

Exhibit A
Scope of Services and Budget
for
City of Covington
Northern Gateway Area Study

The Scope of Services consists of the following six Sections: Work Program, Consultant Work Product and Deliverables, City Support Services, Preliminary Schedule, Budget, and Subconsultant Team

SECTION A: PHASE 1 WORK PROGRAM

Task 1.1: Kickoff Meeting

Meeting with city planning and public works staff and Northern Gateway Area service providers for water, waste water, storm drainage, transportation, and emergency services. The purpose of the meeting is to inform the service providers of the Northern Gateway Area Study, introduce the Consultant team, and elicit information on existing conditions, issues, constraints, and opportunities relating to infrastructure and public services from city staff and service providers.

Consultant services:

- a. Selected consultant team members to participate.
- b. Present an overview of the study approach.
- c. Prepare one consolidated list of data needs no later than 7 days following the meeting.

Consultant Deliverables:

None.

City responsibilities:

Organize, schedule and facilitate a two-hour meeting.

Budget for Task 1.1: \$4,562

Task 1.2: Public Involvement

Task 1.2.1: Stakeholder Interviews

Informal interviews with up to four key stakeholders to elicit ideas, constraints, and opportunities for the subarea. Each interview not to exceed 1 ½ hours.

Consultant services:

- a. Jointly with city staff design the interview questions.
- b. Conduct up to four interviews of up to 1 ½ hours each.

Consultant Deliverables:

- a. Prepare one draft and one final version of interview questions.
- b. Prepare a memorandum collectively summarizing the key points from the interviews.

City responsibilities:

- a. Review and provide one set of consolidated comments on the draft interview questions.
- b. Provide the names of up to four key individual stakeholders or groups or combination thereof to be interviewed.
- c. Participate in the interviews at the option of City staff.

Task 1.2.2: Initial Public Information Meeting

Meeting to inform the public of the content and timeline for the Northern Gateway Area Study, answer questions, and take note of issues, ideas, and concerns expressed by members of the public.

Consultant services:

- a. Plan the meeting jointly with city staff.
- b. Provide assistance to city staff at the meeting.

Consultant deliverables:

None

City responsibilities:

- a. Organize, schedule and facilitate the meeting.
- b. Prepare materials for the meeting.
- c. Prepare memorandum summarizing the meeting.

Budget for Task 1.3: \$3,625

Task 1.3: Preliminary Land Use Concept Plan

Planning session with city staff to define a preliminary land use concept plan for the Northern Gateway Area based on a preliminary understanding of the amount of land available for development, assumed critical areas, and city staff's understanding of the goals and appropriate uses for the area. The two-hour session will be held in the offices of one of the Consultant team members.

Consultant services:

- a. Plan, schedule, and facilitate the planning session.
- b. Provide appropriate materials.

Consultant Deliverables:

One Preliminary Land Use Concept Plan.

City responsibilities:

At a minimum the City's Community Development Director and one planner will participate in the meeting.

Budget for Task 1.2: \$1,570

Task 1.4: Buildable Lands Capacity and Build-Out Analysis

Evaluation of the land supply and demand of both the City and the Northern Gateway Study Area in order to provide an early indication of land supply to inform the feasibility of expanding the city's UGA to include PAA 4 and of annexing PAA 1 and/or PAA 4.

Consultant services:

- a. Apply approved regional methods to a new parcel base, and apply new discount factors and assumptions (e.g. updated critical areas layers if available; rights of way deductions; etc.).
- b. Coordinate analysis with King County staff, including meetings as necessary.
- c. Make recommendations on appropriate density factors and employee per square foot rates.
- d. Compare the results of the new land capacity analysis to that developed for the 2007 Buildable Lands Report by Suburban Cities on behalf of the City.
- e. Relate the land capacity results to any findings of the market analysis (e.g. parcel sizes available in relation to market preferences for commercial uses).
- f. Compare the land supply to the growth targets in the Countywide Planning Policies (now at the year 2031 instead of 2022 as in the City's Comprehensive Plan).

Consultant deliverables:

One draft and one final memorandum summarizing the method, results, and recommendations, including a spreadsheet of the technical analysis.

City responsibilities:

- a. Provide information regarding observed development trends (e.g. actual floor area ratios of approved developments; plat densities).
- b. Provide one consolidated set of review comments on the draft memorandum within two weeks of receipt.

Budget for Task 1.4: \$7,230

Task 1.5: Market Analysis

Market assessment to help inform the subarea planning process at the same time as the buildable lands analysis is being conducted thereby allowing an early comparison of land supply and market demand. Making this comparison at an early stage will also allow the City and team to gain an understanding of the feasibility of expanding the UGA to include PAA 4.

Consultant services:

- a. Consider market-wide supply-and-demand factors, recent development trends, and the outlook for different types of commercial development. The purpose of this is to understand the development types and opportunities that may exist within the City and PAA 1 and PAA 4. This understanding will be used to inform Phase 2 of the study.
- b. Evaluate the supply of land in the region for retail, office, and multi-family residential uses relative to the projected market demand for these various uses. This analysis will begin with region-wide perspective and then focus on the areas within the study area.
- c. Evaluate the land supply and capacity for industrial, commercial, and multifamily products drawing from City and County zoning code and polices; existing City and County buildable lands analyses; and a review of the developable and redevelopable areas to determine the development capacity of the study area. The assessment also will provide a foundational understanding of the broader supply of industrial, commercial, and multifamily sites in the immediate region.
- d. Prepare a real estate demand analysis looking at short-term and long-term forecasts in population, employment, and other economic indicators to assess demand in the region. The analysis will be data driven, supported by analysis of local market factors to describe future scenarios for retail, office, and multi-family products demand in the City and region. The analysis will evaluate market demand on a regional basis and assess the extent to which sites in the area are likely to be competitive for each use over the planning period. To the extent possible based on the conceptual land plan, the analysis will include a projection of plausible ranges of development that sites in the corridor might be expected to support in terms of square footage, by type (retail, office, multi-family) and associated demand for land under varying density assumptions. These assumptions will reflect the corridor's market position within the region. The demand analysis will draw from several key sources, including the following:
 1. Existing real estate market data and trend analyses
 2. Historical and planned building permits
 3. Published employment forecasts for the region
 4. Existing economic data from OFM, DOR, and ESD
 5. Interviews with local real estate professionals

Consultant Deliverables:

One draft and one final Market Analysis memorandum

City responsibilities:

Provide one consolidated set of review comments on the draft memorandum within two weeks of receipt.

Budget for Task 1.5: \$8,393

Task 1.6: Analysis of Existing Conditions

Documentation, primarily from existing sources of information, of existing conditions in the Northern Gateway Area to provide a foundational understanding of the suitability of PAA 4 for expansion of the City's UGA and of PAA 1 and/or PAA 4 for annexation to the city.

Consultant services:

- a. **Analysis of Available Information**
Review available planning, environmental, economic, traffic, and infrastructure information in existing reports and studies. Documents reviewed will include the Covington Comprehensive Plan, Covington Municipal Code, Capital Facilities Plans, Buildable Lands Reports, PSRC Vision 2040 growth projections, existing economic and marketing information, King County records (e.g. parcels and similar), and existing traffic studies.
- b. **Demographic Profile**
Prepare a profile of the study area in terms of population, housing, employment, current land use, school enrollment and other pertinent demographic information based on data from the Market Analysis above and the Buildable Lands Capacity and Build-Out Analysis.
- c. **Critical Areas Assessment**
 1. Perform a reconnaissance level review of critical areas within the Northern Gateway planning area. As part of this effort, all relevant and available inventories (critical areas and shorelines), aerial imagery, and existing local and state studies will be reviewed to gather information. Based on this information, staff biologists will perform limited field ground truthing of select critical areas, primarily wetlands, which have the greatest potential impact on future development based on size and the width of regulatory buffers.
 2. Review the critical area regulations which are currently in place for the County and compare to the City of Covington's regulations to assess the protection standards that would be afforded critical areas within the Northern Gateway Area.
- d. **Public Services Capacity Analysis (Parks, Schools, Fire/EMS)**
Prepare a summary analysis of services provided to the study area in terms of parks and recreation, schools, Fire/EMS, documenting the service provider, proximity of services to the study area, and any service delivery concerns (e.g. access, response times, etc.) provided by the service providers.
- e. **Transportation Capacity Analysis**
 1. Review traffic counts and traffic studies previously conducted for the City
 2. Provide new peak period counts at the SE 256th/SR 18 ramp intersections.
 3. Collect historical collision data from WSDOT and assess existing safety conditions in the study area.
 4. Analyze level of service for the peak hour conditions at up to six study area intersections as well as the other existing transportation characteristics (including transit and non-motorized modes) in the study area.
 5. Qualitatively describe the road pavement conditions within the study area based on field observation and/or readily available data such as from King County.
- f. **Sewer, Stormwater, and Water Infrastructure Capacity Analysis**
Review the existing and future sewer, water, and stormwater systems information provided by the City of Covington, Covington Water District, and the Soos Creek Water and Sewer District.

Consultant Deliverables:

Existing conditions report containing an executive summary and the following memoranda:

- a. Memorandum on demographic profile.
- b. Memorandum on critical areas assessment.
- c. Memorandum of current public services capacity information.
- d. Memorandum, including maps as appropriate, on transportation capacity that summarizes the methods and results of existing operational and safety analyses for roadways, transit and non-motorized modes, and identifies transportation opportunities and constraints within the study area. The memorandum also will include an overview analysis of the general transportation system capacity anticipated to be in place at the time an annexation becomes effective. This analysis will primarily be based upon current comprehensive planning efforts by each jurisdiction. The analysis will include tasks that should be undertaken in subsequent project phases to address identified transportation issues and develop specific solutions.
- e. Prepare a summary memorandum, including maps as appropriate, outlining the sewer, stormwater, and water systems and identifying any constraints or other issues related to providing these urban services to the Northern Gateway Area.

City responsibilities:

- a. Provide the 2008 counts for the other major intersections in and near the Northern Gateway area conducted for the City's last transportation element update (or more recent available counts.)
- b. Provide traffic studies that contain information relevant to the transportation system in the study area.
- c. Provide one consolidated set of review comments on the draft existing conditions report within two weeks of receipt.

Budget for Task 1.6: \$17,330

Task 1.7: Preliminary Fiscal Analysis of Annexation

Evaluation of the incremental fiscal impact of growth within PAA 1 and PAA 4 (assuming the areas are annexed into the City as some future date). The analysis will evaluate annexation over a period of time to evaluate the full impact of growth in the area. Taking the analysis into the future shows how the fiscal balance in the City might change over time and how annexation might affect the long-term fiscal outlook for a new, larger City. The central focus of this analysis will be to evaluate how the City will experience incremental revenue and cost increases as a result of annexation of the areas. In this sense, it will be possible to understand the degree that growth and annexation of these areas helps or hurts the City's underlying fiscal position.

Consultant services:

- a. Buildout of PAA 1 and PAA 4

Prepare a preliminary fiscal analysis built on the premise that key factors in the land base (such as population, employment, and commercial activity) drive both demand for services and changes in the City's tax base. Demand for services drives costs and depends on a jurisdiction's scope of services and choices regarding level of service. The tax base drives revenues and will vary based on a jurisdiction's choices regarding fiscal and taxing policy (limited by tax laws). The analysis will allow for the varying of assumptions about anticipated development in the City and annexation areas over time, and how these changes affect the underlying local tax base. In particular, the following elements will be specified from the buildable land capacity analysis and market assessment: (1) development assumptions including type, scale, and timing of new development; (2) type and mix of tenants, associated employment, and business income levels; (3) housing mix (single-family and multi-family) and density; and (4) productivity of new retail activity.

b. Cost Assessment

Prepare a conceptual cost assessment of the potential impact of development on the demand for ongoing city services. The assessment will focus on the core city services that may be affected by annexation, such as police, parks and recreation, and street maintenance. The cost assessment will assume continuation of existing levels of service and will consider opportunities for economies of scale, service delivery efficiencies, and current capacities in the various city services. Consultant has some familiarity with the City's public services and cost structure having recently completed a public safety cost study.

c. Revenue Assessment

Develop a flexible public revenue model that will allow for estimation of likely tax revenue impacts resulting from development. This task will involve taking the information gathered in the Buildout and Cost Assessment steps to analyze the direct tax effects of development in the study area. The analysis will be conducted using a cash flow revenue model that will build up from the development assumptions, including phasing and timing of development, to estimate changes in affected tax bases. In particular, the following parameters will be explicitly called out within the analysis and subject to control:

1. Development assumptions including type, scale, and timing of new development
2. Type and mix of tenant types and associated employment and business income levels
3. Productivity of new retail activity
4. Housing mix (owner-occupied, rental) and density
5. Assumptions about tax rates
6. Implications of tax credits and exemptions for certain types of development
7. Implications of sales tax streamlining on revenue potential of certain types of development

Current tax rates and City of Covington policies will be applied to the incremental tax bases to estimate potential public revenues. Revenues will be organized according to the legislative or policy limits on their use and whether they are one-time or ongoing revenues. The revenue module will allow for the assessment and testing of alternative policy choices. The revenue analysis will likely include:

1. Property Tax
2. Utility Tax
3. Sales Tax (both on construction and ongoing from business operations)
4. Real Estate Excise Tax
5. State Shared Revenues
6. B&O Taxes (both on construction and ongoing from business operations if applicable)
7. Business License Fees (if applicable)

Consultant Deliverables:

One draft and one final memorandum summarizing the preliminary fiscal analysis

City responsibilities:

Provide one consolidated set of review comments on the preliminary fiscal analysis within two weeks of receipt.

Budget for Task 1.7: \$5,265

Task 1.8: Opportunities and Constraints Assessment

Summary of the opportunities and constraints based on the information developed Tasks 1.1 through 1.7.

Consultant services:

Assess the opportunities and constraints associated with expanding the city's UGA to include PAA 4 and annexing PAA 1 and/or PAA 4.

Consultant deliverables:

Memorandum assessing the opportunities and constraints associated with expanding the city's UGA and annexing PAA 1 and/or PAA 4.

City responsibilities:

Provide one consolidated set of review comments on the opportunities and constraints memorandum within two weeks of receipt.

Budget for Task 1.8: \$2,143

Task 1.9: SEPA Approach

Assessment of alternative approaches to SEPA compliance for expanding the city's UGA and annexing PAA 1 and/or PAA 4.

Consultant services:

Prepare a memorandum on the advantages and disadvantages of various SEPA documentation options addressing proposals for the Northern Gateway Subarea, including a SEPA Checklist leading to a determination of non-significance (DNS); a Planned Action EIS, an EIS establishing an infill exemption; and potential other options.

Consultant deliverables:

One draft and one final memorandum describing the various SEPA approaches and summarizing the advantages and disadvantages of each approach and the potential costs associated with each approach.

City responsibilities:

Provide one consolidated set of review comments on the opportunities and constraints memorandum within two weeks of receipt.

Budget for Task 1.9: \$870

Task 1.10: Summary Technical Memorandum

Memorandum providing an executive summary of all Phase 1 Tasks and including as appendices all of the deliverables prepared for each of the Tasks.

Consultant services:

Compile the appropriate documents and analyses prepared in the Phase 1 Tasks into a unified summary technical memorandum. The memorandum also will include a policy analysis of key King County policies and requirements identified as essential to moving forward with a UGA amendment request for PAA 4.

Consultant Deliverables:

One draft and one final summary technical memorandum.

City responsibilities:

Provide one set of consolidated review comments on the summary technical memorandum.

Budget for Task 1.10: \$3,262

Task 1.11: Project Management Services

As part of providing the services in each of the Tasks, Consultant will be responsible for overall project management of the Consultant team for the Northern Gateway Area Study. In that capacity Consultant will:

- a. Meet with and manage the work of the subconsultant team members as necessary.
- b. Coordinate project work activities with city staff.
- c. Prepare and maintain a project schedule with specific action dates to ensure that the Consultant team meets the desired schedule.
- d. Communicate with city staff on a regular basis to assess project progress and action items to be accomplished by city staff and consultant team.
- e. Transmit a bi-weekly summary of project progress to city staff and any actions needed to ensure that the project remains on schedule and within budget.

SECTION B: CONSULTANT WORK PRODUCT AND DELIVERABLES

- a. All work products, including records, files, documents, plans, computer disks, magnetic media or material which may be produced or modified by the consultant or sub-consultant while performing Work shall belong to the City of Covington. Digital copies of any data collected by the consultant or sub-consultants shall be provided to the City of Covington. The City expects final GIS data deliveries in ESRI ArcGIS (v10.0) geodatabase format, matching all content and spatial parameters of the existing city tax parcel data layer.
- b. All consultant deliverables will be prepared in a format compatible with MS Word 2007. All spreadsheets and graphs will be prepared in a format compatible with MS Excel 2007. All maps and graphs shall be produced in color where appropriate. Digital copies of draft and final deliverables will be provided in both MS Word and PDF file formats as requested by City staff. Digital versions shall include all graphics, tables and appendices in suitable form for publishing on the City website.

SECTION C: CITY SUPPORT SERVICES

- a. The City will provide all available government documents, studies, site plans, GIS data layers and mapping and other technical information pertaining to the study area based on the consultant's data request. Any documents provided in hardcopy shall be returned to the City as appropriate upon completion of the contract.
- b. The consultant shall perform all mapping and related GIS services; city staff will review and comment on all maps prior to finalization.
- c. The City will be responsible for document reproduction and distribution of all review and final drafts.
- d. The City will be responsible for website updates of available project materials.
- e. The City will be responsible for meeting notices, public meeting room arrangements, and other logistics for public meetings.

SECTION D: PRELIMINARY SCHEDULE

May

Kickoff meeting

Stakeholder interviews

Summary of stakeholder interviews

Public information meeting

Preliminary land use concept

Buildable lands capacity analysis

Existing conditions analysis

Market analysis

Fiscal analysis

June

Existing conditions analysis
Market analysis
Fiscal analysis
Draft opportunities and constraints assessment
Draft SEPA approach
Draft summary technical memorandum

July

Draft opportunities and constraints assessment
Draft SEPA approach review
Draft summary technical memorandum
Final opportunities and constraints assessment
Final SEPA approach
Final summary technical memorandum

August (to be completed no later than August 15th)

Final opportunities and constraints assessment
Final summary technical memorandum

SECTION E: BUDGET

Task 1.1: Kick-Off Meeting: \$4,562
Task 1.2: Public Involvement: \$3,625
Task 1.3: Preliminary Land Use Concept Plan: \$1,570
Task 1.4: Buildable Lands Capacity and Build-Out Analysis: \$7,230
Task 1.5: Market Analysis: \$8,393
Task 1.6: Analysis of Existing Conditions: \$17,330
Task 1.7: Preliminary Fiscal Analysis of Annexation: \$5,265
Task 1.8: Opportunities and Constraints Assessment: \$2,143
Task 1.9: SEPA Approach: \$870
Task 1.10: Summary Technical Memorandum: \$3,262
Project Expenses: \$1,085

Total Cost Not to Exceed: \$55,335

Note: The budgets for each Task are approximations only; the actual amounts expended for an individual Task may vary from the budget amount, in which case the excess or deficit will be applied to a different Task such that neither the consultant services and deliverables are compromised nor the total cost for the Phase 1 Work Program is exceeded without prior written approval of the City.

SECTION F: SUBCONSULTANT TEAM MEMBERS

BERK

Communita Design
ESM Civil Engineers
Heffron Transportation
The Watershed Company