or not, to Lessee's actual knowledge, Lessor is in default (or whether any event or condition exists which, with the passage of time, would constitute an event of default by Lessor under this Lease; (f) the address to which notices to Lessee should be sent; and (g) any other factual information concerning this Lease or the Premises as may be reasonably required by the recipient.

18.13 Lender Protections.

18.13.1 Lender Approval. This Lease is subject to the approval of Lessor's Lender, which Lessor shall use good faith, diligent efforts to obtain. If Lessor has not satisfied or waived the foregoing requirement within one hundred twenty (120) days after mutual execution hereof, despite Lessor's diligent, good faith efforts, then Lessor may elect to terminate this Lease by written notice to Lessee, in which event the parties shall have no further rights or obligations hereunder.

18.13.2 Lessor's Assignment of Lease. Lessee acknowledges that Lessor has the right to transfer all or any portion of its interest in the Property or Building and in this Lease, and Lessee agrees that in the event of any such transfer (other than a transfer solely for security purposes), Lessor shall automatically be released from all liability under this Lease and Lessee agrees to look solely to such transferee for the performance of Lessor's obligations hereunder after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Lessor, and Lessee shall attorn to such transferee. Lessee further acknowledges that Lessor may assign its interest in this Lease to its Lender as additional security and agrees that such an assignment shall not release Lessor from its obligations hereunder and that Lessee shall continue to look to Lessor for the performance of its obligations hereunder. Lessee hereby consents to any such assignment for security purposes and agrees to promptly execute at no cost to Lessor any additional commercially reasonable documentation required by Lessor or its Lender to document Lessee's consent to such assignment for the benefit of such lender and its assigns.

18.13.3 Subordination, Non-Disturbance, and Attornment. This Lease shall be subject and subordinate to all present and future ground or underlying leases of

the Building or Property and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Property or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds (each of which, a “**Loan**”), unless the holders of such Loans or the lessors under such ground lease or underlying leases (each of whom, for purposes of this Section 18.13, shall be deemed a “**Lender**”) require in writing that this Lease be superior thereto. Lessee covenants and agrees, upon written notice from Lender after the occurrence of an event of default by Lessor under such Lender’s Loan, to pay all Rent payable hereunder to Lender, and acknowledges that this Lease and all rights of Lessee hereunder are expressly subordinate to the Loan. In the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (each of which, a “**Foreclosure**”) (or if any such ground lease or underlying lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such Foreclosure, or to the ground lessor, if applicable (each of which, a “**Purchaser**”), if so requested to do so by such Purchaser, and to recognize such Purchaser as the lessor under this Lease, provided such Purchaser shall agree to accept this Lease and not terminate this Lease or disturb Lessee’s occupancy, so long as Lessee timely pays the rent and observes and performs the terms and conditions of this Lease to be observed and performed by Lessee, or except as may otherwise be provided in an executed SNDA (described below). The foregoing attornment shall be self-executing and shall be effective upon acquisition of title to the Building or Property by Lender or such other Purchaser, provided that Lessee agrees, within fourteen (14) days after request, to execute a subordination, nondisturbance, and attornment agreement (“**SNDA**”) or such other further instruments or assurances as Lender or any Purchaser may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such Loans and/or the subordination, nondisturbance, and attornment provisions set forth above.

18.14 Mediation or Arbitration of Certain Disputes. In the event of any dispute arising under this Lease, the parties shall make their best efforts to resolve disputes as expeditiously as possible through negotiations at the lowest possible decision-making level, and in the event such negotiations are unsuccessful, to first participate in good faith in the mediation process described below.

18.14.1 Involvement of Mediator & Mediator’s Consultants. In the event an issue cannot be resolved by negotiations between the parties for a period of thirty (30) days, the parties shall meet during the immediately succeeding ten (10) days to select a mediator to assist in the resolution of such dispute. If the parties cannot agree upon a mediator within such 10-day period, either party may apply to the American Arbitration Association or the Judicial Arbitration & Mediation Service for the appointment of a mediator according to the process that is established by such entity for such action. The parties shall share equally the cost charged for the mediation of any dispute. The mediator shall have the authority to engage one or more expert consultants with knowledge in the field(s) or area(s) involved in the matter(s) that are in dispute to assist the mediator and the parties to evaluate their respective claims and resolve their dispute.

18.14.2 Continuation of Efforts in Event of Dispute; No Litigation without Mediation. Notwithstanding the existence of any dispute between them, the parties

shall continue to carry out, without unreasonable delay, all of their respective responsibilities under this Lease which are not affected by the dispute. Neither party to this Lease shall commence any litigation against the other with respect to any claim or dispute arising hereunder without first participating, in good faith, in mediation as contemplated in this Section.

18.14.3 Binding Arbitration. In the event of any dispute hereunder concerning the determination of Market Rents or Scheduled Unit Rents that is not satisfactorily resolved via mediation as described above, the matter will be promptly resolved through binding arbitration as follows:

(a) All disputes between the parties arising solely under this Section shall be decided by arbitration in accordance with the then applicable rules of the American Arbitration Association, unless the parties mutually agree otherwise. Notice of the demand for arbitration shall be filed in writing with the other party to this Lease and with the American Arbitration Association. The demand shall be made within a reasonable time after the dispute, or other matter in question, has arisen. This agreement to arbitrate shall be specifically enforceable under prevailing state or federal arbitration law. A single arbitrator experienced in commercial real property leases shall arbitrate the dispute, provided that in the event that the parties cannot agree on an arbitrator, each party shall select an arbitrator and the two arbitrators so selected shall select a third arbitrator. The panel of three arbitrators shall then arbitrate the dispute.

(b) Except as may be otherwise agreed by the parties to this Lease, the rules governing the issuance of subpoenas and discovery shall be those used by the United States District Courts which are commonly termed the Federal Rules of Civil Procedure. Those rules shall be reasonably adapted to a proceeding before the American Arbitration Association. Any pre-hearing disputes as to subpoenas or discovery shall be resolved by the arbitrator who is assigned to hear the claims, disputes and other matters in question. Only the arbitrator is authorized to issue subpoenas and may do so on the request of any party to the arbitration. Any award rendered by the arbitrator shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction. Venue of any arbitration conducted pursuant to the Lease shall be in King County, Washington.

(c) Notwithstanding anything to the contrary herein, no provision or, nor exercise of any rights under, the foregoing arbitration procedure shall limit the right of Lessor, and the Lessor shall have any right during any dispute to seek, use and employ ancillary or preliminary remedies, judicial or otherwise, for the purpose of preserving, protecting, or evicting Lessee or any Qualified Resident from the Premises. The institution and maintenance of any such actions, remedies, or rights or the pursuit of any such ancillary or provisional remedies or self-help shall not constitute a waiver of Lessor's right to submit a dispute to arbitration as permitted in this Section.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

LESSOR:

SUSTAINABLE KIRKLAND, LLC, a Washington limited liability company

By: Green Sustainable Investments, LLC, its Managing Member

By: _____
Robert Pantley, its Manager

Date: _____

LESSEE:

THE CITY OF KIRKLAND, a Washington municipal corporation

By: _____
Name: _____
Its: _____

STATE OF WASHINGTON

ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that Robert Pantley is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Manager of Green Sustainable Investments, LLC, a Washington limited liability company, the Managing Member of Sustainable Kirkland, LLC, a Washington limited liability company, to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2019.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____

My appointment expires _____

STATE OF WASHINGTON

ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of the City of Kirkland, a Washington municipal corporation, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2019.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____

My appointment expires _____

Exhibit A

Legal Description of the Property
(ARETÉ)

PARCEL A:

LOTS 31, 32, 33 AND 34, BLOCK 96, KIRKLAND TERRACE, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 21 OF PLATS, PAGE 42, IN KING COUNTY, WASHINGTON;

TOGETHER WITH THAT PORTION OF SOUTH HALF OF VACATED ALLEY ADJOINING, WHICH ATTACHED THERETO BY OPERATION OF LAW PURSUANT TO CITY OF KIRKLAND ORDINANCE NO. 996, RECORDED UNDER RECORDING NUMBER 5974155.

PARCEL B:

LOTS 6 THROUGH 14, BLOCK 96, KIRKLAND TERRACE, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 21 OF PLATS, PAGE 42, IN KING COUNTY, WASHINGTON;

TOGETHER WITH THAT PORTION OF NORTH HALF OF VACATED ALLEY ADJOINING, WHICH ATTACHED THERETO BY OPERATION OF LAW PURSUANT TO CITY OF KIRKLAND ORDINANCE NO. 996, RECORDED UNDER RECORDING NUMBER 5974155;

TOGETHER WITH THAT PORTION OF VACATED 4TH AVENUE ADJOINING, WHICH UPON VACATION, ATTACHED TO SAID PROPERTY BY OPERATION OF LAW AS VACATED BY CITY OF KIRKLAND ORDINANCE NUMBER 2580, RECORDED UNDER RECORDING NUMBER 8410190421;

AND

LOTS 35, 36 AND 37, BLOCK 96, KIRKLAND TERRACE, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 21 OF PLATS, PAGE 42, IN KING COUNTY, WASHINGTON;

TOGETHER WITH THAT PORTION OF SOUTH HALF OF VACATED ALLEY ADJOINING, WHICH ATTACHED THERETO BY OPERATION OF LAW PURSUANT TO CITY OF KIRKLAND ORDINANCE NO. 996, RECORDED UNDER RECORDING NUMBER 5974155.

Exhibit B

Schedule of Units and Rents

*[*note to draft: attach*]*

Exhibit C

Property Management Services

*[*note to draft: attach*]*

Exhibit D

Form Residential Lease

*[*note to draft: attach*]*

Draft dated July 25, 2019

ORDINANCE O-

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE MULTIFAMILY HOUSING PROPERTY TAX EXEMPTION AND PROVIDING FOR DIFFERENT REQUIREMENTS IN THE EVENT OF RENTAL UNIT PROJECTS PROVIDING SUBSTANTIAL ADDITIONAL PUBLIC BENEFITS.

1 WHEREAS, Kirkland Sustainable Investments, LLC ("KSI") is in
2 the process of completing construction of a 111-unit multi-family project
3 known as "Plaza" at 330 4th Street in Kirkland, across Central Way from
4 Kirkland Urban and only several blocks from Kirkland City Hall; and

5
6 WHEREAS, Sustainable Kirkland, LLC ("Sustainable Kirkland")
7 previously developed the 290-unit multi-family project known as "Arete"
8 at 450 Central Way and located immediately adjacent to Plaza; and

9
10 WHEREAS, Robert Pantley is the managing member of the
11 majority member of each of KSI and Sustainable Kirkland; and

12
13 WHEREAS, KSI wishes to dedicate 23 of its Plaza units,
14 consisting of 20 residential suites and 2 studio apartments, as affordable
15 housing units to households whose household annual income does not
16 exceed eighty percent (80%) of the King County median household
17 income, adjusted for household size, for a period of at least twelve years
18 in exchange for certain multifamily housing property tax exemption
19 ("MFTE") savings on the value of the improvements for that same twelve
20 year period as provided for under Chapter 84.14 RCW; and

21
22 WHEREAS, each of KSI and Sustainable Kirkland have negotiated
23 separate master lease agreements with the City of Kirkland ("City")
24 providing, at the option of the City, for the dedication of up to a
25 combined total of 34 additional units, anticipated to include
26 approximately 23 units at Plaza and 11 units at Arete, at less than
27 market rate rents for employees of the City, and possibly other public,
28 non-profit entities in Kirkland, such as the Lake Washington School
29 District and the Lake Washington Institute of Technology, for a period
30 of at least twelve years; and

31
32 WHEREAS, the 22 MFTE rental units at Plaza are separate and
33 distinct from the up to 34 master lease agreements units at Plaza and
34 Arete; and

35
36 WHEREAS, the City believes the ability, through the master lease
37 agreements, to offer units in addition to the MFTE units at Plaza at less
38 than market rate rents to City or other public sector employees will
39 create substantial, additional public benefits by making it more
40 affordable for City employees to live near where they work, making it
41 easier for the City to recruit and retain excellent employees and to
42 provide for quicker employee response times during events such as

snow storms or emergencies where special city resources are needed, and potentially providing similar benefits to other public sector employers and employees; and

WHEREAS, the City will be able to discount rent payments of its City employees, and potentially other public sector employees, living at Plaza and Arete pursuant to the master lease agreements through the payment by KSI to the City of an annual amount equal to sixty-five percent (65%) of the property tax savings realized through its participation in the MFTE program at Plaza for a period of at least twelve years, estimated to be approximately \$100,000 in first year dollars; and

WHEREAS, in consideration for the substantial, additional public benefits associated with the additional units provided for public employee housing under the master lease agreements, in addition to the City's share of the property tax savings realized at Plaza through the MFTE program, it is in the public interest to amend KMC 5.88 to revise two of the City's MFTE requirements that exceed the requirements of the state MFTE statute and that would otherwise apply to the Plaza project: (1) to remove the requirement that the Plaza MFTE units remain available on an affordable basis for the "life of the project" in favor of a requirement that such units remain affordable for at least as long as the multifamily housing property tax exemption period applicable to the project; (2) to revise the requirement that at least ten percent (10%) of the MFTE units be reserved for occupancy to households at or below fifty percent (50%) of the King County median household income, adjusted for household size, in favor of a requirement that at least twenty percent (20%) of the MFTE units be reserved for occupancy to households at or below eighty percent (80%) of the King County median household income, adjusted for household size.

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

Section 1. Kirkland Municipal Code Section 5.88.020 is amended to read as follows:

5.88.020 Definitions.

(a) "Affordable" means:

(1) For an owner-occupied dwelling unit, housing reserved for occupancy by eligible households and affordable to households whose household annual income does not exceed the following percentages of the King County median household income, adjusted for household size, as determined by the United States Department of Housing and Urban Development (HUD), and where no more than thirty percent of the monthly household income is paid for monthly housing expenses (mortgage and mortgage insurance, property taxes, property insurance and homeowner's dues):

(A) Eighty percent in zoning districts where additional building height is allowed in exchange for the creation of affordable housing units; or

(B) One hundred percent in zoning districts where additional dwelling units are allowed in exchange for the creation of affordable housing units.

97 (2) Except as otherwise provided for in Section 5.88.090(b)(4), for
 98 ~~For~~ a renter-occupied dwelling unit, housing reserved for occupancy by
 99 eligible households and affordable to households whose household
 100 annual income does not exceed fifty percent of the King County median
 101 household income, adjusted for household size, as determined by HUD,
 102 and where no more than thirty percent of the monthly household income
 103 is paid for monthly housing expenses (rent and an appropriate utility
 104 allowance).

105 (3) For rental units for senior citizen households and assisted
 106 living units, housing reserved for occupancy by eligible households and
 107 affordable to households whose household annual income does not
 108 exceed fifty percent of the King County median household income,
 109 adjusted for household size, as determined by HUD, and where no more
 110 than sixty percent of the monthly household income is paid for monthly
 111 housing and service expenses (including rent and an appropriate utility
 112 allowance, and services such as prepared daily meals, regular
 113 housekeeping for living units, transportation, personal care, and
 114 supportive health services). The actual percentage of monthly
 115 household income allowed shall be determined by city staff on a case-
 116 by-case basis following an analysis of the extent of services provided in
 117 the rental contract. The amount shall not be less than thirty percent nor
 118 greater than sixty percent. Assisted living facilities may satisfy this
 119 requirement if they accept Medicaid payments as payment in full for
 120 assisted living units. In no case shall an entrance, community or other
 121 buy-in fee be charged as a condition of renting an affordable unit.

122 In the event that HUD no longer publishes median income figures
 123 for King County, the city may use or determine such other method as it
 124 may choose to determine the King County median income, adjusted for
 125 household size.

126 (b) "Assessor" means the King County assessor.

127 (c) "Assisted living facility" means a state-licensed multi-unit
 128 establishment which provides living quarters and a variety of limited
 129 personal care and at least a minimal amount of supportive health care
 130 to individuals who are unable to live independently due to infirmity of
 131 age, physical or mental handicap, but who do not need the skilled
 132 nursing care of a convalescent center or nursing home. Supportive
 133 health care may include health care monitoring, such as assistance with
 134 medication, but is limited to health care services which may be provided
 135 by a boarding home licensed under Chapter [18.20](#) RCW. These facilities
 136 may consist of individual dwelling units with a full kitchen, partial kitchen
 137 or no kitchen. In addition, these facilities may have a communal dining
 138 area, recreational facilities (library, lounge, game room, open space),
 139 and/or laundry facilities. Assisted living facilities do not include adult
 140 family homes, as defined in Chapter [70.128](#) RCW.

141 (d) "Assisted living unit" means a living unit in an assisted living
 142 facility in which a resident receives medical or health care services. A
 143 bedroom is the equivalent of a unit for the purpose of calculating the
 144 number of assisted living units.

145 (e) "Director" means the director of the city's planning and
 146 building department, or any other city office, department or agency that
 147 shall succeed to its functions with respect to this chapter, or his or her
 148 authorized designee.

149 (f) "Eligible household" means one or more adults and their
 150 dependents who, as set forth in the regulatory agreement referenced in

Section [5.88.040](#)(7), certify that their household annual income does not exceed the applicable percent of the median household income for King County, adjusted for household size, as determined by the United States Department of Housing and Urban Development (HUD); and who certify that they meet all qualifications for eligibility, including, if applicable, any requirements for recertification on income eligibility.

(g) "Household annual income" means the aggregate annual income of all persons over eighteen years of age residing within the same household for a period of at least four months.

(h) "Multifamily housing" means a building or townhouse project having four or more dwelling units designed for permanent residential occupancy resulting from new construction or rehabilitation or conversion of vacant, underutilized, or substandard buildings.

(i) "Owner" means the property owner of record.

(j) "Permanent residential occupancy" means multifamily housing that provides either rental or owner occupancy for a period of at least one month, and excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.

(k) "Rehabilitation improvements" means:

(1) Modifications to an existing structure, the residential portion of which has been vacant for at least twelve months prior to application for exemption under this chapter, that are made to achieve a condition of substantial compliance with the applicable building and construction codes contained in Title [21](#); or

(2) Modifications to an existing occupied residential structure, or mixed use structure that contains occupied residential units, that add at least four multifamily dwelling units.

(l) "Rental units for senior citizen households" means dwelling units qualifying for the "Housing for Older Persons" exemption under the Fair Housing Act.

(m) "Residential targeted area" means an area within an urban center as defined by Chapter [84.14](#) RCW and the city that has been so designated by the city council pursuant to this chapter.

(n) "Substantial compliance" means compliance with the applicable building and construction codes contained in Title [21](#) that is typically required for rehabilitation as opposed to new construction.

Section 2. Kirkland Municipal Code Section 5.88.040 is amended to read as follows:

5.88.040 Project eligibility.

To be eligible for exemption from property taxation under this chapter, the property shall satisfy all of the following requirements:

(1) The property must be located in a residential targeted area.

(2) The project must be multifamily housing consisting of at least four dwelling units within a residential structure or as part of a mixed use development, in which at least fifty percent of the space within such residential structure or mixed use development is intended for permanent residential occupancy.

(3) For new construction, a minimum of four new dwelling units must be created; for rehabilitation or conversion of existing occupied structures, a minimum of four additional dwelling units must be added.

(4) Existing dwelling units proposed for rehabilitation shall have been unoccupied for a minimum of twelve months prior to submission

of an application and shall fail to comply with one or more requirements of the building code as set forth in Title 21 of this code.

(5) No application may result in the net loss of existing affordable housing which receives housing assistance through federal low or moderate income housing programs (e.g., HUD Section 8 program).

(6) Affordable housing shall be provided in the project as described in Section 5.88.090.

(7) Prior to issuing a certificate of occupancy, an agreement in a form acceptable to the city attorney that addresses price restrictions, eligible household qualifications, long-term affordability, and any other applicable topics of the affordable housing units shall be recorded with the King County recorder's office. This agreement shall be a covenant running with the land and shall be binding on the assigns, heirs and successors of the applicant. Housing units identified for households with household annual income restrictions that are provided under this section shall continue to be made available to households with the identified household annual income restrictions for a minimum of fifty years from the date of initial owner occupancy for ownership affordable housing units and for the life of the project for rental affordable housing units; provided, however, that the requirement that such units continue to be made available to households with the identified household annual income restrictions for the life of the project for rental affordable housing units shall not apply when such units remain affordable for at least as long as the multifamily housing property tax exemption period applicable to the project and the city council has determined the project confers additional, substantial public benefits in the form of additional rental housing units made available for city or other public entity employees in the city at discounted, below-market rates.

(8) The mix and configuration of housing units (e.g., studio, one-bedroom, two-bedroom, etc.) used to meet the requirement for affordable units under Section 5.88.090 shall be substantially proportional to the mix and configuration of the total housing units in the project.

(9) For owner-occupied projects, the contract with the city required under Section 5.88.060 shall identify those units that shall be eligible per Section 5.88.090.

(10) The project shall comply with all applicable zoning requirements, land use regulations, and building and housing code requirements contained in Titles 21 and 23 of this code.

(11) New construction of multifamily housing and rehabilitation improvements must be scheduled to be completed within three years from the date of approval of the application, or within an authorized extension of this time limit.

Section 3. Kirkland Municipal Code Section 5.88.090 is amended to read as follows:

5.88.090 Exemption—Duration—Affordability requirements—Limits.

(a) The value of all new housing construction in the YBD 1 zoning district shall be exempt from ad valorem property taxation for eight years if not less than twenty percent nor more than fifty percent of the residential units in the zoning district are affordable, as defined in subsection (a)(1) of this section. For owner-occupied projects, the

exemption shall apply only to those units that are affordable. For renter-occupied projects, a minimum of ten percent of the total residential units shall be affordable at a maximum of fifty percent of the King County median household income. For renter-occupied projects, the exemption shall extend to twelve years if at least twenty-five percent of the residential units in the zoning district are affordable, with no less than fifteen percent of the residential units affordable at a maximum of fifty percent of the King County median household income. The following standards apply to exemptions in this zoning district:

(1) "Affordable" means housing reserved for occupancy by eligible households and affordable to households whose household annual income meets the following percentages of the King County median household income, adjusted for household size, as determined by the United States Department of Housing and Urban Development (HUD), and no more than thirty percent of monthly household income is paid for monthly housing expenses:

(A) For renter-occupied dwelling units, not more than seventy percent; and

(B) For owner-occupied dwelling units, not more than eighty percent, or that have such other comparable level of affordability as provided for in KZC [56.10](#). In the event that HUD no longer publishes median income figures for King County, the city may use another method to determine the King County median income, adjusted for household size.

(2) "Monthly housing expenses" includes rent and an appropriate utility allowance for renter-occupied dwelling units. It includes mortgage, mortgage insurance, property taxes, property insurance and homeowners' dues for owner-occupied dwelling units.

(3) If the percentage of affordable units in the project required is a fraction, then the number of required affordable units shall be rounded up to the next whole number (unit) if the fraction of the whole number is at least 0.66.

(4) The residential units may be developed in phases and, subject to the approval of the director, the affordable units may all be located in one of the phases. If phasing is approved, the director may allow separate contracts for each phase.

(5) The exemption begins January 1st of the year immediately following the calendar year of issuance of the certificate.

(b) In all zoning districts except YBD 1, the value of new housing construction and rehabilitation improvements qualifying under this chapter shall be exempt from ad valorem property taxation for:

(1) Eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate for rental projects where at least ten percent of the units are affordable as defined in Section [5.88.020\(a\)](#), or have such other comparable level of affordability as provided for in the city's affordable housing incentive program, as regulated through Chapter [112KZC](#). Projects where affordable units are provided through a payment to the city in lieu of construction, as allowed in Chapter [112KZC](#), are eligible to apply for an exemption. If the percentage of affordable units in the project required is a fraction, then the number of required affordable units shall be rounded up to the next whole number (unit) if the fraction of the whole number is at least 0.66. To the extent allowed by Chapter [84.14](#) RCW, the city may grant a partial exemption in zoning districts where

additional building height is allowed instead of a density bonus in exchange for the creation of affordable housing units. In making its decision on the amount of the partial exemption, the city will consider the value of the height increase allowed and any fee waivers.

(2) Eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate for rental projects not subject to the affordable housing requirements of the Kirkland Zoning Code where at least ten percent of the units are affordable to households whose household annual income does not exceed eighty percent of the King County median household income, adjusted for household size, as determined by HUD, and no more than thirty percent of the monthly household income is paid for monthly housing expenses (rent and an appropriate utility allowance). In the event that HUD no longer publishes median income figures for King County, the city may use or determine such other method as it may choose to determine the King County median income, adjusted for household size. If the percentage of affordable units in the project required is a fraction, then the number of required affordable units shall be rounded up to the next whole number (unit) if the fraction of the whole number is at least 0.66. To the extent allowed by Chapter [84.14](#) RCW, the city may grant a partial exemption if a lesser amount of affordability is provided. The amount of the partial exemption shall be proportional to the amount of affordability provided relative to that required for a full exemption. (For example, if a project includes five percent of the units affordable at fifty percent of median income, the property will receive an exemption on fifty percent of the residential portion of the project.)

(3) Eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate for owner-occupied projects. The property tax exemption shall apply only to those units that are affordable as defined in Section [5.88.020\(a\)](#) or that have such other comparable level of affordability as provided for in the city's affordable housing incentive program, as regulated through Chapter [112](#) KZC.

(4) Twelve successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate for rental projects where at least ten percent of the units are affordable as defined in Section [5.88.020\(a\)](#) and at least an additional ten percent of the units are affordable to households whose household annual income does not exceed eighty percent of the King County median household income, adjusted for household size, as determined by HUD, and no more than thirty percent of the monthly household income is paid for monthly housing expenses (rent and an appropriate utility allowance); provided, however, that rental projects determined by the city council to confer additional, substantial public benefits in the form of additional housing units for city or other public entity employees in the city at discounted, below-market rates shall meet the requirements of this subsection so long as at least twenty percent of the units are affordable to households whose annual household income does not exceed eighty percent of the King County median household income, adjusted for household size. In the event that HUD no longer publishes median income figures for King County, the city may use or determine such other method as it may choose to determine the King County median income, adjusted for household size. Projects where affordable units are

provided through a payment to the city in lieu of construction, as allowed in Chapter [112](#) KZC, are eligible to apply for an exemption. If the percentage of affordable units in the project required is a fraction, then the number of required affordable units shall be rounded up to the next whole number (unit) if the fraction of the whole number is at least 0.66. To the extent allowed by Chapter [84.14](#) RCW, the city may grant a partial exemption in zoning districts where additional building height is allowed instead of a density bonus in exchange for the creation of affordable housing units. In making its decision on the amount of the partial exemption, the city will consider the value of the height increase allowed and any fee waivers.

(5) Twelve successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate for owner-occupied projects where at least ten percent of the units are affordable as defined in Section [5.88.020](#)(a) and at least an additional ten percent of the units are affordable to households whose household annual income is no greater than thirty percentage points higher than the applicable King County median household income defined in Section [5.88.020](#)(a), adjusted for household size, as determined by HUD, and no more than thirty percent of the monthly household income is paid for monthly housing expenses. In the event that HUD no longer publishes median income figures for King County, the city may use or determine such other method as it may choose to determine the King County median income, adjusted for household size. If the percentage of affordable units in the project required is a fraction, then the number of required affordable units shall be rounded up to the next whole number (unit) if the fraction of the whole number is at least 0.66. The property tax exemption shall apply only to those units that are affordable as defined in Section [5.88.020](#)(a) or this subsection.

(c) The exemption does not apply to the value of land or to the value of improvements not qualifying under this chapter, to increases in assessed valuation of land and nonqualifying improvements, or to increases made by lawful order of the King County board of equalization, Washington State Department of Revenue, State Board of Tax Appeals, or King County, to a class of property throughout the county or a specific area of the county to achieve uniformity of assessment or appraisal as required by law. In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to submission of the completed application required under this chapter.

Section 4. 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 5. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication pursuant to Section 1.08.017, Kirkland Municipal Code in the summary form attached to the original of this ordinance and by this reference approved by the City Council.

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

420 Signed in authentication thereof this _____ day of
421 _____, 2019.

Penny Sweet, Mayor

Attest:

Kathi Anderson, City Clerk

Approved as to Form:

Kevin Raymond, City Attorney



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: June Carlson, Transportation Strategic Advisor
Joel Pfundt, Transportation Division Manager
Kathy Brown, Public Works Director

Date: July 23, 2019

Subject: I-405/NE 85TH STREET INLINE BUS RAPID TRANSIT STATION AND
INTERCHANGE LETTER OF SUPPORT AND ALTERNATIVES UPDATE

RECOMMENDATION:

City Council approves a letter reflecting the Council's comments from its July 16 Study Session expressing support for moving the I-405/NE 85th Street BRT project components into the conceptual engineering and environmental review phase of the project and receives an update on alternatives being discussed with Sound Transit for transit and pedestrian bicycle connections linking Downtown Kirkland to the inline station.

BACKGROUND AND DISCUSSION:

During the Study Session, the Sound Transit and WSDOT team began its presentation by providing an update and overview of the I-405 Bus Rapid Transit (BRT) project, now branded as "Stride." The team then provided a brief look back at the design development for the I-405/NE 85th Street Inline Station and Interchange project. They provided a detailed look at NE 85th Street traffic operations near the interchange, as well as a more general discussion of roundabout operations including a few examples from other urban locations around the State. The results of the latest round of community outreach for the project, which took place during May and June of 2019, were summarized. There was a discussion about additional nonmotorized access opportunities surrounding the Station that are being reviewed as part of the conceptual engineering and environmental review, but it was noted that access opportunities are not currently funded as part of the project. The presentation concluded with a discussion of next steps and a project timeline, which currently shows construction beginning in late 2021 and BRT operations starting in 2024.

The Council expressed its continued support of the project. The Council also supported the following elements:

1. Interchange featuring three levels:
 - a. Level 1 (the lowest level) being dedicated to NE 85th Street through traffic and access to and from the I-405 general purpose lanes.

- b. Level 2 (the mid-level) is designed for east/west access through the interchange for nonmotorized users and local bus service traveling on the NE 85th St corridor. Level 2 also provides access to and from the I-405 Express Toll Lanes (ETLs) for transit, high occupancy vehicles, and ETL users. This is also the level where people using transit will transfer between transit on I-405 to local transit on NE 85th Street.
 - c. Level 3 (the upper level) is for the I-405 mainline, consisting of three general purpose lanes and one express toll lane in each direction (eight lanes total).
2. Roundabout design concept at NE 85th Street and 114th Avenue NE

Council acknowledged and appreciated how the interchange design concept creates a valuable new access point to the region's high capacity transit network, improving mobility and access for people traveling between Kirkland, surrounding communities, and the greater region. Yet, Council noted that the lack of a park-and-ride at this BRT station increases the need to create better multimodal connections to the surrounding community to increase the effectiveness of the station for serving the community and attracting ridership. To take better advantage of the opportunities presented by the Station, the Council requested that Sound Transit and WSDOT include the following elements in the conceptual engineering and environmental review phase for future implementation as part of the project:

- **NE 85th Street transit connection between the I-405 Inline BRT Station and 6th Street.** The Council expressed strong support for the I-405 BRT project to include a dedicated transit connection that would address the first-mile/last-mile issues that exist because of the proximity of the new BRT station to the mixed-use density in downtown Kirkland. There is over a half-mile gap and a 200 foot elevation change between the I-405 Inline BRT Station and 6th Street, which is the east edge of the Kirkland Urban development and downtown Kirkland. Downtown Kirkland has a mix of employment, housing, and retail that continues to grow, as well as an active transit center with connections to many other destinations on the Eastside. This request is also consistent with what was included in the I-405 Bus Rapid Transit Project Description that is the basis of the ST3 System Plan approved by voters in November 2016.
- **Nonmotorized access connections to surrounding neighborhoods.** The Sound Transit Board of Directors made multimodal system access a priority in ST3, and it identified funding in each project to address nonmotorized access needs including the I-405 BRT project. To date, the pedestrian/bicycle connections indicated in each of the four quadrants are to be included in the environmental process but not funded in the base project. The Council strongly encouraged Sound Transit to identify ways to fund this valuable nonmotorized access improvements as part of the final project scope.
- **The drop-off/pick-up area in the NW quadrant.** This concept is also currently included in the environmental process but not funded in the base interchange project. The Council strongly encouraged Sound Transit to identify ways to fund this project element.
- **Take advantage of the excess land within the WSDOT right-of-way.** While the new interchange has a slimmer footprint than the existing cloverleaf interchange, there

is no mention of the potential for increasing the level of development on the land surrounding the Station. The Council requested that the environmental process and conceptual engineering continue to look for ways to use that land to maximize the amount and proximity of transit-oriented development to the new BRT station.

- **Third Eastbound Travel Lane.** In addition to the station access and ridership elements listed above, there is one critical design feature that is currently not included within the scope of the project. The traffic modeling for the roundabout, as well as the performance of the entire interchange, depends on adding a third eastbound travel lane on NE 85th Street between NE 120th Street and NE 122nd Street. It is our understanding from team briefings that this new travel lane is assumed to be complete in the traffic analysis for the project, but is not currently funded in the base project, nor is it currently planned to be included in the environmental review. For an appropriate and transparent environmental review, and for a reasonable and successful planning and design process, the City believes this lane needs to be funded as part of the project.

To facilitate the Council's discussion and possible amendments, staff has numbered the lines of the draft letter for ease of reference.

Transitway/Ped/Bike Alternatives Discussions with Sound Transit

Since the Council study session, Deputy Mayor Arnold, the City Manager and the Public Works Director met on July 29th with Sound Transit CEO Peter Rogoff and his senior BRT project staff. The purpose of the meeting was to exchange perspectives and interests regarding the Transitway and ped/bike connections to the BRT station. No final agreement was reached but the discussion was positive and Sound Transit staff and Kirkland staff were authorized to work together to develop potential new options that could meet the interests of both parties. The goal is to have options to present to the Council at the August 7 Council meeting. It is also possible that modifications to the letter may be proposed at the August 7 meeting based on the staff team discussions.

Note: Options for Transit Oriented Development at the Kingsgate Park and Ride will also be discussed by the staff teams at these meetings. An update on the Kingsgate TOD might be included in the Council presentation if there is enough progress and clarity on the topic.

NEXT STEPS:

If the Council approves or amends and approves the attached draft letter of support, staff will provide the approved letter to Sound Transit. The City, Sound Transit, and WSDOT will continue to brief City Council periodically throughout the development and implementation of the project.

Attachment A: Draft Letter of Support

**DRAFT**

August 7, 2019

Mr. Peter Rogoff, Chief Executive Officer
Sound Transit
Union Station
401 South Jackson Street
Seattle, WA 98104

Subject: Letter of Support—I-405/NE 85th Street BRT Inline Station and Interchange

Dear Mr. Rogoff:

On behalf of the City of Kirkland, I am writing to express the City's support for Sound Transit's efforts to bring Bus Rapid Transit (BRT) to our community and the entire I-405 corridor. BRT is a financially responsible approach to help serve our community's access and mobility needs. The integration of BRT into the I-405 corridor and the inline station at NE 85th St are important components of the voter approved ST3 System Plan. It is of critical importance that we provide multimodal access to the NE 85th Street BRT inline station from the surrounding community so that we can maximize the attractiveness of BRT as a travel option and therefore maximize ridership.

The City of Kirkland strongly supports the innovative I-405/NE 85th Street Inline BRT Station and Interchange design, and we encourage Sound Transit to advance key project components into the conceptual engineering and environmental review phase of the project. Based on briefings from Sound Transit staff, the City of Kirkland understands some elements we have discussed will certainly be in the environmental review, and some elements are still being considered for inclusion in the environmental review process. The City of Kirkland is advocating for inclusion of all elements that we believe are critical to the success of the new BRT facility.

Our understanding is that the following elements project components will be in the environmental review:

- The three-level interchange with inline BRT station, direct access ramps to the I-405 express toll lanes (ETLs), and local roadway improvements.
- The NE 85th Street and 114th Avenue NE roundabout. This project element elicited significant questions and concerns during community outreach in 2018. Since then your staff, in coordination with WSDOT staff, have done a significant amount of analysis and engineering to further refine and justify using a roundabout at this location. While we now agree that the roundabout is the practical design solution that best serves all the travel modes using this intersection, we will continue to monitor the ongoing design and environmental process to ensure that it will provide adequate vehicular capacity and provide safety for all users. Please note that the performance of this roundabout, and the entire interchange, is dependent on a third eastbound travel lane on NE 85th Street between 120th Avenue NE and 122nd Avenue NE, which is not in the current scope, nor is it included in the environmental review.

This project is critical to connecting Kirkland with other cities and destinations in the region. While other BRT stations will have imposing park and ride structures, the City will rely on increased transit oriented development (TOD), transit connectivity and enhanced infrastructure

for bicycle and pedestrian access to provide a practical means for riders to use the I-405/NE 85th Street BRT Inline Station. For this approach to work, Sound Transit must include the following project elements in the conceptual engineering and environmental review phase and implement them as part of the I-405 BRT project:

- **NE 85th St transit connection between the I-405 Inline BRT Station and 6th St.** The I-405 BRT project must include a dedicated transit connection that addresses the first-mile/last-mile issue that exists because of the proximity of the new BRT station to the expanding mixed-use density in downtown Kirkland. This element was explicitly included in the ST3 System Plan approved by voters in November 2016.
- **Nonmotorized access connections to surrounding neighborhoods.** The Sound Transit Board of Directors made multimodal system access a priority in ST3, and identified funding in each project to address non-motorized (bicycle/pedestrian) access. To date, the pedestrian/bicycle connections indicated in each of the four quadrants are to be included in the environmental process but are not funded in the base project. Sound Transit should fund these crucial nonmotorized access improvements as part of the final project scope.
- **The drop-off/pick-up area in the NW quadrant.** This concept is also currently included in the environmental process but not funded in the base interchange project. This element is a critical first/last mile solution, particularly given the lack of parking near the station. The City of Kirkland feels strongly that this element should be included as a funded base element of the project.
- **Take advantage of the excess land within the WSDOT right-of-way.** While the new interchange has a slimmer footprint than the existing cloverleaf interchange, there is no mention of the potential to increase the level of development on this land. The environmental process and conceptual engineering should look for ways to use this land to maximize the amount and proximity of TOD to the new BRT station.

In addition to the station access and ridership elements listed above, there is one critical design feature that is currently not included within the scope of the project. As mentioned above, the traffic modeling for the roundabout, as well as the performance of the entire interchange, depends on adding a third eastbound travel lane on NE 85th Street between NE 120th Street and NE 122nd Street. It is our understanding from team briefings that this new travel lane is assumed to be complete in the traffic analysis for the project, but is not currently funded in the base project, nor is it currently planned to be included in the environmental review. For an appropriate and transparent environmental review, and for a reasonable and successful planning and design process, this lane needs to be funded as part of the project.

Kirkland City Council and staff appreciate and commend your continued efforts to work collaboratively with the City to find mutually agreeable solutions to these issues. We support and will assist in the timely and fiscally-responsible delivery of the ST3 program.

Sincerely,

Penny Sweet
Mayor, City of Kirkland

c.c.: Secretary of Transportation Roger Millar, WSDOT
The Honorable Claudia Balducci, King County Council
The Honorable David Baker, Mayor, City of Kenmore
The Honorable John Marchione, Mayor, City of Redmond





CITY OF KIRKLAND
Department of Public Works
123 Fifth Avenue, Kirkland, WA 98033 425.587.3800
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Kathy Brown, Public Works Director
Ray Steiger, P.E., Public Works Superintendent
Josh Pantzke, Utility Manager

Date: July 25, 2019

Subject: WATER SYSTEM PLAN EXTENSION REQUEST AND MODEL UPDATE

RECOMMENDATION:

City Council authorizes staff to request the State to extend the due date for an update of the City's Water System Plan update by two years, from 2021 to 2023 and receives an overview of the staff plan to address certain priority elements of the Plan.

BACKGROUND DISCUSSION:

System Plan Update Extension

Under recently amended legislation, the Washington State Department of Health's Office of Drinking Water (DOH) allows a water purveyor the option to delay a regular update of its Water System Plans (WSP, a.k.a. Comprehensive Water System Plan, Comprehensive Water Plan, Water Comp Plan) if it applies for an extension of up to four years. If granted, such an extension defers a plan's update from every six years, which was the previous requirement, to every ten years, provided the purveyor's Plan meets specific requirements. DOH recognizes the financial and staff impacts of preparing full WSP updates every six years, as well as recognizing its own ability to review and comment on the many plans in the State. The longer time frames are intended to reduce agency impacts while at the same time still ensuring coordination among agencies.

Kirkland's WSP currently is required to be fully updated by June 2021, were a DOH extension not requested and granted. A letter to Kirkland's regional DOH representative documenting how Kirkland's WSP meets the requirements will suffice for DOH to extend Kirkland's WSP. However, Kirkland staff recommends requesting only a two-year extension, not the full four-year extension that is allowed by DOH, for the reasons outlined below.

Alignment with Cascade Water Alliance

First, the Cascade Water Alliance (Cascade) recently extended its planning document, *Water Transmission and Supply Plan*, to 2023. In initial meetings with DOH staff to discuss Kirkland's update, DOH suggested that Kirkland match Cascade's timeline for consistency. This will allow

Kirkland to use language directly from Cascade's plan for topics such as water use efficiency and reclaimed water.

Model Update and Related Tasks

Second, in addition to aligning with Cascade's timeframe, the City can make strategic use of the time between now and when the updated plan will be due in 2023 to address high-priority water system issues. Addressing those issues will better inform the plan during the update process and assist the City's utility, fire, and planning staff with decision-making in the near term. Below is a list of issues staff proposes to address within the extended timeframe:

- Updating the City's water system hydraulic model;
- Performing seismic analysis on the water system;
- Reviewing 2015 Water System Plan capital project recommendations; and
- Developing a unidirectional flushing program (funded in the 2019 budget).

The hydraulic model update and calibration will incorporate the impacts of all the significant new development and capital improvements that have occurred in the City since 2015 when the model was last updated and calibrated. The calibration will include flow testing of strategic hydrants throughout the system to ensure the computer model is accurate based on actual system flows. This will benefit planning, development, and fire protection.

The seismic analyses will utilize recently-configured geologic mapping data to identify earthquake-vulnerable areas in our water system and suggest recommendations for upgrades, such as seismic design specifications. This will benefit all customers of the water system in the event of an earthquake. Many of Kirkland's neighbors are conducting similar analyses, including the cities of Bellevue and Everett, Seattle Public Utilities, and Tacoma Public Utilities.

The water system CIP review and update will incorporate information gained during modelling, seismic analyses, and consider the impacts of anticipated significant redevelopment and upcoming transportation improvements in and around the City. This will benefit our Capital Improvement Program, development, and planning efforts.

The unidirectional flushing program (funded at \$50,000 in the 2019/2020 budget) will utilize the information gained in the model update and its calibration. The flushing program will provide the most efficient and systematic process by which the City maintains the water system with an eye towards minimizing wasted water and customer impacts (e.g. dirty water, low pressure). It will benefit the system operation and maintenance program as a guiding document increasing our level of service, overall water quality, and consumer confidence.

The estimate for addressing the items discussed above is \$165,000. Utilizing the \$50,000 already budgeted for the flushing program leaves a remaining need of \$115,000. Staff will be bringing a request for the additional funds from water/sewer operating reserves as part of the mid-bi budget update later this fall.

NEXT STEPS:

If the Council agrees with these recommendations, staff will write to DOH to request a two-year extension for updating the City's Water System Plan and will begin implementation of the efforts identified in this staff report using the existing appropriation of \$50,000 in anticipation of Council approval of the remaining funds later this year.



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: George Minassian, P.E., Sr. Project Engineer
Rod Steitzer, P.E., Capital Projects Manager
Kathy Brown, Public Works Director

Date: July 25, 2019

Subject: TOTEM LAKE GATEWAY PROJECT - AWARD CONTRACT

RECOMMENDATION:

City Council approves a motion to:

- Award the construction contract for the Totem Lake Gateway Project (Project), to Marshbank Construction, Inc. of Lake Stevens, WA, in the amount of \$5,344,017.80; and
- Authorize additional project funding of \$845,000 from Transportation Impact Fees and \$845,000 from REET Reserve funds, totaling \$1,690,000 in additional funding.

By taking action on this item as proposed, the City Council is authorizing a construction contract award for the Project and a project budget increase, which increase is needed to award the contract.

BACKGROUND DISCUSSION:

The Totem Lake Gateway Project has many beneficial elements. To fix a years-long problem in the area, it will make road-base structural integrity improvements for and surface rehabilitation of Totem Lake Boulevard (TLB) between NE 124th Street and 120th Avenue NE. Also, it will provide street overlay, non-motorized, pedestrian safety, and streetscape improvements to 120th Avenue NE, Totem Lake Way, and the remainder of TLB up to NE 128th Street (see Attachment A, "Vicinity Map"). These improvements address longstanding needs, and support and harmonize with the many business, residential, and public improvements that are being made by the significant redevelopment of the Totem Lake area.

The Project originated when it was discovered that a retaining wall (gabion wall) on the north edge of TLB was leaning away from the road toward Totem Lake, and further that the soils under TLB were being compromised. These factors have led to deterioration of TLB and necessitated regular repairs over the years. However, those repairs were not addressing the

root cause of the problem. This Project will address the deficiencies, thereby providing a durable solution.

Accordingly, the original scope of this Project primarily was to address the road base structural integrity issues on TLB. Based upon the Council's discussion and decisions, though, the scope of the Project expanded when a knowledgeable consultant encouraged the City to think bigger about the Project because the Transportation Improvement Board (TIB) has a grant program specifically designed to fund infrastructure improvements that support major economic development/redevelopment projects. It was thought that the proximity of the significant redevelopment of what is now called the Village at Totem Lake would make a more comprehensive project—a "gateway" project—a more attractive grant candidate to the TIB, whereas the structural integrity issue on its own was thought unlikely to merit grant funds from the TIB. Ultimately, the TIB awarded the City \$4,830,000 for the Totem Lake Gateway Project that featured the larger scope. At that time, when the Project still was at the conceptual level, the funds available for the Project were the TIB grant and \$820,000 in City funds, for a total of \$5,650,000 for all project costs.

Between then and the finalization of the scope that was just advertised, several additions and modifications to the scope were made, which increased the total projected cost. Staff summarized those items for the Council during its June 18, 2019 Study Session (see staff report [here](#)).

In all, the current Project scope-of-work includes:

1. Replacing the failing rock gabion retaining wall with a steel sheet pile wall;
2. Reconstructing embankment areas on which a portion of TLB is built and bolstering the subgrade support (pavement deterioration in this area largely is attributable to the loss of subgrade support, exacerbated by the failing wall);
3. Widening the sidewalk along TLB on the lake side only from 5 feet to 10 feet as a multi-use, non-motorized facility;
4. Constructing a new 10-foot sidewalk along the east side of NE 120th Street to complement the sidewalk the developer built on the west side, connecting the Village at Totem Lake to (but not including) the intersection of Totem Lake Boulevard and 120th Avenue NE (that intersection is a WSDOT Limited Access Area);
5. Constructing a new 10-foot sidewalk along Totem Lake Way between 120th Avenue NE and Totem Lake Park;
6. Constructing sidewalk along the east side of the triangular island at the northwest corner of the intersection of TLB and NE 124th Street, and constructing a new southbound traffic lane on the east side of the triangular island;
7. Milling and overlaying TLB from NE 124th Street to NE 128th Street (excluding the WSDOT Limited Access Area);
8. Milling and overlaying 120th Avenue NE from TLB to NE 128th Street (excluding both the WSDOT Limited Access Area and the segment recently installed by the Village at Totem Lake);
9. Placing a new 36-inch storm drain pipe under TLB with an outfall structure near the lake (this is being done in coordination with the separate Comfort Inn Pond Stormwater Bypass Project); and
10. Installing new LED pedestrian lighting on TLB in front of Totem Lake, on 120th Avenue NE, and on Totem Lake Way.

When the Project was advertised for bids, the engineer's estimate was \$4,897,000 for construction. During the three-week bidding period, a proposed bidder identified a discrepancy in projected quantities and inquired about it. That caused the City to work with its consulting engineer, issue an addendum, and extend the due date for the bids to July 1. The discrepancy meant that that element of the project—the steel sheet pile wall—would be several hundred thousand more than what had been calculated in the engineer's estimate prepared for bid advertisement.

After the discrepancy in the bid documents was resolved, a new engineer's estimate was recalculated. The new estimate was \$5.464 million for construction. Six bids were received on July 1, 2019, with Marshbank Construction being the lowest responsible bidder. The bid results are as shown in Table 1, below:

Table 1: Bid Results

| Contractor | Total |
|-------------------------------|-----------------------|
| Marshbank Construction | \$5,344,017.80 |
| <i>Engineer's Estimate</i> | <i>\$5,464,498.85</i> |
| Kamins Construction | \$5,861,299.59 |
| Westwater Construction | \$5,987,297.95 |
| Granite Construction | \$6,516,621.41 |
| Road Construction Northwest | \$6,706,646.30 |
| A1-Landscaping | \$6,995,746.24 |

The total anticipated expenses for the Totem Lake Gateway project are as follows:

Table 2: Totem Lake Gateway Project Expenses

| Expense | Amount |
|--|---------------------|
| Engineering, Inspection, Admin, Outreach, Permitting | \$ 1,652,000 |
| Construction | \$ 5,344,018 |
| Contingency (10%) | \$ 533,982 |
| TOTAL | \$ 7,530,000 |

At present, the Totem Lake Gateway project has total funds of:

- The original City funded component of CIP budget at \$820,000;
- A contribution of \$190,000 from the Comfort Inn Storm Bypass project to pay for placing a 36-inch storm drain pipe under TLB with an outfall structure near the lake; and
- The TIB grant of \$4,830,000.

This totals \$5,840,000. Given that projected costs are \$7,530,000, staff is requesting additional funding in the amount of \$1,690,000.

Staff proposes to address this by requesting the use of \$845,000 of Transportation Impact Fees, and also \$845,000 of Real Estate Excise Tax, and shown in the Project Budget Report (see Attachment B) and Table 3, below.

With a budget increase request of \$1,690,000 from Transportation Impact Fees and REET Reserve funds, the total Totem Lake Gateway project budget is \$7,530,000 (Attachment B, "Project Budget Report"), as shown in Table 3 below:

Table 3: Proposed Totem Lake Gateway Project Funding

| Funding Source | Amount |
|--|--------------------|
| City Contribution in the 2019 Adopted CIP (2019-2024) | \$820,000 |
| Contribution from Comfort Inn Project | \$190,000 |
| Requested additional funds (Transportation Impact Fees and REET) | \$1,690,000 |
| TIB Grant | \$4,830,000 |
| Total | \$7,530,000 |

While the scope and budget of this Project have increased for the reasons identified, it is worth noting that these improvements will add to the longevity and performance of the transportation systems in this area, complement the other private and public enhancements that are being made in the Totem Lake area, and that 65% of the total projects costs will be paid by the TIB grant, essentially meaning that every dollar the City invests will be matched by two dollars.

For the reasons identified and based on the bids received, staff recommends both awarding the construction contract and increasing the budget. Were the City Council to approve these actions during its August 7 meeting, staff will begin the pre-construction public outreach process by notifying adjacent property owners with an informational mailer describing the Totem Lake Gateway Project. This information, along with a regularly updated construction schedule, will also be posted on the City's website. Construction notice signs will be installed on higher volume streets leading to project area in advance of the construction, and portable construction notice signs will be placed on adjacent residential streets a few days prior to construction. Door hangers describing the work will also be distributed to all adjacent homes and businesses at least 24 hours prior to construction.

Attachment A: Vicinity Map

Attachment B: Project Budget Report

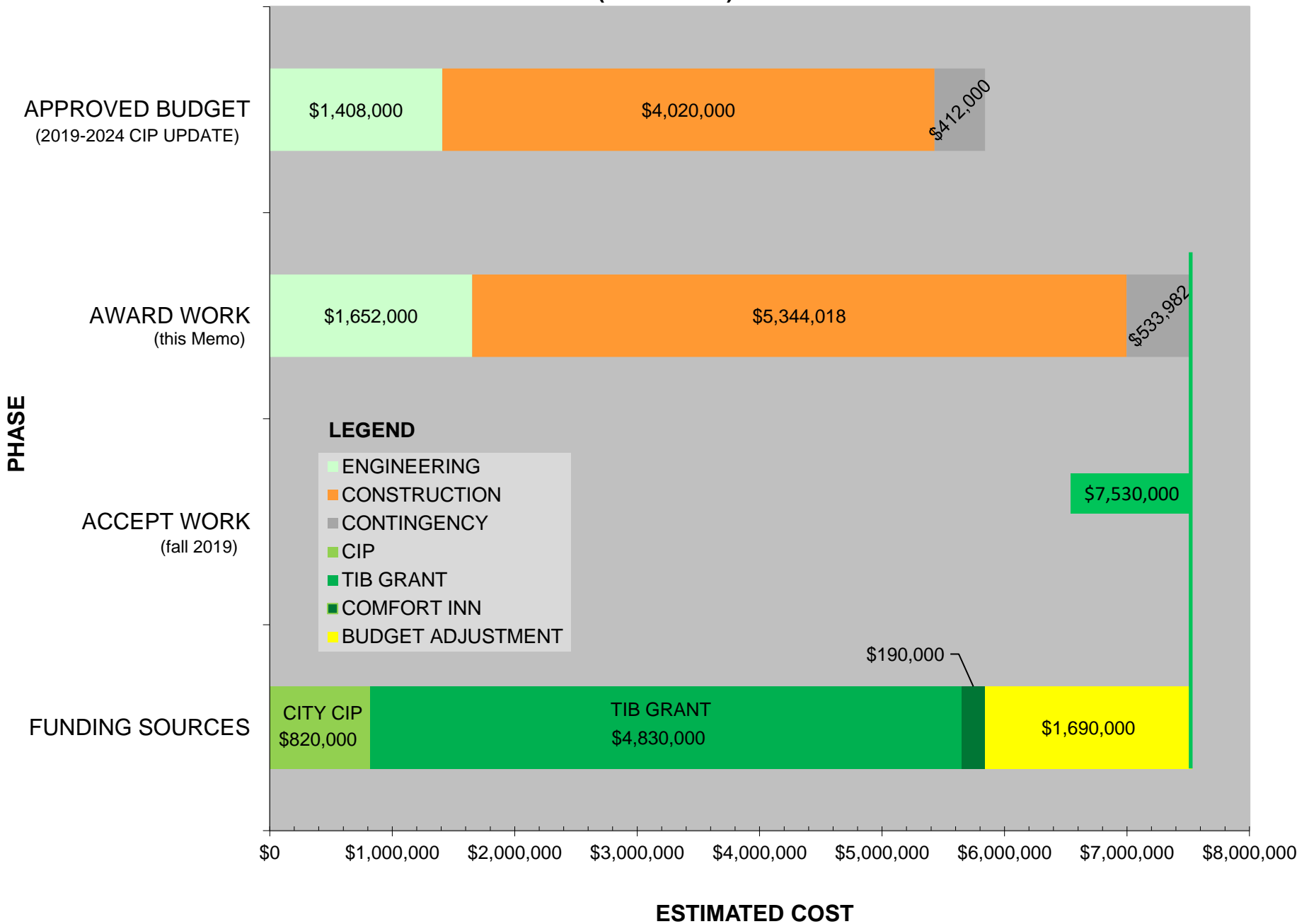
Attachment C: Fiscal Note

Project Location



Project Budget Report
Totem Lake Gateway Project
(STC0060517)

Attachment B



FISCAL NOTE*CITY OF KIRKLAND*

| Source of Request | | | | | | | |
|--|----------------------------|-------------------------|-----------------------------|----------------------------------|------------------------|-----------------------------|----------------|
| Kathy Brown, Director of Public Works | | | | | | | |
| Description of Request | | | | | | | |
| One-time transfer of \$1,690,000 in reserve funding for the Totem Lake Gateway Project (STC0060500) to fully fund the construction phase of the project. The transfer is proposed to be equally split between REET 2 and Transportation Impact Fee reserves. | | | | | | | |
| Legality/City Policy Basis | | | | | | | |
| | | | | | | | |
| Fiscal Impact | | | | | | | |
| One-time transfer of \$845,000 from Transportation Impact Fees and a One-time transfer of \$845,000 from REET 2 reserves - totaling \$1,690,000. These reserves can fully fund this request. | | | | | | | |
| Recommended Funding Source(s) | | | | | | | |
| <i>Reserve</i> | Description | 2020 Est End Balance | Prior Auth. 2019-20 Uses | Prior Auth. 2019-20 Additions | Amount This Request | Revised 2020 End Balance | 2020 Target |
| | Transportation Impact Fees | 2,780,800 | 0 | 32,587 | (845,000) | 1,968,387 | N/A |
| | REET 2 Reserves | 3,966,193 | (465,300) | 3,186 | (845,000) | 2,659,079 | 1,000,000 |
| | | | | | | | |
| <i>Revenue/Exp Savings</i> | | | | | | | |
| <i>Other Source</i> | | | | | | | |
| Other Information | | | | | | | |
| The Totem Lake Gateway Project funding mix includes a Transportation Improvement Board grant award of \$4,830,000. | | | | | | | |

| | | | |
|-------------|--|------|---------------|
| Prepared By | Kyle Butler, Financial Planning Supervisor | Date | July 25, 2019 |
|-------------|--|------|---------------|

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: Aaron McDonald, P.E., Senior Project Engineer
Rod Steitzer, P.E., Capital Projects Manager
Kathy Brown, Public Works Director

Date: July 25, 2019

Subject: ROSE POINT LIFT STATION IMPROVEMENT—AWARD CONTRACT

RECOMMENDATION:

City Council approves a motion to:

- Award the construction contract for the Rose Point Lift Station Improvement Project (Project) to Gary Harper Construction Inc. in the amount of \$2,173,164.81, and
- Authorize a budget increase in the amount of \$882,000 to fully fund the Project as described in the attached Fiscal Note.

City Council is authorizing the award of a public works construction contract for the subject Project and authorizing a project budget increase.

BACKGROUND DISCUSSION:

This Project replaces an aged, high-maintenance sanitary sewer lift station built in the early 1970's with a modern facility that will provide reliable service for an expected life-cycle of forty years. This project was identified as a high priority in the 2010 Comprehensive Sewer System Plan (now known as the General Sewer Plan). The station serves approximately 70 residential properties in the Market Neighborhood. (See Attachment A, Vicinity Map.)

The existing and antiquated system is in a state of fragility and is particularly vulnerable during power outages. There are a limited number of Public Works crewmembers with system knowledge for maintenance, repair, and operation during such outages. On average, there are a half-dozen local electrical outages per year that require immediate crew response with portable power equipment to prevent residential backups or sewer overflows that potentially could adversely impact the environment and surrounding community.

The new lift station will install high-volume pumps, a dedicated automatic power generator, and remote monitoring and system controls, all providing a stable system that a greater number of Public Works crew members can operate and maintain. The new lift station and system will

provide reliable and effective sanitary sewer service to residents and reduce the potential of sewerage overflows that could impact Lake Washington and/or private properties. Replacing the lift station also will reduce operating costs and allow for remote system monitoring and identification of operational issues—a functionality that does not currently exist.

Bid Results

With an engineer's estimate of \$1,834,210.95, the Project was first advertised on May 13, 2019 for a four-week period because of the complexity and number of trades involved. On June 13, two contractor bids were received:

Table 1: Bid Results

| Contractor | Amount |
|-------------------------------|----------------|
| Engineer's Estimate | \$1,834,210.95 |
| Gary Harper Construction Inc. | \$2,173,164.81 |
| Clackamas Construction Inc. | \$2,798,042.31 |

Gary Harper Construction has been verified as the lowest responsible bidder and bidder reference checks were satisfactory.

Budget

As described in the [Pre-Bid Update memo](#), the project was estimated to exceed the current project budget by \$510,000. The low construction bid was \$338,953 above the engineers estimate, and when combined with updated construction management costs, certain City costs, and a 10% construction contingency, potential project expenses could exceed the current project budget by \$881,482 as shown in Table 2 below.

Table 2: Funding vs Anticipated Expenses Total

| Funding | Amount |
|--|--------------------|
| Design/Inspection/Construction Management/Staff/Permitting | \$1,069,400 |
| Construction | \$1,355,500 |
| Contingency (10%) | \$135,100 |
| Total | \$2,560,000 |
| Estimated Costs | |
| Design/Inspection/Construction Management/Staff/Permitting | \$1,051,000 |
| Construction (bid amount rounded) | \$2,173,165 |
| Contingency (10%) | \$217,835 |
| Total | \$3,442,000 |
| Budget Difference (funding – cost estimate) | (\$882,000) |

As shown in Table 2, anticipated soft costs are less than the budgeted amount by \$18,400 (\$1,069,400 - \$1,051,000); however, the anticipated construction expenses are greater than the budgeted amount by \$900,400. Table 3 below identifies construction-related cost increases for the project.

Table 3: Estimated Construction and Soft Cost Changes

| Item | Estimated amount over current budget |
|---|---|
| Surface Water Improvements | (\$120,000) |
| Sewer Lift Station System | (\$256,000) |
| Temporary Ground Water Control (dewatering) | (\$51,400) |
| Construction Shoring for Foundations and Trench Excavations | (\$28,000) |
| Cost Escalation 2018 to present | (\$445,000) |
| Construction Change Total | (\$900,400) |
| Soft Cost Change Total | \$18,400 |
| Budget Difference | (\$882,000) |

The additional storm system work was added during the design phase of the lift station to respond to storm system deficiencies that presented themselves at the time of an adjacent private development project. Since the physical work for the lift station occurs in the same general vicinity as the storm system, it was efficient and timely to add this work to the project.

Major bid-related increases are attributable to the sewer lift station, temporary ground water control (dewatering), and shoring for foundations and trench excavations to facilitate construction. Additionally, there was project cost escalation related to longer than expected delivery between 2018 and the bid time. Some of the time can be accounted for by the permitting process has taken longer than originally anticipated. Because of the extraordinary amount of development activity in the recent past, and lack of resources to accommodate this increase, projects have experienced delays that expose them to cost increases over time. This problem has been mitigated with additional dedicated permit staffing in the 2019-2020 budget to handle the CIP permit workload.

Recommendation

Staff considered alternative options such as re-bidding the project later in the year. However, there is no guarantee that re-bidding will produce better bids. The evaluation included schedule analysis for all improvement projects and staff resources need to deliver those projects. Delay of this project potentially could impact the staff resources dedicated to upcoming construction projects.

With the potential risk of sewerage overflows impacting Lake Washington or private property, the known risk of recurring power failures, and the satisfactory reference checks for the apparent low bidder, staff recommends awarding Gary Harper Construction the contract.

The City's utility rates are established to adequately fund operations, capital improvements for the utility systems, and to establish reserves. The reserves enable the City pay for unforeseen expense, whether in operations or the capital program, including funding budget shortfalls for approved capital projects. Staff is recommending the use of the Water/Sewer Construction Reserve to provide the additional \$882,000.

The 8/7/2019 City Council meeting has multiple fiscal requests involving the Water/Sewer Construction Reserve (1st Street, 6th Street) in addition to this Rose Point Lift Station project. If all three are approved, the net effect will be a (\$398,393) reduction in balance, with a projected Water/Sewer Capital Construction Reserve ending balance of \$10,459,096.

Attachment A: Vicinity Map

Attachment B: Fiscal Note



FISCAL NOTE*CITY OF KIRKLAND*

| Source of Request | | | | | | | |
|---|--|-------------------------|-----------------------------|----------------------------------|------------------------|-----------------------------|----------------|
| Kathy Brown, Director of Public Works | | | | | | | |
| Description of Request | | | | | | | |
| Use of \$882,000 from the W/S Capital Construction Reserve to adjust the project budget to reflect final bid pricing for the Rose Point Lift Station Improvement Project (SSC0730000). | | | | | | | |
| Legality/City Policy Basis | | | | | | | |
| | | | | | | | |
| Fiscal Impact | | | | | | | |
| One-time transfer of \$882,000 from the Sewer Construction Reserve. This reserve can fully fund this request. | | | | | | | |
| Recommended Funding Source(s) | | | | | | | |
| | Description | 2020 Est End Balance | Prior Auth. 2019-20 Uses | Prior Auth. 2019-20 Additions | Amount This Request | Revised 2020 End Balance | 2020 Target |
| Reserve | W/S Capital CN Reserve | 11,100,663 | (305,000) | 61,796 | (882,000) | 9,975,459 | N/A |
| | | | | | | | |
| | | | | | | | |
| Revenue/Exp Savings | | | | | | | |
| Other Source | | | | | | | |
| Other Information | | | | | | | |
| The 8/7/2019 City Council meeting has multiple fiscal requests involving the W/S Capital Construction Reserve (6th St, 1st St, Rose Point). If all three are approved, the net effect will be a (\$398,393) reduction in balance, with a projected W/S Capital Construction Reserve ending balance of \$10,459,096. | | | | | | | |
| Prepared By | Kyle Butler, Financial Planning Supervisor | | | | Date | July 25, 2019 | |