

**Covington: Unmatched quality of life**  
CITY OF COVINGTON  
CITY COUNCIL REGULAR MEETING AGENDA  
[www.covingtonwa.gov](http://www.covingtonwa.gov)



**Tuesday, July 22, 2014**  
**7:00 p.m.**

**City Council Chambers**  
**16720 SE 271<sup>st</sup> Street, Suite 100, Covington**

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*Quorum of Council at 5:30 p.m. for official photographs.*

**CALL CITY COUNCIL REGULAR MEETING TO ORDER**

**ROLL CALL/PLEDGE OF ALLEGIANCE**

**APPROVAL OF AGENDA**

**PUBLIC COMMUNICATION - NONE**

**PUBLIC COMMENT** Speakers will state their name, address, and organization. Comments are directed to the City Council, not the audience or staff. Comments are not intended for conversation or debate and are limited to no more than four minutes per speaker. Speakers may request additional time on a future agenda as time allows.\*

**APPROVE CONSENT AGENDA**

C-1. Vouchers (Hendrickson)

**REPORTS OF COMMISSIONS**

- Human Services Chair Fran McGregor: July 10 meeting.
- Parks & Recreation Chair Steven Pand: July 16 meeting.
- Planning Chair Sean Smith: July 17 meeting; July 5 meeting canceled.
- Arts Chair Sandy Bisordi: July 10 meeting
- **Future Meetings:** Economic Development Council Next Meeting: July 24; June 26 meeting canceled.

**PUBLIC HEARING**

1. Receive Comments on Covington Mixed Use Development Agreement (Hart/Lyons)

**CONTINUED BUSINESS**

2. Approve Amendment to Solid Waste Contract (Vondran)

**NEW BUSINESS**

3. Consider Resolution Approving Multifamily Property Tax Exemptions Agreements (Hart/Lyons)
4. Consider Appointments to Covington Economic Development Council (Council)
5. Discuss Master Builders Association Request for Support of Water District Policy Change (Matheson)

6. Appoint Interim City Manager (Matheson)

**COUNCIL/STAFF COMMENTS** - Future Agenda Topics

**PUBLIC COMMENT** \*See Guidelines on Public Comments above in First Public Comment Section

**EXECUTIVE SESSION** – If Needed

**ADJOURN**

*For disability accommodation contact the City of Covington at 253-480-2400 a minimum of 24 hours in advance. For TDD relay service, dial (800) 833-6384 and ask the operator to dial 253-480-2400.*

**Consent Agenda Item C-1**

Covington City Council Meeting

Date: July 22, 2014

SUBJECT: APPROVAL OF VOUCHERS

RECOMMENDED BY: Rob Hendrickson, Finance Director

ATTACHMENT(S): Vouchers #31257-313156, including ACH Payments in the Amount of \$397,345.62, Dated July 7, 2014 and Paylocity Payroll Checks #1002580559-1002580571 and Paylocity Payroll Checks #1002580853-1002580853 Inclusive, Plus Employee Direct Deposits in the Amount of \$173,024.41, Dated July 3, 2014.

PREPARED BY: Joan Michaud, Senior Deputy City Clerk

EXPLANATION: Not applicable.

ALTERNATIVES: Not applicable.

FISCAL IMPACT: Not applicable.

CITY COUNCIL ACTION: \_\_\_\_\_ Ordinance \_\_\_\_\_ Resolution  X  Motion \_\_\_\_\_ Other

**Councilmember \_\_\_\_\_ moves, Councilmember \_\_\_\_\_ seconds, to approve for payment Vouchers #31257-313156, including ACH Payments in the Amount of \$397,345.62, Dated July 7, 2014 and Paylocity Payroll Checks #1002580559-1002580571 and Paylocity Payroll Checks #1002580853-1002580853 Inclusive, Plus Employee Direct Deposits in the Amount of \$173,024.41, Dated July 3, 2014.**

July 7, 2014

City of Covington

City of Covington

City of Covington  
Voucher/Check Register

Check # 31257 through Check # 31315, including ACH payments

In the Amount of \$397,345.62

We, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the claims are just, due and unpaid obligations against the City of Covington, Washington, County of King, and that we are authorized to authenticate and certify said claims per the attached register.

\_\_\_\_\_  
Cassandra Parker  
Senior Accountant

\_\_\_\_\_  
Mark Lanza  
City Councilmember

\_\_\_\_\_  
Wayne Snoey  
City Councilmember

\_\_\_\_\_  
Marlla Mhoon  
City Councilmember

Council Meeting Date Approved \_\_\_\_\_

# Accounts Payable

## Checks by Date - Detail by Check Date

User: scles  
 Printed: 7/10/2014 3:34 PM



Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
ACH	0546 0546-7	Victoria Throm Throm; King County RAHP meeting, mileage	07/07/2014	28.95
Total for this ACH Check for Vendor 0546:				28.95
ACH	0973 0001751	Public Finance Inc. LID Administration; 3rd Quarter 2014	07/07/2014	121.50
Total for this ACH Check for Vendor 0973:				121.50
ACH	1408 1557 1557 1557	Washington Workwear Stores Inc. Seasonal; hard hat, safety vest, glasses, gloves Seasonal; hard hat, safety vest, glasses, gloves Seasonal; hard hat, safety vest, glasses, gloves	07/07/2014	22.57 11.29 22.57
Total for this ACH Check for Vendor 1408:				56.43
ACH	1622 14-CV06	Law Offices of Thomas R Hargan, PLLC Prosecution services through 6/30/14	07/07/2014	4,548.73
Total for this ACH Check for Vendor 1622:				4,548.73
ACH	1705 TM-141253	Alpine Products, Inc. Covington Days/Summer Concert signs	07/07/2014	577.07
Total for this ACH Check for Vendor 1705:				577.07
ACH	1719 1719-7	Derek Matheson Matheson; AWC conference, mileage/per diem	07/07/2014	328.57
Total for this ACH Check for Vendor 1719:				328.57
ACH	1901 0060780 0060780 0060780	Modern Building Systems, Inc. Maint shop; building lease, 8/1-9/1/14 Maint shop; building lease, 8/1-9/1/14 Maint shop; building lease, 8/1-9/1/14	07/07/2014	284.54 569.06 569.06
Total for this ACH Check for Vendor 1901:				1,422.66
ACH	2105 2105-7	Rachel Bahl Bahl; mileage reimbursement, April	07/07/2014	173.26
Total for this ACH Check for Vendor 2105:				173.26
ACH	2250 C040	SBS Legal Services Legal services; June	07/07/2014	6,972.00
Total for this ACH Check for Vendor 2250:				6,972.00
ACH	2262 869285460426	Voyager Fleet Systems Inc. Vehicle fuel	07/07/2014	1,583.40

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
			Total for this ACH Check for Vendor 2262:	1,583.40
ACH	2461 603660	Tri-Tec Communications, Inc. City hall analog line service	07/07/2014	81.45
			Total for this ACH Check for Vendor 2461:	81.45
ACH	2555 42218988	NuCO2 LLC Aquatics; CO2 for pH control	07/07/2014	121.68
			Total for this ACH Check for Vendor 2555:	121.68
ACH	2654 32766	Canber Corps CCP; maintenance services, June	07/07/2014	4,083.34
			Total for this ACH Check for Vendor 2654:	4,083.34
ACH	2752 7009431-R 7009431-R	SMS Landscaping maintenance; May, final payout Landscaping maintenance; May, final payout	07/07/2014	905.72 1,072.97
			Total for this ACH Check for Vendor 2752:	1,978.69
31257	1265 489859 489859	American Locker Security Aquatics; locker tokens, use tax Aquatics; locker tokens	07/07/2014	-6.80 85.92
			Total for Check Number 31257:	79.12
31258	2033 5933	Aquatic Specialty Services Aquatics; ADA compliant swim lift installations	07/07/2014	14,453.94
			Total for Check Number 31258:	14,453.94
31259	2223 987551	ARC Imaging Resources Plotter/scanner; usage, 5/9-6/9/14	07/07/2014	37.00
			Total for Check Number 31259:	37.00
31260	2159 24232 24232 24232 24232 24232 24232	Archer Construction, Inc. Aquatics; backflow inspections CCP/CAC/Crystal View; backflow inspections Maint shop; backflow inspections Maint shop; backflow inspections Maint shop; backflow inspections SR 516; backflow inspections	07/07/2014	70.00 140.00 7.00 14.00 14.00 35.00
			Total for Check Number 31260:	280.00
31261	2646 B14062406 B14062406	Balloon Specialties Aquatics; Helium, balloons, ribbon Helium, balloons, ribbon	07/07/2014	220.81 220.81
			Total for Check Number 31261:	441.62
31262	0499 0405-7 0405-7 0405-7 0405-7 0405-7	Bank of America Aquatics; laundry detergent Aquatics; party room tablecloths Aquatics; party room tablecloths, use tax Aquatics; fluorescent bulbs Aquatics; fluorescent bulbs, use tax	07/07/2014	43.52 85.65 -6.78 87.49 -6.93

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
	1030-7	Weeding tools, use tax		-5.42
	1030-7	Dead animal disposal		90.00
	1030-7	#3468; spayed in bedliner		438.00
	1030-7	CCP; tape measure for field layout, use tax		-4.18
	1030-7	CCP; tape measure for field layout		52.77
	1030-7	Weeding tools		68.42
	1030-7	Weeding tools, use tax		-1.81
	1030-7	Weeding tools		22.81
	1908-7	Throm; PSFOA lunch meeting		25.00
	1908-7	Credit card machine receipt paper		29.42
	1908-7	Parker/Cles; PSFOA lunch meeting		50.00
	2923-7	CHEW Cube; countertop		305.42
	2923-7	CHEW Cube; caddy		26.61
	2923-7	Volunteer service awards		37.20
	2923-7	Volunteer service awards, use tax		-2.95
	2923-7	Classified ads; seasonal maintenance workers		50.00
	2923-7	CHEW Cube; hanging baskets, use tax		-5.12
	2923-7	CHEW Cube; hanging baskets		64.62
	2923-7	CHEW Cube; divider, use tax		-12.90
	2923-7	CHEW Cube; divider		162.88
	2923-7	CHEW Cube; supplies		98.26
	2923-7	CHEW Cube; wall decor		37.59
	2959-7	Aquatics; bubble machine, paper weights, balloo		74.33
	3331-7	Table skirt clips		40.41
	3331-7	Hart; Chamber luncheon meeting		14.00
	3331-7	Harto; AWC conference, hotel		296.28
	3331-7	Table skirt clips, use tax		-3.20
	3331-7	Hart; Chamber luncheon meeting		6.00
	3544-7	Matheson; AWC conference, parking, hotel		442.44
	6093-7	Allen; Rigging Module seminar tuition		66.00
	6093-7	Lindskov; ITE 2014 annual meeting; registration		270.00
	6093-7	Allen; Rigging Module seminar tuition		66.00
	6093-7	Lindskov; ITE 2014 annual meeting; registration		405.00
	6093-7	Allen; Rigging Module seminar tuition		33.00
	6167-7	Vondran; APWA International conference, airfare		312.53
	6167-7	Vondran; APWA International conference, regist		392.68
	6167-7	Vondran; APWA International conference, airfare		312.54
	6167-7	Vondran; APWA International conference, regist		392.67
	6686-7	Hendrickson; WFOA conference, registration		325.00
	7314-7	11x17 clipboard		20.53
	7314-7	11x17 clipboard, use tax		-1.63
	7314-7	City hall; analog phone		6.49
	7768-7	Giveaways for Covington Days/Kidfest		883.46
	7768-7	Storage unit locks		21.79
	7768-7	Giveaways for Covington Days/Kidfest, use tax		-69.96
	8227-7	Covington Days; booth giveaways		68.22
	8227-7	Covington Days; tablecloths		109.14
	8227-7	Covington Days; tablecloths, use tax		-8.64
	8227-7	Covington Days; balloons		36.24
	8227-7	Covington Days; balloons, use tax		-2.87
	8227-7	Covington Days; balloons, use tax		-2.71
	8227-7	Covington Days; balloons		34.19
	8227-7	New logo/brand balloon decor		19.04
	8227-7	New logo/brand balloon decor, use tax		-1.51
	8227-7	City event business cards		69.22
	8227-7	City event business cards, use tax		-5.48

Total for Check Number 31262:

6,350.77

31263 2368

Best Parking Lot Cleaning Inc.

07/07/2014

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
	131935	MV; street cleaning, June		6,069.01
	131936	Street cleaning; June		3,724.98
Total for Check Number 31263:				9,793.99
31264	2817 2817-7	Shannon Buford Covington Days music; Emily Randolph with Oa	07/07/2014	350.00
Total for Check Number 31264:				350.00
31265	1997 026534	Capital One Commercial Community Workshop; cookies	07/07/2014	15.99
Total for Check Number 31265:				15.99
31266	2270 6317966698B-7	CenturyLink City hall; telephone, 6/13-7/13/14	07/07/2014	52.70
Total for Check Number 31266:				52.70
31267	0366 B14-00XX BL14-075 F14-0033 PW14-022 S14-0011 S14-0012	City of Covington Covington Days; commercial building permit Covington Days; event business permit Covington Days; fire permit Covington Days; right of way permit Community Events; temporary sign permit Community events; temporary sign permit	07/07/2014	276.00 183.00 247.00 179.00 178.00 178.00
Total for Check Number 31267:				1,241.00
31268	2382 2382-7 2382-7-1	Close Call Plumbing Minor housing repairs; #SMIT-01-13 Minor housing repairs; #WOOD-01-13	07/07/2014	216.98 262.32
Total for Check Number 31268:				479.30
31269	2785 62332772	CompuCom Microsoft licenses; 6/1/14-5/31/17	07/07/2014	1,253.91
Total for Check Number 31269:				1,253.91
31270	2118 2118-7	Covington Community Sports, Inc Athletics inventory	07/07/2014	5,000.00
Total for Check Number 31270:				5,000.00
31271	0537 104587-7 105731-7 132670-7	Covington Water District Crystal view; water, 5/17-6/20/14 SR 516; water, 5/17-6/20/14 CCP; water, 5/17-6/20/14	07/07/2014	28.50 54.50 2,357.78
Total for Check Number 31271:				2,440.78
31272	2670 2670-7	Dace's Rock 'n' More Music Covington Days; music	07/07/2014	800.00
Total for Check Number 31272:				800.00
31273	2615 728R	David A. Clark Architects, PLLC Aquatic Center; architectural services, 5/13-6/30	07/07/2014	6,768.63
Total for Check Number 31273:				6,768.63

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
31274	2671 2671-7	Elements NW Events Covington Days; Council Challenge	07/07/2014	400.00
Total for Check Number 31274:				400.00
31275	2658 2014-07-19	Fabulous Face Painting Covington Days; face painting	07/07/2014	700.00
Total for Check Number 31275:				700.00
31276	1996 01465 140615 01465 140615 01465 140615	Facility Maintenance Contractors Maint shop; janitorial service Maint shop; janitorial service Maint shop; janitorial service	07/07/2014	54.80 109.60 109.60
Total for Check Number 31276:				274.00
31277	2686 2686-7	Angela Feser Reimbursement; Covington Days Commissioner	07/07/2014	10.33
Total for Check Number 31277:				10.33
31278	1875 625067	FirstChoice Coffee service	07/07/2014	81.63
Total for Check Number 31278:				81.63
31279	2045 20417	Goodbye Graffiti Seattle Everclean program, July	07/07/2014	431.14
Total for Check Number 31279:				431.14
31280	2553 June14 1123	Gordon Thomas Honeywell Governmental Government Affairs services; June	07/07/2014	1,705.00
Total for Check Number 31280:				1,705.00
31281	0302 13577.00-8 13599.00-8	Gray & Osborne CIP 1057; engineering, 5/25-6/21/14 Timberlane/Jenkins park SW LID/Retro; enginee	07/07/2014	6,718.47 6,673.61
Total for Check Number 31281:				13,392.08
31282	2168 I3667239 I3673848	H.D. Fowler Company, Inc. Frame and grates, jetset complete repair bags Sewer pipe, coupling, straw wattles, wood stakes	07/07/2014	924.64 312.03
Total for Check Number 31282:				1,236.67
31283	2527 37	Harkness Construction, LLC Minor housing repairs; #RICH-01-13	07/07/2014	1,097.29
Total for Check Number 31283:				1,097.29
31284	0677 0677-7	Margaret Harto Harto; AWC conference, mileage reimbursement	07/07/2014	305.23
Total for Check Number 31284:				305.23
31285	0923 68836563	Hewlett-Packard Company HP support services; 6/20-6/30/14	07/07/2014	10.77

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
			Total for Check Number 31285:	10.77
31286	0867	Home Depot Credit Services	07/07/2014	
	0017730	Maint shop; nuts, washers, screws		1.71
	0017730	Maint shop; nuts, washers, screws		3.43
	0017730	Maint shop; nuts, washers, screws		3.42
	0017738	Bolts, washers		1.56
	0017768	Drill bit, bolts		30.22
	1012775	Maint shop; batteries		2.59
	1012775	Maint shop; batteries		2.59
	1012775	Maint shop; batteries		1.30
	1065250	CCP; caution/flagging tape		44.41
	3074250	Bolts		2.74
	3074256	Maint shop; wrench		2.53
	3074256	Maint shop; wrench		5.07
	3074256	Maint shop; wrench		5.07
	3074287	Downtown landscaping; trash can, hoe, pruner		219.18
	3111366	Return; bolt		-0.94
	5562696	Maint shop; shop towels, denatured alcohol		12.14
	5562696	Maint shop; shop towels, denatured alcohol		12.15
	5562696	Maint shop; shop towels, denatured alcohol		6.07
	7011483	Planter tool, repair tool, female adapters		23.99
			Total for Check Number 31286:	379.23
31287	1722	Honey Bucket	07/07/2014	
	1-944599	CCP; portable toilet service, 6/13-7/12/14		258.00
			Total for Check Number 31287:	258.00
31288	0603	International Code Council	07/07/2014	
	INV0439130	'12 IBC commentary set		224.76
			Total for Check Number 31288:	224.76
31289	1701	Johnsons Home & Garden	07/07/2014	
	385921	City hall; bathroom handle assemblies		55.36
	385934	City hall; bathroom closet tailpiece		17.37
	386244	CCP; Drive anchor, drill bits		30.90
	386248	#3468; fire extinguisher		43.42
	386577	Maint shop; titanium drill bits		11.94
	386577	Maint shop; titanium drill bits		23.88
	386577	Maint shop; titanium drill bits		23.88
			Total for Check Number 31289:	206.75
31290	0143	King County Finance	07/07/2014	
	4077939	Maint; sewer treatment, 4/1-6/30/14		19.43
	4077939	Maint; sewer treatment, 4/1-6/30/14		19.43
	4077939	Maint; sewer treatment, 4/1-6/30/14		9.71
			Total for Check Number 31290:	48.57
31291	0204	King County Pet Licensing	07/07/2014	
	0204-7	Pet license remittance; June		800.00
			Total for Check Number 31291:	800.00
31292	0641	King County Sheriff's Office	07/07/2014	
	14-483	Police services; June		281,035.09
	14-483	Sheriffs office; lease, June		-1,879.17

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
			Total for Check Number 31292:	279,155.92
31293	2813	Rachael Leung	07/07/2014	
	2813-7	Leung; Software Symposium, mileage		11.74
	2813-7	Leung; Software Symposium, mileage		11.74
			Total for Check Number 31293:	23.48
31294	2240	LMN Architects	07/07/2014	
	55032	Design review assistance; 5/1-5/31/14		230.00
			Total for Check Number 31294:	230.00
31295	2550	Motorplex Pro-Tow	07/07/2014	
	72729	#3416; oil/lube service		84.88
			Total for Check Number 31295:	84.88
31296	1487	NAPA Auto Parts	07/07/2014	
	714462	#3252; clips		10.71
	714465	#3252; clip		5.96
	716036	Eraser pads with arbor		40.45
	716906	Return; eraser pads with arbor		-40.45
			Total for Check Number 31296:	16.67
31297	0004	Office Depot	07/07/2014	
	1686032637	Labels		42.33
	716904418001	Conway; chairmat		19.71
	716904418001	Throm; marker board		173.04
	716904518001	Office supplies		618.73
	716904519001	Office supplies		11.96
			Total for Check Number 31297:	865.77
31298	2814	Orca Sign Company	07/07/2014	
	2814-7	CCP; park sign deposit		4,615.50
			Total for Check Number 31298:	4,615.50
31299	0818	Pacific Office Automation	07/07/2014	
	41818380	Copier lease; 6/15-7/14/14		122.47
			Total for Check Number 31299:	122.47
31300	1452	Palmer Coking Coal Company	07/07/2014	
	IN035166	Crushed gravel		162.24
	IN035275	Crushed gravel		81.43
			Total for Check Number 31300:	243.67
31301	1407	Parametrix, Inc.	07/07/2014	
	14-81042	Plan review services; 5/4-5/31/14		1,770.70
			Total for Check Number 31301:	1,770.70
31302	2541	PCCFOA	07/07/2014	
	2541-7	Scott; Managing Time/Life, registration		20.00
			Total for Check Number 31302:	20.00
31303	2815	Kathryn Pratt	07/07/2014	

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
	2000235.003	Return; community room damage deposit, 6/14		250.00
			Total for Check Number 31303:	250.00
31304	2514 2514-7	SevenJam, USA Covington Days; sound	07/07/2014	800.00
			Total for Check Number 31304:	800.00
31305	1905 C806237-701 C806237-701 C806978-701 C807307-701	Sharp Electronics Corporation Copier; usage, 5/15-6/15/14 Copier; usage, 5/15-6/15/14 Reception copier; usage, 5/24-6/24/14 Workroom copier; usage, 6/1-7/1/14	07/07/2014	39.99 26.66 11.29 1,276.57
			Total for Check Number 31305:	1,354.51
31306	1774 9948796	Shope Concrete Products Concrete risers	07/07/2014	252.32
			Total for Check Number 31306:	252.32
31307	0736 727864 727864 727864 727864	Sound Security, Inc. Maint shop; secure monitoring, July Maint shop; secure monitoring, July Maint shop; secure monitoring, July Security monitoring; July	07/07/2014	40.80 40.80 20.40 1,003.00
			Total for Check Number 31307:	1,105.00
31308	0281 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7 6355510001-7	Standard Insurance Company Life Insurance Premiums, July Life Insurance Premiums, July	07/07/2014	43.27 147.72 95.06 100.83 86.63 350.81 164.89 502.10 307.44 595.30 183.82 95.02 7.91 575.69 358.05
			Total for Check Number 31308:	3,614.54
31309	2697 2697-7	Storm Productions Covington Days; DJ	07/07/2014	700.00
			Total for Check Number 31309:	700.00
31310	2816 1940R	Studio Cascade, Inc. Comprehensive Plan Periodic Update, services t	07/07/2014	7,125.55
			Total for Check Number 31310:	7,125.55
31311	2103 256100975	US Bancorp Equip Finance Inc. Police; copier lease	07/07/2014	93.40

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
			Total for Check Number 31311:	93.40
31312	0357 0015040	Valley Communications 800 MHz access fee; June	07/07/2014	75.00
			Total for Check Number 31312:	75.00
31313	0046	Verizon Wireless	07/07/2014	
	9727286475	Cellular service/tablet data, 6/21-7/20/14		76.20
	9727286475	Cellular service/tablet data, 6/21-7/20/14		335.93
	9727286475	Cellular service/tablet data, 6/21-7/20/14		172.41
	9727286475	Cellular service, 6/21-7/20/14		29.99
	9727286475	Cellular service, 6/21-7/20/14		67.76
	9727286475	Cellular service, 6/21-7/20/14		28.88
	9727286475	Cellular service, 6/21-7/20/14		216.40
	9727286475	Cellular service, 6/21-7/20/14		126.36
			Total for Check Number 31313:	1,053.93
31314	2652 5001274725	Wells Fargo Financial Leasing Plotter/scanner; lease, 7/10-8/9/14	07/07/2014	227.09
			Total for Check Number 31314:	227.09
31315	1708 754699.2	Western Equipment Distributors, Inc. Blade saddle, shear plates	07/07/2014	67.29
			Total for Check Number 31315:	67.29
			Total for 7/7/2014:	397,345.62
			Report Total (73 checks):	397,345.62

July 3, 2014

City of Covington

Payroll Approval

- Request Council approval for payment of Payroll dated 07/03/14 consisting of:

PAYLOCITY CHECK # 1002580559 through PAYLOCITY CHECK # 1002580571 and  
PAYLOCITY CHECK # 1002580853 through PAYLOCITY CHECK # 1002580853 inclusive,  
plus employee direct deposits

IN THE AMOUNT OF \$173,024.41

WE, THE UNDERSIGNED, DO HEREBY CERTIFY UNDER PENALTY OF PERJURY THAT THE MATERIALS HAVE BEEN FURNISHED, THE SERVICES RENDERED OR THE LABOR PERFORMED AS DESCRIBED HEREIN AND THAT THE CLAIMS ARE JUST, DUE AND UNPAID OBLIGATIONS AGAINST THE CITY OF COVINGTON, WASHINGTON, COUNTY OF KING, AND THAT WE ARE AUTHORIZED TO AUTHENTICATE AND CERTIFY SAID CLAIMS PER THE ATTACHED COUNCIL APPROVAL REPORT.

\_\_\_\_\_  
Rob Hendrickson  
Finance Director

\_\_\_\_\_  
Mark Lanza  
City Councilmember

\_\_\_\_\_  
Wayne Snoey  
City Councilmember

\_\_\_\_\_  
Marlla Mhoon  
City Councilmember

Council Meeting Date Approved: \_\_\_\_\_

**07/03/14 Payroll Voucher**

Payroll Checks for Account Paylocity Account

Check/Voucher	Check Type	Check Date	Employee Id	Employee Name	Net Amount
107671	Regular	7/3/2014	246	Kirshenbaum, Kathleen	500.24
107672	Regular	7/3/2014	243	Lyon, Valerie	1,452.31
107673	Regular	7/3/2014	278	Matheson, Derek M	4,769.65
107674	Regular	7/3/2014	234	Mhoon, Darren S	1,437.30
107675	Regular	7/3/2014	162	Michaud, Joan M	2,109.80
107676	Regular	7/3/2014	123	Scott, Sharon G	2,488.19
107677	Regular	7/3/2014	313	Slate, Karla J	2,352.46
107678	Regular	7/3/2014	275	Hart, Richard	3,494.55
107679	Regular	7/3/2014	368	Mueller, Ann M	1,473.52
107680	Regular	7/3/2014	180	Cles, Staci M	1,780.70
107681	Regular	7/3/2014	146	Hagen, Lindsay K	1,536.56
107682	Regular	7/3/2014	235	Hendrickson, Robert	3,691.64
107683	Regular	7/3/2014	105	Parker, Cassandra	2,556.85
107684	Regular	7/3/2014	454	Salazar-Delatorre, Viviana J	192.13
107685	Regular	7/3/2014	374	Allen, Joshua C	1,753.60
107686	Regular	7/3/2014	353	Dalton, Jesse J	2,102.05
107687	Regular	7/3/2014	373	Fealy, William J	1,904.76
107688	Regular	7/3/2014	301	Gaudette, John J	2,170.35
107689	Regular	7/3/2014	186	Junkin, Ross D	2,799.60
107690	Regular	7/3/2014	443	Matthews, Paul E	966.12
107691	Regular	7/3/2014	440	Rosales, Rafael	1,040.93
107692	Regular	7/3/2014	268	Bykonen, Brian D	2,100.68
107693	Regular	7/3/2014	279	Christenson, Gregg R	2,091.39
107694	Regular	7/3/2014	270	Lyons, Salina K	2,323.13
107695	Regular	7/3/2014	269	Meyers, Robert L	3,285.62
107696	Regular	7/3/2014	284	Ogren, Nelson W	2,751.58
107697	Regular	7/3/2014	266	Thompson, Kelly	2,107.91
107698	Regular	7/3/2014	307	Morrissey, Mayson	2,778.58
107699	Regular	7/3/2014	199	Bahl, Rachel A	2,010.82
107700	Regular	7/3/2014	292	Carkeek, Lena	729.70
107701	Regular	7/3/2014	451	Conway, Sean	1,523.86
107702	Regular	7/3/2014	428	Feser, Angela M	2,741.43
107703	Regular	7/3/2014	448	Finazzo, Dominic V	1,485.88
107704	Regular	7/3/2014	305	Kiselyov, Tatyana	1,523.86
107705	Regular	7/3/2014	453	Leung, Rachael M	1,232.19
107706	Regular	7/3/2014	397	Martinsons, Jaquelyn	560.29
107707	Regular	7/3/2014	195	Patterson, Clifford	2,430.73
107708	Regular	7/3/2014	306	Thomas, Scott R	3,509.33
107709	Regular	7/3/2014	106	Bates, Shellie L	2,004.15
107710	Regular	7/3/2014	349	Buck, Shawn M	1,622.43
107711	Regular	7/3/2014	273	French, Fred	858.66
107712	Regular	7/3/2014	436	Lindskov, Robert T	2,885.20
107713	Regular	7/3/2014	257	Parrish, Benjamin A	1,926.60
107714	Regular	7/3/2014	173	Vondran, Donald M	3,614.65
107715	Regular	7/3/2014	252	Wesley, Daniel A	2,175.39
107716	Regular	7/3/2014	388	Andrews, Kaitlyn E	53.02
107717	Regular	7/3/2014	318	Archuleta, Alexander A	419.16
107718	Regular	7/3/2014	393	Blakely, Coleman P.	440.54
107719	Regular	7/3/2014	379	Carrillo, Anthony G	100.10
107720	Regular	7/3/2014	380	Cox, Cory R	64.21
107721	Regular	7/3/2014	258	Cox, Melissa	500.19
107722	Regular	7/3/2014	385	Cranstoun, Alexander M	625.87
107723	Regular	7/3/2014	338	Felcyn, Adam	677.24

107724 Regular	7/3/2014	366 Foxworthy, Rebecca	228.18		
107725 Regular	7/3/2014	418 Greene, Lyndsey B	237.35		
107726 Regular	7/3/2014	409 Hanger, Austin R.	69.95		
107727 Regular	7/3/2014	417 Hendricks, Cole M	72.30		
107728 Regular	7/3/2014	449 Hogerhuis, Shaye A	44.49		
107729 Regular	7/3/2014	425 Knox, John Q	364.16		
107730 Regular	7/3/2014	426 Knox, Patrick L	310.91		
107731 Regular	7/3/2014	410 Lanz, Avalon A.	560.06		
107732 Regular	7/3/2014	416 Lipinski, Matthew	453.11		
107733 Regular	7/3/2014	201 Loeppky, Janna	536.89		
107734 Regular	7/3/2014	435 Martin, Iain-Josiah	333.39		
107735 Regular	7/3/2014	438 Mashika, Myroslav	572.70		
107736 Regular	7/3/2014	423 McCarthy, Joseph	438.88		
107737 Regular	7/3/2014	340 Middleton, Jordan	307.06		
107738 Regular	7/3/2014	439 Newman, Ashley M	428.05		
107739 Regular	7/3/2014	445 Portin, Andrew	145.23		
107740 Regular	7/3/2014	319 Praggastis, Alexander	639.36		
107741 Regular	7/3/2014	412 Reynolds, Shannon J.	436.78		
107742 Regular	7/3/2014	429 Sizemore, Christine A	200.42		
107743 Regular	7/3/2014	390 Tomalik, Stefan A	443.38		
107744 Regular	7/3/2014	363 Tran, Jenifer	106.48		
107745 Regular	7/3/2014	414 Turnbull, Dane A.	370.98		
107746 Regular	7/3/2014	384 von Michalofski, Kayla M	203.97		
107747 Regular	7/3/2014	392 Wardrip, Spencer A	331.58		
107748 Regular	7/3/2014	116 Beaufriere, Noreen	2,780.90		
107749 Regular	7/3/2014	137 Throm, Victoria J	1,901.86		
1002580559 Regular	7/3/2014	364 Newell, Nancy J	144.07		
1002580560 Regular	7/3/2014	444 Ziolkowski, Diana	33.25		
1002580561 Regular	7/3/2014	446 Kemp, Wyatt	792.69		
1002580562 Regular	7/3/2014	450 Quigley, Matthew S	278.50		
1002580563 Regular	7/3/2014	452 Meisenheimer, Joseph	502.01		
1002580564 Regular	7/3/2014	378 Bell, Colin Q	443.23		
1002580565 Regular	7/3/2014	437 George, James C	248.46		
1002580566 Regular	7/3/2014	399 Jensen, Emily A	188.82		
1002580567 Regular	7/3/2014	316 Johansen, Andrea	1,226.65		
1002580568 Regular	7/3/2014	391 Mayes, Annika L	33.37		
1002580569 Regular	7/3/2014	442 Mosiychuk, Vadim A	93.59		
1002580570 Regular	7/3/2014	400 Quintos, Edward Louie D	116.61		
1002580571 Regular	7/3/2014	395 Wunschel, Ethan G.	189.14		
<b>Totals for Payroll Checks</b>	<b>92 Items</b>		<b>112,536.51</b>		
Third Party Checks for Account Paylocity Account					
Check/Voucher	Check Type	Check Date	Employee Id Employee Name	Net Amount	
107750	AGENCY	7/3/2014	401SS	ICMA Retirement Trust	17,779.26
107751	AGENCY	7/3/2014	457Ex	Vantagepoint Transfer Agent-	383.82
107752	AGENCY	7/3/2014	CICOV	City of Covington	2,815.23
107753	AGENCY	7/3/2014		Emp City of Covington Employee	90.00
107754	AGENCY	7/3/2014	IC401	ICMA Retirement Trust	14,830.58
107755	AGENCY	7/3/2014	IC457	ICMA Retirement Trust	1,781.70
107756	AGENCY	7/3/2014	ROTH	ICMA Retirement Trust	150.00
107757	AGENCY	7/3/2014	VEBA	HRA VEBA Trust	1,681.00
1002580853	AGENCY	7/3/2014	JG1	WASH CHILD SUPPORT	110.41
<b>Totals for Third Party</b>	<b>9 Items</b>			<b>39,622.00</b>	
			Tax Liabilities	20,642.21	
			Paylocity Fees	223.69	
			<b>Grand Total</b>	<b>\$ 173,024.41</b>	

## Agenda Item 1

Covington City Council Meeting

Date: July 22, 2014

SUBJECT: PUBLIC HEARING FOR CONSIDERATION OF A DEVELOPMENT AGREEMENT WITH COVINGTON MIXED-USE COMMERCIAL SITE DEVELOPMENT, CITY FILE NO. LU14-0006/0010 PROPOSED IN THE DOWNTOWN TOWN CENTER (TC) ZONE

RECOMMENDED BY: Richard Hart, Community Development Director

ATTACHMENT(S):

1. Inland Group Site Plan and Elevations
2. Draft Development Agreement (Affinity at Covington and Polaris at Covington)

PREPARED BY: Salina Lyons, Principal Planner

EXPLANATION:

In February 2014 staff presented an overview of a development project proposed in the TC zone and discussed the developer's request to utilize the city's development agreement process. Pursuant to CMC 18.31.045 – Town Center Development Agreements, which was adopted in 2013, Covington code allows the city council to approve specific deviations from zoning requirements in the TC zone through the execution of a development agreement with the developer. To qualify for a development agreement, the developer must provide a “public benefit” over and above what is required in the city's code for a standard development.

The Council's February discussion with the Inland Group focused on the developer's specific request to reduce the requirement that multifamily, in the TC zone, provide sixty percent (60%) ground floor frontage abutting streets as commercial/retail space. At that meeting the council supported reduction of the ground floor space requirements through a development agreement process and directed staff to consider public space and construction of additional infrastructure as a public benefit. Since that discussion, staff is also including the ability to locate school facilities in the ground floor commercial/retail space as part of the developer's request.

The purpose of this blue sheet is to provide an overview of the developer's request to utilize the development agreement process, outline the public benefits proposed, and obtain city council approval to hold a public hearing on the proposed development agreement.

***Proposal Overview***

Alan Springer, Project Development Manager, on behalf of Gemstar Properties (aka Inland Group) submitted a Commercial Site Development Permit application for the development of 7.03 acres located in the Downtown TC zone, on a site known as the Ashton Property. The property is surrounded by Covington Elementary to the south, the Safeway Shopping Center to the north, 3-4 acres of undeveloped property owned by Valley Medical to the west, and single family homes that front onto S.E. Wax Road to the east.

The proposed mixed use development consists of four multiple-story structures identified as Buildings A, B, C and D. Buildings A and B are six-story mixed-use buildings with 200 units of affordable family apartments, ground level commercial space and parking. These buildings are referred to as Polaris at Covington. Building C is a six-story building with 156 dwelling units and amenity space. This facility, referred to as Affinity at Covington, will provide senior living and will be age-restricted to seniors age 55 or older. No meal services are provided at the Affinity facility, but typical retirement housing amenity spaces are provided. Building D is a pool and recreation amenity area for Building C, the senior living facility.

The overall mixed use project is reviewed pursuant to the underlying TC zoning review and approval procedure. A Commercial Site Development Permit application is a Type 2 approval, which means the Community Development Director has responsibility to approve, approve with conditions, or deny the application. Staff is in the process of completing the commercial site development review and has determined that the proposal meets all requirements outlined in the Covington Municipal Code, Design and Construction Standards and the Downtown Design Guidelines, with the exception of the development agreement request and approval process for a development agreement by the city council.

#### ***Development Agreement Request***

The developer is requesting to utilize the development agreement process for a reduction in the required 60% ground floor commercial space abutting streets that is applicable to Buildings A and B. Senior housing facilities are exempt from the mixed-use requirement; therefore, no ground floor commercial space is proposed for Building C.

In addition to the developer's request for a reduction of ground floor commercial space, staff is initiating an additional request that the development agreement allow compulsory, vocational and higher education schools to be located on the ground floor of the facility.

#### ***Development Agreement Overview***

The community development director cannot issue the final approval until all conditions associated with the development agreement are approved by the city council. The remaining findings of facts are formalized in the draft development agreement and an overview is provided as follows:

##### **1. Ground Floor Commercial Space Requirements**

###### ***Required by CMC 18.31***

Multifamily structures in the TC zone shall provide 60% or more of the ground floor abutting a street as retail, restaurants, or personal services (commercial space). Pursuant to the calculation requirements in CMC 18.31, the developer is required to provide the following linear feet of commercial space:

- a. S.E. 276<sup>th</sup> St. is occupied by 384 linear feet of building frontage; therefore, 230 linear feet of commercial space shall be provided.
- b. 171st Ave. S.E. is occupied by 429 linear feet of building frontage; therefore, 257 linear feet of commercial space shall be provided.

- c. The senior care facility is a single use structure and is not required to provide ground floor retail.

*Proposed by Developer*

The developer is providing the following amount of commercial space.

- a. S.E. 276<sup>th</sup> St. will have 170 linear feet of commercial space, or 44% of the frontage.
- b. 171st Ave. S.E. will have 223 linear feet of commercial space, or 52% of the frontage.

Given the code requirements, the proposal is deficient by approximately 94 linear feet of total commercial space abutting the street frontages. The total space provided for each building is identified on the site plan and equates to about 12,793 sq. ft. of commercial space.

The 8,806 sq. ft. of commercial space along S.E. 276<sup>th</sup> St. will be related to the business offices and amenity spaces associated with the Polaris at Covington development. Although the bulk of the proposed ground level commercial space will be for private use by the residents of the development, from a design perspective, it will provide a pedestrian level presence along the street.

The developer has designed 3,987 sq. ft. of future commercial space along 171<sup>st</sup> Ave S.E. The commercial space is clustered at the south end of the building. The developer evaluated the ability to locate commercial space along the entire frontage of 171<sup>st</sup> Ave S.E., but due to the elevation changes to the north, it is not feasible to design commercial space without significant grading and construction of retaining walls on the site. The commercial space along 171<sup>st</sup> Ave S.E. will not be built out with the initial phases of the project but will instead be completed with appropriate tenant improvements when tenants are identified.

2. Compulsory, vocational and higher education schools (Requested by Staff)

*Required by CMC 18.31 -*

All schools for compulsory, vocational and higher education schools are required to be located on the upper floors of a mixed-use building that includes ground-floor commercial uses, unless otherwise allowed through the development agreement process. In addition, any request for school facilities within the TC are required to go through a conditional use permitting process, which requires a public hearing before the hearing examiner.

*Proposed by Developer/Supported by Staff*

The city manager's office has been working with Panattoni, the city's TC partner, and various higher education providers to locate higher learning classrooms in Covington's downtown, particularly the TC. The developer has also been part of these meetings in order to provide a coordinated effort regarding short- and long-term development in the TC. Given the city's timeline for future development of the TC on the Covington Elementary School site, there may be an opportunity for Covington mixed-use to provide classroom space on an interim basis, if feasible. The developer's ideal business model is to fill the ground floor space with commercial uses long-term, but given the market demands and their intent to lease the space over time, if the space could be used on a short-term basis, they are in support of an educational partnership.

Staff would like to include the option to permit outright use of the ground floor retail space for school uses, as defined in CMC 18.31. Allowing the use through this development agreement process will offer streamlined permitting if the site were feasible to accommodate school programming in the near future.

### ***Public Benefit Overview***

#### ***1. Public Space***

In order to meet the public benefit requirements associated with the use of a development agreement, the developer is proposing to dedicate 4,341 sq. ft. of public plaza space to the city. The public plazas will be located at the corners of 171st Ave. S.E. and mid-block on S.E. 276<sup>th</sup> St. The location and orientation of the public plaza space is intended to be one piece of the overall concept design for the T C. The plaza located along S.E. 276<sup>th</sup> St. will create a larger mid-block space. This portion of the public plaza will serve as an extension of the future development and park plans for the Covington Elementary School site. The public plaza spaces located at the northwest and southwest corner of 171<sup>st</sup> Ave S.E. will contribute to the future intersection designs along our proposed TC “Main Street” when the property to the west develops and when S.E. 274<sup>th</sup> St. is constructed and extended in the future. The plaza at the southwest corner will offer a larger pedestrian space adjacent to the commercial businesses. These plazas may be stand alone until such time as additional infrastructure is constructed; however, the long-term vision is to insure that these spaces are integrated into our TC and promote pedestrian activity.

#### ***2. Street Infrastructure***

A series of infrastructure improvements are required to accommodate access to the site and to meet the street network identified in the Comprehensive Plan. These street improvements include the half street extension of S.E. 276<sup>th</sup> St. (from the Valley Medical Urgent Care facility) along the frontage of this site, dedication of the right-of-way for S.E. 274<sup>th</sup> St. along the north boundary, and half-street improvements of 171<sup>st</sup> Ave S.E. (“Main Street”) along the west boundary. A driveway access will be provided from 172<sup>nd</sup> Ave. S.E. for the Affinity senior housing development. As a result of using this access point, the developer is required to construct off-site improvements at S.E. 275<sup>th</sup> St. and S.E. Wax Road.

The developer will be contributing approximately \$559,716 to construct a portion of the city’s TC street network, as described above. This investment amount is in addition to payment of approximately \$235,474 in transportation impact fees.

### ***Conclusions***

Overall, the proposed project meets the requirements for utilizing our development agreement process. The dedication of public plazas and the construction of significant amounts of public infrastructure as identified in the City’s six-year Capital Program results in a proportionate public benefit for a 19% reduction in required ground floor commercial space and the potential ability to rent the commercial space as compulsory, vocational and/or higher education uses.

With the amount of infrastructure that will be required, it can be assumed that the development will be of a significant magnitude to spur additional development within the TC. The level of

infrastructure necessary for this site may also provide a catalyst for adjacent developments because a majority of the required utilities (sewer, water, power, lights, etc.) will also be required to be located within the new streets. The project will contribute to the city's transportation network and our strong desire for affordable housing units, which are part of a mixed-use commercial and market-rate residential project. The availability of new housing in the TC also supports development of retail and other commercial spaces long term.

ALTERNATIVES:

Direct staff to provide additional information before council consideration and adoption of the development agreement.

FISCAL IMPACT:

City council action on this proposed development agreement is not expected to have a fiscal impact in and of itself. However, eventual development of the commercial space would involve the payment of permit fees, increased assessed valuation, and additional sales tax revenues as the ground floor commercial space is leased.

The ongoing maintenance of the public benefit spaces will be the developer's responsibility with any direct cost for maintenance passed onto the city for reimbursement. Construction of the street extensions will be the responsibility of the developer with ongoing maintenance costs assumed by the city after the two-year maintenance agreement, required for public infrastructure improvements, is completed.

CITY COUNCIL ACTION:     Ordinance     Resolution     Motion     Other

**No action required tonight. Seek council direction for responses to the public testimony provided at the public hearing. Staff will provide an action item for council consideration at the next regular meeting.**

REVIEWED BY: City Manager; Finance Director; Public Works Director, City Attorney.





SW PERSPECTIVE - CORNER OF 276TH & 171ST



SW AERIAL - CORNER OF 276TH & 171ST



SOUTH AERIAL - PLAZA ON 276TH



SE PERSPECTIVE

**nystrom + olson**  
 a r c h i t e c t u r e  
 502 w riverside ave, suite 200, spokane, wa 99201  
 ph: 509.325.6464 web: www.nystromolson.com

#	REVISIONS DESCRIPTION	DATE
1	CSD REVISIONS	06.16.2014

PROJECT:  
**COVINGTON MULTI-FAMILY**  
 172ND AVENUE SE. & FUTURE 274TH ST.  
 COVINGTON, WASHINGTON

PROJ. # 1376  
 DRAWN: CRO  
 CHECKED: CRO  
 DATE: 04.15.14

**A5.04**

PERSPECTIVES



## ATTACHMENT 2

**DEVELOPMENT AGREEMENT  
BY AND BETWEEN  
THE CITY OF COVINGTON AND GEMSTAR PROPERTIES, LLC  
FOR THE  
AFFINITY AT COVINGTON & POLARIS AT COVINGTON DEVELOPMENT**

THIS DEVELOPMENT AGREEMENT (“Agreement”) is effective the \_\_\_\_ day of August, 2014 (“Effective Date”), by and between the City of Covington, a Washington municipal corporation (the “City”), and Gemstar Properties, LLC, a Washington limited liability company and/or its assigns (“Gemstar” or the “Developer”).

### RECITALS

WHEREAS, the Washington State Legislature has authorized the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction (RCW 36.70B.170(1)); and

WHEREAS, pursuant to a Purchase and Sale Agreement dated December 3, 2013, Gemstar has contracted with Covington Towne Center, LLC to purchase approximately 7.03 acres of vacant land in the City of Covington’s town center district (the “Subject Property” as defined below); and

WHEREAS, Gemstar intends to acquire the Subject Property and develop a 200-unit affordable family apartment community and a 156-unit senior apartment community, as conceptually depicted on the site plan attached hereto as Exhibit “B”; and

WHEREAS, Gemstar has submitted a commercial site development application, File No. LU14-0006/0010; and

WHEREAS, the Subject Property lies within the Covington downtown zone, town center district, the development and design standards for which are set forth in the Chapter 18.31 of the Covington Municipal Code (CMC);

WHEREAS, the City has adopted a process, set forth in CMC 18.31.045, for allowing deviations to the development standards within the downtown zone, town center district, through a development agreement. So long as a development agreement is consistent with the applicable policies and goals of the City’s Comprehensive Plan, deviations from development regulations may be granted to provide flexibility to achieve public benefits, to respond to changing community needs, or to encourage deviations that provide the functional equivalent or adequately achieve the purposes of otherwise applicable City standards; and

WHEREAS, in exchange for certain deviations to the applicable development standards for the Project, Gemstar has offered certain mitigations that exceed those required under the City’s standard development regulations; and

WHEREAS, the City deems that the mitigations offered by Gemstar provide a level of public benefit proportionate to the deviations to the development standards requested for the Project and that the deviations are supported by the goals and policies in the City’s Comprehensive Plan; and

WHEREAS, pursuant to CMC 18.114.040, a public hearing for this Agreement was held on July 22, 2014, and the City Council approved this Development Agreement by Ordinance No. \_\_\_-14 on August 12, 2014;

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and promises of the parties herein contained, the parties hereto agree as follows:

## **AGREEMENT**

### **1. PROJECT DESCRIPTION**

- 1.1. Subject Property.** The Subject Property of the proposed development herein is located at 172<sup>nd</sup> Avenue SE and Future 274<sup>th</sup> Street in the City's Town Center District, bearing parcel #3622059187 (the "Subject Property"), as described as a portion of Parcel A, City of Covington Lot Line Adjustment number LU10-0005 (Covington Town Center) King County Recording Number 0100811900003. The property lies within NW ¼, Section 36, Township 22N, and Range 5E WM, King County Washington. As used in this Agreement, the term "Subject Property" shall mean the parcel of land described hereto as well as any parcels subsequently created by a division therefrom as part of a Binding Site Plan proposed by the Developer.
- 1.2. The Project.** The mixed-use development to be sited on the Subject Property in accordance with the terms and conditions of this Agreement as well as all other applicable development regulations is commonly referred to as the "Affinity at Covington" and the "Polaris at Covington" developments (collectively the "Project"), as more particularly described in Exhibit "B" hereto and incorporated herein by this reference.

### **2. TERM**

This Agreement shall commence upon the effective date of the Adopting Ordinance approving this Agreement and shall continue in full force and effect for a period of twenty (20) years unless extended or terminated as provided herein. Following the expiration of the term or extension thereof, or if sooner terminated, this Agreement shall have no force and effect, subject, however, to post-termination obligations of the Developer or Landowner, if any.

### **3. VESTED RIGHTS OF DEVELOPER**

- 3.1.** Except as may be provided otherwise in this Agreement, for the Term of this Agreement, development of the Project shall be vested to and governed by City development regulations in effect as of the Effective Date of this Agreement. Except as expressly stated otherwise herein, any amendments or additions made during the Term of this Agreement to City development regulations shall not apply to or affect the conditions of development of the Project.
- 3.2.** As used in this Agreement, "development regulations" shall be deemed to include regulations, policies and procedures, and guidelines addressing zoning, environmental review, building and site design, utilities, stormwater, impact fees, transportation concurrency, and other laws, ordinances, policies, and administrative regulations and guidelines of the City governing land development.
- 3.3.** Nothing herein relieves the Developer of any obligations it may have during the Term to comply

with state or federal laws or regulations of any kind. The proposed Project shall not be vested against the application of development standards that are imposed by virtue of state or federal pre-emption of the City's regulatory authority. As provided by RCW 36.70B.170(4), the proposed Project shall not vest against new development regulations to the extent the new regulations are required by a serious threat to public health and safety.

- 3.4. The International Building Code, International Fire Code, and other construction codes in effect in the State of Washington as of the date of the filing of a complete application for a building permit for the Subject Property shall apply to all new development and the redevelopment or modification of existing development on the Subject Property.
- 3.5. Permit, plan review, and inspection fees are exempt from vesting under this Agreement.
- 3.6. The vesting described herein shall apply for the Term of this Agreement. For those development standards not specifically enumerated in this section, land use, development, or building permit approvals shall be governed by the City codes and standards in effect upon the date of complete application.
- 3.7. During the Term of this Agreement, the Developer may at its option develop the Subject Property or portions thereof in accordance with new code provisions or generally applicable standards for that subject adopted after the date of execution of this Agreement, without the obligation to bring other portions of the Subject Property into conformance with newly-adopted codes or regulations.

#### 4. GROUND FLOOR COMMERCIAL USE DEVIATION

- 4.1. **Background.** CMC 18.31.080(4)(26) requires that that sixty percent (60%) or more of the ground floor of a mixed-use building abutting a street or other public space shall be occupied by retail, restaurant, or personal services uses ("Commercial Use"). Pursuant to the development agreement deviation process under CMC 18.31.045(4), the required Commercial Use shall not be reduced to less than thirty percent (30 %) along each street front.

The Commercial Use standard is related to the amount of linear feet of building frontage that is provided for each structure along each public street. Based on this calculation, Building A- Polaris at Covington is designed to occupy 429 linear feet of building frontage along 171st Ave SE, thus requiring 257 linear feet of Commercial Use to meet the 60% standard. The Polaris at Covington project provides 223 linear feet of Commercial Use along 171st Ave SE, which equates to 52% of street frontage (a shortage of 8%, or 29 linear feet).

Building B- Polaris at Covington project is designed to occupy 254 linear feet, and a portion of Building A that wraps around the corner of 171st Ave SE and SE 276th St is designed to occupy 130 linear feet of SE 276th St for a total frontage of 384 linear feet. To meet the 60% standard, 230 linear feet of Commercial Use is required along SE 276th St. Building B and a portion of Building A is designed to provide 171 linear feet of Commercial Use along SE 276th St., which equates to 44% of street frontage (a shortage of 16%, or 58 linear feet).

The Polaris at Covington (Buildings A & B) will provide a total of 12,793 square feet of Commercial Use space. A majority of the Commercial Use space along SE 276th St, approximately 8,806 sq. ft., will be occupied by offices and amenities associated with the

Polaris at Covington development. Possible amenities will include media and game rooms, fitness center, and spaces to use for tutoring or working on site, as well as other ancillary uses. The commercial space along 171st Ave SE, approximately 3,987 sq. ft. will be available for rent for future Commercial Use.

The requirement to provide ground floor Commercial Use space is only applicable to the Polaris at Covington (Buildings A & B). The senior housing, Affinity at Covington (Building C) is a single use structure and is not required to provide ground floor Commercial Use.

**4.2. Authorized Deviation.** The City authorizes the Polaris at Covington project to deviate from the sixty-percent (60%) Ground Floor Commercial Use Standard for Multi-family Developments in the Town Center zone requirement of CMC 18.31.080(4)(26) pursuant to the following conditions:

**4.2.1.** Fifty-two percent (52%) of the ground level building frontage abutting 171<sup>st</sup> Avenue SE shall be occupied by, or designated for future Commercial Use;

**4.2.2.** Forty-four percent (44%) of the ground level building frontage abutting SE 276<sup>th</sup> Street shall be occupied by, or designated for future use as, Commercial Use;

**4.2.3.** The Developer shall be responsible for consistently advertising the above identified Commercial Use frontage and actively securing tenants to occupy said Commercial Use space throughout the duration of the life the building; and

**4.2.4.** The Developer may use the above identified Commercial Use space for ancillary uses to the Polaris at Covington project (such as additional parking) upon the following conditions:

**4.2.4.1.** Ancillary uses in said Commercial Use space shall be designed and constructed to look like a commercial storefront from the street, as conditioned in the Director's Decision for the Commercial Site Development Permit and as required in the City's Downtown Design Guidelines and Standards, until such time tenants are secured and the space is converted; and

**4.2.4.2.** Ancillary uses of said Commercial Use spaces shall only be permitted for a period of ten (10) years from the Effective Date of this Agreement, unless otherwise extended by the City.

## 5. GROUND FLOOR SCHOOL USE DEVIATION

**5.1. Background.** CMC 18.31.080(4)(13) requires that schools, including compulsory, vocational, and higher education, be permitted pursuant to a conditional use permit, on the upper floors of a mixed-use building that includes ground floor retail. There are no specific conditions in the City's development Agreement process associated with a deviation from this requirement.

This is a staff proposed deviation based on the City's long term vision to provide for educational opportunities in the Town Center. Polaris at Covington is the first large development project in the Town Center that will be constructing ground floor Commercial Space with the possibility

for occupancy within the next year (2015). The City, in agreement with the Developer, would like the option to occupy the required Commercial Use space, per Section 4 herein, with school uses until a better location is constructed for school use and/or the market grows to fulfill the Commercial Use space at the Polaris at Covington project.

**5.2. Authorized Deviation.** The City authorizes the Polaris at Covington project to deviate from the requirement that schools shall be located on the upper floors of mixed use structures in the Town Center zone as required in CMC 18.31.080(4)(13) provided:

- 5.2.1.** The Developer and a school are able to agree upon a mutually satisfactory agreement for the use of the first floor Commercial Space;
- 5.2.2.** Any tenant improvements included as part of said agreement, or any other improvements to a first floor space to accommodate a school use, shall maintain and include facade requirements as required in the City's Downtown Design Guidelines and Standards; and
- 5.2.3.** The City's conditional use permit requirement for the location of schools pursuant to CMC 18.31.080(4)(13) is hereby waived for the purposes of locating school uses pursuant to the terms of this Agreement.

## 6. MITIGATION

In consideration of the City's authorized permitted use deviations as provided for in Section 4 herein, the Developer agrees to the following mitigation measures.

**6.1. Public Benefit Spaces.** The Developer agrees to devote a combined 4,314 sq. ft. of public benefit space on the Subject Property to the City pursuant to the following.

**6.1.1. Public Benefit Spaces Locations.** The locations of the below public benefit spaces are based on the City's 2009 Downtown Plan and Zoning Study that identifies 171<sup>st</sup> Ave SE as a prominent "Main Street" and the vision for future development to the west, north, and south of the Polaris and Affinity developments. Based on the City's vision for a walkable downtown, it is necessary to provide public spaces at the intersections that will function as mini plazas that will be invite pedestrians, provide greenery along the street, and be used as spaces where people can gather. These mini plazas will also function cohesively with the streetscape and other plazas that will be constructed as part of surrounding developments, particularly the plazas along SE 276<sup>th</sup> St. These plazas will create a connection to the future city park/plaza identified on the property to the south of the Subject Property.

**6.1.1.1.** Public Space No. 1 shall be located at the northwest corner of the Subject Property (adjacent to the future intersection of 171<sup>st</sup> Ave SE and SE 274<sup>th</sup> St) and shall be approximately 1,266 sq. ft.;

**6.1.1.2.** Public Space No. 2 shall be located at the southwest corner of the Subject Property (adjacent to the intersection of 171<sup>st</sup> Ave SE and SE 276<sup>th</sup> St) and shall be approximately 895 sq. ft.; and

**6.1.1.3.** Public Spaces No. 3 & 4 shall be located mid-block along the frontage of SE 276<sup>th</sup> St. between Buildings A and B, pursuant to the commercial site development plans, and shall be approximately 2,180 sq. ft (combined total).

**6.1.2. Construction of Public Benefit Spaces.** The Developer agrees to plan, design, and construct the above public benefit spaces as part of the Commercial Site Development Permit approval and according to the following requirements:

6.1.2.1. Design of the spaces shall include hardscaping, textured concrete surfaces, benches/seating areas, and a bike rack. Landscaped raised planters shall be used to differentiate the location of the public benefit space and required spaces associated with the Polaris at Covington development.

6.1.2.2. The Developer shall be responsible for all initial capital costs to construct the public benefit spaces pursuant to final approved construction plans by the City.

6.1.2.3. The Developer shall be required to post a separate financial guarantee for the construction of the public benefit spaces prior the issuance of any construction permits for the Subject Property.

6.1.2.4. The Developer shall be responsible for completing construction of the public benefit spaces prior to final acceptance of Subject Property site improvements by the City. The City reserves the right to withhold the issuance of permits for the Subject Property and/or the release of any financial guarantees for the Subject Property until said public benefit spaces are constructed, unless otherwise approved by the City.

**6.1.3. Maintenance of Public Benefit Spaces.** Upon construction of the public benefit spaces, the Developer shall enter into a separate maintenance agreement with the City for the ongoing maintenance of the public benefit spaces. Said maintenance agreement shall include a term requiring the Developer to be responsible for the ongoing maintenance costs for the public benefit spaces, with any direct cost for such maintenance passed on to the City for reimbursement.

**6.1.4. Public Space Easement.** Upon completion of the construction of the public benefit spaces, the Developer shall execute an easement with the city benefiting the city for the public benefit spaces in perpetuity upon the terms pursuant to Section 6.1.

**6.2. Street and Utility Infrastructure.** In addition to the devotion of the public benefit spaces in Section 5.1, the City shall recognize the level of street and utility infrastructure necessary for the Subject Property to develop as additional mitigation measure provided by the Developer. 171<sup>st</sup> Ave SE and SE 276<sup>th</sup> St are identified in the City's 6-year Transportation Improvement Projects 2015-2020 list as developer driven projects. Although the Developer is responsible for the cost and construction of the infrastructure necessary for their development, the installation of the improvements will provide a catalyst for adjacent developments because a majority of the required utilities (sewer, water, power, lights, etc.) will be more readily available for direct connections.

## **7. DISPUTE RESOLUTION**

The parties shall use their best efforts to resolve disputes arising out of or related to this Agreement using good faith negotiations by engaging in the following dispute escalation process should any such disputes arise:

- 7.1.** Level One – The Developer’s project manager and a City staff member appropriate to the nature of the dispute shall meet to discuss and attempt to resolve the dispute in a timely manner. If they cannot resolve the dispute within fourteen (14) calendar days after referral of that dispute to Level One, either party may refer the dispute to Level Two.
- 7.2.** Level Two – The Developer’s principal and the City’s Community Development Director or authorized designee shall meet to discuss and attempt to resolve the dispute in a timely manner. If they cannot resolve the dispute within fourteen (14) business days after referral of that dispute to Level Two, either party may refer the dispute to Level Three.
- 7.3.** Level Three – The Developer’s principal (or designee) and the City Manager (or designee) shall meet to discuss and attempt to resolve the dispute in a timely manner. Counsel for the parties shall be permitted to attend Level Three meetings.
- 7.4.** Except as otherwise specified in this Agreement, in the event the dispute is not resolved at Level Three within fourteen (14) calendar days after referral of that dispute to Level Three, either party may commence legal proceedings.
- 7.5.** At all times prior to resolution of the dispute, the parties shall continue to perform under this Agreement in the same manner and under the same terms as existed prior to the dispute.
- 7.6.** Nothing in this Section 7 shall preclude either party from seeking injunctive or equitable relief prior to the initiation or completion of this dispute resolution process.

## **8. DEFAULT**

- 8.1.** Subject to extensions of time by mutual consent in writing, failure or delay by either party to perform any term or provision of this Agreement shall constitute a default. In the event of an alleged default or breach of any terms or conditions of this Agreement, the party alleging such default or breach shall give the other party not less than thirty (30) days notice in writing, specifying the nature of the alleged default and the manner in which said default may be cured. During this thirty (30) day period, the party charged shall not be considered in default for purposes of termination or institution of legal proceedings.
- 8.2.** After notice and expiration of the thirty (30) day period, if such default has not been cured or is not being diligently cured in the manner set forth in the notice, the other party to this Agreement may, at its option, institute legal proceedings pursuant to this Agreement.

## **9. TERMINATION**

- 9.1.** This Agreement shall automatically terminate and be of no further force and effect upon any of the following occurrences:

- 9.1.1. If the development contemplated in this Agreement and all of the permits and/or approvals issued by the City for such development are not substantially underway prior to expiration of such permits and/or approvals. Nothing in this Agreement shall extend the expiration date of any permit or approval issued by the City for any development;
- 9.1.2. If the Developer does not construct the Project as contemplated by the permits and approvals identified in this Agreement and submits applications for development of the Property that are inconsistent with such permits and approvals; or
- 9.1.3. Upon the expiration of the term identified in Section 2 herein or when the Subject Property has been fully developed, which ever first occurs, and all of the Developer's obligations in connection therewith are satisfied as determined by the City.

Upon the termination of this Agreement, the City shall record a notice of such termination in a form satisfactory to the City Attorney that the Agreement has been terminated.

**9.2. Effect of Termination.**

- 9.2.1. Termination of this Agreement shall not affect any of the Developer's obligations to comply with the City Comprehensive Plan and the terms and conditions or any applicable zoning code(s) or subdivision map or other land use entitlements approved with respect to the Subject Property, any other conditions of any other development specified in the Agreement to continue after the termination of this Agreement or obligations to pay assessments, liens, fees, or taxes.
- 9.2.2. Upon any termination of this Agreement, the terms and conditions of this Agreement shall no longer be vested with respect to the Subject Property (provided that vesting of ulterior terms and conditions may then be established for the Subject Property pursuant to then existing planning and zoning laws).

**10. GENERAL PROVISIONS**

- 10.1. **Contingencies.** This Agreement and the obligations hereunder shall be contingent upon Gemstar, or entities under common control with Gemstar, acquiring fee title to the Subject Property.
- 10.2. **No Third Party Beneficiaries.** The City shall not be obligated or liable under the terms of this Agreement to any person or entity not a party hereto. Further, the City shall not be bound by any contracts or conditions that the Developer may negotiate with third parties related to the Subject Property or Project, other than customary rights required by a lender.
- 10.3. **Entire Agreement.** This Agreement embodies the whole agreement of the parties concerning its subject matter; there are no promises, terms, conditions, or obligations other than those contained herein that exist with respect to its subject matter; and this Agreement shall supersede all provisions, communications, representations, or agreement, either verbal or written, between the parties with respect to its subject matter.
- 10.4. **No Joint Venture.** Notwithstanding any language in this Agreement, the City shall not be

deemed to be a member, partner, or joint venture partner of the Developer and the City shall not be responsible for any debt or liability of the Developer. Gemstar shall not be responsible for any debt or liability of the City.

- 10.5. Covenants Running with the Land.** The conditions and covenants set forth in this Agreement shall run with the land and the benefits and burdens shall bind and inure to the benefit of the parties. The Owner and every purchaser, assignee, or transferee of an interest in the Property, or any portion thereof, shall be obligated and bound by the terms and conditions of this Agreement, and shall be the beneficiary thereof and a party thereto, but only with respect to the Property, or such portion thereof, sold, assigned, or transferred to it. Any such purchaser, assignee, or transferee shall observe and fully perform all of the duties and obligations of the Owner contained in this Agreement, as such duties and obligations pertain to the portion of the Property sold, assigned, or transferred to it.
- 10.6. Amendment.** This Agreement may be amended by mutual written consent of the parties. Amendments to this Agreement that materially modify the intent and policy of the Agreement must be approved by the City Council. Other amendments may be approved by the City Manager.
- 10.7. Assignment.** The Developer shall not assign any part of this Agreement without the prior written approval of the City, which approval shall not be unreasonably withheld, except that the Developer may assign this Agreement to any entity under control of Gemstar without prior written approval of the City.
- 10.8. Hold Harmless and indemnification.** In the event any legal action or special proceeding is commenced by any person or entity other than a party to challenge this Agreement or any provision herein, the City may elect to tender the defense of such lawsuit or individual claims in the lawsuit to the Developer. In such event, the Developer shall hold the City harmless from and defend the City from all costs and expenses incurred in the defense of such lawsuit or individual claims in the lawsuit including, but not limited to, attorneys' fees and expenses of litigation and damages awarded to the prevailing party or parties in such litigation. The Developer shall not settle any such lawsuit without the consent of the City. The City shall act in good faith and shall not unreasonably withhold consent to settle.
- 10.9. No Waiver.** Failure or delay of the City to declare any breach or default immediately upon occurrence shall not waive such breach or default. Failure of the City to declare one breach or default does not act as a waiver of the City's right to declare another breach or default.
- 10.10. Specific Performance.** The parties specifically agree that damages are not an adequate remedy for breach of this Agreement and that the parties are entitled to compel specific performance of all material terms of this Agreement by any party in default hereof.
- 10.11. Severability.** Each and every provision of this Agreement shall be deemed to be severable. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were not a part of this Agreement.
- 10.12. Notices.** All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed, by first class, certified mail or

overnight courier, with postage prepaid to the address included in the signature block below, or to such other person or place as one party shall furnish to the other in writing. Notices and payments shall be deemed given upon personal delivery or, if mailed, upon the earlier of actual receipt or three (3) business days after the date of mailing.

- 10.13. Governing Law / Venue.** This Agreement shall be interpreted in accordance with the laws of the State of Washington. The venue for any cause of action arising out of this Agreement shall be King County, Washington.
- 10.14. Attorney's Fees.** If any party initiates legal proceedings related to the validity, construction, enforcement, interpretation or breach of this Agreement, the substantially prevailing party shall be entitled to all costs of such proceedings including reasonable attorney's fees. The term "legal proceedings" as used in this paragraph shall include all litigation, arbitration, administrative, bankruptcy, and judicial proceedings, including appeals therefrom.
- 10.15. Headings.** The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement.
- 10.16. Recording.** This Agreement shall be recorded against the Subject Property as a covenant running with the land and shall be binding on the Developer, its heirs, successors, and assigns until this Agreement expires on its own terms pursuant to Section 2.
- 10.17. Full Understanding.** The parties each acknowledge, represent, and agree that they have read this Agreement; that they fully understand the terms thereof, that they have had the opportunity to be fully advised by their legal counsel and any other advisors with respect thereto; and that they are executing this Agreement after sufficient review and understanding of its content.
- 10.18. Authority.** Each individual executing this Agreement on behalf of the City and the Developer represents and warrants that such individuals are duly authorized to execute and deliver this Agreement on behalf of the City or Developer, respectively.

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

**CITY OF COVINGTON**

By \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

City of Covington

16720 SE 271<sup>st</sup> Street, Suite 100

Covington, WA 98042

Attest:

By \_\_\_\_\_

City Clerk

Approved as to form:

By \_\_\_\_\_

City Attorney

**OWNER**

By \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Gemstar Properties, LLC

1620 North Mamer Road, Bldg B

Spokane Valley, WA 99216

STATE OF WASHINGTON)

) ss.

KING COUNTY )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2014, before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be an authorized representative of \_\_\_\_\_, who executed the foregoing instrument and acknowledged to me that the said instrument was signed as his/her free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
(Print Name) \_\_\_\_\_  
Notary Public, Residing at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_

DRAFT

## Agenda Item 2

Covington City Council Meeting

Date: July 22, 2014

**SUBJECT:** AUTHORIZE THE CITY MANAGER TO EXECUTE CONTRACT AMENDMENT #1 FOR SOLID WASTE SERVICES WITH REPUBLIC SERVICES.

**RECOMMENDED BY:** Derek Matheson, City Manager

**ATTACHMENT(S):**

1. Contract for Services Amendment #1

**PREPARED BY:** Shellie Bates, Programs Supervisor

**EXPLANATION:**

On April 9, 2013 the City Council approved the solid waste contract with Republic Services to begin on July 1, 2013. Since then, there have been several minor updates that need to be made to make the contract language consistent with the fee structure.

Contract Amendments:

- **Section 2.2.3.3 Specific Collection Requirements will be amended as follows:**  
Compostable materials shall be collected every-other-week on the same scheduled service day as Garbage collection. Compostables in excess of ~~ninety-six (96)~~ two hundred eighty-eight (288) total gallons may be charged as Extra Compostables in thirty-two (32) gallon increments in accordance with Attachment B, except during the two (2) collection cycles immediately following a storm event, when up to ninety-six (96) additional gallons of storm debris shall be accepted with regular quantities of Compostables without extra charge. Customers may also elect to subscribe to one or more 96-gallon Compostables Carts in addition to their initial Compostables Cart at a reduced rate in accordance with Attachment B.
- **Attachment B will be amended as follows:**
  1. **Add a rate for Yard-Food Waste Only Service.**  
Every other week Yard-Food Waste Only Service (includes 96-gal. cart) service fee - \$8.50. This is the same rate as the previous WUTC rate.
  2. **Add a rate for Recycle Only Service.**  
Every other week Recycling Only Service (includes 96-gal. cart) service fee - \$7.81. This is the same rate as the previous WUTC rate.
  3. **Add Extra Lift Rates for Commerical/Multifamily Detachable Containers.**  
See Attachment B – Rate Schedule for rates.
  4. **Add mileage fee for commercial drop-box customers.**  
Mileage Fee (per mile, beyond 10 miles). If a commercial customer requests that the hauler take the drop box to a different transfer station. Per Section 2.2.9.3.
  5. **Add clarification for Extra yard waste for residential curbside on Ancillary Fee Schedule.**  
Extra Yard waste (per 32 gallon) in excess of 288 gallons. Per Section 2.2.3.3.

Covington staff recommends that the contract amendment be approved to clarify language in the contract and rate schedule (Attachment B to the contract).

ALTERNATIVES:

Not to amend the contract.

FISCAL IMPACT:

The city will receive \$75,000 per year (in equal monthly payments) as an administrative fee from Republic Services.

CITY COUNCIL ACTION:     Ordinance     Resolution     Motion     Other

**Council member \_\_\_\_\_ moves, Council member \_\_\_\_\_ seconds, to authorize the City Manager to execute Contract Amendment #1 for solid waste services with Republic Services.**

REVIEWED BY: City Manager, City Attorney, Finance Director

**CITY OF COVINGTON  
CONTRACT FOR SERVICES**

**Amendment #1**

**Between the City of Covington and Fiorito Enterprises, Inc. and  
Rabanco Companies, d/b/a Kent-Meridian Disposal Company**

That portion of Contract No. 1190-13 between the City of Covington and Fiorito Enterprises, Inc. and Rabanco Companies, d/b/a Kent-Meridian Disposal Company, entered into by the parties on the 9<sup>th</sup> day of April, 2013 ("Agreement"), is amended pursuant to Section 6.17 of said Agreement as follows:

1. Section 2.2.3.3 Specific Collection Requirements shall be amended as follows:

Compostable materials shall be collected every-other-week on the same scheduled service day as Garbage collection. Compostables in excess of ~~ninety-six (96)~~ two hundred eighty-eight (288) total gallons may be charged as Extra Compostables in thirty-two (32) gallon increments in accordance with Attachment B, except during the two (2) collection cycles immediately following a storm event, when up to ninety-six (96) additional gallons of storm debris shall be accepted with regular quantities of Compostables without extra charge. Customers may also elect to subscribe to one or more 96-gallon Compostables Carts in addition to their initial Compostables Cart at a reduced rate in accordance with Attachment B.

2. Attachment B of the Agreement shall be amended as follows and pursuant to Exhibit 1 attached hereto and incorporated herein by this reference:
  - a. Addition of every other week Yard-Food Waste Only Service (includes 96-gal. cart) service fee - \$8.50.
  - b. Addition of every other week Recycling Only Service (includes 96-gal. cart) service fee - \$7.81.
  - c. Addition of Extra lift Rates for Commercial/Multifamily Detachable Containers.
  - d. Addition of mileage fee for commercial drop-box customers that request the hauler to take the drop box to a different transfer station (Pursuant to Section 2.2.9.3 of the Agreement).

- e. Addition to Ancillary Fee Schedule for Extra Yardwaste (per 32 gallon) in excess of 288 gallons (Pursuant to Section 2.2.3.3 of the Agreement).

All other provisions of the contract shall remain in full force and effect.

Dated this \_\_\_\_\_ day of July, 2014.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year written above.

CITY OF COVINGTON

\_\_\_\_\_  
By: Derek Matheson  
Its: City Manager

Attest:

Approved as to form:

\_\_\_\_\_  
Sharon Scott, City Clerk

\_\_\_\_\_  
Sara Springer, City Attorney

KENT-MERIDIAN DISPOSAL COMPANY

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT 1**  
**Revised - Per Amendment #1 to Contract No. 1190-13**  
**Rate Schedule**

**ATTACHMENT B**

City of Covington  
 Service Rate Schedule

<b>Disposal Index:</b>	
<b>KC Fee, Base:</b>	<b>\$120.17</b>

	Service Level	Pounds per Unit	Disposal Fee	Collection Fee	Service Fee
<b>Weekly Residential Curbside (includes embedded EoW recycling)</b>	One 20-gallon Mini-Cart	11.88	\$ 3.09	\$ 8.30	\$ 11.39
	1 32-gallon Garbage Cart	<b>19.95</b>	\$ 5.19	\$ 12.15	<b>\$ 17.34</b>
	1 64-gallon Garbage Cart	39.90	\$ 10.38	\$ 14.51	\$ 24.89
	1 96-gallon Garbage Cart	59.85	\$ 15.57	\$ 17.81	\$ 33.38
	<b>YWFW Fees:</b>				
	EoW Yard-Food Waste service (includes 96-gallon cart)				\$ 7.50

EoW Yard-Food Waste Only service (includes 96-gallon cart)		\$ 8.50	*
EoW Recycle Only service (includes 96-gallon cart)		\$ 7.81	*

<i>If City chooses to implement Mandatory MSW Collection Residential Service Rates will decrease</i>	\$ 0.12
<i>If City chooses to implement Mandatory Residential Collection with YW Embedded Residential Service Rates will decrease</i>	\$ 0.25

<b>Weekly Commercial / Multifamily (includes embedded recycling)</b>	<b>Cart Garbage Collection:</b>				
	1 32-gallon Garbage Cart	19.95	\$ 5.19	\$ 13.21	\$ 18.40
	1 64-gallon Garbage Cart	39.90	\$ 10.38	\$ 19.08	\$ 29.46
	1-96 gallon Garbage Cart	59.85	\$ 15.57	\$ 27.84	\$ 43.41

<b>Commercial / Multifamily Detachable Container (loose)</b>						<b>Extra Lift Rate</b>
	1 Cubic yard, 1 pickup/week	137.69	\$ 35.82	\$ 51.48	\$ 87.30	\$ 20.16 *
	1 Cubic yard, 2 pickups/week	275.37	\$ 71.64	\$ 102.97	\$ 174.61	\$ 20.16 *
	1 Cubic yard, 3 pickups/week	413.06	\$ 107.46	\$ 154.45	\$ 261.91	\$ 20.16 *
	1 Cubic yard, 4 pickups/week	550.74	\$ 143.29	\$ 205.93	\$ 349.22	\$ 20.16 *
	1 Cubic yard, 5 pickups/week	688.43	\$ 179.11	\$ 257.41	\$ 436.52	\$ 20.16 *
	1.5 Cubic Yard, 1 pickup/week	206.53	\$ 53.73	\$ 69.29	\$ 123.03	\$ 28.41 *
	1.5 Cubic Yard, 2 pickups/week	413.06	\$ 107.46	\$ 138.59	\$ 246.05	\$ 28.41 *
	1.5 Cubic Yard, 3 pickups/week	619.58	\$ 161.20	\$ 207.88	\$ 369.08	\$ 28.41 *
	1.5 Cubic Yard, 4 pickups/week	826.11	\$ 214.93	\$ 277.18	\$ 492.10	\$ 28.41 *
	1.5 Cubic Yard, 5 pickups/week	1,032.64	\$ 268.66	\$ 346.47	\$ 615.13	\$ 28.41 *
	2 Cubic Yard, 1 pickup/week	275.37	\$ 71.64	\$ 85.06	\$ 156.70	\$ 36.19 *
	2 Cubic Yard, 2 pickups/week	550.74	\$ 143.29	\$ 170.12	\$ 313.40	\$ 36.19 *
	2 Cubic Yard, 3 pickups/week	826.11	\$ 214.93	\$ 255.17	\$ 470.10	\$ 36.19 *
	2 Cubic Yard, 4 pickups/week	1,101.48	\$ 286.57	\$ 340.23	\$ 626.80	\$ 36.19 *
	2 Cubic Yard, 5 pickups/week	1,376.85	\$ 358.21	\$ 425.29	\$ 783.50	\$ 36.19 *
	3 Cubic Yard, 1 pickup/week	413.06	\$ 107.46	\$ 126.06	\$ 233.53	\$ 53.93 *
	3 Cubic Yard, 2 pickups/week	826.11	\$ 214.93	\$ 252.13	\$ 467.05	\$ 53.93 *
	3 Cubic Yard, 3 pickups/week	1,239.17	\$ 322.39	\$ 378.19	\$ 700.58	\$ 53.93 *
	3 Cubic Yard, 4 pickups/week	1,652.22	\$ 429.86	\$ 504.25	\$ 934.11	\$ 53.93 *
	3 Cubic Yard, 5 pickups/week	2,065.28	\$ 537.32	\$ 630.32	\$ 1,167.63	\$ 53.93 *
	4 Cubic Yard, 1 pickup/week	550.74	\$ 143.29	\$ 162.00	\$ 305.28	\$ 70.50 *
	4 Cubic Yard, 2 pickups/week	1,101.48	\$ 286.57	\$ 323.99	\$ 610.56	\$ 70.50 *
	4 Cubic Yard, 3 pickups/week	1,652.22	\$ 429.86	\$ 485.99	\$ 915.84	\$ 70.50 *
	4 Cubic Yard, 4 pickups/week	2,202.96	\$ 573.14	\$ 647.98	\$ 1,221.12	\$ 70.50 *
	4 Cubic Yard, 5 pickups/week	2,753.70	\$ 716.43	\$ 809.98	\$ 1,526.40	\$ 70.50 *
	6 Cubic Yard, 1 pickup/week	826.11	\$ 214.93	\$ 242.41	\$ 457.34	\$ 105.62 *
	6 Cubic Yard, 2 pickups/week	1,652.22	\$ 429.86	\$ 484.82	\$ 914.68	\$ 105.62 *
	6 Cubic Yard, 3 pickups/week	2,478.33	\$ 644.78	\$ 727.23	\$ 1,372.01	\$ 105.62 *
	6 Cubic Yard, 4 pickups/week	3,304.44	\$ 859.71	\$ 969.64	\$ 1,829.35	\$ 105.62 *
	6 Cubic Yard, 5 pickups/week	4,130.55	\$ 1,074.64	\$ 1,212.05	\$ 2,286.69	\$ 105.62 *
	8 Cubic Yard, 1 pickup/week	1,101.48	\$ 286.57	\$ 316.42	\$ 602.99	\$ 139.26 *
	8 Cubic Yard, 2 pickups/week	2,202.96	\$ 573.14	\$ 632.84	\$ 1,205.98	\$ 139.26 *
	8 Cubic Yard, 3 pickups/week	3,304.44	\$ 859.71	\$ 949.26	\$ 1,808.97	\$ 139.26 *
	8 Cubic Yard, 4 pickups/week	4,405.93	\$ 1,146.28	\$ 1,265.68	\$ 2,411.96	\$ 139.26 *
	8 Cubic Yard, 5 pickups/week	5,507.41	\$ 1,432.85	\$ 1,582.10	\$ 3,014.95	\$ 139.26 *
	Extra loose cubic yard, per pickup	137.69	\$ 8.27	\$ 7.33	\$ 15.00	

**EXHIBIT 1**  
**Revised - Per Amendment #1 to Contract No. 1190-13**  
**Rate Schedule**

**ATTACHMENT B**

City of Covington  
Service Rate Schedule

<b>Weekly Commercial Detachable Container (compacted)</b>	1 Cubic Yard Container	481.9	\$ 125.37	\$ 405.75	\$ 531.12	\$ 122.66 *
	2 Cubic Yard Container	963.8	\$ 250.75	\$ 460.22	\$ 710.97	\$ 278.52 *
	3 Cubic Yard Container	1,445.7	\$ 376.12	\$ 491.70	\$ 867.82	\$ 417.78 *
	4 Cubic Yard Container	1,927.6	\$ 501.50	\$ 511.74	\$ 1,013.23	\$ 557.03 *
	6 Cubic Yard Container	2,891.4	\$ 752.25	\$ 726.38	\$ 1,478.63	\$ 696.29 *

	Service Level (based on pick ups)	Daily Rent	Monthly Rent	Delivery Charge	Haul Charge
<b>Commercial Drop-box Collection</b>	Non-compacted 15 cubic yard Drop-box	\$ 1.31	\$ 40.00	\$ 85.00	\$ 160.00
	Non-compacted 20 cubic yard Drop-box	\$ 1.38	\$ 42.00	\$ 85.00	\$ 160.00
	Non-compacted 25 cubic yard Drop-box	\$ 1.44	\$ 44.00	\$ 85.00	\$ 160.00
	Non-compacted 30 cubic yard Drop-box	\$ 1.48	\$ 45.00	\$ 85.00	\$ 160.00
	Non-compacted 40 cubic yard Drop-box	\$ 1.54	\$ 47.00	\$ 85.00	\$ 160.00
	Compacted 15 cubic yard Drop-box			\$ 85.00	\$ 180.00
	Compacted 20 cubic yard Drop-box			\$ 85.00	\$ 180.00
	Compacted 25 cubic yard Drop-box			\$ 85.00	\$ 180.00
	Compacted 30 cubic yard Drop-box			\$ 85.00	\$ 180.00
	Compacted 40 cubic yard Drop-box			\$ 85.00	\$ 180.00

\* Mileage Fee (per mile, beyond 10 miles) \$ 2.85 \*

	Service Level	Pounds per Unit	Disposal Fee	Collection Fee	Haul Charge
<b>Temporary Collection Hauling</b>	2 Yard detachable container	275.37	\$ 16.55	\$ 14.14	\$ 30.68
	4 Yard detachable container	550.74	\$ 33.09	\$ 24.39	\$ 57.48
	6 Yard detachable container	826.11	\$ 49.64	\$ 39.49	\$ 89.12
	8 Yard detachable container	1,101.48	\$ 66.18	\$ 50.69	\$ 116.87
	Non-compacted 10 cubic yard Drop-box				\$ 170.00
	Non-compacted 20 cubic yard Drop-box				\$ 170.00
	Non-compacted 30 cubic yard Drop-box				\$ 170.00
	Non-compacted 40 cubic yard Drop-box				\$ 170.00

	Service Level	Delivery Fee	Daily Rental	Monthly Rental
<b>Temporary Collection Container Rental and Delivery</b>	2 Yard detachable container	\$ 40.00	\$ 2.00	\$ 61.00
	4 Yard detachable container	\$ 40.00	\$ 2.00	\$ 61.00
	6 Yard detachable container	\$ 40.00	\$ 2.00	\$ 61.00
	8 Yard detachable container	\$ 40.00	\$ 2.00	\$ 61.00
	Non-compacted 10 cubic yard Drop-box	\$ 85.00	\$ 5.00	\$ 152.50
	Non-compacted 20 cubic yard Drop-box	\$ 85.00	\$ 5.00	\$ 152.50
	Non-compacted 30 cubic yard Drop-box	\$ 85.00	\$ 5.00	\$ 152.50
	Non-compacted 40 cubic yard Drop-box	\$ 85.00	\$ 5.00	\$ 152.50

**EXHIBIT 1**  
**Revised - Per Amendment #1 to Contract No. 1190-13**  
**Rate Schedule**

**ATTACHMENT B**

City of Covington  
Ancillary Fee Schedule

	<b>Miscellaneous Fees:</b>	<b>Pounds per</b>	<b>Disposal</b>	<b>Collection</b>	<b>Service</b>
		<b>Unit</b>	<b>Fee</b>	<b>Fee</b>	<b>Fee</b>
<b>Residential Curbside</b>	Extras (32 gallon equivalent)	19.95	\$ 1.20	\$ 3.80	\$ 5.00
	Additional Yard-Food Waste service				\$ 5.00
	Extra Yardwaste (per 32 gallon) in excess of 288 gallons*				\$ 3.50
	Return Trip				\$ 15.00
	Carry-out Charge, per 25 ft, per month				\$ 5.00
	Drive-in Charge, per month				\$ 5.00
	Overweight/Oversize container (per p/u)				\$ 5.00
	Bad Debt Service Interruption, container retrieval				\$ 45.00
	Redelivery of containers				\$ 15.00
	Extra Recycling Container, per month				\$ 2.50
	NSF Check Fee				\$ 40.00
Cart Cleaning (per cart per event in conjunction cart redelivery)				\$ 5.00	

<b>On-Call Bulky Waste Collection</b>	White Goods, except refrigerators				\$ 55.00
	Refrigerators, Freezers and Console TVs				\$ 75.00
	Sofas, Chairs, Mattresses				\$ 55.00

	<b>Miscellaneous Fees:</b>	<b>Pounds per</b>	<b>Disposal</b>	<b>Collection</b>	<b>Service</b>
		<b>Unit</b>	<b>Fee</b>	<b>Fee</b>	<b>Fee</b>
<b>Commercial / Multifamily</b>	Extras (32 gallon equivalent)	19.95	\$ 1.20	\$ 3.80	\$ 5.00
	Return Trip				\$ 15.00
	Drive-in Charge, per month				\$ 5.00
	Overweight/Oversize container (per p/u)				\$ 40.00
	Suspension of service, container retrieval				\$ 45.00
	Redelivery of containers				\$ 15.00
	NSF Check Fee				\$ 40.00
	Cart Cleaning - up to 8yd (per cart per event)				\$ 35.00
	Cart Cleaning - over 8yd (per cart per event)				\$ 55.00
	Roll-out Container over 15 feet (per p/u)				\$ 3.00
	Unlock Container (per p/u)				\$ 1.50
	Gate Opening (per p/u)				\$ 1.50
	Container Repair (per hour) plus materials				\$ 75.00
	Damaged/Missing Container Replacement Fee				Current Container Value

	<b>Miscellaneous Fees:</b>				<b>Per Event</b>
<b>Drop-box Collection</b>	Return Trip				\$ 25.00
	Lidded Containers (per month)				\$ 20.00
	Locking Containers (per month)				\$ 5.00
	Compactor Connect / Disconnect				\$ 15.00
	Drop-box turn around charge				\$ 15.00

	<b>Labor Service</b>				<b>\$ per/hour</b>
<b>Hourly Rates</b>	Rear/Side-load packer + driver				\$ 105.00
	Front-load packer + driver				\$ 105.00
	Drop-box Truck + driver				\$ 105.00
	Weekend/Holiday Service per Hour (4-hour minimum)				\$ 60.00
	Clean-up				\$ 60.00
	Additional Labor (per person)				\$ 45.00

## Agenda Item 3

Covington City Council Meeting

Date: July 22, 2014

**SUBJECT:** CONSIDER RESOLUTION APPROVING AGREEMENTS WITH GEMSTAR PROPERTIES (AKA INLAND GROUP) FOR TWELVE-YEAR MULTIFAMILY PROPERTY TAX EXEMPTIONS FOR THE POLARIS AND AFFINITY AT COVINGTON DEVELOPMENTS IN THE TOWN CENTER ZONE KNOWN AS COVINGTON MIXED-USE, CITY FILE NO. LU14-0006/0010

**RECOMMENDED BY:** Richard Hart, Community Development Director

**ATTACHMENT(S):**

1. 2014 Rent and Income Limit Chart- King County.
2. Multifamily Tax Exemption Application for Polaris at Covington.
3. Multifamily Tax Exemption Application for Affinity at Covington.
4. Proposed Resolution Approving the City Manager to Execute Agreements with Gemstar Properties for Twelve-Year Multifamily Housing Limited Property Tax Exemptions for Polaris and Affinity at Covington.

**PREPARED BY:** Salina Lyons, Principal Planner

**EXPLANATION:**

On April 24, 2014, developer Alan Springer, Project Development Manager, on behalf of Gemstar Properties (aka Inland Group, the “Developer”) submitted two applications for Multifamily Tax Exemption (MFTE) for the Polaris and Affinity at Covington development projects City File Nos. LU14-0007/0010 and LU14-0008/0010. (Attachments 2 & 3). The Developer’s request for the MFTEs is associated with their commercial site development application known as Covington Mixed-Use, City File No. LU14-0006/0010.

The Covington Mixed-Use project is located in the Town Center (TC), which is identified as one of the city’s residential targeted areas. The proposed development is a mixed-use development that consists of four structures identified as Buildings A, B, C and D. Building D is a pool house and is an amenity associated with Building C.

During the 3<sup>rd</sup> quarter of 2015 staff anticipates approving with conditions the underlying Commercial Site Development Application for Covington Mixed-Use, with permits issued for onsite construction during the 4<sup>th</sup> quarter of 2015. The Developer is forecasting that the project will be completed in the 1<sup>st</sup>/2<sup>nd</sup> quarter of 2016.

The Developer is requesting to utilize the affordability standards for a twelve-year property tax exemption as allowed under CMC 3.80 (Ordinance 05-12), adopted by the City Council on February 28, 2012. The project will include 200 units of multifamily residential units and 156 units of age restricted senior housing. The affordability standards are based on the current King County Area Median Income (AMI) for 2014, which is \$88,200 for a family of four. Affordable unit rents are set according to the schedule of income and rent limits for different percentages of income for the Metropolitan Service Area (Seattle-Bellevue) as shown on Attachment 1. Note: the tax exemption does not apply to the non-residential space within the building. Currently the

project includes roughly 3,947 sq. ft. of non-residential space. Taxes will be collected for the commercial space as it becomes available for lease.

**Polaris at Covington (Attachment 2)**

Buildings A and B are six-story mixed-use buildings with 200 units of affordable family apartments, ground level commercial space and parking. These buildings are referred to as Polaris at Covington. The buildings will include a mix of housing sizes ranging from 1 to 3-bedrooms.

All of the units at Polaris at Covington will be restricted to households earning 60% of the King County AMI, as adjusted for household size. For a family of 4, the income limit at 60% of AMI is \$52,920. The unit information and bedroom diversity are shown in Attachment 2. The projected market rates range from \$1,050 for a 1-bedroom unit to \$1,453 for a 3-bedroom unit. Based on 2014 AMI the 60% rents will range from \$925 for a 1-bedroom unit and \$1,275 for a 3-bedroom unit, a discount of over 13% from market rates.

**Affinity at Covington (Attachment 3)**

Building C is a six-story building with 156 dwelling units and amenity space. This facility is referred to as Affinity at Covington, and will provide senior living and will be age-restricted to seniors age 55 or older. The building will contain a mix of housing types ranging from studios to 2- bedrooms, with more than 50% 2-bedroom units.

The majority of the units at Affinity will be market rate, with 20% (32 units) rented to low or moderate incomes within 80% of King County’s AMI. Generally, seniors (55+) are in the income range for a family of 2 or 1, which is \$56,480 and \$49,360, respectively. The affordable units will be disbursed throughout the facility and will include a mix of bedroom options.

**Application Review**

Upon review, staff has approved both applications as meeting the requirements of CMC 3.80 to qualify for a twelve-year property tax exemption. The projects are located within an approved target area (TC). The affordable units are located in a multifamily development with more than four units. The units are diverse and provide a mix of unit configurations (studios to 3-bedrooms), and the project will be completed within three years from the start date.

**Next Steps**

Upon council approval of the proposed agreements with the Developer for the MFTE for each project (Attachments 4 & 5) staff will then issue a Conditional Certificate for the Multifamily Tax Exemption. The CMC calls for the council to approve the MFTE agreements in the form of a resolution, a proposed draft of which is included as Attachment 6. The agreements ensure on-going compliance with the requirements in CMC 3.80, subsequent development agreements, and guarantees the appropriate period for the property tax exemption.

ALTERNATIVES:

Direct staff to provide additional information before council consideration and adoption of the Resolution for Multifamily Property Tax Exemptions Agreements for the Polaris and Affinity at Covington mixed-use development projects.

FISCAL IMPACT:

During the twelve-year tax exemption there will be no property tax revenue or property tax levy increase as a result of the value of the multifamily improvements. The city will delay collecting property taxes on improvements until the twelve-year tax exemption period ends. The total building value is estimated at \$40.72 million for the residential units. Based on the city's current property tax levy of \$1.53 per \$1,000 assessed value the city will waive approximately \$62,301 in property taxes annually.

The new construction value of the buildings will not be added to the city's tax rolls until the exemption period expires in twelve years and increased property taxes will begin at that time. There is no shift in the tax burden during the exemption period, only the delay in adding new property tax revenue.

The project estimates an approximate value for the commercial space associated with Polaris at Covington at \$754,864. Based on the city's 2014 tax levy, the commercial space will generate a property tax of \$1,155 annually. This does not account for the other revenues that will be collected once the commercial space is leased. Please note, the commercial space will not be built out with the project but will be completed with appropriate tenant improvements when tenants are identified.

The request for the multifamily tax exemption will generate one-time land use and building permit fees and construction sale tax dollars that the city will collect as permits are issued and construction commences on-site. There will also be future one-time building permit fees associated with the tenant improvements for the future commercial space.

Once occupied, the project's residents will contribute ongoing revenue through sales and utility taxes and franchise fees. However, it is anticipated that the residents will spend less than the average Covington household, given the affordability requirement of the project.

CITY COUNCIL ACTION:    \_\_\_ Ordinance     X  Resolution    \_\_\_ Motion    \_\_\_ Other

**Councilmember \_\_\_\_\_ moves and Councilmember \_\_\_\_\_ seconds to pass the proposed Resolution approving the city manager to execute twelve-year limited multifamily tax exemption agreements with Gemstar Properties, LLC for the Polaris and Affinity at Covington developments.**

REVIEWED BY: City Manager; Finance Director; Public Works Director, City Attorney.



## ATTACHMENT 1

## Rent &amp; Income Limit Calculator ©

If you would like to engage Novogradac & Company LLP to calculate the rent & income limits for your property, please contact Thomas Stagg at [thomas.stagg@novoco.com](mailto:thomas.stagg@novoco.com).

You can view demographic information and a detailed list of affordable housing properties in [compsMART+](#).

Click on the  icons below to view historical charts.

## Program and Location Information

HUD Published Income Limits for 2014 (with no adjustments)

 Display Income Limits Hide Income Limits

<b>Affordable Housing Program</b>	<b>Other Federal, State, or Local Program (non-LIHTC)</b>
Year	2014 (effective as of 12/18/2013)
State	WA
County	King County
MSA	Seattle-Bellevue, WA HUD Metro FMR Area
<b>Rent Calculation Based on</b>	<b>AMI</b>
<b>Persons / Bedroom</b>	1 Person / Bedroom + 1
4-person AMI 	\$88,200
National Non-Metropolitan Median Income	\$52,500

## Income Limits for 2014

(Based on 2014 AMI Income Limits)

	Charts	60.00%	80.00%	100.00%	120.00%	150.00%
1 Person		37,020	49,360	61,700	74,040	92,550
2 Person		42,360	56,480	70,600	84,720	105,900
3 Person		47,640	63,520	79,400	95,280	119,100
4 Person		52,920	70,560	88,200	105,840	132,300
5 Person		57,180	76,240	95,300	114,360	142,950
6 Person		61,380	81,840	102,300	122,760	153,450
7 Person		65,640	87,520	109,400	131,280	164,100
8 Person		69,840	93,120	116,400	139,680	174,600
9 Person		74,100	98,800	123,500	148,200	185,250
10 Person		78,300	104,400	130,500	156,600	195,750
11 Person		82,560	110,080	137,600	165,120	206,400
12 Person		86,760	115,680	144,600	173,520	216,900

## Rent Limits for 2014

(Based on 2014 AMI Income Limits)

Bedrooms (People)	Charts	60.00%	80.00%	100.00%	120.00%	150.00%	FMR
Efficiency (1.0)		925	1,234	1,542	1,851	2,313	771
1 Bedroom (2.0)		1,059	1,412	1,765	2,118	2,647	913
2 Bedrooms (3.0)		1,191	1,588	1,985	2,382	2,977	1,123
3 Bedrooms (4.0)		1,323	1,764	2,205	2,646	3,307	1,655



CITY OF COVINGTON  
 Community Development Department  
 16720 SE 271st Street • Suite 100 • Covington, WA 98042  
 Phone: 253-638-1110 • Fax: 253-638-1122  
 www.ci.covington.wa.us

**CONDITIONAL CERTIFICATE OF MULTI-FAMILY TAX EXEMPTION**

<b>STAFF USE ONLY</b>	Project Number: <u>LU14-0007/0010</u>	Application Date: <u>4/24/14</u>
-----------------------	---------------------------------------	----------------------------------

NAME OF PROJECT/DEVELOPMENT: Polaris at Covington

**LOCATION OF PROJECT/DEVELOPMENT:**

*Give street address or, if vacant, indicate lot(s), block, and subdivision OR tax lot number, access street and nearest intersection. If proposal applies to several parcels, list the streets bounding the area.*

ADDRESS: 2720 172nd Avenue SE

ASSESSOR'S PARCEL NUMBER(S): 362205-9187

LEGAL DESCRIPTION(S): A portion of Parcel A, City of Covington Lot Line Adjustment number LU 10-0005 (Covington Town Center) recorded under number 0100811900003 in King County

Quarter NW Section 36 Township 22 Range 5 (This information is on your tax statement.)

**PRIMARY CONTACT PERSON**  Applicant

*Main contact regarding application, to whom all notices and reports shall be sent.*

Name: Alan Springer  
 Address: 1620 N. Mamer Road, Bldg B  
 City/State/Zip: Spokane Valley, WA 99216  
 Phone: 509-321-3205 Fax: 509-922-2251  
 E-mail Address: Alans@inlandconstruction.com  
 Signature: \_\_\_\_\_

**PROPERTY OWNER**  Applicant

*Legal owner. Attach a list of any additional property owners with the following information.*

Name: Covington Towne Center, LLC  
 Address: Attn: Jim Wene, 1201 Monster Road,  
 City/State/Zip: Ste, 350, Renton, WA 98057  
 Phone: 425-264-0169 Fax: \_\_\_\_\_  
 E-mail Address: jimw@ashtoncorp.com  
 Signature: N/A

**CONTRACTOR**  Applicant

Company: Inland Washington LLC  
 Contact Name: Mark Ossello  
 Address: 1620 N. Mamer Road, Bldg B  
 City/State/Zip: Spokane Valley, WA 99216  
 Phone: 509-321-3215 Fax: 509-922-2251  
 E-mail Address: Marko@inlandconstruction.com

**ARCHITECT**  Applicant

Company: Nystrom Olson Architecture  
 Contact Name: Chris Olson  
 Address: 502 West Riverside, Suite 200  
 City/State/Zip: Spokane, WA 99201  
 Phone: 509-328-6464 Fax: \_\_\_\_\_  
 E-mail Address: Olson@nystromolson.com

**PROJECT DESCRIPTION**

*Please describe the project, setting for the grounds for qualification of a tax exemption pursuant to CMC 3.80 and RCW 84.14 (summarized on page 4). Attach another sheet if necessary.*

See attached sheet.

## PROJECT DETAILS

Total site area:	3.43 acres	Target Area (TC, MHO or R-18):	TC
No. of buildings:	2	Total Number of Residential Units:	200
Gross floor area of each building:	171,635 116,526	Total Number of units of Affordable Housing (Per RCW 84.14.010 definition):	200
Gross floor area devoted to residential uses, includes residential common areas and parking (if more than one building list each separately):	167,648 116,526	Gross floor area devoted to commercial/office/retail space, includes residential common areas and parking (if more than one building list each separately):	3,987 0
Projected total cost of new construction:	\$23,687,000	If mixed use, projected cost of residential improvements:	\$23,100,000
Source of cost estimate:	Inland	Source of cost estimate:	Inland
Estimated construction start date:	9/2014	Estimated completion date:	2/2016

Are you applying for an eight(8) year or twelve (12) year exemption? 12 YEAR

## UNIT INFORMATION

Unit Type (# BRs)	Total # of units	Approx. sq. ft.	Projected rent—market rate units	# of units affordable	Projected rent — affordable units (Per RCW 84.14.010) 60% AMI
1 Bedroom	45	599	\$1,050	45	\$925
2 Bedroom	100	905	\$1,220	100	\$1,110
3 Bedroom	55	1,127	\$1,453	55	\$1,275
<b>Total</b>	<b>200</b>			<b>200</b>	

## REQUIRED ATTACHMENTS TO APPLICATION

(Please attach three copies and check the following)

	Site Plan (vicinity map, topography, property boundaries, easements (existing and proposed), setbacks, access points, critical areas)
	Floor Plans
	Dimensioned building elevations showing at least two facades.
	Building detail on area devoted to each use. Calculations shall be in gross and net square footages.
	Copies of documents evidencing the type of Owner entity or entities and organizational structure, such as operating agreements, incorporation documents or partnership agreements.
	Current Title Report

# STATEMENT OF POTENTIAL TAX LIABILITY

If the exemption is canceled for non-compliance an additional tax will be imposed that includes: (a) the difference between the tax paid and the tax that would have been owed if it had included the value of the non-qualifying improvements dated back to the date that the improvements became non-qualifying; (b) a penalty of 20% of the difference; (c) interest at the statutory rate on the tax and penalties calculated from the date the tax would have been due without penalty if the improvements had been assessed without regard to the exemptions provided by Chapter 84.14 RCW and Chapter 3.80 CMC.

Owner's initials: ASS proposed ASS  
 I/We Polaris at Covington LLC, as ~~XXXXXX~~ owner(s) of the property described in this application, hereby indicate by my/our initials and signature below that I/we are aware of the additional tax liability to which the property will be subject if the exemption authorized by Chapter 84.14 RCW and Chapter 3.80 CMC is

## CERTIFICATION

canceled.

The additional tax, penalty and interest constitute a lien by King County upon the land which attaches at the time the property is not longer eligible for exemption, and has priority to and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the land may become charged or liable.

Owner's initials: ASS  
 I/We declare under penalty of perjury under the laws of the State of Washington that the information contained in this Application and any attachments are accurate and correct to the best of my/our knowledge and belief.

Signed this 16<sup>th</sup> day of April, 2014, at Spokane, WA City State

[Signature]  
 Signature  
ALAN SPRINGER  
 Print Name  
1620 NORTH MAMMA ROAD BLDCB'  
 Address  
509-321-3208  
 Phone Number

\_\_\_\_\_  
 Signature  
 \_\_\_\_\_  
 Print Name  
 \_\_\_\_\_  
 Address  
 \_\_\_\_\_  
 Phone Number

State of Washington }  
 County of King Spokane } ss.

State of Washington }  
 County of King } ss.

I certify that I know or have seen satisfactory evidence that Alan Springer (Property <sup>Proposed</sup> Owner) signed this instrument and acknowledges it to be his/her free and voluntary act for the uses and purposes mentioned in this instrument.

I certify that I know or have seen satisfactory evidence that \_\_\_\_\_ (Property Owner) signed this instrument and acknowledges it to be his/her free and voluntary act for the uses and purposes mentioned in this instrument.

Date: 4.16.14  
 Signature: [Signature]  
 Printed Name: Scott A. Morris  
 Notary Public in and for the State of Washington  
 My appointment expires: 9.10.17



\_\_\_\_\_  
 Signature  
 \_\_\_\_\_  
 Printed Name:  
 Notary Public in and for the State of Washington  
 My appointment expires: \_\_\_\_\_

(Notary Seal or Stamp)

(Notary Seal or Stamp)

## **Multifamily Tax Exemption Application – Project Description Polaris at Covington**

The Polaris at Covington is located on approximately 3.43 acres of vacant land (to be divided from a larger 7.0-acre parcel) in the City of Covington between 274<sup>th</sup> Street and 276<sup>th</sup> Street and east of 171<sup>st</sup> Avenue SE, in the City's newly designation Town Center. The project will 200 units of moderate income apartments designed for individuals and families of all ages. Occupancy of Polaris will be restricted to households earning less than 60% of the King County Area Median Income adjusted for household size. A unit mix including one-, two- and three-bedroom units will be offered and amenity spaces are planned with a diverse resident mix in mind, including a fitness center, business center, movie theater, game room and clubhouse.

The Polaris buildings will front much of 171<sup>st</sup> Avenue SE running north/south and 276<sup>th</sup> Street running east/west. Accordingly, the street space will be activated for pedestrians with common area amenity space, office space for management of the apartments, and future commercial space. Both buildings will be 5-story wood frame over a concrete podium level. Outdoor amenity spaces will include a large corner plaza in the northwest and similar plaza spaces in the southwest corner and along the main property entrance on 276<sup>th</sup> Street.

The project will qualify for the 12-year property tax abatement on improvements based on the following criteria:

- The site is located in the City's TC zoning district;
- The project is a multifamily project with more than 4 units;
- The project is a multi-story structure that includes substantial personal service space and no residential units on the ground floor;
- The unit mix varies considerably with a mix of unit types including one-bedrooms, two-bedrooms and three-bedrooms, with much more than 50% of the units larger than one-bedroom;
- All 100% of the units (200) will be rented to low or moderate income households whose income does not exceed 60% of Area Median Income adjusted for household size, a standard below the required 20% of units at 80% of AMI;
- Since all 200 units are to be set-aside as affordable units, there is no possibility of having disproportionate units types as market rate units;
- Similarly, since all units are affordable units, there is no clustering of the affordable units in favor of market rate units;
- The project will be completed within three years of the date of approval of the application; and
- The project will comply with all building codes, zoning and other regulations as well as the terms of the Development Agreement to be entered between the project owner and the City of Covington.



**CITY OF COVINGTON**  
**Community Development Department**  
 16720 SE 271st Street • Suite 100 • Covington, WA 98042  
 Phone: 253-638-1110 • Fax: 253-638-1122  
 www.ci.covington.wa.us

**CONDITIONAL CERTIFICATE OF MULTI-FAMILY TAX EXEMPTION**

<b>STAFF USE ONLY</b>	Project Number: <u>LU14-0008/0010</u>	Application Date: <u>04/24/14</u>
-----------------------	---------------------------------------	-----------------------------------

**NAME OF PROJECT/DEVELOPMENT:** Affinity at Covington

**LOCATION OF PROJECT/DEVELOPMENT:**

*Give street address or, if vacant, indicate lot(s), block, and subdivision OR tax lot number, access street and nearest intersection. If proposal applies to several parcels, list the streets bounding the area.*

**ADDRESS:** ~~27230~~ <sup>27230</sup> 172nd Avenue SE

**ASSESSOR'S PARCEL NUMBER(S):** 362205-9187

**LEGAL DESCRIPTION(S):** A portion of Parcel A, City of Covington Lot Line Adjustment number LU 10-0005 (Covington Town Center) recorded under number 0100811900003 in King County

Quarter NW Section 36 Township 22 Range 5 *(This information is on your tax statement.)*

**PRIMARY CONTACT PERSON**  Applicant

*Main contact regarding application, to whom all notices and reports shall be sent.*

Name: Alan Springer  
 Address: 1620 N. Mamer Road, Bldg B  
 City/State/Zip: Spokane Valley, WA 99216  
 Phone: 509-321-3205 Fax: 509-922-2251  
 E-mail Address: Alans@inlandconstruction.com  
 Signature: \_\_\_\_\_

**PROPERTY OWNER**  Applicant

*Legal owner. Attach a list of any additional property owners with the following information.*

Name: Covington Towne Center, LLC  
 Address: Attn: Jim Wene, 1201 Monster Road,  
 City/State/Zip: Ste, 350, Renton, WA 98057  
 Phone: 425-264-0169 Fax: \_\_\_\_\_  
 E-mail Address: jimw@ashtoncorp.com  
 Signature: N/A

**CONTRACTOR**  Applicant

Company: Inland Washington LLC  
 Contact Name: Mark Ossello  
 Address: 1620 N. Mamer Road, Bldg B  
 City/State/Zip: Spokane Valley, WA 99216  
 Phone: 509-321-3215 Fax: 509-922-2251  
 E-mail Address: Marko@inlandconstruction.com

**ARCHITECT**  Applicant

Company: Nystrom Olson Architecture  
 Contact Name: Chris Olson  
 Address: 502 West Riverside, Suite 200  
 City/State/Zip: Spokane, WA 99201  
 Phone: 509-328-6464 Fax: \_\_\_\_\_  
 E-mail Address: Olson@nystromolson.com

**PROJECT DESCRIPTION**

*Please describe the project, setting for the grounds for qualification of a tax exemption pursuant to CMC 3.80 and RCW 84.14 (summarized on page 4). Attach another sheet if necessary.*

See attached sheet.

**RECEIVED**

**APR 24 2014**

## PROJECT DETAILS

Total site area:	2.37 acres	Target Area (TC, MHO or R-18):	TC
No. of buildings:	2	Total Number of Residential Units:	156
Gross floor area of each building:	248,026 3,500	Total Number of units of Affordable Housing (Per RCW 84.14.010 definition):	32
Gross floor area devoted to residential uses, includes residential common areas and parking (if more than one building list each separately):	248,026 3,500	Gross floor area devoted to commercial/office/retail space, includes residential common areas and parking (if more than one building list each separately):	0
Projected total cost of new construction:	\$20,546,000	If mixed use, projected cost of residential improvements:	\$20,546,000
Source of cost estimate:	Inland	Source of cost estimate:	Inland
Estimated construction start date:	9/2014	Estimated completion date:	2/2016

Are you applying for an eight(8) year or twelve (12) year exemption? 12 YEAR

## UNIT INFORMATION

Unit Type (# BRs)	Total # of units	Approx. sq. ft.	Projected rent—market rate units	# of units affordable	Projected rent — affordable units (Per RCW 84.14.010) 80% AMI
Studio	10	495	\$1,180	2	\$1,118*
1 Bedroom	54	598	\$1,395	11	\$1,278*
2 Bedroom	92	955	\$1,610	19	\$1,438*
* Projected rent does not include potential charges of up to \$300/month for entertainment, social activities, cable TV and Internet service.					
<b>Total</b>	<b>156</b>			<b>32</b>	

## REQUIRED ATTACHMENTS TO APPLICATION

(Please attach three copies and check the following)

	Site Plan (vicinity map, topography, property boundaries, easements (existing and proposed), setbacks, access points, critical areas)
	Floor Plans
	Dimensioned building elevations showing at least two facades.
<input checked="" type="checkbox"/>	Building detail on area devoted to each use. Calculations shall be in gross and net square footages.
	Copies of documents evidencing the type of Owner entity or entities and organizational structure, such as operating agreements, incorporation documents or partnership agreements.
<input checked="" type="checkbox"/>	Current Title Report

# STATEMENT OF POTENTIAL TAX LIABILITY

If the exemption is canceled for non-compliance an additional tax will be imposed that includes: (a) the difference between the tax paid and the tax that would have been owed if it had included the value of the non-qualifying improvements dated back to the date that the improvements became non-qualifying; (b) a penalty of 20% of the difference; (c) interest at the statutory rate on the tax and penalties calculated from the date the tax would have been due without penalty if the improvements had been assessed without regard to the exemptions provided by Chapter 84.14 RCW and Chapter 3.80 CMC.

Owner's initials: AS proposed  
I/We Affinity at Covington LLC, as ~~XXXXXX~~ owner(s) of the property described in this application, hereby indicate by my/our initials and signature below that I/we are aware of the additional tax liability to which the property will be subject if the exemption authorized by Chapter 84.14 RCW and Chapter 3.80 CMC is

## CERTIFICATION

canceled.

The additional tax, penalty and interest constitute a lien by King County upon the land which attaches at the time the property is not longer eligible for exemption, and has priority to and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the land may become charged or liable.

Owner's initials: AS  
I/We declare under penalty of perjury under the laws of the State of Washington that the information contained in this Application and any attachments are accurate and correct to the best of my/our knowledge and belief.

Signed this 16<sup>th</sup> day of April, 2014, at Spokane, WA  
City State

[Signature]  
Signature  
ALAN SPRINGER  
Print Name  
1620 NORTH MAMER ROAD BLDG B  
Address  
509-321-3205  
Phone Number

\_\_\_\_\_  
Signature  
\_\_\_\_\_  
Print Name  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
Phone Number

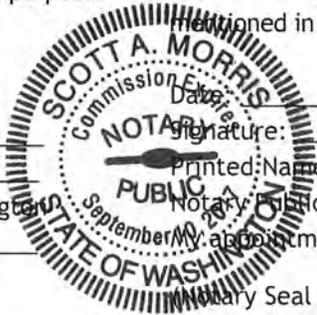
State of Washington }  
County of King Spokane } ss.

State of Washington }  
County of King } ss.

I certify that I know or have seen satisfactory evidence that Alan Springer (Property <sup>Proposed</sup> Owner) signed this instrument and acknowledges it to be his/her free and voluntary act for the uses and purposes mentioned in this instrument.

I certify that I know or have seen satisfactory evidence that \_\_\_\_\_ (Property Owner) signed this instrument and acknowledges it to be his/her free and voluntary act for the uses and purposes mentioned in this instrument.

Date: 4.16.14  
Signature: [Signature]  
Printed Name: Scott A Morris  
Notary Public in and for the State of Washington  
My appointment expires: 9.10.17



\_\_\_\_\_  
Signature:  
\_\_\_\_\_  
Printed Name:  
Notary Public in and for the State of Washington  
My appointment expires: \_\_\_\_\_

(Notary Seal or Stamp)

(Notary Seal or Stamp)

## **Multifamily Tax Exemption Application – Project Description** **Affinity at Covington**

The proposed project is located on approximately 2.37 acres of vacant land (to be divided from a larger 7.0-acre parcel) in the City of Covington between 274<sup>th</sup> Street and 276<sup>th</sup> Street and east of 171<sup>st</sup> Avenue SE, in the City's newly designation Town Center.

The Affinity at Covington is proposed for the northeastern portion of the site area described and will offer 156 units of senior apartments, 20% of which (32 units) will be affordable to households earning 80% or less of Area Median Income adjusted for household size. The project will be comprised of one main building with an adjacent complimentary pool building. Occupancy of Affinity will be restricted to residents age 55 or older and amenities will be designed and built accordingly. Units will offer full kitchen and bathrooms, washer/dryers, and walk-in closets and monthly rent will cover all utilities. Numerous common area amenities will be offered in the main building as well, including a lounge, library, Internet café, game room, craft room, fitness room, movie theater and pub. The pool building will offer a heated indoor pool and spa, with an adjacent woodshop and dance studio.

The project will qualify for the 12-year property tax abatement on improvements based on the following criteria:

- The site is located in the City's TC zoning district;
- The project is a multifamily project with more than 4 units;
- The project is a multi-story structure that includes substantial personal service space and no residential units on the ground floor;
- The unit mix varies considerably with a mix of unit types including studios, one-bedrooms and two-bedrooms, with more than 50% of the units two-bedrooms;
- 20% of the units (32) will be rented to low or moderate income households whose income does not exceed 80% of Area Median Income adjusted for household size;
- The 32 units to be set-aside as affordable units are proportionate to the overall unit mix of the project;
- The affordable units are disbursed throughout the building rather than clustered;
- The project will be completed within three years of the date of approval of the application; and
- The project will comply with all building codes, zoning and other regulations as well as the terms of the Development Agreement to be entered between the project owner and the City of Covington.

**RESOLUTION NO. 14-14**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, RELATING TO THE MULTI-FAMILY PROPERTY TAX EXEMPTION PROGRAM; AUTHORIZING THE EXECUTION OF A MULTI-FAMILY HOUSING PROPERTY TAX EXEMPTION AGREEMENT WITH GEMSTAR PROPERTIES, LLC FOR BOTH THE POLARIS AND AFFINITY AT COVINGTON DEVELOPMENTS IN THE TOWN CENTER ZONE.

WHEREAS, the City of Covington has, pursuant to Chapter 84.14 of the Revised Code of Washington (RCW), designated Residential Target Areas for the allowance of a limited property tax exemption for new multi-family residential housing; and

WHEREAS, the City has, through Ordinance No. 05-12 and codified at Chapter 3.80 of the Covington Municipal Code (CMC), enacted a program whereby property owners in Residential Target Areas may qualify for a Final Certificate of Tax Exemption which certifies to the King County Assessor that the owner is eligible to receive a limited property tax exemption; and

WHEREAS, pursuant to CMC 3.80, the Community Development Director has reviewed the applications by Gemstar Properties, LLC (aka Polaris at Covington LLC and Affinity at Covington, LLC) for twelve-year limited property tax exemptions for the Polaris and Affinity at Covington developments and has approved each application and recommends that the city council approves for the city manager to execute the proposed multi-family property tax exemption agreements for both Polaris and Affinity at Covington, substantially in the form as set forth as Exhibits "A" and "B" hereto;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Covington, King County, Washington, as follows:

Section 1. The city council does hereby approve for the City Manager to execute twelve-year multi-family property tax exemption agreements with Gemstar Properties, LLC (aka Polaris at Covington LLC and Affinity at Covington, LLC) for both the Affinity and Polaris at Covington developments, substantially in the form of the proposed agreements as set for in Exhibits "A" and "B" attached hereto.

PASSED in open and regular session on this 22nd day of July, 2014.

ATTESTED:

\_\_\_\_\_  
MARGARET HARTO, MAYOR

\_\_\_\_\_  
Sharon Scott, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Sara Springer, City Attorney

# ATTACHMENT 4 EXHIBIT A

## MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT BETWEEN THE CITY OF COVINGTON AND POLARIS AT COVINGTON, LLC FOR POLARIS AT COVINGTON

THIS MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT (“Agreement”) is entered into this \_\_\_\_\_ day of July, 2014, by and between the City of Covington, a Washington municipal corporation (the “City”) and Polaris at Covington, LLC, a Washington limited liability company (the “Owner”).

### RECITALS

WHEREAS, the City has an interest in increasing residential opportunities by stimulating construction of new multi-family housing and the rehabilitation of existing vacant and underutilized buildings for multi-family housing in areas where the City finds there are insufficient residential opportunities; and

WHEREAS, the City has, pursuant to the authority granted to it by RCW 84.14, designated the Town Center District as a Residential Target Area for the provision of either eight- or twelve-year limited multi-family property tax exemptions (“MFTE”) for qualifying new and refurbished multi-family residential housing; and

WHEREAS, the City has enacted a program through Ordinance No. 05-12, and codified at Chapter 3.80 of the Covington Municipal Code (CMC), whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the King County Assessor that the property owner is eligible to receive either an eight- or twelve-year limited MFTE; and

WHEREAS, pursuant to CMC 3.80.050, the Owner submitted to the City a complete application, dated April 24, 2014 (the “Application”), for a twelve-year MFTE for constructing 200 units of new multi-family residential housing located SE 276<sup>th</sup> Street and 171<sup>st</sup> Ave SE in the Town Center Zoning District, generally known as the Polaris at Covington Mixed Use development (the “Project”, more specifically described below); and

WHEREAS, pursuant to CMC 3.80.060, the City’s Community Development Director has determined that the Project, if completed as proposed, satisfies the requirements for a twelve-year Final Certificate of Tax Exemption as required under Chapter 3.80 CMC and has approved the Owner’s Application; and

WHEREAS, pursuant to CMC 3.80.060(2), Covington’s City Council passed Resolution No \_\_\_\_-14 approving this Agreement and the terms of the Project and eligibility for the MFTE under Chapter 3.80 CMC;

### AGREEMENT

NOW, THEREFORE, the City and the Owner do mutually agree as follows:

**1. Subject Property and Project.**

**1.1. The Property.** The Owner has submitted to the City preliminary site plans and floor plans for multi-family residential housing (the Project details described more fully below), located at SE 276<sup>th</sup> Street and 171<sup>st</sup> Ave SE in the Town Center Zoning District and described as a portion of Parcel A, City of Covington Lot Line Adjustment number LU10-0005 (Covington Town Center) King County Recording Number 0100811900003. The property lies within NW ¼, Section 36, Township 22N, and Range 5E WM, King County Washington (the Property”).

**1.2. The Project.** The proposed Project on the Property, generally known as the Polaris at Covington Mixed Use development, is a multi-family development that will consist of two six-story mixed-use buildings with a total of 200 units of affordable family apartments, ground level commercial space and parking. The buildings will include a mix of housing sizes ranging from one to three bedrooms. The project will provide 45 one bedroom units, 100 two bedroom units and 55 three bedroom units. The one bedroom units are projected to rent for \$925 per month. The two bedroom units are project to rent for \$1,110 per month. The three bedroom units are projected to rent for \$1,275 per month.

**2. Conditional Certificate of Acceptance.** Upon execution of this Agreement by all parties, the City shall issue the Owner a conditional certificate of acceptance of tax exemption (“Conditional Certificate”), which shall expire three (3) years from the date of City Council approval unless an extension is granted by the City pursuant to CMC 3.80.060.

**3. Final Certificate of Tax Exemption.**

**3.1. Project Requirements.** To qualify for a final certificate of tax exemption (“Final Certificate”), the Owner shall complete construction of the Project on the Property:

3.1.1. in compliance with CMC 3.80.040;

3.1.2. substantially as described in the most recent site plans, floor plans, and elevations on file with the City as of the date of City Council approval of this Agreement;

3.1.3. pursuant to any subsequent Development Agreement entered into between the City and the Owner related to the Project;

3.1.4. pursuant to all applicable Project permit conditions and requirements; and

3.1.5. in compliance with all other generally applicable local, state, and federal land use, environmental, development, and building regulations; and

3.1.6. Within the three-year time period as provided for on the Conditional Certificate, or within any extension thereof granted by the City.

**3.2. Application for Final Certificate.** The Owner may request a Final Certificate upon completion of the Project and the City’s issuance of a temporary or permanent certificate of occupancy. Such request shall be submitted pursuant to the requirements of CMC 3.80.080.

- 3.3. Granting of Final Certificate.** The City shall review and either grant or deny the Owner a Final Certificate for the Project pursuant to CMC 3.80.090.
- 3.4. Annual Reporting.** Upon the City's granting of a Final Certificate, the Owner shall be responsible to comply with the annual certification and reporting requirements pursuant to CMC 3.80.100 in addition to any and all other reporting requirements of the King County Assessor's office to maintain the tax exemption status.
- 3.5. Cancellation of Tax Exemption.** The tax exempt status of the Project may be cancelled, and the Final Certificate revoked, pursuant to CMC 3.80.110.
- 4. General Provisions.**
- 4.1. Statute References.** In this Agreement, unless the context otherwise requires, a reference to the CMC or other statute or law is a reference to that provision as extended, applied, amended, or enacted from time to time and includes any subordinate legislation.
- 4.2. Covenants Running with the Land.** The conditions and covenants set forth in this Agreement shall run with the land and the benefits and burdens shall bind and inure to the benefit of the parties. The Owner and every purchaser, assignee, or transferee of an interest in the Property, or any portion thereof, shall be obligated and bound by the terms and conditions of this Agreement, and shall be the beneficiary thereof and a party thereto, but only with respect to the Property, or such portion thereof, sold, assigned, or transferred to it. Any such purchaser, assignee, or transferee shall observe and fully perform all of the duties and obligations of the Owner contained in this Agreement, as such duties and obligations pertain to the portion of the Property sold, assigned, or transferred to it.
- 4.3. Amendment.** This Agreement may not be modified or amended except by writing signed by the parties and pursuant to CMC 3.80.060(6).
- 4.4. Assignment.** The Owner shall not assign or transfer any interest in this Agreement the prior written consent of the City, which shall not be unreasonably withheld.
- 4.5. No Waiver.** Failure or delay of the City to declare any breach or default immediately upon occurrence shall not waive such breach or default. Failure of the City to declare one breach or default does not act as a waiver of the City's right to declare another breach or default.
- 4.6. Severability.** Each and every provision of this Agreement shall be deemed to be severable. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were not a part of this Agreement.
- 4.7. Notices.** All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed, by first class or certified mail, with postage prepaid to the address included in the signature block below, or to such other person or place as one party shall furnish to the other in writing. Notices and

payments shall be deemed given upon personal delivery or, if mailed, upon the earlier of actual receipt or three (3) business days after the date of mailing.

- 4.8. Governing Law / Venue.** This Agreement shall be interpreted in accordance with the laws of the State of Washington. The venue for any cause of action arising out of this Agreement shall be King County, Washington.
- 4.9. Attorney’s Fees.** If any party initiates legal proceedings related to the validity, construction, enforcement, interpretation or breach of this Agreement, the substantially prevailing party shall be entitled to all costs of such proceedings including reasonable attorney’s fees. The term “legal proceedings” as used in this paragraph shall include all litigation, arbitration, administrative, bankruptcy, and judicial proceedings, including appeals therefrom.
- 4.10. Headings.** The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement.
- 4.11. Recording.** This Agreement shall be recorded with the King County Auditor at the sole expense of the Owner.
- 4.12. Authority.** Each individual executing this Agreement on behalf of the City and the Owner represents and warrants that such individuals are duly authorized to execute and deliver this Agreement on behalf of the Consultant or the City.

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

**CITY OF COVINGTON**

**OWNER**

By \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Its: \_\_\_\_\_  
 City of Covington  
 16720 SE 271<sup>st</sup> Street, Suite 100  
 Covington, WA 98042

By \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Its: \_\_\_\_\_  
 Polaris at Covington, LLC  
 1620 North Mamer Road, Bldg B  
 Spokane Valley, WA 99216

Attest:

By \_\_\_\_\_  
 City Clerk

Approved as to form:

By \_\_\_\_\_  
 City Attorney

STATE OF WASHINGTON)

) ss.

KING COUNTY )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2014, before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be an authorized representative of \_\_\_\_\_, who executed the foregoing instrument and acknowledged to me that the said instrument was signed as his/her free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
(Print Name) \_\_\_\_\_  
Notary Public, Residing at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_

# ATTACHMENT 4 EXHIBIT B

## MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT BETWEEN THE CITY OF COVINGTON AND AFFINITY AT COVINGTON, LLC FOR AFFINITY AT COVINGTON

THIS MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT (“Agreement”) is entered into this \_\_\_\_ day of July, 2014, by and between the City of Covington, a Washington municipal corporation (the “City”) and Affinity at Covington, LLC, a Washington limited liability company (the “Owner”).

### RECITALS

WHEREAS, the City has an interest in increasing residential opportunities by stimulating construction of new multi-family housing and the rehabilitation of existing vacant and underutilized buildings for multi-family housing in areas where the City finds there are insufficient residential opportunities; and

WHEREAS, the City has, pursuant to the authority granted to it by RCW 84.14, designated the Town Center District as a Residential Target Area for the provision of either eight- or twelve-year limited multi-family property tax exemptions (“MFTE”) for qualifying new and refurbished multi-family residential housing; and

WHEREAS, the City has enacted a program through Ordinance No. 05-12, and codified at Chapter 3.80 of the Covington Municipal Code (CMC), whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the King County Assessor that the property owner is eligible to receive either an eight- or twelve-year limited MFTE; and

WHEREAS, pursuant to CMC 3.80.050, the Owner submitted to the City a complete application, dated April 24, 2014 (the “Application”), for a twelve-year MFTE for constructing 156 units of new age restricted (55+) residential housing located at 172<sup>nd</sup> Avenue SE and Future 274<sup>th</sup> Street in the Town Center Zoning District, generally known as the Affinity at Covington Mixed Use development (the “Project”, more specifically described below); and

WHEREAS, pursuant to CMC 3.80.060, the City’s Community Development Director has determined that the Project, if completed as proposed, satisfies the requirements for a twelve-year Final Certificate of Tax Exemption as required under Chapter 3.80 CMC and has approved the Owner’s Application; and

WHEREAS, pursuant to CMC 3.80.060(2), Covington’s City Council passed Resolution No \_\_\_\_-14 approving this Agreement and the terms of the Project and eligibility for the MFTE under Chapter 3.80 CMC;

### AGREEMENT

NOW, THEREFORE, the City and the Owner do mutually agree as follows:

#### 1. Subject Property and Project.

**1.1. The Property.** The Owner has submitted to the City preliminary site plans and floor plans for multi-family residential housing (the Project details described more fully below), located at 172<sup>nd</sup> Avenue SE and Future 274<sup>th</sup> Street in the Town Center Zoning District, and described as a portion of Parcel A, City of Covington Lot Line Adjustment number LU10-0005 (Covington Town Center) King County Recording Number 0100811900003. The property lies within NW ¼, Section 36, Township 22N, and Range 5E WM, King County Washington (the “Property”).

**1.2. The Project.** The proposed Project on the Property, generally known as the Affinity at Covington Mixed Use development, is a multi-family development that will consist of a six-story building with 156 dwelling units, parking and amenity space. The facility will be age-restricted to seniors age 55 or older and will contain a mix a mix of housing types. Twenty Percent (20%) of the units in the project will be affordable. Affordable units will include 2 studio units projected to rent for \$1,118, 11 one bedroom units projected to rent for \$1,278 and 19 two bedroom units projected to rent for \$1,438.

**2. Conditional Certificate of Acceptance.** Upon execution of this Agreement by all parties, the City shall issue the Owner a conditional certificate of acceptance of tax exemption (“Conditional Certificate”), which shall expire three (3) years from the date of City Council approval unless an extension is granted by the City pursuant to CMC 3.80.060.

**3. Final Certificate of Tax Exemption.**

**3.1. Project Requirements.** To qualify for a final certificate of tax exemption (“Final Certificate”), the Owner shall complete construction of the Project on the Property:

3.1.1. in compliance with CMC 3.80.040;

3.1.2. substantially as described in the most recent site plans, floor plans, and elevations on file with the City as of the date of City Council approval of this Agreement;

3.1.3. pursuant to any subsequent Development Agreement entered into between the City and the Owner related to the Project;

3.1.4. pursuant to all applicable Project permit conditions and requirements; and

3.1.5. in compliance with all other generally applicable local, state, and federal land use, environmental, development, and building regulations; and

3.1.6. Within the three-year time period as provided for on the Conditional Certificate, or within any extension thereof granted by the City.

**3.2. Application for Final Certificate.** The Owner may request a Final Certificate upon completion of the Project and the City’s issuance of a temporary or permanent certificate of occupancy. Such request shall be submitted pursuant to the requirements of CMC 3.80.080.

- 3.3. Granting of Final Certificate.** The City shall review and either grant or deny the Owner a Final Certificate for the Project pursuant to CMC 3.80.090.
- 3.4. Annual Reporting.** Upon the City's granting of a Final Certificate, the Owner shall be responsible to comply with the annual certification and reporting requirements pursuant to CMC 3.80.100 in addition to any and all other reporting requirements of the King County Assessor's office to maintain the tax exemption status.
- 3.5. Cancellation of Tax Exemption.** The tax exempt status of the Project may be cancelled, and the Final Certificate revoked, pursuant to CMC 3.80.110.
- 4. General Provisions.**
- 4.1. Statute References.** In this Agreement, unless the context otherwise requires, a reference to the CMC or other statute or law is a reference to that provision as extended, applied, amended, or enacted from time to time and includes any subordinate legislation.
- 4.2. Covenants Running with the Land.** The conditions and covenants set forth in this Agreement shall run with the land and the benefits and burdens shall bind and inure to the benefit of the parties. The Owner and every purchaser, assignee, or transferee of an interest in the Property, or any portion thereof, shall be obligated and bound by the terms and conditions of this Agreement, and shall be the beneficiary thereof and a party thereto, but only with respect to the Property, or such portion thereof, sold, assigned, or transferred to it. Any such purchaser, assignee, or transferee shall observe and fully perform all of the duties and obligations of the Owner contained in this Agreement, as such duties and obligations pertain to the portion of the Property sold, assigned, or transferred to it.
- 4.3. Amendment.** This Agreement may not be modified or amended except by writing signed by the parties and pursuant to CMC 3.80.060(6).
- 4.4. Assignment.** The Owner shall not assign or transfer any interest in this Agreement the prior written consent of the City, which shall not be unreasonably withheld.
- 4.5. No Waiver.** Failure or delay of the City to declare any breach or default immediately upon occurrence shall not waive such breach or default. Failure of the City to declare one breach or default does not act as a waiver of the City's right to declare another breach or default.
- 4.6. Severability.** Each and every provision of this Agreement shall be deemed to be severable. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were not a part of this Agreement.
- 4.7. Notices.** All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed, by first class or certified mail, with postage prepaid to the address included in the signature block below, or to such other person or place as one party shall furnish to the other in writing. Notices and payments shall be deemed given upon personal delivery or, if mailed, upon the earlier of actual receipt or three (3) business days after the date of mailing.

- 4.8. Governing Law / Venue.** This Agreement shall be interpreted in accordance with the laws of the State of Washington. The venue for any cause of action arising out of this Agreement shall be King County, Washington.
  
- 4.9. Attorney's Fees.** If any party initiates legal proceedings related to the validity, construction, enforcement, interpretation or breach of this Agreement, the substantially prevailing party shall be entitled to all costs of such proceedings including reasonable attorney's fees. The term "legal proceedings" as used in this paragraph shall include all litigation, arbitration, administrative, bankruptcy, and judicial proceedings, including appeals therefrom.
  
- 4.10. Headings.** The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement.
  
- 4.11. Recording.** This Agreement shall be recorded with the King County Auditor at the sole expense of the Owner.
  
- 4.12. Authority.** Each individual executing this Agreement on behalf of the City and the Owner represents and warrants that such individuals are duly authorized to execute and deliver this Agreement on behalf of the Consultant or the City.

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

**CITY OF COVINGTON**

**OWNER**

By \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Its: \_\_\_\_\_  
 City of Covington  
 16720 SE 271<sup>st</sup> Street, Suite 100  
 Covington, WA 98042

By \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Its: \_\_\_\_\_  
 Affinity at Covington, LLC  
 1620 North Mamer Road, Bldg B  
 Spokane Valley, WA 99216

Attest:

By \_\_\_\_\_  
 City Clerk

Approved as to form:

By \_\_\_\_\_  
 City Attorney

STATE OF WASHINGTON)

KING COUNTY ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 2014, before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be an authorized representative of \_\_\_\_\_, who executed the foregoing instrument and acknowledged to me that the said instrument was signed as his/her free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
(Print Name) \_\_\_\_\_  
Notary Public, Residing at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_

**Agenda Item 4**

Covington City Council Meeting

Date: July 22, 2014

SUBJECT: APPOINTMENT TO OPENINGS ON THE COVINGTON ECONOMIC DEVELOPMENT COUNCIL (CEDC).

RECOMMENDED BY: Derek Matheson, City Manager  
Richard Hart, Community Development Director

ATTACHMENT(S): See Interview Schedule and Applications provided separately.

PREPARED BY: Joan Michaud, Senior Deputy City Clerk

EXPLANATION:

Five CEDC terms will expire on July 31, 2014. Three of these terms are to be appointed by the City of Covington. Each term is for a period of two years. The city received three applications for appointment to CEDC as follows:

**Name of Applicant**

Laura Roth (currently serving on CEDC; terms ends 07/31/2014)  
Jeff Wagner (currently serving on CEDC; terms ends 07/31/2014)  
Eileen Ely

ALTERNATIVES:

Not appoint at this time and direct staff to continue to advertise for additional applicants.

CITY COUNCIL ACTION: \_\_\_\_\_ Ordinance \_\_\_\_\_ Resolution   X   Motions \_\_\_\_\_ Other

**Council member \_\_\_\_\_ moves, Council member \_\_\_\_\_ seconds, to appoint \_\_\_\_\_ to fill a position on the Covington Economic Development Council with a term expiring July 31, 2016.**

**Council member \_\_\_\_\_ moves, Council member \_\_\_\_\_ seconds, to appoint \_\_\_\_\_ to fill a position on the Covington Economic Development Council with a term expiring July 31, 2016.**

**Council member \_\_\_\_\_ moves, Council member \_\_\_\_\_ seconds, to appoint \_\_\_\_\_ to fill a position on the Covington Economic Development Council with a term expiring July 31, 2016.**

REVIEWED BY: City Manager  
Community Development Director

SUBJECT: CONSIDER MASTER BUILDERS ASSOCIATION REQUEST

RECOMMENDED BY: Derek Matheson, City Manager

ATTACHMENT(S):

1. Master Builders Association letter to Mayor Margaret Harto
2. City of Covington & Covington Water District Joint Staff Work Group Report

PREPARED BY: Derek Matheson, City Manager

EXPLANATION:

The Master Builders Association (MBA) of King and Snohomish Counties attended the Covington Water District’s Board of Commissioners meeting on June 4, 2014, to express concern with the district’s “connection fees, time of payment, multiple water meters, and permit exempt wells.” The MBA followed up with a letter to Mayor Margaret Harto dated June 16 that requested the city’s support of “our requested policy revisions, which would remove unnecessary barriers of CWD cities seeking to incentivize growth.”

The City Council agreed on June 24 to schedule this matter for discussion on July 22. Attached are the MBA’s letter to the mayor and a report from a city/district joint staff work group dated March 20, 2012 that outlines areas of agreement and disagreement between the city and district in regards to the district’s rates and fees and standards and specifications.

Staff recommends that the mayor send a letter to the district that 1) reiterates the city’s strong interest in a healthy climate for economic development and 2) offers broad support for any and all efforts to reduce the cost of development and simplify the standards and processes for development.

ALTERNATIVES:

FISCAL IMPACT:

CITY COUNCIL ACTION:   \_\_\_Ordinance   \_\_\_ Resolution   \_\_\_ Motion   X Other

**PROVIDE DIRECTION TO STAFF**

REVIEWED BY: Community Development Director; Public Works Director; Finance Director; City Attorney.



MBA of King and Snohomish Counties

335 116th Avenue

Bellevue, Washington 98004

T 425.451.7920 800.522.2209

F 425.646.5985 [www.masterbuildersinfo.com](http://www.masterbuildersinfo.com)

**ATTACHMENT 1**

June 16, 2014

Mayor Margaret Harto  
City of Covington  
16720 SE 271<sup>st</sup> St., Suite 100  
Covington, WA 98042

RE: Covington Water District Request for Policy Revisions

Dear Mayor Harto:

On behalf of the nearly 3,000 member companies of the Master Builders Association of King and Snohomish Counties ("MBA"), I would like to inform you about an issue of concern for the housing industry and request the city's support. As you may be aware, the MBA and 28 business and community representatives addressed the Covington Water District ("CWD") for nearly 50 minutes during their public comment period on June 4<sup>th</sup>. As a group, we collectively requested that the CWD consider revising their position on the following four issues: connection fees, time of payment, multiple water meters, and permit exempt wells. Overall, CWD responded positively, requested our comments in writing, and asked for patience as change takes time. CWD has subsequently established a process for addressing these issues, which includes a meeting on June 26<sup>th</sup> to "explore ideas which address 'our' concerns for the benefit of economic development, District financial viability and best practices." Given that a portion of the city of Covington is within CWD's service area, we wanted to inform you of this meeting and request the city's support for our requested changes.

Many of the Board's current policies are deterring building activity within the CWD. This is unfortunate, since the benefits of home building are well documented. As people come to work and shop where they live, the benefits of home building influence and enable a healthy economy. According to a report by the National Association of Home Builders, the one-year local benefits of building 100 homes in King and Snohomish counties is \$28.3 million in local income, \$4.3 million in taxes and other revenue, and 317 jobs. The benefits of home building continue annually. Moreover, the city of Covington has an obligation to accommodate new

growth and deserves the ability to incentivize the growth it wants absent external hardships that cannot be addressed except by the CWD Board of Commissioners.

***Overly burdensome connection fees deter development***, and often times prohibit it because banks will not provide funding. CWD's connection fees are too burdensome. One constituent that spoke during the public comment period noted he recently received a \$615,000 extension charge from the CWD for 15 lots, which is \$41,000 per home. The constituent went on to state that he will not be able to obtain funding for the project unless the District is willing to address the extension charge.

***Connection fees, when paid at time of development***, also incur interest. CWD has a policy of requiring all fees be paid prior to any permit issuance. When a developer is forced to pay all fees up front, the developer accrues interest during the development process. The carried interest, in addition to any fees, becomes part of the sale price for the developed plats or they are passed onto the new home buyer. Regardless, requiring the payment at time of builder permit issuance reduces the carried interest and removes a hurdle in the development process.

***CWD currently requires up to three water meters***: household, outdoor landscaping, and fire sprinklers. Requiring more than one water meter is a costly and expensive burden. Inspecting, maintaining, and issuing invoices for three different meters is an administrative challenge that can be reduced. Also, as one constituent stated during the public comment period, requiring multiple meters creates a safety issue for residents with fire sprinklers, and residents are being charged a monthly fee for fire-sprinkler meters even though water is only provided in the event of a fire. This is an overly complicated and unnecessary process that burdens development, your constituents, and hinders economic revitalization.

Lastly, as a Seattle University Law School student externing with the MBA, Kishan Nathwani, stated during public comment, ***CWD cannot lawfully deny a resident access to public water if they chose to exercise their right to a permit exempt well***. CWD is attempting to withhold public water from residents who use their own wells, which have been approved by the Department of Ecology ("DOE"), claiming use of permit exempt wells and public water is not an effective and efficient use of the state's public water. The DOE has already established the most restrictive means available under the law, and those conditions are satisfied for permit exempt wells.

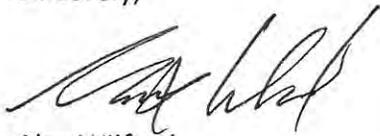
Both the Supreme Court of the State of Washington and the Attorney General have stated that more restrictive means of conserving water, such as conditional use of public water, cannot be implemented. The Supreme Court of Washington has found that DOE's permit exempt well requirements ensure the legislative purpose and intent are met. *State of Washington Department of Ecology v. Campbell & Gwinn et al.*, 146 Wn.2d 1, 13, 43 P.3d 4 (Wash.2002). The Court further found that "the plain meaning of the domestic uses exemption is apparent from the language in RCW 90.44.050...the exemption applies provided 5,000 gpd or less is used." *Id.* Here, CWD cannot place additional conditions, such as denied access to public water, on the use of permit exempt wells. The language of the statute is plain on its face, and DOE has satisfied the legislative intent.

Furthermore, in 2005, Attorney General Rob McKenna stated that “an agency may not alter its interpretation of a statute in a manner that is inconsistent with governing statutes simply because its own policy preferences have changed.” *Interpretation of Statutory Language Exempting Withdrawals of Groundwater for Stock-Watering From Permitting Requirements*, 17 Op. Att’y Gen. 8 (2005). Therefore, CWD cannot go beyond the restrictions set by the DOE and withhold public water from residents who have a permit exempt well. The statutory language is clear, DOE’s restrictions satisfy the legislative intent, and no agency has the authority to alter this interpretation. Permit exempt wells have been deemed to promote the main purpose of effective and efficient conduct and therefore the CWD cannot lawfully rule otherwise.

In addition to the above comments, please find the referenced letter from CWD enclosed for your review. Again, we wanted to inform you of these issues, the discussions that are taking place, and the avenues we have suggested for positive change. The MBA respectfully requests that the city of Covington support our requested policy revisions, which would remove unnecessary barriers of CWD cities seeking to incentivize growth.

Please do not hesitate to contact me with any questions at (425) 460-8236 or [Awilford@mbaks.com](mailto:Awilford@mbaks.com).

Sincerely,



Alex Wilford  
South King County Manager

Enclosures:

June 6, 2014 letter from Covington Water District

CC: Covington City Council

COMMISSIONERS:  
Vern Allemand  
Jeff Clark  
David R. Knight  
David B. Roselle  
Tal Weberg  
GENERAL MANAGER:  
Gwenn Maxfield



Serving  
the  
Community  
Since 1960

June 6, 2014

Alex Wilford  
Master Builders  
335 116th Ave. SE  
Bellevue, WA 98034

Thank you for attending the Covington Water District's Board meeting June 4<sup>th</sup> and expressing your concerns over fees, wells and meter requirements. The District is very interested in exploring ideas which address your concerns for the benefit of economic development, District financial viability and best practices.

One speaker suggested that the District seek creative solutions to the problems expressed. I am pursuing that suggestion and ask that you join me to explore options that might provide creative solutions to the District's consumption and connection fees, well policy and meter requirements. Sometimes one becomes "too close to the forest to see the trees" so to speak, and ideas which seem obvious to some are not apparent to others. In that light, I am setting up a meeting and ask you to attend and offer ideas on different or creative ways to address your concerns while meeting District financial requirements and preserving equity for all customers.

If this venue proves successful, meaning customers, developers and other interested parties attend to offer and exchange ideas, it may become a quarterly opportunity for you to provide helpful feedback to the District. I encourage you to attend; the meeting time has been selected to include those of you who work elsewhere and must schedule an after-work hours meeting.

Thursday, June 26<sup>th</sup>, 5 – 6:30 pm  
Covington Water District offices, Board room

If you cannot make the meeting, please send me your thoughts and ideas to the address at the bottom of this letter. Your feedback will be provided to the Board. Early this fall the Board is scheduling a half-day workshop to consider ideas and options to address the concerns raised. We will keep you informed of the progress and thank you for taking the time to provide your feedback.

Sincerely,  
Gwenn Maxfield  
General Manager

cc Board of Commissioners

VISION OF TOMORROW | ACTION TODAY

18631 SE 300<sup>th</sup> Place, Covington, WA 98042 (253) 631-0565

## ATTACHMENT 2



# City of Covington & Covington Water District Joint Staff Work Group

Report to City Council &  
Board of Commissioners  
March 20, 2012

3/20/2012 FINAL 1



## 2011 Joint Meeting

- Covington City Council, Covington Water District Board, and Soos Creek Water & Sewer District Board met jointly on March 15, 2011
  - City staff presented the city's downtown plan, including town center vision
  - CWD staff provided an overview of district operations and system extension requirements
  - SCWSD staff summarized plans to enhance sewer service in Downtown Covington

3/20/2012 FINAL 2

## Work Group Concept

- The Covington City Council desired further analysis on the two CWD issues that generated the most discussion:
  - Large water main requirements downtown
  - Looping requirements
- Council directed staff to explore with CWD staff the creation of a City & CWD staff-level work group to work on these issues and report back to Council
  - Include SCWSD

3/20/2012 FINAL

3

## Work Group Concept

- City & CWD staff met to identify a work group and scope of work
  - Added Covington fire marshal

3/20/2012 FINAL

4

## Composition

- **City of Covington**
  - Derek Matheson, City Manager
  - Glenn Akramoff, Public Works Director
  - Nelson Ogren, Development Review Engineer
- **Covington Water District (CWD)**
  - Gwenn Maxfield, General Manager
  - Kevin Fuhrer, Business Services Director
  - Brian Borgstadt, District Engineer
- **Kent Fire Dept. Regional Fire Authority (KFD)**
  - Jon Napier, Covington Fire Marshal
- **Soos Creek Water & Sewer District (SCWSD)**
  - Ron Speer, General Manager

3/20/2012 FINAL

5

## Work Plan

April	Set work group composition and work plan
May	Review & discuss CWD rates & fees
June	Review & discuss CWD standards & specifications
September	Review & discuss SCWSD Review & discuss fire code
November	Review highlights Discuss report to Council & Board

3/20/2012 FINAL

6

## CWD Rates & Fees

- CWD staff gave a presentation on rates & fees in May
- Group's findings:
  - The water moratorium in the 1990s continues to have profound effects today
  - The City & CWD share a common concern about the impact of rates & fees on economic development

3/20/2012 FINAL

7

## CWD Rates & Fees

- Group's findings (continued):
  - CWD's ability to influence rates & fees is heavily circumscribed by:
    - Investments in additional water supply
      - Green River Supply (RWSS)
      - Cascade Water Alliance
    - Great Recession (fewer new connections despite sunk costs)
    - Conservation (lower water sales despite sunk costs)
    - Federal mandates (filtration of Green River supply)

3/20/2012 FINAL

8

## CWD Rates & Fees

- Group's findings (continued):
  - CWD is making efforts to reduce impacts on developers and customers
    - Evaluating options to sell excess supply to other water utilities
    - Reduced system extension agreement annual renewal fee effective October 2010 (made permanent November 2011)
      - Represents a 90% reduction in annual fee from \$1,000 per ERU to \$100
      - Total fee remains unchanged; balance due when CWD accepts ownership

3/20/2012 FINAL

9

## CWD Rates & Fees

- Group's findings (continued):
  - CWD is making efforts to reduce impacts on developers and customers (continued):
    - Adopted new connection-charges structure effective January 2011
      - Combined commercial, schools, government, and irrigation classes into one non-residential user class
        - Base non-residential connection charge includes two meters – one each for indoor and outdoor water use – similar to the residential class
        - Significantly reduced comparable non-residential connection charges (\$25,249 in 2011 vs. \$46,740 in 2010 for a 5/8" connection)
      - Group discussed but didn't resolve whether to delay a portion of connection-charge collection from final-plat stage to building-permit stage

3/20/2012 FINAL

10

## CWD Standards & Specifications

- CWD staff gave a presentation on standards & specifications in June
- City had two primary concerns:
  - Large water main requirements downtown
  - Looping requirements
    - Downtown
    - Commercial projects and residential plats

3/20/2012 FINAL

11

## CWD Standards & Specifications

- Group's findings
  - Large water mains downtown are the result of a city staff request a number of years ago
    - CWD staff will recognize the city's changed fire-flow requirement in the next draft water comprehensive plan

3/20/2012 FINAL

12

## CWD Standards & Specifications

- Group's findings (continued):
  - City and KFD staff continue to have a professional difference of opinion with CWD staff regarding looping of commercial projects and residential subdivisions
    - City and KFD staff believe looping generally is not necessary for fire flow purposes
    - CWD staff believe looping is a system-integrity and water-quality issue as much as a fire-flow issue
    - City staff requested that CWD staff include a deviation/ variance option in the next standards update
      - Allow developers to use value engineering to propose a different configuration that produces similar results at a lower cost

3/20/2012 FINAL

13

## Soos Creek Water & Sewer District

- SCWSD staff gave a brief presentation on rates & fees and standards & specifications in September
- Group's findings:
  - SCWSD is very fortunate to have an excellent 60-year contract with Seattle for filtered water
  - SCWSD's rates are on the rise due to conservation (lower water sales but fixed costs)
  - SCWSD loops only upon the fire marshal's request

3/20/2012 FINAL

14

## Kent Fire Department

- The fire marshal gave a presentation on rates & fees in September
- The fire code is adopted by the City Council but administered by KFD per an interlocal agreement
- Group's findings:
  - Fire flow needs are determined through complex calculations using formulas in the fire code
  - KFD normally does not request looping for fire flow purposes

3/20/2012 FINAL

15

## Next Steps

- CWD staff will update standards for water mains downtown in the next draft water comprehensive plan
- CWD staff have the option to address the deviation/variance concept in the next standards update
- City & CWD staff will continue to work together toward mutual goals:
  - Economic development
  - Affordable rates & fees
  - High quality public services

3/20/2012 FINAL

16



**Thank you**

3/20/2012 FINAL

17

SUBJECT: APPOINT INTERIM CITY MANAGER

RECOMMENDED BY: Derek Matheson, City Manager

ATTACHMENT(S):

PREPARED BY: Derek Matheson, City Manager

EXPLANATION:

City Manager Derek Matheson announced his resignation effective August 8, 2014, to become the City of Kent's chief administrative officer. His last day in the office is July 25, and he will be on vacation from July 26 through August 8. Staff recommends the council appoint an interim city manager effective July 26 and set his/her compensation at step two of the city manager salary range. If the council appoints from within the organization, the interim city manager would return to his/her prior position and salary when a city manager takes office.

ALTERNATIVES:

FISCAL IMPACT:

\$12,314 per month, mostly offset by salary savings if the council appoints from within the organization.

CITY COUNCIL ACTION:    \_\_\_ Ordinance    \_\_\_ Resolution     X  Motion    \_\_\_ Other

**Council member \_\_\_\_\_ moves, Council member \_\_\_\_\_ seconds, to appoint \_\_\_\_\_ as interim city manager effective July 26, 2014, and set his/her compensation at step two of the city manager salary range.**

REVIEWED BY: Personnel Manager, Finance Director, City Attorney

**DISCUSSION OF  
FUTURE AGENDA TOPICS:**

**7:00 p.m. Tuesday, August 12, 2014 Regular Meeting**

**(Draft Agenda Attached)**



**Covington: Unmatched quality of life**  
CITY OF COVINGTON  
CITY COUNCIL REGULAR MEETING AGENDA  
[www.covingtonwa.gov](http://www.covingtonwa.gov)



Tuesday, August 12, 2014  
7:00 p.m.

City Council Chambers  
16720 SE 271<sup>st</sup> Street, Suite 100, Covington

**CALL CITY COUNCIL REGULAR MEETING TO ORDER**

**ROLL CALL/PLEDGE OF ALLEGIANCE**

**APPROVAL OF AGENDA**

**PUBLIC COMMUNICATION**

- Clean Covington Day Proclamation – September 9, 2014 (Slate)

**PUBLIC COMMENT** Speakers will state their name, address, and organization. Comments are directed to the City Council, not the audience or staff. Comments are not intended for conversation or debate and are limited to no more than four minutes per speaker. Speakers may request additional time on a future agenda as time allows.\*

**APPROVE CONSENT AGENDA**

- C-1. Minutes: June 3, 2014 Tri Cities Special Joint Meeting; June 10, 2014 Special Study Session; June 10, 2014 Regular Meeting; June 24 Special Study Session; June 24, 2014 Regular Meeting; July 8, 2014 Regular Meeting; and July 22, 2014 Regular Meeting (Scott)
- C-2. Vouchers (Hendrickson)
- C-3. Approve Street Sweeping Contract (Vondran)

**PUBLIC HEARING**

- 1. Receive Comments and Consider Ordinance Extending the Moratorium on Medical Marijuana (Springer)

**NEW BUSINESS**

- 2. Coal Trail Briefing (Lindskov)
- 3. Consider Resolution Adopting Covington Mixed Use Multifamily Tax Exemption (Lyons)
- 4. Approve Development Agreement with Covington Mixed Use (Lyons)
- 5. Review Proposals for City Manager Recruitment (Beaufriere)
- 6. Report on Covington Days (Slate)
- 7. Second Quarter Financial Report (Hendrickson)

**COUNCIL/STAFF COMMENTS - Future Agenda Topics**

**PUBLIC COMMENT** \*See Guidelines on Public Comments above in First Public Comment Section

**EXECUTIVE SESSION – If Needed**

**ADJOURN**

*For disability accommodation contact the City of Covington at 253-480-2400 a minimum of 24 hours in advance. For TDD relay service, dial (800) 833-6384 and ask the operator to dial 253-480-2400.*