Council will interview Economic Development Council applicants beginning at 6:15 p.m.

CALL CITY COUNCIL MEETING TO ORDER – approximately 7:00 p.m.

ROLL CALL/PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

PUBLIC COMMUNICATION

• 2012 Citizen of the Year Proclamation
• 2012 Honorary Citizen of the Year Proclamation

RECEPTION FOR CITIZEN AND HONORARY CITIZEN OF THE YEAR

PUBLIC COMMENT Persons addressing the Council shall state their name, address, and organization for the record. Speakers shall address comments to the City Council, not the audience or the staff. Public Comment shall be for the purpose of the Council receiving comment from the public and is not intended for conversation or debate. Public comments shall be limited to no more than four minutes per person and no more than ten minutes per group. If additional time is needed the city shall be notified in advance and background information shall be submitted in writing regarding the topic that will be addressed. The city reserves the right to deny any request, based on time constraints. Individuals may petition the City Clerk or the City Manager to appear on the agenda of a future study session as time allows for up to 15 minutes to address the council on specific issues or requests.*

APPROVE CONSENT AGENDA
C-1. Vouchers (Hendrickson)
C-2. Approve Bonneville Power Administration Land Use Agreement (Thomas)
C-3. Amend Ordinance Committing Revenue from Development Services and Parks and Recreation Funds (Hendrickson)

PUBLIC HEARING
1. Public Testimony and Possible Action on Resolution to Surplus City Property (Lyons/Hart)

NEW BUSINESS
2. Consider 176th Place SE Right-of-Way Vacation (Lyons/Hart)
3. Consider Appointments to Covington Economic Development Council (Council)
4. Adopt Human Services Commission Master Plan (Beaufreer/Throm)
5. Options for Viewing Meeting Presentations (Scott)

COUNCIL/STAFF COMMENTS
- Future Agenda Topics
PUBLIC COMMENT (*See Guidelines on Public Comments above in First Public Comment Section)

EXECUTIVE SESSION – If Needed

ADJOURN

Any person requiring disability accommodation should contact the City of Covington at (253) 638-1110 a minimum of 24 hours in advance. For TDD relay service, please use the state’s toll-free relay service (800) 833-6384 and ask the operator to dial (253) 638-1110.
SUBJECT: APROVAL OF VOUCHERS.

RECOMMENDED BY: Rob Hendrickson, Finance Director

ATTACHMENT(S): Vouchers #27879-27939, in the Amount of $1,520,186.81, Dated June 26, 2012; and Paylocity Payroll Checks #1000605561-1000605576 and Paylocity Payrolls Checks #1000605579-1000605580 Inclusive, Plus Employee Direct Deposits in the Amount of $147,614.89, Dated July 6, 2012.

PREPARED BY: Joan Michaud, 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 #27879-27939, in the Amount of $1,520,186.81, Dated June 26, 2012; and Paylocity Payroll Checks #1000605561-1000605576 and Paylocity Payrolls Checks #1000605579-1000605580 Inclusive, Plus Employee Direct Deposits in the Amount of $147,614.89, Dated July 6, 2012.
June 26, 2012

City of Covington

City of Covington
City of Covington
Voucher/Check Register

Check # 27879 Through Check # 27939

In the Amount of $1,520,186.81

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               Mark Lanza
Accountant                    City Councilmember

______________________________   ______________________________
Wayne Snoey                    Marla Mhoon
City Councilmember             City Councilmember

Council Meeting Date Approved

2 of 171
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- 27938: $43.97  
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Date Totals:  
- 1,520,186.81  

Report Total: 0.00  

Printed: 06/28/2012  10:52  
Detail  
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- 48,688.23  
- 203.82  
- 40.00  
- 43.97  
- 17,231.97  
- 12.00  

Page 6
July 6, 2012

City of Covington

Payroll Approval

- Request Council approval for payment of Payroll dated 07/06/12 consisting of:

PAYLOCITY CHECK # 1000605561 through PAYLOCITY CHECK # 1000605576 and PAYLOCITY CHECK # 1000605579 through PAYLOCITY CHECK # 1000605580 inclusive, plus employee direct deposits

IN THE AMOUNT OF $147,614.89

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.

Robert M. Hendrickson
Finance Director

Mark Lanza
City Councilmember

Wayne Snoey
City Councilmember

Marlla Mhoon
City Councilmember

Council Meeting Date Approved:
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**Totals for Payroll Checks** 82 Items 96,145.30

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**Totals for Third Party** 10 Items 33,979.06

- Tax Liabilities 17,300.03
- Paylocity Fees 190.50

**Total** $147,814.89

11 of 171
SUBJECT: BONNEVILLE POWER ADMINISTRATION (BPA) LAND USE AGREEMENT

RECOMMENDED BY: Scott Thomas, Parks and Recreation Director

ATTACHMENT(S):
1. Proposed Land Use Agreement.

PREPARED BY: Scott Thomas, Parks and Recreation Director

EXPLANATION:
The Bonneville Power Administration (BPA) has an easement for its power lines as they cross the Covington Community Park property. Some of our park development needs to occur in the BPA easement. With this Land Use Agreement BPA provides approval for our activities.

ALTERNATIVES:
This agreement is required by BPA. The alternative would be to not build the project.

FISCAL IMPACT:
There is no financial impact.

CITY COUNCIL ACTION: _____Ordinance _____Resolution X Motion _____Other

Council member __________ moves, Council member ________________ seconds, to ratify the City Manager’s signature on the BPA Land Use Agreement.

REVIEWED BY: Parks and Recreation Director, Finance Director, City Attorney, City Manager
Date: May 24, 2012

In Reply Refer to: TERR/Covington
CASE No. 20090188

LINE: Chief Joseph-Covington No 1 (operated as Covington-Maple Valley No. 2)
between towers 3/4 & 3/6

Don Vandran, P.E.
City of Covington, City Engineer
16720 SE 271st Street #100
Covington, WA 98042-7342

LAND USE AGREEMENT

Bonneville Power Administration (BPA) hereby agrees to your use of BPA’s easement area for construction/installation, use, and maintenance of the new Covington Community Park which includes a paved parking lot with gate, BPA access/paved trail, bollards, concrete retaining wall (max height 4 feet) topped with 4 foot chain link fence, bio-filtration swale, 8, 12, and 18 inch LDPE drainage pipes, 12 inch ductile iron drainage pipe, infiltration pond, landscaping, irrigation, irrigation booster pump, backflow preventer, wetland area, 3 inch and 1 inch copper water line services, 120/240V electrical service, steel enclosure pedestal for electrical equipment and irrigation controller and temporary silt fence.

The location of your use is partially within the NE1/4 NE1/4 of Section 24, Township 22 North, Range 5 East, Willamette Meridian, King County, State of Washington, as shown on the attached segment of BPA Drawing No. 86422A, marked as Exhibit A and applicant’s drawing marked as Exhibit B - U.

You shall not make any changes or additions to your use of the right-of-way without BPA’s review and written approval. Any other uses and utilities on the right-of-way must be applied for separately.

Please note that BPA is not the owner of this property. If you are not the owner, you must obtain the owner(s) permission to use this property. There may also be other uses of the property that might be located within the same area as your project. This agreement is subject to those other rights.

This agreement is entered into with the express understanding that it is not assignable or transferable to other parties without the prior written consent of BPA. This agreement is revocable at will by BPA and does not modify, change, or otherwise alter the rights BPA acquired by Deed.
The subject use of this easement area has been determined not to be a hazard to, or an interference with, BPA's present use of this easement for electric transmission line purposes. Accordingly, there is no present objection to such use. However, if BPA should determine at any time, that your use has become a hazard to the presently installed electrical facilities of BPA, or any facilities added or constructed in the future, or if such use should interfere with the inspection, maintenance, or repair of the same, or with the access along such easement, you will be required to stop your use or remove such hazard or interference from the right-of-way at no expense to BPA.

**BY ACCEPTING THIS LAND USE AGREEMENT YOU ARE AGREEING TO THE FOLLOWING CONDITIONS**

1. Inform BPA once the construction of your approved use is complete.

2. Because of other potential uses in the area of your project, BPA requires that you have a utility locate done prior to construction commencing.

3. Maintain a minimum distance of at least 20 feet between your construction equipment and the transmission line conductors (wires). Do not measure this with measuring tape, pole or other physical means.

4. Maintain a minimum horizontal distance of at least 50 feet to the point where steel lattice tower legs enter the ground between your project and the transmission line structures, except as agreed to as shown on BPA’s Exhibit B.

5. To ensure the safety of workers and the uninterrupted operation of the BPA transmission facilities, the applicant shall employ a BPA approved safety watcher during any construction activities occurring under the conductors (wires) or when operating any equipment that has the potential to reach or come within 20 feet of the conductors (wires). Enclosed is a current list of BPA approved Safety Watchers.

6. All uses of the right of way shall meet local/state/federal/national codes.

7. No storage of flammable materials or refueling of vehicles or equipment within the easement area.

8. Design and build that portion of the BPA access road/trail, underground utilities, parking area, irrigation and pipelines constructed within the BPA easement area to withstand HS-20 loading imposed by BPA’s line trucks that can weigh up to 27 tons.

9. Bury and maintain the electrical connection to the panel to a depth of 36 inches or comply with applicable NESC, national, state, and/or local standards, whichever is greater.

10. The underground utilities shall be placed in conduit.

11. Pipelines shall be buried with a minimum cover of 36 inches.

12. Irrigation system shall be buried with a minimum cover of 24 inches.

13. Mark the location of the underground utilities, pipelines and irrigation pipes with permanent signs and maintain such signs where they enter and leave BPA's right-of-way, and at any angle points within the right-of-way.

14. Access to BPA transmission line system by BPA and/or its contractors shall not be obstructed at any time.

15. The gate to for the parking area not to be less then 16 feet in width for the passage of BPA vehicles. The approved location of the gate is shown on attach Exhibit B. Gate maybe locked provided a BPA lock is also included in the locking mechanism.
16. Bollards on the trail shall removable and placed to allow for 16 foot opening for the passage of BPA vehicles.

17. Because smoke is a conductor, NO burning on the right-of-way is allowed. Electricity traveling down the smoke could potentially cause a deadly situation for anyone standing on or near the point where the electricity contacts the ground.

**IN ADDITION, THE FOLLOWING IS BROUGHT TO YOUR ATTENTION**

You agree to assume risk of loss, damage, or injury which may result from your use of the easement area, except for such loss, damage, or injury for which BPA may be responsible under the provisions of the Federal Tort Claims Act, 62 Stat. 982, as amended. It is understood that any damage to BPA's property caused by or resulting from your use of the easement area may be repaired by BPA, and the actual cost of such repair shall be charged against and be paid by you.

Nuisance shocks are common on high voltage transmission line rights of way. Please take this into consideration. Grounding metal objects helps to reduce the level of shock. It is suggested that road building/construction equipment be grounded with a drag chain.

Construction/installation, use, and maintenance of the paved parking lot, paved trail, fencing along the trail, landscaping, wetland area, irrigation pump, electrical service pedestal and bike rack shall be at no cost to BPA.

BPA seeks your help maintaining the integrity of the electrical transmission system. Please report any Vandalism or Theft to the BPA Crime Witness program at 1-800-437-2744. Cash rewards of up to $25,000 will be paid should information lead to the arrest and conviction of persons committing a crime.

BPA shall not be liable for damage to your property, facilities, or injury to persons that might occur during maintenance, reconstruction, or future construction of BPA facilities as a result of your facilities being within the right-of-way.

If you have any questions or concerns, please notify this BPA Realty Office. You may direct any communication to Bonneville Power Administration, Real Property Field Services (TERR) 28401 Covington Way SE, Kent WA 98042 or by calling me 253-631-9154.

**THIS LAND USE AGREEMENT BECOMES EFFECTIVE UPON THE SIGNATURE OF ALL PARTIES.**

**I HAVE READ, UNDERSTAND, AND CONCUR WITH THE TERMS OF THIS AGREEMENT:**

![Signature]

City of Covington

Date: 6/20/12

**THIS AGREEMENT IS HEREBY AUTHORIZED BY BONNEVILLE POWER ADMINISTRATION:**

______________________________
Timothy C. Wicks
Realty Specialist

Date
Approximate Locations

- Irrigation
- Parking lot
- Paved trail/BPA Access Road

Electrical service, water service, steel enclosure for electrical panel and irrigation controls, irrigation pump

United States Department of the Interior
Bonneville Power Administration

Chief Joseph-Covington Section
345 KV Single Circuit Transmission Line

*Revised Mile 162 from Chief Joseph

Oper as Mile 3 of Cov - Map Valley No 2

Exhibit A
Case 20090188
Line: Chief Joseph-Covington #1
(oper. as Covington-MPVL #2)

City of Covington
Covington Community Park
EXHIBIT D
Land Use Agreement No. 20090188
City of Covington
Community Park
King County Washington
SUBJECT: CONSIDER PROPOSED ORDINANCE AMENDING SECTION 1 OF
ORDINANCE NO. 17-11 RELATING TO COMMITTING REVENUES TO THE
DEVELOPMENT SERVICES FUND AND PARKS AND RECREATION FUND.

ATTACHMENT(S):
1. Proposed Ordinance

RECOMMENDED BY: Rob Hendrickson, Finance Director

EXPLANATION:
In December 2011 the City Council adopted Ordinance No. 17-11 which formally committed the revenues included in the Development Services Fund and the Parks and Recreation Fund to be used solely for the purpose of those funds. During the 2011 audit the State Auditor’s office recommended we amend the existing ordinance to specify the revenue sources to be committed as well as commit all existing fund balance.

To remain a special revenue fund, the Development Services Fund and the Parks and Recreation Fund must have at least 20% of committed revenues. For the Development Services Fund we would commit all residential and commercial building permits fees, and residential and commercial building plan review fees. For the Parks and Recreation Fund we would commit all Aquatic Center revenues.

This amendment would also commit all existing fund balances included in each fund.

ALTERNATIVES:
1) If not adopted the city will report the Development Services Fund and Parks and Recreation Fund within the General Fund for CAFR purposes only.

FISCAL IMPACT: None

CITY COUNCIL ACTION: X Ordinance _____ Resolution _____ Motion _____ Other

Councilmember ______________ moves and Councilmember ______________
seconds, to amend Ordinance No. 17-11 relating to formally committing revenue
sources within the Development Services Fund and Parks and Recreation Fund.

REVIEWED BY: City Manager; City Attorney.
ORDINANCE NO. 10-12

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, AMENDING SECTION 1 OF ORDINANCE NO. 17-11

WHEREAS, the city passed Ordinance No. 17-11 on December 13, 2011, which formally committed revenues to the Development Services Fund and Parks and Recreation Fund in order for the funds to remain individually reported in the Comprehensive Annual Financial Report; and

WHEREAS, the City of Covington wishes to specify which revenue sources are committed; and

WHEREAS, the City of Covington wishes to specify that all existing fund balance is committed within the Development Services Fund and Parks and Recreation Fund;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINGTON, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Section 1 of Ordinance No. 17-11 is amended to read as follows:

The City Council must now formally commit specific revenue sources to the Development Services Fund and Parks and Recreation Fund in order for the funds to remain individually reported in the Comprehensive Annual Financial Report. The City Council wishes to commit the following revenue sources to the Development Services Fund:

Residential and commercial building permits fees, and residential and commercial building plan review fees.

The City Council wishes to commit the following revenue sources to the Parks and Recreation Fund:

All Aquatic Center revenues

The City Council wishes to specify that all existing fund balance is committed within the Development Services Fund and Parks and Recreation Fund.

Section 2. If any provision of this ordinance, or ordinance modified by it, is determined to be invalid or unenforceable for any reason, the remaining provisions of this ordinance, and ordinances and/or resolutions modified by it, shall remain in force and effect.
Section 3. This ordinance shall be in force and take effect five (5) days after its publication according to law.

ADOPTED by the City of Covington City Council at a regular meeting thereof held on the 10th day of July 2012.

Mayor Margaret Harto

Attested:  

Sharon Scott, City Clerk

APPROVED AS TO FORM:

Sara Springer, City Attorney

PUBLISHED:  July 13, 2012
EFFECTIVE:  July 18, 2012
SUBJECT: PUBLIC HEARING TO RECEIVE PUBLIC TESTIMONY AND PRESENTATION REGARDING REAL PROPERTY TO BE DECLARED SURPLUS; AND,

PROPOSED RESOLUTION DECLARING CERTAIN REAL PROPERTY AS SURPLUS AND AUTHORIZING ITS SALE BY THE CITY MANAGER.

RECOMMENDED BY: Glenn Akramoff, Public Works Director
Richard Hart, Community Development Director

ATTACHMENTS(S):
1. Request for street vacation petition letter dated: November 15, 2011
2. Map & Aerial of location of subject properties
3. City’s real estate agent’s appraisal determination dated: March 25, 2012
5. Mr. Markley’s Letters (4), dated May 14, 2012
6. Proposed Resolution

PREPARED BY: Salina Lyons, Senior Planner
Nelson Ogren, Development Review Engineer

EXPLANATION:
The purpose of this public hearing is to address the request to declare city owned real property as surplus.

On November 15, 2011, Michael Crowson of Covington Investment II, LLC (“petitioner”) submitted a petition/memorandum requesting acquisition of three city properties and vacation of a portion of 176th Pl SE, adjacent to SE Wax Road. The petitioner currently owns property at SE 270th St. and SE Wax Road. It is the petitioner’s intent to assemble properties for future development at this location. To date, no formal development applications have been submitted; however, the city held a pre-application conference for this site with Red Canoe Credit Union, who is interested in the site if assembled. The request for the portion of the street vacation necessary to complete the assemblage of property will be discussed in a separate agenda item.

Two of the three properties requested to be declared surplus (portions of Parcel No.3780400020 and 3780400030) are located along SE 270th St. and are remnants of property that was acquired when SE 270th St. was constructed with the Walmart/Clark Retail development (CD01-003/1009). The other parcel included in the request is a city stormwater facility tract (Parcel No. 3780400130) that was platted as part of the June Estate development. Upon construction of SE 270th St., the stormwater from the June Estate development was redirected to a newer stormwater
facility along SE 270th St. The June Estates’ stormwater facility was subsequently abandoned and has remained a vacant tract owned by the city. (See Attachments 1 & 2)

The petitioner submitted an appraisal for Covington ROW SE 270th St and SE Wax Road Covington, Washington, dated January 12, 2012, prepared by McKee and Shalka Real Estate Appraisal Services and Consultants, Inc. The appraisal includes market information for the street vacation and surplus of the three city properties. Based on the petitioner’s appraisal, the market value for the surplus properties is $21.00/sq. ft. The city’s real estate consultant reviewed the appraisal report and concurred with the appraisal documentation and confirmed the surplus value. Based on the aggregated area of the three parcels (10,283 sq. ft.) the value of the surplus properties is $215,943. (See Attachments 3 & 4)

<table>
<thead>
<tr>
<th>Parcel Number</th>
<th>Area (sq. ft.)</th>
<th>Value ($)</th>
</tr>
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<tbody>
<tr>
<td>3780400130 (storm tract)</td>
<td>3,731</td>
<td>$78,351.00</td>
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<tr>
<td>3780400020 (Portion)</td>
<td>4,022</td>
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<tr>
<td>3780400030 (Portion)</td>
<td>2,530</td>
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<tr>
<td>Total</td>
<td>10,283</td>
<td>$215,943.00</td>
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</tbody>
</table>

On May 17, 2012, Mr. Ray Markley submitted four letters to the city requesting that the city vacate the portion of 176th Pl SE adjacent to his properties located at 27013 176th Pl SE (Parcel No. 3780400110) and 27019 176th Pl SE (Parcel No. 3780400120) and to surplus the city-owned stormwater facility (Parcel No. 3780400130) for his future purchase. Any requests Mr. Markley has to vacate a portion of street adjacent to his properties would be reviewed and processed according to the street vacation procedures in CMC 12.55. Although Mr. Markley’s has expressed a desire to purchase the stormwater facility parcel if surplused, his request is incomplete and unsubstantiated as he has not completed any of the appraisal work that the petitioner has already performed. Furthermore, it would be inappropriate for Mr. Markley to utilize an appraisal that was paid for by another party. (See Attachment 5)

It is staff’s recommendation that the council declares the above identified three properties as surplus and authorizes the city manager to negotiate and enter into an agreement with the petitioner, Covington Investments LLC, for purchase of the three surplus properties. The petitioner has followed the surplus procedure, submitted a formal appraisal to determine fair market value, and has shown interest with the development of the properties if assembled. The petitioner also understands that the use of the stormwater tract will be to provide cross access to the south (Firestone Site).

ALTERNATIVES:
Do not declare the three parcels as surplus and do not authorize the sale of the properties.

FISCAL IMPACT:
If the city declares the remainder of the property surplus and authorizes its sale, City Staff expects to obtain fair market value for its sale.
CITY COUNCIL ACTION:  Ordinance  X  Resolution  Motion  Other

Councilmember ______________ moves, Councilmember ______________ seconds, to pass a Resolution declaring certain real property known as “portions of SE 270th St.” (Parcel No.3780400020 and 3780400030) and the “June Estates stormwater tract” (Parcel 3780400130) as surplus and authorizing the city manager to negotiate and enter into an agreement with Covington Investments LLC for purchase of the surplused properties.

REVIEWED BY:  City Manager
                Finance Director
                City Attorney
Memo

To: Salina Lyons, City of Covington
From: Michael Crowson, Covington Investments II, LLC
Date: 11/15/2011

Re: Proposed 176th Place SE Right of Way & Wax Road /SE 270th Street Surplus Property Acquisition

Attachments: Exhibit A and King County Parcel Viewer Maps of each Property

On behalf of Covington Investments II, LLC I am sending this memorandum as our formal request and application to acquire city surplus properties adjacent to SE 270th Street, a portion of the right-of-way at 176th Place SE, and the city surplus property along Wax Road. I have included Exhibit A to show the proximity of the city properties relative to our properties owned by Covington Investments II, LLC and depicts the city properties that we are proposing to acquire.

We are proposing the acquisition of these City properties to complete an assemblage that will allow future re-development consistent with the current zoning code and development guidelines. Currently there is no opportunity to redevelop our site consistent with the zoning code due to our parcel size and market demands.

Covington Investments II, LLC owns properties immediately adjacent to the city surplus properties and the City right-of-way. Specifically, we own tax parcel #3780400010 located at 27022 176th Place SE. The property is a single family rental home and it is currently occupied. We also own tax parcel #2522059270 located at 17620 SE Wax Road which is located immediately north of the AMP/ARCO. This is the site of the proposed Firestone Tire store which is currently in permitting with the City of Covington.

The city surplus properties on SE 270th Street are tax parcels #3780400020 and #3780400030. Our property at 27022 176th Place SE abuts these two properties. Additionally our property abuts the 176th Place SE right-of-way. It should be noted that originally 176th Place SE was created as part of a larger single family subdivision and provided direct access to and from Wax Road however when SE 270th was constructed 176th Place SE was dead-ended to eliminate the connection to and from Wax Road.

Additionally, the tract immediately south and adjacent to the 176th Place SE along Wax Road is city surplus property tax parcel #3780400130. This city property was originally platted as a storm water tract for the aforementioned single family subdivision, however when the SE 270th Street extension and storm water improvements were constructed the storm water facility was abandoned and now serves as a vacant tract. This surplus property is bounded by our property at 27022 176th Ave SE, Wax Road, tax parcel #2522059270 to the south (future Firestone), and tax parcel #3780400120 owned by Ray and Vicki Markley.

In closing, we are excited to move ahead with the proposed right of way and surplus property acquisition. Upon your review of this application please advise me on the city process and provide a detailed description of what is required of me. My email is mcrowson@pacland.com and my mobile number is 206-972-6711, we look forward to another successful project with the City of Covington.
RECEIPT

RECEIPT NUMBER:  R11-009596

FILE/PERMIT #:  LU11-0016
SITE ADDRESS:  17621 SE 270TH STREET
PARCEL:  378040-0020

PROJECT NAME:  Planning Type IV
TYPE:  ROWVC
SUPTYPE:  ROWVAC

PAID BY:  PACLAND BELLEVUE INC

TRANSACTION DATE:  11/28/2011
TOTAL PAYMENT:  958.00

TRANSACTION LIST:

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TOTAL: 958.00

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<td>4102</td>
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TOTAL: 958.00

RECEIPT ISSUED BY:  KTHOMPSON
INITIALS:  KJT
ENTERED DATE:  11/28/2011
TIME:  10:08 AM
City Surplus Property

 Parcel Number 3780400130
 Site Address 3780400130
 Zip code 3780400130
 Taxpayer COVINGTON CITY OF

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March 25, 2012

Ms. Salina Lyons
City of Covington
16720 S.E. 271st Street, Suite 100
Covington, WA 98042

RE: Covington Wax Road Office, Right-of-Way Vacation Request
   City File No. LU06-0023
   Review of Appraisal/Appraisal Determination

Dear Ms. Lyons:

Per you request, I have concluded the process of review of the above referenced McKee & Schalka appraisal report, dated January 12, 2012 ("Appraisal"). The Appraisal regards four (4) properties owned by the City of Covington, further described in the Appraisal ("Properties").

The Appraisal concludes an estimate of value for the Properties of $21.00/sq. ft.

As a part of the appraisal determination of value process, I obtained the enclosed appraisal review report ("Review") prepared by Karl E. Sagner, MAI, an independent, third-party MAI appraiser.

I have enclosed two originals of the Review. To assist you in your analysis of the Review, I have highlighted in green (on one Review), areas that may be of particular interest. While the Review makes note of several ill-supported and somewhat confused adjustments, Mr. Sagner concludes that the Appraisal produced a reasonable estimate of the value of the Property.

The Review confirms the Appraisal estimate of value of $21.00/sq. ft.

I have previous knowledge of the Properties and as a part of this review process, I re-visited the Properties and conducted market research of recent sales, listings and market conditions in the Covington and surrounding areas. I have closely read the Appraisal and the Review, both of which were prepared independently by well-seasoned, professional MAI appraisers. I am in agreement that the conclusion of estimated value of $21.00/sq. ft. contained in the Appraisal and the confirmation of this value in the Review is reasonable.
Thank you for this opportunity to provide the City with real estate services. If I may be of further assistance or if you have any questions, please, do not hesitate to contact me.

Very truly,

[Signature]

Joe J. Cranney
President/Managing Broker

JJC/ej

Enclosures
March 15, 2012

Ms. Jeri J. Cranney
Principal
Abaco Pacific, LLC
Real Estate Consulting
13468 456th Pl. SE
North Bend, WA 98045

RE: Covington Right-of-Way Property
SE 270th St. & SE Wax Rd.
Covington, Washington

Dear Ms. Cranney:

At your request, a review has been conducted of an appraisal of property owned by the City of Covington situated between SE 270th St. and SE Wax Rd., just north of SE 272nd St., Covington, Washington. The appraisal report was prepared by Allison Roselle and Kenneth A. Barnes, MAI of McKee & Schalka (Seattle). The report date is January 20, 2012. The valuation date for the property, “as-is”, is January 12, 2012. The value estimate presented in the report pertains to the fee simple estate interest in the subject property. The effective date of review is March 15, 2012.

This is a “technical review”, subject to Standard 3 of USPAP. It is a “field review” (rather than “desk review”), in that the reviewer inspected the subject property and the comparables presented, discussed, and analyzed in the report under review (from the vantage point of frontage streets). In completing this review, the only information known to the review appraiser about the subject property is found in the appraisal under review. The report was reviewed to determine if appropriate appraisal methodologies were applied and if the estimates of market value were reasonable and well supported by appropriate market data and accurate analysis. The report was also checked for conformity to USPAP and the Uniform Appraisal Standards for Federal Land Acquisitions. The factual data within the appraisal report were not independently verified by the reviewer. In the event that material errors or omissions were identified within the report, amended value estimates are presented in this document. If necessary, the appraiser was contacted to clarify any unresolved issues.

Based on the market data and analysis presented in the report, the review appraiser concurs with the value conclusion of the appraisers, as follows.

<table>
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<tr>
<th>Real Estate Interest</th>
<th>Concluded Values</th>
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</thead>
<tbody>
<tr>
<td>Fee Simple Interest, “As-Is”</td>
<td>$21.00/sq. ft.</td>
</tr>
</tbody>
</table>

[360] 691-4727 • Fax: [360] 691-2117 • E-Mail: ksagner@comcast.net
P.O. Box 1081, Lake Stevens, WA 98258-1081

52 of 171
APPRAISAL SYNOPSIS

Project ................................................................. N/A
Parcel Numbers ....................................................... 378040-0130; -0020; -0030; and one additional parcel
Report Date .......................................................... January 20, 2012
Report Format .......................................................... Summary
Interest Valued ......................................................... Fee Simple Estate
Valuation Date ("As-Is") ................................................ January 12, 2012
Valuation Date (At Completion) ..................................... N/A
Valuation Date (Stabilized) ......................................... N/A
Property Type .......................................................... Unimproved Land
Land Valuation, Before Acquisition ................................ $21.00 per sq. ft.
Cost Approach, Before Acquisition ................................ N/A
Land Valuation, Remainder .......................................... N/A
Cost Approach, Before Acquisition ................................ N/A
Income Approach ....................................................... N/A
Sales Comparison Approach, Before Acquisition ............... N/A
Sales Comparison Approach, Remainder ......................... N/A
Damage ....................................................................... N/A
Special Benefits ........................................................ N/A
Appraisers' Concluded Market Value, Before Acquisition ...... $21.00 per sq. ft.
Appraisers' Concluded Market Value, Remainder ............... N/A
Appraisers' Estimated Value Difference ......................... N/A
Report Prepared For ................................................... Michael Crowson, Covington Investments II, LLC, Bellevue, WA
Appraiser(s) ............................................................. Allison Roselle/Kenneth A Barnes, MAI (McKee & Schalka)

PROPERTY DESCRIPTION / MARKET ANALYSIS / HIGHEST AND BEST USE

The subject property consists of four, small, irregularly configured parcels situated between SE 270th St. and SE Wax Rd., just north of SE 272nd St., Covington, Washington. The two northerly parcels are contiguous, fronting on SE 270th St. The two southerly parcels are contiguous and front on SE Wax Rd. The functionality of the subject is dependent on assemblage with neighboring parcels. The property is near a signalized intersection just southeast of a recently constructed Walmart. Surrounding uses include predominantly retail development, though Covington Medical Center is located on the opposite side of SE Wax Rd. from the subject. The appraisal presents an adequate description of Covington and the immediate area surrounding the subject. A retail market section is also included in the report, with vacancy, absorption, and rental data.

The subject is comprised of three tax parcels and a portion of abandoned right-of-way for 176th Ave. SE (the latter, a dead-end street serving three single family residences). With the exception of paving in the right-of-way area, these parcels are essentially unimproved. The subject has a
combined frontage of about 98 ft. on SE Wax Rd. and about 300 ft. on SE 270th St. All of the parcels have irregular shapes. The parcels are level and at the grade of the two frontage streets. All public utilities are available. However, it is reported that 3-phase power will have to be extended to the site for commercial development (the existing electrical utilities will have to be removed and reconstructed). The report indicates that the subject’s frontage on SE Wax Rd. will be encumbered by a waterline easement, and that a storm waterline easement may be required along vacated 176th Pl. SE. The property is zoned MC, mixed commercial, by the City of Covington. The property is in FEMA flood zone “X”, indicating an area outside the 100-yr. floodplain. Land areas are shown in the following table.

<table>
<thead>
<tr>
<th>Parcel</th>
<th>Land Area (Sq. Ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0130</td>
<td>3,731</td>
</tr>
<tr>
<td>-0020</td>
<td>4,022</td>
</tr>
<tr>
<td>-0030</td>
<td>2,530</td>
</tr>
<tr>
<td>Portion of 176th Ave. SE</td>
<td>4,058</td>
</tr>
<tr>
<td></td>
<td>14,341</td>
</tr>
</tbody>
</table>

The report indicates that the four parcels comprising the subject have been owned by the City of Covington for more than three years. Covington Investments II, LLC is attempting to assemble the subject and additional land area into a larger site for development of a small commercial building and associated parking. Covington Investments II, LLC is reportedly in discussions regarding sale of the larger property including the subject to an end user (the report indicates that no price has been determined). This larger property is currently listed for sale at an asking price of $1,000,000, or $35.12 per sq. ft. of land area.

The appraisers conclude that highest and best use of the subject, as though vacant, involves a small-scale retail use, after assemblage.

**REVIEW CHECKLIST**

| Regional and Neighborhood Description | YES / YES |
| General Site Description              | YES       |
| Known Environmental Issues Discussed  | YES       |
| Wetlands or Other Critical Areas Addressed | N/A       |
| Easements/Encroachments/Encumbrances Identified | YES |
| Description of the Remainder          | N/A       |
| Improvements Description              | N/A       |
| Conformance with Zoning Considered    | N/A       |
| Three-Year Sales History              | YES       |
| Market Analysis                       | YES       |
| Discussion of Marketing/Exposure Time | N/A / YES |
| Highest and Best Use Analysis         | YES       |
COMMERCIAL REALTY CONSULTING, INC.

**VALUATION SUMMARY**

**COST APPROACH**

**Land Valuation**

Four comparable land sales and two listings are employed in the report for estimation of value. The appraisers employ “across the fence” methodology in valuing the subject in its entirety. One sale is pending, one sale closed in September 2011 (but the price was negotiated in the “second half of 2009”), and two of the sales are dated (closing in July 2008 and December 2007). All of the comparables are located in Covington. The sales range in size from 32,670 sq. ft. to 45,120 sq. ft. (usable area).

Sale 1 is the pending sale to Firestone by Covington Investments II, LLC of a parcel contiguous south of the subject’s parcel -0130, fronting on SE Wax Rd. Regarding this transaction, the appraisers report the following: “Before sale, landlord (sic, presumably the seller) will put in significant capital to prepare the site for the buyer. This amount is included in the sale price.” Elsewhere, the cost of utility extension is reported at $330,000.

Sale 2 is a pad in a Fred Meyer shopping center on Kent Kangley Rd., west of the subject. The parcel has exposure to Kent Kangley Rd., but no frontage on it. The appraisers report that it is fully usable, but only about one-third buildable due to a waterline easement. An Elephant Car Wash was subsequently constructed on the site.

Sales 3 and 4 are older sales on SE Wax Rd. south of its intersection with Kent Kangley Rd. (SE 272nd St.). Sale 3 remains unimproved. A small office/retail building has been constructed on Sale 4.

Sale 5 is the listing of the larger property including the subject. The list price is reportedly based on prior acquisition costs and the cost of extending 3-phase power to the site (which will reportedly be borne by the seller).

Sale 6 is a listing involving a site at the northwest corner of the intersection of 164th Ave. SE and Kent Kangley Rd. The appraisers mention an old office building on the site. The site has now been cleared and fenced.

In the analysis of the comparables, the market conditions adjustments are based on movements in the Moody’s Commercial Property Price Index (CPPI). A positive 10% market conditions adjustment is applied to Sale 2 to account for the 2009 contract purchase price. Negative 10% market conditions adjustments are applied to the two dated sales (Sale 3 and Sale 4).

The adjustments to Sale 1 are fully offsetting. Positive adjustments for location/corner/frontage and “configuration” offset the negative adjustments for easements and utilities, and the indicated value for the subject is $21.50 per sq. ft. of land area.

The discussion of the adjustment process for Sale 2 is somewhat confused. Sale 2 “has no street frontage and is located within a larger parking lot”. The appraisers than state: “At the same time the excellent shopping center location more than offsets the downward frontage location (sic), and in the end, we have made an upward adjustment for location/frontage”. The lack of frontage of Sale 2 would lead to a positive adjustment (in comparison to the subject), while the “excellent shopping center location” would lead to a negative adjustment. [Appraisal 101: adjust from the comparable to the subject.] If the latter “more than offsets” the former, then the net adjustment would be negative. Since the adjustments to Sale 2 are wholly arbitrary, it is not clear that this error has any consequences for the valuation (some other arbitrary percentages could be applied that also resulted in a net positive adjustment).
Sales 3 and 4 are older sales that occurred prior to fall 2008, the proximate beginning of our present difficulties. They provide much less guidance concerning the subject's current market value than Sale 1 and Sale 2.

In analyzing Sale 5, the listing of the larger property including the subject, the appraisers state the following: "After adjustment for required infrastructure development costs we expect a subject indication at quite a lower price/sf. The neighboring site is currently pending at about 19% less than its asking price, and we would expect a similar adjustment to this listing as appropriate for the subject. This would suggest a price closer to $28/sf, not including the cost of upgrading power." Well and good, however the appraisers have adjusted Sale 1 by a negative 10% to account for "upgrading power". This would suggest an analyzed price for the subject of $24.94 per sq. ft. of land area, "as-is" ($35.12 less a cumulative adjustment of -29%). As Sale 5 is a listing, and the reader is informed that no sale price has been negotiated with the prospective purchaser, the appraisers' lapse here is not considered dispositive or even of any great importance in estimating the subject's current market value.

Sale 6 is also a listing, with an asking price of $1,900,000, or $25.66 per sq. ft. of land area (not "about $24/sf"). The property is reported to have been on the market for several years. The appraisers conclude that this listing indicates a value for the subject "in the $20/sf range".

Placing most weight on Sales 1 and 2, appropriately, the appraisers conclude a current market value for the subject of $21.00 per sq. ft. of land area. The review appraiser concurs with this estimate.

**REVIEW CHECKLIST**

<table>
<thead>
<tr>
<th>Item</th>
<th>REASONABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Valuation, Before Acquisition</td>
<td>YES</td>
</tr>
<tr>
<td>Land Value Conclusion Consistent with Subject Acquisition Price</td>
<td>N/A</td>
</tr>
<tr>
<td>Land Valuation, Remainder</td>
<td>N/A</td>
</tr>
<tr>
<td>Reproduction/Replacement Cost New Estimate</td>
<td>N/A</td>
</tr>
<tr>
<td>Entrepreneurial Profit Estimate</td>
<td>N/A</td>
</tr>
<tr>
<td>Depreciation Estimate</td>
<td>N/A</td>
</tr>
<tr>
<td>Cost Approach Conclusion, Before Acquisition</td>
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</tr>
<tr>
<td>Cost Approach Conclusion, Remainder</td>
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</tr>
</tbody>
</table>

**INCOME APPROACH**

This approach is not applied.

**REVIEW CHECKLIST**

<table>
<thead>
<tr>
<th>Item</th>
<th>REASONABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of Existing Leases</td>
<td>N/A</td>
</tr>
<tr>
<td>Rent Estimates Consistent with Subject History</td>
<td>N/A</td>
</tr>
<tr>
<td>Income Analysis</td>
<td>N/A</td>
</tr>
<tr>
<td>Vacancy Analysis</td>
<td>N/A</td>
</tr>
<tr>
<td>Expense Estimates Consistent with Subject History</td>
<td>N/A</td>
</tr>
<tr>
<td>Expense Analysis</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Direct Capitalization (Overall Rate or Current Yield) ........................................ N/A
Discounted Cash Flow Analysis ................................................................. N/A
Income Approach Conclusion ................................................................. N/A

SALES COMPARISON APPROACH

This approach is not applied.

**REVIEW CHECKLIST**

<table>
<thead>
<tr>
<th>Reasonable</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

RECONCILIATION

Valuation of the subject consisted of land valuation in the cost approach section of the report (only).

**REVIEW CHECKLIST**

<table>
<thead>
<tr>
<th>Reasonable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final Reconciliation ................................................................. YES</td>
</tr>
<tr>
<td>Estimated Value Before Acquisition ............................................. YES</td>
</tr>
<tr>
<td>Estimated Value of the Remainder ............................................... N/A</td>
</tr>
<tr>
<td>Estimated Value Difference ..................................................... N/A</td>
</tr>
<tr>
<td>Analysis of Damages/Benefits (if any) to Remainder ........................ N/A</td>
</tr>
<tr>
<td>Value of Excess Land Area (if any) Is Included ............................. N/A</td>
</tr>
<tr>
<td>Value of Personal Property is Properly Segregated ........................ N/A</td>
</tr>
<tr>
<td>Absorption Analysis (if Appropriate) .......................................... N/A</td>
</tr>
</tbody>
</table>

APPRAISAL RATING AND CONCLUDING REMARKS

The report produced a reasonable estimate of value for the subject. The overall quality of the appraisal report is rated:
Thank you for this opportunity to be of service. If you have any questions regarding this appraisal review, please do not hesitate to contact the undersigned.

Respectfully submitted,
Commercial Realty Consulting, Inc.

Karl E. Sagner, MAI

**USPAP APPRAISAL REPORTING CHECKLIST**

- Appraisal Report is Not Misleading ................................................................. YES
- Report Contains Sufficient Information for Decision-Making .......................... YES
- General Assumptions and Limiting Conditions are Reported ......................... YES
- Extraordinary Assumptions and Limiting Conditions (if any) are Disclosed ....... YES
- Legal Description is Provided .............................................................................. YES
- Real Property Interest Valued is Identified ......................................................... YES
- Purpose of the Appraisal is Stated ..................................................................... YES
- Proper Definition of Value .................................................................................. YES
- Date(s) of Value and Report Date are Stated ......................................................... YES
- Scope of the Appraisal Assignment is Discussed ............................................... YES
- Valuation Methods/Techniques/Procedures are Adequately Explained ............. YES
- Highest and Best Uses, as though Vacant and as Improved, are Identified ...... YES
- Exclusion of Any Valuation Approach Is Explained ........................................... YES
- Signed Certification is Included ......................................................................... YES

**ADDITIONAL FEDERAL APPRAISAL STANDARDS**

- Appraisal Fulfills Terms of the Engagement Letter ........................................... N/A
- Owner Notified (in Writing) of Opportunity to Accompany Appraiser during Inspection ........ N/A
- Property is Valued in its Current Condition ......................................................... YES
- Ten-Year Sales History ....................................................................................... NO
- Legal Description of the Remainder is Provided ................................................. N/A
Statement that Appraisal Conforms to USPAP ................................................................. YES
Jurisdictional Exceptions Identified .............................................................................. N/A
Certification Contains All Value Estimates ................................................................. YES
Value Estimates are not Linked to Exposure Times/Marketing Time is no: Estimated .......... NO
Appraiser Disregarded the Influence of the Proposed Project on the Subject Property .... N/A
Appraiser is Appropriately State Certified or Licensed ................................................. YES
Report Form and Content is Complete ................................................................. YES
Data Included in the Report is Adequate for the Assignment ..................................... YES
Valuation Methods/Techniques/Procedures are Appropriate ..................................... YES
Analysis, Opinions, and Conclusions are Appropriate and Reasonable ..................... YES
CERTIFICATION

I certify that, to the best of my knowledge and belief:

♦ The statements of fact contained in this review report, and used in the review process, are true and correct.

♦ The analyses, opinions and conclusions in this review report are limited only by the enclosed general assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

♦ I have no present or prospective interest in the property that is the subject of this review report, and no personal interest or bias with respect to the parties involved.

♦ My compensation is not contingent on the analyses, opinions, and conclusions reached or reported, the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this review.

♦ My analyses, opinions, and conclusions were developed, and this review report was prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute (USPAP), and the Uniform Appraisal Standards for Federal Land Acquisitions, except to the extent that the latter required invocation of USPAP’s Jurisdictional Exception Rule.

♦ No one provided significant professional assistance to the undersigned.

♦ I have the educational background and experience to competently complete this review assignment.

♦ The use of this review report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

♦ As of the date of this review report, the undersigned has completed the requirements of the continuing education program of the Appraisal Institute; and is also currently certified under the general classification in the State of Washington (#1100865).

♦ This is a “field review”, and I inspected the exterior of the subject property and the land sale comparables employed by the appraiser in the report under review (from the vantage point of frontage streets).

Karl E. Sagner, MAI
GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for legal or title considerations. Title to the subject property is assumed to be good and marketable, unless otherwise stated in the review report.

2. In the review process, the subject property is assumed to be free and clear of any and all liens and encumbrances, unless otherwise stated in the review report.

3. Competent and responsible ownership and property management are assumed, unless otherwise stated in the review report.

4. The information given by others is believed to be reliable. However, no warranty is given for its accuracy.

5. The review appraiser is not an engineer. Any descriptions of or references to the physical aspects of the subject property are exclusively related to the economic impact of these physical characteristics. No responsibility is assumed for any issues related to engineering.

6. In particular, in the review process, it is assumed that there are no hidden or imperceptible conditions of the subject property (site or improvements) that would have an impact on its market value. No responsibility is assumed for such conditions, or for arranging for engineering studies that may be required to discover them.

7. It is assumed that the subject property is in full compliance with all applicable federal, state, and local environmental regulations and laws, unless otherwise stated in the review report.

8. It is assumed that the subject property is in compliance with all applicable zoning restrictions and use regulations, unless a nonconformity has been stated, defined, and considered in the review report.

9. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or federal governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate(s) contained in this review report is (are) based.

10. Any sketch that may appear in this review report may indicate only approximate dimensions and is included only to assist the reader in visualizing the property. Maps, or any other exhibits, found in this review report are only for reference purposes. No guarantee of accuracy is expressed or implied, unless otherwise stated in the review report. In particular, no survey of the subject property has been commissioned by the review appraiser.

11. It is assumed that the utilization of land and improvements is within the boundaries or property lines of the property described, and that there is no encroachment or trespass, unless otherwise stated in the review report.

12. Unless otherwise stated in the review report, the subject property is assumed to be in compliance with the requirements of the Americans with Disabilities Act. The presence of architectural or communications barriers that are structural in nature and would restrict access by disabled individuals may adversely affect the market value, marketability, or utility of the subject property.

13. Any proposed improvements are assumed to be completed in a competent, workmanlike manner in accordance with the submitted plans and specifications.
14. The review appraiser is not qualified to detect hazardous waste or toxic materials. Any comment by the review appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the subject property. The review appraiser’s value estimate(s) is (are) predicated on the assumption that there is no such material on or in the property that would cause a loss in value, unless otherwise stated in the review report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The review appraiser’s descriptions and resulting comments (if any) are the result of the routine observations made during the review process.

15. The distribution, if any, of the total valuation in this review report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal or review report, and are invalid if so used.

16. Possession of this review report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the review appraiser, and in any event, only with proper written qualification and only in its entirety.

17. Neither all nor any part of this review report (especially any value conclusions or the identity of the review appraiser) shall be disseminated to the public through advertising, public relations, news media, sales media, or any other public means of communication without the prior consent and written approval of the review appraiser.

18. The review appraiser, by virtue of having authored this review report, shall not be required to give legal testimony as an expert witness in a legal hearing, or before any court of law, unless mutually satisfactory arrangements are made in advance.
Mr. Sagner has been engaged as a commercial real estate appraiser/analyst and consultant in the State of Washington since 1986. He founded Commercial Realty Consulting, a Washington State (Subchapter S) Corporation, in 1995. Valuation, report review, and valuation-related consultation assignments have involved a wide variety of commercial properties located in Washington State, Oregon, Idaho, Arizona, and Texas (though, in recent years, work has been restricted to the Puget Sound region of Western Washington): office buildings (including large, multitenant facilities); industrial and warehouse buildings (including large, specialized plants); business, industrial, and office parks (up to 1+ million sq. ft.); shopping centers (up to community centers in terms of size and tenant profile); strip and single-tenant retail buildings; gas station/convenience stores; medical and dental clinics; apartment buildings and complexes (including LIHTC projects); condominiums (residential and commercial); self-storage facilities; residential and business park subdivisions; golf courses; mobile home parks; churches; schools; bank branches; daycare centers; lube shops; car washes; restaurants; and a variety of special purpose properties (e.g., cold storage/food processing buildings, and funeral homes/mortuaries/cemeteries).

Valuation and consultation assignments have been conducted for financial institutions, public entities, corporations, insurance companies, law firms, real estate developers, and private individuals and partnerships. Assignments have involved various types of investment analysis, market and absorption studies, and valuation of leased fee, leasehold, and fee simple interests (including partial interest valuation). Services have been employed for many purposes: financing, asset pricing, due diligence, portfolio valuation, estate and tax planning, eminent domain-related negotiations, litigation, etc. Mr. Sagner is on the approved appraiser and review appraiser lists of the Washington State Department of Transportation.

PROFESSIONAL DESIGNATIONS, CERTIFICATIONS, AND MEMBERSHIPS:
- MAI (Member of the Appraisal Institute) designation (#10,179).
- Certified under the general classification in the State of Washington (# 1100865).
- Candidate for the CFA (Chartered Financial Analyst) designation (#603350).
- Memberships: Appraisal Institute; CFA Institute; Seattle Society of Financial Analysts; American Real Estate Society; American Economic Association; Seattle Economists Council.

EDUCATION:
- Appraisal Institute/Various Trade Organizations
  - Various real estate oriented courses and seminars. Appraisal Institute and state certification continuing education requirements have been completed.
  - Association for Investment Management and Research (AIMR)
  - Successfully completed Level I of the CFA program.
  - University of Washington (Seattle)
    - M.A., Economics
    - University of Oregon (Eugene)
    - B.A., Economics
    - University of Oregon (Eugene)
    - Russian and East European Studies Certificate

SAMPLING OF TYPICAL VALUATION ASSIGNMENTS:
- 20,000 - 75,000 sq. ft. Multitenant Office Buildings, Various Puget Sound Locations
- Transitional, 50 Acre Waterfront Property, Bainbridge Island (Kitsap County)
110,000 sq. ft. (Six Building) Business Park, Mukilteo
Reviews for Financial Institutions and Public Entities (Eminent Domain–Partial Take)
115,000 - 320,000 sq. ft. Distribution Buildings/Complexes, Puget Sound Locations
Existing and Proposed Strip Retail Buildings, Various Puget Sound Locations
32,000 sq. ft. Electronic Assembly Building, Redmond
Gas Station/Convenience Store Properties, King and Snohomish County Locations
Existing and Proposed Apartment Complexes, Various Puget Sound Locations
Drug Store, Fast Food Restaurant, and Lube Shop Bond Leases, Puget Sound Locations
Proposed Residential Condominium Projects, King and Snohomish County Locations
Mixed Use Properties (Restaurant/Office/Multifamily), Arlington, Seattle
Proposed, Mixed Use Property (Restaurant/Office/Multifamily), Snohomish
5,000 - 80,000 sq. ft. (615 Unit) Self-Storage Facilities, King and Snohomish Counties
Medical and Dental Office Buildings, Various Puget Sound Locations
31,000 sq. ft. Freestanding, Single-Tenant Retail Building, Lynnwood
Food Processing Buildings (20,000 - 25,000 sq. ft.), Seattle, Woodinville
Existing/Proposed Churches and Schools (3,000 - 90,000 sq. ft.), Puget Sound Locations
Subsurface Radio Tower Easements, Seattle
100,000 sq. ft. Medical Office Building (Partial Interest Valuation), Renton
Bank Branches, Various King and Snohomish County Locations
50,000 - 100,000 sq. ft. Steel Fabrication and Metal Casting Plants, Seattle
Aircraft Hangars, Arlington
Auto Dealership Properties, King and Snohomish County Locations
40,000 - 100,000 sq. ft. Single-Tenant Industrial Buildings, Puget Sound Locations
Retail and Industrial Ground Leases, Everett, Arlington
Lumberyards, Bothell, Camano Island, Woodinville
Daycare Centers, Various Puget Sound Locations
Residential Lot Subdivisions/Air Space Condominiums, Various Puget Sound Locations
New, 10,000 sq. ft. Office Building/Leased Land, Burlington (Skagit County)
Land Development Phase of 19 Acre Mixed Use Project, Woodinville
128,000 sq. ft. Manufacturing Building (Aircraft Interiors), Renton
“Sit-Down” Restaurants, Various Puget Sound Locations
50 Unit LIHTC Apartment Complex, Oak Harbor (Island County)
Multitenant (and Incubator) Industrial Buildings, Various Puget Sound Locations
Funeral Chapels/Mortuaries and Cemeteries, Bremerton and Poulsoo (Kitsap County)
Office, Office/Warehouse, and Retail Condominiums, Various Puget Sound Locations

EMPLOYMENT HISTORY:
♦ Commercial Realty Consulting, Inc. (Principal), 1995-Present
♦ Key Bank of Washington, Seattle, 1993-1994
♦ Lyon, Skelte & Speirs, Seattle, 1992
♦ Schueler, McKown & Keenan, Seattle, 1986-1991

REPORT PREPARATION:
♦ Discounted cash flow analysis, in valuation of investment properties, is produced using ARGUS Financial Software (the industry standard among financial institutions and institutional investors). Excel employed for smaller properties.
♦ Complete reports, upon request, can be distributed as Adobe Acrobat (.pdf) files via email (digitally encrypted for security)
April 10, 2012

Michael Crowson
Covington Investments II, LLC
11711 SE 8th Street
Bellevue, WA 98005

RE: Covington Wax Road 176th Pl SE vacation and SE 270th St. surplus
City File No. LU11-0016, Reimbursement of Services Agreement

Dear Michael,

The City of Covington has completed its review of the appraisal for the vacation of a portion of SE 176th St. right-of-way and surplus of City Parcel Nos. 3780400130 and portions of 3780400020 and 3780400100. The appraisal was submitted to the city on February 19, 2012. The following staff contributed to the review of the submitted documentation:

- Salina Lyons (Senior Planner) City of Covington
- Nelson Ogren (Development Review Engineer) City of Covington
- Jeri Cranney (City’s Real Estate Consultant) Abaco Pacific
- Karl E. Sagner (City’s Real Estate Appraiser) Commercial Realty Consulting, Inc.

Commercial Realty Consulting, on behalf of the city, conducted a review of the developer’s appraisal of 176th Pl SE, city owned stormwater facility and property located along SE 270th Pl. A copy of the city’s Appraiser’s reviews and finding are attached for your reference. Based on the market data and analysis presented in the report, the developer’s appraisal report is sufficient for the city to accept. The city agrees with estimated value of $21.00 / sq. ft.

A rough estimation of costs that will be paid for the surplus and street vacation are as follows:

<table>
<thead>
<tr>
<th>Surplus of City Property</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Parcel 3780400130</td>
<td>3,731 sq. ft</td>
<td>$78,351.00</td>
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<tr>
<td>Parcel 3780400020 (Portion)</td>
<td>4,022 sq. ft</td>
<td>$84,462.00</td>
</tr>
<tr>
<td>Parcel 3780400100 (Portion)</td>
<td>2,530 sq. ft</td>
<td>$53,130.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,283 sq. ft</strong></td>
<td><strong>$215,943.00</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Street Vacation</th>
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</thead>
<tbody>
<tr>
<td>Portion of 176th Ave SE</td>
<td>4,058 sq ft</td>
<td>$85,218.00</td>
</tr>
</tbody>
</table>
The street vacation costs are based on the vacation of 4,058 sq. ft of ROW, which is the southern portion of the ROW as show in the appraisal document. It has been recommended that the developer vacate the full eastern portion of the ROW for the development of the site. Therefore, this number may be adjusted based on the actual area that is vacated.

In accordance with CMC 12.55.110.2.c, the developer will be required to pay fifty percent (50%) of the full appraised value for the street vacation upon passage of a final ordinance by the city council.

**Next Steps**
The first step is the vacation of the right-of-way portion on the site. The public hearing is scheduled for May 17, 2012 at 10:30 at City Hall. The hearing examiner will make a recommendation to the city council. The city council makes the final decision on right-of-way vacations.

The second step in the process pertains to the surplus of the city properties. The surplus process is in accordance with the Revised Code of Washington (RCW) for the sale of surplus city property. The city attorney and the city’s real estate consultant will be actively assisting the city on this process. In order for the properties to be sold to the developer, the city council must surplus the property at fair market value. Prior to the surplus of these properties the city council is required to hold a public hearing. The city council makes the final decision on surplus of city property.

If you have any further questions or need additional information please feel free to contact me at 253-683-1110 x 2239 or via email at slyons@covingtonwa.gov.

Sincerely,
THE CITY OF COVINGTON

[Signature]

Salina Lyons
Senior Planner

Encl: Appraisal Determination

Cc: City Review Team (via electronic version)
Richard Hart, Community Development Director (via electronic version)
Glenn Akramoff, Public Works Director (via electronic version)
Don Vondran, City Engineer (via electronic version)
Sara Springer, City Attorney (via electronic version)
City File LU11-0016
Ray & Vicki Markley  
21832 SE 245th Street  
Maple Valley, WA 98038  

City of Covington  
Glen Akramoff, Public Works Director  
16720 SE 271st Street, Suite 100  
Covington WA 98042  

Dear Glen,  

We would like to formally introduce ourselves. Our names are Ray and Vicki Markley and we own parcel number 3780400110 at 27013 176th Place SE and parcel 3780400120 at 27019 176th Place SE. We have valid concerns that need addressing from the City of Covington. “Specifically, the conditions imposed on a development project must be related in both nature and extent to the impact of the proposed development, legally this is referred to as the nexus and rough proportionality test. This is the primary and controlling legal consideration, combined with state statutes and the CMC, used for conditions placed on developments.” We feel the other developers requests will skew the amount of property being divided to each side. If you grant our requests we will be willing to grant easements as needed.

We are making three formal requests to the City of Covington that will assist us with the development of our parcels.

We would like to make a formal request to purchase parcel number 3780400130 (the old ponding area) from the City of Covington. It is our understanding that this is surplus property owned by the City of Covington. We own the two lots to the Northwest of the subject property, 3780400110 at 27013 176th Place SE and 3780400120 at 27019 176th Place SE.

Please contact us at your earliest convenience at 206 949-5000.

Respectfully,  
Ray Markley  
Vicki Markley
May 17, 2012

Ray & Vicki Markley  
21832 SE 245th Street  
Maple Valley, WA 98038

City of Covington  
Glen Akramoff, Public Works Director  
16720 SE 271st Street, Suite 100  
Covington WA 98042

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Please contact us at your earliest convenience at 206 949-5000.

Respectfully,

Ray Markley

Vicki Markley
RESOLUTION NO. 12-08

A RESOLUTION OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, DECLARING CERTAIN REAL PROPERTY KNOWN AS “PORTIONS OF SE 270TH ST.” (PARCEL NOS.3780400020 AND 3780400030) AND THE “JUNE ESTATES STORMWATER TRACT” (PARCEL 3780400130) AS SURPLUS AND AUTHORIZING THEIR SALE BY THE CITY MANAGER.

WHEREAS, the City of Covington owns portions of real property (Parcel Nos.3780400020 and 3780400030) that are remnants of property acquisitions from the construction of SE 270th St. for the development of the Walmart/Clark Retail development (CD01-003/1009); and

WHEREAS, the City of Covington owns real property located within the June Estates, shown as a stormwater facility (Parcel No. 3780400130), that was decommissioned at the time of the Walmart/Clark Retail development; and

WHEREAS, Covington Investments II LLC submitted a letter to the city requesting the surplus and subsequent purchase of the above three parcels (“Surplus Parcels”) for future development; and

WHEREAS, Covington Investments II LLC submitted an appraisal to determine the fair market value for the Surplus Parcels; and

WHEREAS, the city’s real estate consultant concurred with the appraisal finding and fair market value of $21.00 per sq. ft. for the Surplus Parcels; and

WHEREAS, the city must surplus real property in conformance with Chapter 39.33 of the Revised Code of Washington (RCW); and

WHEREAS, the city council has determined that retaining the Surplus Parcels is not necessary for future street or stormwater improvements and should be declared surplus; and

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

Section 1. The Surplus Parcels described in the attached Exhibit “A”, incorporated herein by this reference, are hereby declared as surplus.
Section 2. The city manager may negotiate and enter into an agreement with Covington Investments II LLC for purchase of the Surplus Parcels for an amount equal to, or greater than, their appraised value. Should the city decide to not sell the Surplus Parcels to Covington Investments II LLC, the city manager is authorized to use any commercially reasonable means to sell the Surplus Parcels.

Passed by the City Council on the 10th day of July, 2012.

______________________________
Mayor Margaret Harto

Attested:

______________________________
Sharron Scott, City Clerk

APPROVED AS TO FORM:

______________________________
Sara Springer, City Attorney
SUBJECT: PROPOSED ORDINANCE APPROVING A PETITION TO VACATE APPROXIMATELY 80 FEET OF THE SOUTHEASTERNLY PORTION OF 176TH PLACE SE ADJACENT TO SE WAX ROAD

RECOMMENDED BY: Glenn Akramoff, Public Works Director  
Richard Hart, Community Development Director

ATTACHMENTS(S):
1. Petition for street vacation and request for surplus of city owned property letter, dated November 15, 2011
2. Map of street vacation area
3. City’s real estate agent’s appraisal determination, dated March 25, 2012
5. Letter from Markley, dated June 4, 2012
7. Ordinance

PREPARED BY: Salina Lyons, Senior Planner  
Nelson Ogren, Development Review Engineer

EXPLANATION:
The purpose of this agenda item is for the city council to consider the hearing examiner’s recommendation to approve a petition to vacate the southeasterly 80 ft of 176th Pl. SE, adjacent to SE Wax Road, for the purpose of assembling properties for future commercial development. Although the applicant provided one petition for both the surplus of city property and a street vacation, this agenda item only relates to the petition for a street vacation. The request for surplus of city owned property is addressed in a separate agenda item.

A. Street Vacation Petition
On November 15, 2011, Michael Crowson of Covington Investment II, LLC (“petitioner”) submitted a letter to the city requesting a street vacation and paid the associated $920.00 application fee. The requested street vacation, as described above, includes the southeasterly portion of SE 176th Pl. SE southeast of SE 270th Street and adjacent to SE Wax Road. The portion of street to be vacated is approximately 4,058 sq. ft. and the properties adjacent to the street vacation areas are owned by the petitioner and the city. The remaining portion of 176th Pl. SE, adjacent to Parcel Nos. 3780400110, 3780400110 and 3780400020, is not proposed to be vacated at this time and will remain to provide access to those properties. (See Attachments 1 and 2)

When right-of-way is vacated, each half reverts back to the abutting property owner. In this instance, the southwest portion of the proposed street vacation abuts the city’s stormwater property recommended for surplus and potential sale to the petitioner in a separate agenda item.
It is staff’s recommendation that if the council declares the stormwater facility as surplus and directs the city manager to negotiate with the petitioner for the purchase of the surplus property, that the council also directs the city manager to negotiate with the petitioner for the sale of the vacated right-of-way adjacent to the surplus property.

B. Appraisal
The petitioner submitted an appraisal providing market information for the portion of street to be vacated. The city’s real estate consultant reviewed the appraisal report and concurred with the appraisal documentation that set the value of the portion of street to be vacated as $21.00 per sq. ft.

Pursuant to CMC 12.55.110, because no public funds have been expended in the acquisition, improvements, and maintenance of the right-of-way in question, the petitioner will be required to pay fifty percent (50%) of the appraised value of the street to be vacated. Accordingly, the street vacation costs are based on the vacation of 4,058 sq. ft of ROW at a rate of $10.50 per sq. ft. (50% of the appraised $21.00/sq. ft.), equaling $42,609.00 owed to the city by the petitioner within ninety (90) days of vacation of the right-of-way. (See Attachment 3)

C. Criteria for Granting Street Vacation
CMC 12.55.090 outlines the criteria to be considered by the hearing examiner and the city council for the approval of a request for street vacation. Each criteria is addressed in turn as follows:

(1) Granting the vacation will not conflict with the general purposes and objectives of the city’s comprehensive plan regarding land use, streets, utilities, drainage, parks, trails, and open space.

Granting this street vacation will not conflict with the city’s comprehensive plan. The city’s comprehensive plan land use map identifies the properties adjacent to 176th Pl. SE, south of SE 270th St. as downtown commercial—the petitioner is proposing to develop the properties for commercial development, as intended by the current land use.

Additionally, there are no parks or trails designated within the city’s comprehensive plan that will be accessed from this section of 176th Pl. SE.

Finally, when SE 270th St. was constructed, new water and sewer mains were installed to service the area. Other utilities, such as power, cable, etc., are also located within SE 270th St. Any additional utility easements required would be associated with the redevelopment of the adjacent properties, and any necessary utility easements would be established through the engineering review process for that redevelopment.

(2) The street, or portion thereof, is not likely to serve a useful public purpose both now and in the future, which cannot be met through use of easements for a specific purpose, or the vacation will best serve the public interest.
This portion of street does not serve a useful public purpose. The section of SE 176th Pl. SE proposed to be vacated only provides access to three single-family residents and is no longer needed to provide a connection to SE Wax Road. Additionally, alternative access to the three single-family residents is provided from SE 270th St. The southern portion of 176th Ave SE proposed to be vacated will not limit access to these properties, nor is this segment of right-of-way necessary for providing connectivity.

(3) The vacated area will not increase the number of single-family building sites or multifamily density. This may be mitigated by appropriate conditions on the vacated area.

The proposed portion of street to be vacated will not increase the number of single-family building sites or multifamily density. The properties adjacent to 176th Pl. SE are zoned Mixed Commercial (MC) and are intended to be redeveloped for commercial development and higher multifamily density. Pursuant to CMC 18.31.090, residential density in the MC zone is 24 units per acre; with ground floor commercial there is no limit on the residential density.

(4) The request for vacation was not initiated to correct a condition created by an applicant in violation of city ordinance.

The proposed vacation will not correct any violation of city ordinances.

D. Hearing Examiner Recommendation
An open record hearing by the hearing examiner was held on May 17, 2012. The hearing examiner issued a recommendation to approve the street vacation with six conditions. Notice of the hearing examiner’s recommendation was sent to all parties of record for the petition. Mr. Markley requested a reconsideration of the recommendation. The hearing examiner evaluated recorded testimony and issued an order to address the request. The order did not change the hearing examiner’s original recommendation to the city council to approve the street vacation with the six conditions. (See Attachments 4, 5 and 6)

ALTERNATIVES:
1. Approve the petition to vacate the southeasterly 80 ft of 176th Pl. SE, adjacent to SE Wax Road with the conditions recommended by the hearing examiner plus additional condition(s) set by the city council. Additional conditions may require additional council findings in support of the additional conditions.
2. Do not approve the petition to vacate the southeasterly 80 ft of 176th Pl. SE adjacent to SE Wax Road.

FISCAL IMPACT:
As noted in Section B above, if the council approves the petition to vacate a portion of 176th Pl. SE, the petitioner must remit payment to the city totaling 50% of the fair market value of the vacated street within ninety (90) days of the adopting ordinance. Pursuant to the Revised Code of Washington and the CMC, one-half of the revenue for the area to be vacated must be dedicated to the acquisition, improvement, development, and related maintenance of public open space or transportation capital projects within the city.
CITY COUNCIL ACTION:  X Ordinance  _____ Resolution  _____ Motion  _____ Other

Councilmember ______________ moves, Councilmember ______________ seconds, to pass an ordinance approving the petition to vacate approximately 80 ft of the southeastern portion of 176th Pl SE, adjacent to SE Wax Road with the conditions in the hearing examiner’s recommendation to the city council dated May 23, 2012, and directing the city manager to enter into an agreement with Covington Investments LLC for purchase of the vacated right-of-way adjacent to the city’s surplused stormwater facility.

REVIEWED BY:  City Manager,
Finance Director
City Attorney
Memo

To: Salina Lyons, City of Covington

From: Michael Crowson, Covington Investments II, LLC

Date: 11/15/2011

Re: Proposed 176th Place SE Right of Way & Wax Road /SE 270th Street Surplus Property Acquisition

Attachments: Exhibit A and King County Parcel Viewer Maps of each Property

On behalf of Covington Investments II, LLC I am sending this memorandum as our formal request and application to acquire city surplus properties adjacent to SE 270th Street, a portion of the right-of-way at 176th Place SE, and the city surplus property along Wax Road. I have included Exhibit A to show the proximity of the city properties relative to our properties owned by Covington Investments II, LLC and depicts the city properties that we are proposing to acquire.

We are proposing the acquisition of these City properties to complete an assemblage that will allow future re-development consistent with the current zoning code and development guidelines. Currently there is no opportunity to redevelop our site consistent with the zoning code due to our parcel size and market demands.

Covington Investments II, LLC owns properties immediately adjacent to the city surplus properties and the City right-of-way. Specifically, we own tax parcel #3780400010 located at 27022 176th Place SE. The property is a single family rental home and it is currently occupied. We also own tax parcel# 2522059270 located at 17620 SE Wax Road which is located immediately north of the AM/PM/ARCO. This is the site of the proposed Firestone Tire store which is currently in permitting with the City of Covington.

The city surplus properties on SE 270th Street are tax parcels #3780400020 and #3780400030. Our property at 27022 176th Place SE abuts these two properties. Additionally our property abuts the 176th Place SE right-of-way. It should be noted that originally 176th Place SE was created as part of a larger single family subdivision and provided direct access to and from Wax Road however when SE 270th was constructed 176th Place SE was dead-ended to eliminate the connection to and from Wax Road.

Additionally, the tract immediately south and adjacent to the 176th Place SE along Wax Road is city surplus property tax parcel #3780400130. This city property was originally platted as a storm water tract for the aforementioned single family subdivision, however when the SE 270th Street extension and storm water improvements were constructed the storm water facility was abandoned and now serves as a vacant tract. This surplus property is bounded by our property at 27022 176th Ave SE, Wax Road, tax parcel # 2522059270 to the south (future Firestone), and tax parcel # 3780400120 owned by Ray and Vicki Markley.

In closing, we are excited to move ahead with the proposed right of way and surplus property acquisition. Upon your review of this application please advise me on the city process and provide a detailed description of what is required of me. My email is mcrowson@pacific.com and my mobile number is 206-972-6711, we look forward to another successful project with the City of Covington.
CITY OF COVINGTON
Permit Services
16720 SE 271st Street, Suite 100
Covington, WA 98042

RECEIPT

RECEIPT NUMBER: R11-009596

FILE/PERMIT #: LU11-0016
SITE ADDRESS: 17621 SE 270TH STREET
PARCEL: 378040-0020

PROJECT NAME:
TYPE: Planning Type IV
SUPTYPE: ROWVAC

PAID BY: PACLAND BELLEVUE INC

TRANSACTION DATE: 11/28/2011
TOTAL PAYMENT: 958.00

TRANSACTION LIST:

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TOTAL: 958.00

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TOTAL: 958.00

RECEIPT ISSUED BY: KTHOMPSON
INITIALS: KJT
ENTERED DATE: 11/28/2011
TIME: 10:08 AM
March 25, 2012

Ms. Salina Lyons  
City of Covington  
16720 S.E. 271st Street, Suite 100  
Covington, WA  98042

RE: Covington Wax Road Office, Right-of-Way Vacation Request  
City File No. LU06-0023  
Review of Appraisal/Appraisal Determination

Dear Ms. Lyons:

Per you request, I have concluded the process of review of the above referenced McKee & Schalka appraisal report, dated January 12, 2012 ("Appraisal"). The Appraisal regards four (4) properties owned by the City of Covington, further described in the Appraisal ("Properties").

The Appraisal concludes an estimate of value for the Properties of $21.00/sq. ft.

As a part of the appraisal determination of value process, I obtained the enclosed appraisal review report ("Review") prepared by Karl E. Sagner, MAI, an independent, third-party MAI appraiser.

I have enclosed two originals of the Review. To assist you in your analysis of the Review, I have highlighted in green (on one Review), areas that may be of particular interest. While the Review makes note of several ill-supported and somewhat confused adjustments, Mr. Sagner concludes that the Appraisal produced a reasonable estimate of the value of the Property.

The Review confirms the Appraisal estimate of value of $21.00/sq. ft.

I have previous knowledge of the Properties and as a part of this review process, I re-visited the Properties and conducted market research of recent sales, listings and market conditions in the Covington and surrounding areas. I have closely read the Appraisal and the Review, both of which were prepared independently by well-seasoned, professional MAI appraisers. I am in agreement that the conclusion of estimated value of $21.00/sq. ft. contained in the Appraisal and the confirmation of this value in the Review is reasonable.
Page 2
March 25, 2012

Thank you for this opportunity to provide the City with real estate services. If I may be of further assistance or if you have any questions, please, do not hesitate to contact me.

Very truly,

[Signature]

Joni J. Crainey
President/Managing Broker

JJC/cj

Enclosures
March 15, 2012

Ms. Jeri J. Cranney
Principal
Abaco Pacific, LLC
Real Estate Consulting
13468 456th Pl. SE
North Bend, WA 98045

RE: Covington Right-of-Way Property
SE 270th St. & SE Wax Rd.
Covington, Washington

Dear Ms. Cranney:

At your request, a review has been conducted of an appraisal of property owned by the City of Covington situated between SE 270th St. and SE Wax Rd., just north of SE 272nd St., Covington, Washington. The appraisal report was prepared by Allison Roselle and Kenneth A. Barnes, MAI of McKee & Schalka (Seattle). The report date is January 20, 2012. The valuation date for the property, "as-is", is January 12, 2012. The value estimate presented in the report pertains to the fee simple estate interest in the subject property. The effective date of review is March 15, 2012.

This is a “technical review”, subject to Standard 3 of USPAP. It is a “field review” (rather than “desk review”), in that the reviewer inspected the subject property and the comparables presented, discussed, and analyzed in the report under review (from the vantage point of frontage streets). In completing this review, the only information known to the review appraiser about the subject property is found in the appraisal under review. The report was reviewed to determine if appropriate appraisal methodologies were applied and if the estimates of market value were reasonable and well supported by appropriate market data and accurate analysis. The report was also checked for conformity to USPAP and the Uniform Appraisal Standards for Federal Land Acquisitions. The factual data within the appraisal report were not independently verified by the reviewer. In the event that material errors or omissions were identified within the report, amended value estimates are presented in this document. If necessary, the appraiser was contacted to clarify any unresolved issues.

Based on the market data and analysis presented in the report, the review appraiser concurs with the value conclusion of the appraisers, as follows.

<table>
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<th>Concluded Values</th>
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<tbody>
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<td>Fee Simple Interest, “As-Is”</td>
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</tr>
<tr>
<td>Appraisers</td>
<td>$21.00/sq. ft.</td>
</tr>
<tr>
<td>Reviewer</td>
<td>$21.00/sq. ft.</td>
</tr>
</tbody>
</table>
APPRAISAL SYNOPSIS

Project ........................................................................................................ N/A
Parcel Numbers ......................................................................................... 378040-0130; -0020; -0030; and one additional parcel
Report Date ............................................................................................... January 20, 2012
Report Format ............................................................................................. Summary
Interest Valued ............................................................................................ Fee Simple Estate
Valuation Date ("As-Is") ................................................................................ January 12, 2012
Valuation Date (At Completion) ................................................................. N/A
Valuation Date (Stabilized) .......................................................................... N/A
Property Type ............................................................................................ Unimproved Land
Land Valuation, Before Acquisition .......................................................... $21.00 per sq. ft.
Cost Approach, Before Acquisition .......................................................... N/A
Land Valuation, Remainder .......................................................................... N/A
Cost Approach, Before Acquisition .......................................................... N/A
Income Approach ....................................................................................... N/A
Sales Comparison Approach, Before Acquisition ...................................... N/A
Sales Comparison Approach, Remainder ................................................... N/A
Damasges .................................................................................................... N/A
Special Benefits ......................................................................................... N/A
Appraisers' Concluded Market Value, Before Acquisition ....................... $21.00 per sq. ft.
Appraisers' Concluded Market Value, Remainder ..................................... N/A
Appraisers' Estimated Value Difference .................................................... N/A
Report Prepared For .................................................................................... Michael Crowson, Covington Investments II, LLC, Bellevue, WA
Appraiser(s) ............................................................................................... Allison Roselle/Kenneth A Barnes, MAI (McKee & Schalka)

PROPERTY DESCRIPTION / MARKET ANALYSIS / HIGHEST AND BEST USE

The subject property consists of four, small, irregularly configured parcels situated between SE 270th St. and SE Wax Rd., just north of SE 272nd St., Covington, Washington. The two northerly parcels are contiguous, fronting on SE 270th St. The two southerly parcels are contiguous and front on SE Wax Rd. The functionality of the subject is dependent on assemblage with neighboring parcels. The property is near a signalized intersection just southeast of a recently constructed Wal-Mart. Surrounding uses involve predominantly retail development, though Covington Medical Center is located on the opposite side of SE Wax Rd. from the subject. The appraisal presents an adequate description of Covington and the immediate area surrounding the subject. A retail market section is also included in the report, with vacancy, absorption, and rental data.

The subject is comprised of three tax parcels and a portion of abandoned right-of-way for 176th Ave. SE (the latter, a dead-end street serving three single family residences). With the exception of paving in the right-of-way area, these parcels are essentially unimproved. The subject has a
combined frontage of about 98 ft. on SE Wax Rd. and about 300 ft. on SE 270th St. All of the parcels have irregular shapes. The parcels are level and at the grade of the two frontage streets. All public utilities are available. However, it is reported that 3-phase power will have to be extended to the site for commercial development (the existing electrical utilities will have to be removed and reconstructed). The report indicates that the subject’s frontage on SE Wax Rd. will be encumbered by a waterline easement, and that a storm waterline easement may be required along vacated 176th Pl. SE. The property is zoned MC, mixed commercial, by the City of Covington. The property is in FEMA flood zone “X”, indicating an area outside the 100-yr. floodplain. Land areas are shown in the following table.

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<tr>
<th>Parcel</th>
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<td>-0020</td>
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<tr>
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<td>2,530</td>
</tr>
<tr>
<td>Portion of 176th Ave. SE</td>
<td>4,058</td>
</tr>
<tr>
<td></td>
<td>14,341</td>
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</table>

The report indicates that the four parcels comprising the subject have been owned by the City of Covington for more than three years. Covington Investments II, LLC is attempting to assemble the subject and additional land area into a larger site for development of a small commercial building and associated parking. Covington Investments II, LLC is reportedly in discussions regarding sale of the larger property including the subject to an end user (the report indicates that no price has been determined). This larger property is currently listed for sale at an asking price of $1,000,000, or $35.12 per sq. ft. of land area.

The appraisers conclude that highest and best use of the subject, as though vacant, involves a small-scale retail use, after assemblage.

**REVIEW CHECKLIST**

| Regional and Neighborhood Description | YES / YES |
| General Site Description | YES |
| Known Environmental Issues Discussed | YES |
| Wetlands or Other Critical Areas Addressed | N/A |
| Easements/Encroachments/Encumbrances Identified | YES |
| Description of the Remainder | N/A |
| Improvements Description | N/A |
| Conformance with Zoning Considered | N/A |
| Three-Year Sales History | YES |
| Market Analysis | YES |
| Discussion of Marketing/Exposure Time | N/A / YES |
| Highest and Best Use Analysis | YES |
VALUATION SUMMARY

COST APPROACH

Land Valuation

Four comparable land sales and two listings are employed in the report for estimation of value. The appraisers employ “across the fence” methodology in valuing the subject in its entirety. One sale is pending, one sale closed in September 2011 (but the price was negotiated in the “second half of 2009”), and two of the sales are dated (closing in July 2008 and December 2007). All of the comparables are located in Covington. The sales range in size from 32,670 sq. ft. to 45,120 sq. ft. (usable area).

Sale 1 is the pending sale to Firestone by Covington Investments II, LLC of a parcel contiguous south of the subject’s parcel -0130, fronting on SE Wax Rd. Regarding this transaction, the appraisers report the following: “Before sale, landlord (sic, presumably the seller) will put in significant capital to prepare the site for the buyer. This amount is included in the sale price.” Elsewhere, the cost of utility extension is reported at $330,000.

Sale 2 is a pad in a Fred Meyer shopping center on Kent Kangley Rd., west of the subject. The parcel has exposure to Kent Kangley Rd., but no frontage on it. The appraisers report that it is fully usable, but only about one-third buildable due to a waterline easement. An Elephant Car Wash was subsequently constructed on the site.

Sales 3 and 4 are older sales on SE Wax Rd. south of its intersection with Kent Kangley Rd. (SE 272nd St.). Sale 3 remains unimproved. A small office/retail building has been constructed on Sale 4.

Sale 5 is the listing of the larger property including the subject. The list price is reportedly based on prior acquisition costs and the cost of extending 3-phase power to the site (which will reportedly be borne by the seller).

Sale 6 is a listing involving a site at the northwest corner of the intersection of 164th Ave. SE and Kent Kangley Rd. The appraisers mention an old office building on the site. The site has now been cleared and fenced.

In the analysis of the comparables, the market conditions adjustments are based on movements in the Moody’s Commercial Property Price Index (CPPPI). A positive 10% market conditions adjustment is applied to Sale 2 to account for the 2009 contract purchase price. Negative 10% market conditions adjustments are applied to the two dated sales (Sale 3 and Sale 4).

The adjustments to Sale 1 are fully offsetting. Positive adjustments for location/corner/frontage and “configuration” offset the negative adjustments for easements and utilities, and the indicated value for the subject is $21.50 per sq. ft. of land area.

The discussion of the adjustment process for Sale 2 is somewhat confused. Sale 2 “has no street frontage and is located within a larger parking lot”. The appraisers than state: “At the same time the excellent shopping center location more than offsets the downward frontage location (sic), and in the end, we have made an upward adjustment for location/frontage”. The lack of frontage of Sale 2 would lead to a positive adjustment (in comparison to the subject), while the “excellent shopping center location” would lead to a negative adjustment. [Appraisal 101: adjust from the comparable to the subject.] If the latter “more than offsets” the former, then the net adjustment would be negative. Since the adjustments to Sale 2 are wholly arbitrary, it is not clear that this error has any consequences for the valuation (some other arbitrary percentages could be applied that also resulted in a net positive adjustment).
Sales 3 and 4 are older sales that occurred prior to fall 2008, the proximate beginning of our present difficulties. They provide much less guidance concerning the subject’s current market value than Sale 1 and Sale 2.

In analyzing Sale 5, the listing of the larger property including the subject, the appraisers state the following: “After adjustment for required infrastructure development costs we expect a subject indication at quite a lower price/sf. The neighboring site is currently pending at about 19% less than its asking price, and we would expect a similar adjustment to this listing as appropriate for the subject. This would suggest a price closer to $28/sf, not including the cost of upgrading power.” Well and good, however the appraisers have adjusted Sale 1 by a negative 10% to account for “upgrading power”. This would suggest an analyzed price for the subject of $24.94 per sq. ft. of land area, “as-is” ($35.12 less a cumulative adjustment of -29%). As Sale 5 is a listing, and the reader is informed that no sale price has been negotiated with the prospective purchaser, the appraisers’ lapse here is not considered dispositive or even of any great importance in estimating the subject’s current market value.

Sale 6 is also a listing, with an asking price of $1,900,000, or $25.66 per sq. ft. of land area (not “about $24/sf”). The property is reported to have been on the market for several years. The appraisers conclude that this listing indicates a value for the subject “in the $20/sf range”.

Placing most weight on Sales 1 and 2, appropriately, the appraisers conclude a current market value for the subject of $21.00 per sq. ft. of land area. The review appraiser concurs with this estimate.

**REVIEW CHECKLIST**

<table>
<thead>
<tr>
<th>Land Valuation, Before Acquisition</th>
<th>YES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Value Conclusion Consistent with Subject Acquisition Price</td>
<td>N/A</td>
</tr>
<tr>
<td>Land Valuation, Remainder</td>
<td>N/A</td>
</tr>
<tr>
<td>Reproduction/Replacement Cost New Estimate</td>
<td>N/A</td>
</tr>
<tr>
<td>Entrepreneurial Profit Estimate</td>
<td>N/A</td>
</tr>
<tr>
<td>Depreciation Estimate</td>
<td>N/A</td>
</tr>
<tr>
<td>Cost Approach Conclusion, Before Acquisition</td>
<td>N/A</td>
</tr>
<tr>
<td>Cost Approach Conclusion, Remainder</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**INCOME APPROACH**

This approach is not applied.

**REVIEW CHECKLIST**

| Analysis of Existing Leases | N/A |
| Rent Estimates Consistent with Subject History | N/A |
| Income Analysis | N/A |
| Vacancy Analysis | N/A |
| Expense Estimates Consistent with Subject History | N/A |
| Expense Analysis | N/A |
Direct Capitalization (Overall Rate or Current Yield) ........................................ N/A
Discounted Cash Flow Analysis ............................................................... N/A
Income Approach Conclusion ............................................................... N/A

SALES COMPARISON APPROACH

This approach is not applied.

REVIEW CHECKLIST

Appropriate Unit(s) of Comparison ......................................................... N/A
Improved Sales Analysis ........................................................................ N/A
Sales Comparison Approach Conclusion, Before Acquisition ............... N/A
Sales Comparison Approach Conclusion, Remainder ............................. N/A
SCA Conclusion Consistent with Pending/Past Sale of the Subject .......... N/A

RECONCILIATION

Valuation of the subject consisted of land valuation in the cost approach section of the report (only).

Damages/Special Benefits

N/A

REVIEW CHECKLIST

Final Reconciliation .................................................................................. YES
Estimated Value Before Acquisition ......................................................... YES
Estimated Value of the Remainder ............................................................ N/A
Estimated Value Difference ..................................................................... N/A
Analysis of Damages/Benefits (if any) to Remainder ................................. N/A
Value of Excess Land Area (if any) Is Included ........................................ N/A
Value of Personal Property is Properly Segregated .................................. N/A
Absorption Analysis (if Appropriate) ......................................................... N/A

APPRaisal RATING AND CONCluding REMARKS

The report produced a reasonable estimate of value for the subject. The overall quality of the appraisal report is rated:
Commercial Realty Consulting, Inc.

Poor .............................................................................................................. [ ]
Below Average .............................................................................................. [ ]
Average .......................................................................................................... [X]
Above Average ............................................................................................... [ ]
Excellent ......................................................................................................... [ ]

Thank you for this opportunity to be of service. If you have any questions regarding this appraisal review, please do not hesitate to contact the undersigned.

Respectfully submitted,
Commercial Realty Consulting, Inc.

[Signature]
Karl E. Sagner, MAI

USPAP APPRAISAL REPORTING CHECKLIST

Appraisal Report is Not Misleading ..................................................................... YES
Report Contains Sufficient Information for Decision-Making............................. YES
General Assumptions and Limiting Conditions are Reported............................ YES
Extraordinary Assumptions and Limiting Conditions (if any) are Disclosed ....... YES
Legal Description is Provided ............................................................................. YES
Real Property Interest Valued is Identified ......................................................... YES
Purpose of the Appraisal is Stated ....................................................................... YES
Proper Definition of Value .................................................................................. YES
Date(s) of Value and Report Date are Stated ........................................................ YES
Scope of the Appraisal Assignment is Discussed ................................................ YES
Valuation Methods/Techniques/Procedures are Adequately Explained ............... YES
Highest and Best Uses, as though Vacant and as Improved, are Identified ......... YES
Exclusion of Any Valuation Approach Is Explained .......................................... YES
Signed Certification is Included ......................................................................... YES

ADDITIONAL FEDERAL APPRAISAL STANDARDS

Appraisal Fulfills Terms of the Engagement Letter ............................................. N/A
Owner Notified (in Writing) of Opportunity to Accompany Appraiser during Inspection .......... N/A
Property is Valued in its Current Condition ....................................................... YES
Ten-Year Sales History ...................................................................................... NO
Legal Description of the Remainder is Provided ................................................ N/A

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Statement that Appraisal Conforms to USPAP ................................................................. YES
Jurisdictional Exceptions Identified .................................................................................. N/A
Certification Contains All Value Estimates ........................................................................ YES
Value Estimates are not Linked to Exposure Times/Marketing Time is no: Estimated ........NO
Appraiser Disregarded the Influence of the Proposed Project on the Subject Property ........ N/A
Appraiser is Appropriately State Certified or Licensed .................................................... YES
Report Form and Content is Complete ............................................................................ YES
Data Included in the Report is Adequate for the Assignment .......................................... YES
Valuation Methods/Techniques/Procedures are Appropriate ........................................... YES
Analysis, Opinions, and Conclusions are Appropriate and Reasonable ......................... YES
CERTIFICATION

I certify that, to the best of my knowledge and belief:

♦ The statements of fact contained in this review report, and used in the review process, are true and correct.

♦ The analyses, opinions and conclusions in this review report are limited only by the enclosed general assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

♦ I have no present or prospective interest in the property that is the subject of this review report, and no personal interest or bias with respect to the parties involved.

♦ My compensation is not contingent on the analyses, opinions, and conclusions reached or reported, the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this review.

♦ My analyses, opinions, and conclusions were developed, and this review report was prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute (USPAP), and the Uniform Appraisal Standards for Federal Land Acquisitions, except to the extent that the latter required invocation of USPAP's Jurisdictional Exception Rule.

♦ No one provided significant professional assistance to the undersigned.

♦ I have the educational background and experience to competently complete this review assignment.

♦ The use of this review report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

♦ As of the date of this review report, the undersigned has completed the requirements of the continuing education program of the Appraisal Institute; and is also currently certified under the general classification in the State of Washington (#1100865).

♦ This is a “field review”, and I inspected the exterior of the subject property and the land sale comparables employed by the appraiser in the report under review (from the vantage point of frontage streets).

Karl E. Sagner, MAI
GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for legal or title considerations. Title to the subject property is assumed to be good and marketable, unless otherwise stated in the review report.

2. In the review process, the subject property is assumed to be free and clear of any and all liens and encumbrances, unless otherwise stated in the review report.

3. Competent and responsible ownership and property management are assumed, unless otherwise stated in the review report.

4. The information given by others is believed to be reliable. However, no warranty is given for its accuracy.

5. The review appraiser is not an engineer. Any descriptions of or references to the physical aspects of the subject property are exclusively related to the economic impact of these physical characteristics. No responsibility is assumed for any issues related to engineering.

6. In particular, in the review process, it is assumed that there are no hidden or imperceptible conditions of the subject property (site or improvements) that would have an impact on its market value. No responsibility is assumed for such conditions, or for arranging for engineering studies that may be required to discover them.

7. It is assumed that the subject property is in full compliance with all applicable federal, state, and local environmental regulations and laws, unless otherwise stated in the review report.

8. It is assumed that the subject property is in compliance with all applicable zoning restrictions and use regulations, unless a nonconformity has been stated, defined, and considered in the review report.

9. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or federal governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate(s) contained in this review report is (are) based.

10. Any sketch that may appear in this review report may indicate only approximate dimensions and is included only to assist the reader in visualizing the property. Maps, or any other exhibits, found in this review report are only for reference purposes. No guarantee of accuracy is expressed or implied, unless otherwise stated in the review report. In particular, no survey of the subject property has been commissioned by the review appraiser.

11. It is assumed that the utilization of land and improvements is within the boundaries or property lines of the property described, and that there is no encroachment or trespass, unless otherwise stated in the review report.

12. Unless otherwise stated in the review report, the subject property is assumed to be in compliance with the requirements of the Americans with Disabilities Act. The presence of architectural or communications barriers that are structural in nature and would restrict access by disabled individuals may adversely affect the market value, marketability, or utility of the subject property.

13. Any proposed improvements are assumed to be completed in a competent, workmanlike manner in accordance with the submitted plans and specifications.
14. The review appraiser is not qualified to detect hazardous waste or toxic materials. Any comment by the review appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the subject property. The review appraiser’s value estimate(s) is (are) predicated on the assumption that there is no such material on or in the property that would cause a loss in value, unless otherwise stated in the review report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The review appraiser’s descriptions and resulting comments (if any) are the result of the routine observations made during the review process.

15. The distribution, if any, of the total valuation in this review report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal or review report, and are invalid if so used.

16. Possession of this review report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the review appraiser, and in any event, only with proper written qualification and only in its entirety.

17. Neither all nor any part of this review report (especially any value conclusions or the identity of the review appraiser) shall be disseminated to the public through advertising, public relations, news media, sales media, or any other public means of communication without the prior consent and written approval of the review appraiser.

18. The review appraiser, by virtue of having authored this review report, shall not be required to give legal testimony as an expert witness in a legal hearing, or before any court of law, unless mutually satisfactory arrangements are made in advance.
Mr. Sagner has been engaged as a commercial real estate appraiser/analyst and consultant in the State of Washington since 1986. He founded Commercial Realty Consulting, a Washington State (Subchapter S) Corporation, in 1995. Valuation, report review, and valuation-related consultation assignments have involved a wide variety of commercial properties located in Washington State, Oregon, Idaho, Arizona, and Texas (though, in recent years, work has been restricted to the Puget Sound region of Western Washington): office buildings (including large, multitenant facilities); industrial and warehouse buildings (including large, specialized plants); business, industrial, and office parks (up to 1+ million sq. ft.); shopping centers (up to community centers in terms of size and tenant profile); strip and single-tenant retail buildings; gas station/convenience stores; medical and dental clinics; apartment buildings and complexes (including LIHTC projects); condominiums (residential and commercial); self-storage facilities; residential and business park subdivisions; golf courses; mobile home parks; churches; schools; bank branches; daycare centers; lube shops; car washes; restaurants; and a variety of special purpose properties (e.g., cold storage/food processing buildings, and funeral homes/mortuaries/cemeteries).

Valuation and consultation assignments have been conducted for financial institutions, public entities, corporations, insurance companies, law firms, real estate developers, and private individuals and partnerships. Assignments have involved various types of investment analysis, market and absorption studies, and valuation of leased fee, leasehold, and fee simple interests (including partial interest valuation). Services have been employed for many purposes: financing, asset pricing, due diligence, portfolio valuation, estate and tax planning, eminent domain-related negotiations, litigation, etc. Mr. Sagner is on the approved appraiser and review appraiser lists of the Washington State Department of Transportation.

PROFESSIONAL DESIGNATIONS, CERTIFICATIONS, AND MEMBERSHIPS:

♦ MAI (Member of the Appraisal Institute) designation (#10,179).
♦ Certified under the general classification in the State of Washington (# 1100865).
♦ Candidate for the CFA (Chartered Financial Analyst) designation (#603350).
♦ Memberships: Appraisal Institute; CFA Institute; Seattle Society of Financial Analysts; American Real Estate Society; American Economic Association; Seattle Economists Council.

EDUCATION:

Appraisal Institute/Various Trade Organizations

♦ Various real estate oriented courses and seminars. Appraisal Institute and state certification continuing education requirements have been completed.

Association for Investment Management and Research (AIMR)

♦ Successfully completed Level I of the CFA program.

University of Washington (Seattle)

♦ M.A., Economics

University of Oregon (Eugene)

♦ B.A., Economics

University of Oregon (Eugene)

♦ Russian and East European Studies Certificate

SAMPLING OF TYPICAL VALUATION ASSIGNMENTS:

20,000 - 75,000 sq. ft. Multitenant Office Buildings, Various Puget Sound Locations
Transitional, 50 Acre Waterfront Property, Bainbridge Island (Kitsap County)

Commercial Realty Consulting, Inc.

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110,000 sq. ft. (Six Building) Business Park, Mukilteo
Reviews for Financial Institutions and Public Entities (Eminent Domain–Partial Take)
115,000 - 320,000 sq. ft. Distribution Buildings/Complexes, Puget Sound Locations
Existing and Proposed Strip Retail Buildings, Various Puget Sound Locations
32,000 sq. ft. Electronic Assembly Building, Redmond
Gas Station/Convenience Store Properties, King and Snohomish County Locations
Existing and Proposed Apartment Complexes, Various Puget Sound Locations
Drug Store, Fast Food Restaurant, and Lube Shop Bond Leases, Puget Sound Locations
Proposed Residential Condominium Projects, King and Snohomish County Locations
Mixed Use Properties (Restaurant/Retail/Multifamily), Arlington, Seattle
Proposed, Mixed Use Property (Restaurant/Office/Multifamily), Snohomish
5,000 - 80,000 sq. ft. (615 Unit) Self-Storage Facilities, King and Snohomish Counties
Medical and Dental Office Buildings, Various Puget Sound Locations
31,000 sq. ft. Freestanding, Single-Tenant Retail Building, Lynnwood
Food Processing Buildings (20,000 - 25,000 sq. ft.), Seattle, Woodinville
Existing/Proposed Churches and Schools (3,000 - 90,000 sq. ft.), Puget Sound Locations
Subsurface Radio Tower Easements, Seattle
100,000 sq. ft. Medical Office Building (Partial Interest Valuation), Renton
Bank Branches, Various King and Snohomish County Locations
50,000 - 100,000 sq. ft. Steel Fabrication and Metal Casting Plants, Seattle
Aircraft Hangars, Arlington
Auto Dealership Properties, King and Snohomish County Locations
40,000 - 100,000 sq. ft. Single-Tenant Industrial Buildings, Puget Sound Locations
Retail and Industrial Ground Leases, Everett, Arlington
Lumberyards, Bothell, Camano Island, Woodinville
Daycare Centers, Various Puget Sound Locations
Residential Lot Subdivisions/Air Space Condominiums, Various Puget Sound Locations
New, 10,000 sq. ft. Office Building/Leased Land, Burlington (Skagit County)
Land Development Phase of 19 Acre Mixed Use Project, Woodinville
128,000 sq. ft. Manufacturing Building (Aircraft Interiors), Renton
“Sit-Down” Restaurants, Various Puget Sound Locations
50 Unit LIHTC Apartment Complex, Oak Harbor (Island County)
Multitenant (and Incubator) Industrial Buildings, Various Puget Sound Locations
Funeral Chapels/Mortuaries and Cemeteries, Bremerton and Poulsbo (Kitsap County)
Office, Office/Warehouse, and Retail Condominiums, Various Puget Sound Locations

EMPLOYMENT HISTORY:

♦ Commercial Realty Consulting, Inc. (Principal), 1995-Present
♦ Key Bank of Washington, Seattle, 1993-1994
♦ Lyon, Skelte & Speirs, Seattle, 1992
♦ Schueler, Mckown & Keenan, Seattle, 1986-1991

REPORT PREPARATION:

♦ Discounted cash flow analysis, in valuation of investment properties, is produced using
ARGUS Financial Software (the industry standard among financial institutions and
institutional investors). Excel employed for smaller properties.
♦ Complete reports, upon request, can be distributed as Adobe Acrobat (.pdf) files via e-
mail (digitally encrypted for security)
BEFORE the HEARING EXAMINER for the
CITY of COVINGTON

RECOMMENDATION

FILE NUMBER:
LU11-0016

APPLICANT:
Covington Investments II, LLC
ATTN: Michael Crowson
11711 SE 8th Street, Suite 303
Bellevue, WA 98005

TYPE OF CASE:
Petition to vacate approximately the southeasterly 80 feet of
176th Place SE adjacent to SE Wax Road

STAFF RECOMMENDATION:
Approve subject to conditions

EXAMINER RECOMMENDATION:
GRANT subject to conditions

DATE OF RECOMMENDATION:
May 23, 2012

INTRODUCTION

Covington Investments II, LLC (Petitioner) filed a Petition for Vacation of a City Street (the Petition) on or about November 28, 2011. (Exhibit 2) Petitioner agreed to place the Petition on hold until the City Council could update its right-of-way vacation regulations. (Exhibit 1, p. 3, ¶ II.A.2, ¶2) The City Council enacted a replacement Chapter 12.55 CMC, Street and Public Easement Vacation, by Ordinance No. 06-12 on March 13, 2012. (Ibid. and official notice) This Petition has been processed in accordance with the new regulations.

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1 Any statement in this section deemed to be either a Finding of Fact or a Conclusion of Law is hereby adopted as such. Exhibit citations are provided for the reader’s benefit and indicate: 1) The source of a quote or specific fact; and/or 2) The major document(s) upon which a stated fact is based. While the Examiner considers all relevant documents in the record, typically only major documents are cited. The Examiner’s Recommendation is based upon all documents in the record.

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HEARING EXAMINER RECOMMENDATION
RE: LU11-0016 (176th Street SE right-of-way vacation)
May 23, 2012
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Petitioner desires the Covington City Council (Council) to vacate approximately the southeasterly 80 feet of 176th Place SE adjacent to SE Wax Road. 3

The Covington Hearing Examiner (Examiner) viewed the area of the requested vacation on May 17, 2012.

In accordance with Covington Municipal Code (CMC) 12.55.070, the City Council set May 17, 2012, as the date for the Examiner’s hearing on the vacation by Resolution No. 12-04. (Exhibit 6) The Examiner held the required open record public hearing. The Community Development Department (Department) gave notice of the hearing as required by CMC 12.55.080. (Exhibit 8)

The following exhibits were entered into the hearing record during the hearing:

    Exhibits 1 - 13: As enumerated in Exhibit 1, the Departmental Staff Report

The action taken herein and the requirements, limitations and/or conditions imposed by this decision are, to the best of the Examiner’s knowledge or belief, only such as are lawful and within the authority of the Examiner to take pursuant to applicable law and policy.

ISSUES

Does the requested vacation meet the criteria for vacation of a public street?

FINDINGS OF FACT

1. Petitioner seeks vacation of the southeast 80 ± feet, containing 4,058 square feet (SF), of the 176th Place SE right-of-way adjacent to SE Wax Road. Petitioner is also interested in acquiring three small pieces of surplus City property in the immediate vicinity. (Exhibit 3) The process for disposing of surplus City property does not involve the Examiner and is not before the Examiner in this proceeding. Therefore, other than explaining participants’ interest in that process, it will not be discussed herein nor will any recommendation regarding it be offered.

2. The section of right-of-way for which vacation is requested is bordered on its southwest by Parcel 3780400130 (Parcel 0130), a former drainage detention pond site now owned by the City and one of the three pieces of surplus property in the area, and on its northeast by Parcel 3780400010 (Parcel

3 Street alignments in the area of the requested vacation do not follow a regular north-south or east-west grid. For simplicity, the following directional conventions were used in the Examiner’s open record hearing and will be used herein: SE Wax Road is presumed to lie on a northeast-southwest alignment; 176th Place SE is presumed to lie on a northwest-southeast alignment; and SE 270th Street is presumed to lie parallel to SE Wax Road. (In fact, SE 270th Street and SE Wax Road intersect about 150 feet northeast of the requested vacation area.) Exhibit 3 accurately depicts properties and rights-of-way in the area.

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HEARING EXAMINER RECOMMENDATION
RE: LU11-0016 (176th Street SE right-of-way vacation)
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0010), owned by the Petitioner. Parcel 0010 presently contains a single-family residence. Those are the only two parcels which abut the section of 176th Place SE for which vacation is requested. (Exhibit 3)

3. Ray Markley (Markley) owns the two parcels northwest of Parcel 0130 along the southwest side of 176th Street SE: Parcels 3780400120 (Parcel 0120) and 3780400110 (Parcel 0110). The Markley parcels each presently contain a single-family residence and abut a portion of 176th Place SE which is not proposed for vacation in this proceeding. (Exhibit 3 and testimony)

4. Petitioner’s Parcel 0010 is bordered on its northwest and northeast by the other two small, surplus City-owned parcels in the area: Parcels 378040020 (Parcel 0020) and 378040030 (Parcel 0030).

5. 176th Place SE used to provide access from SE Wax Road into the June Estates single-family residential subdivision to the north. When the Wal-Mart store was developed in the early 2000s, SE 270th Street was created to serve as its primary access. At that time the connection between 176th Place SE and SE Wax Road was closed off (The street trees along SE Wax Road which block access to 176th Place SE are clearly visible on the aerial photograph in Exhibit 3.) and the portion of 176th Place SE southeast of SE 270th Street became a dead-end providing access to Parcels 0010, 0110, and 0120. (Exhibits 1 and 3 and testimony; the aerial photograph in Exhibit 9 depicts the area, including the Wal-Mart store, clearly)

6. The Petitioner is developing the “Firestone” parcel on the northwest side of SE Wax Road adjacent to the southwest side of Parcel 0130. The Petitioner desires to aggregate Parcels 0020, 0030, and 0130 as well as the 176th Place SE right-of-way not fronting on the Markley properties for development purposes. (Exhibit 3 and testimony)

7. Markley supports the requested right-of-way vacation, but opposes sale of the three surplus parcels to the Petitioner. Markley wants to acquire one or more of those parcels himself to facilitate commercial redevelopment of his two parcels. (In fact, if the Examiner understood the testimony accurately, Markley would support the vacation of the entirety of 176th Place SE southeast of SE 270th Street and would be interested in acquiring the southwest half of the entire right-of-way.) (Testimony)

8. The criteria for approval of street vacations are set forth at CMC 12.55.090. The preamble sentence to the criteria reads as follows: “The Hearing Examiner and City Council shall review the requested vacation, provided the applicant can demonstrate that:” The four specific criteria and the facts relating to each are as follows:

A. “(1) Granting the vacation will not conflict with the general purposes and objectives of the city’s comprehensive plan regarding land use, streets, utilities, drainage, parks, trails, and open space;”
HEARING EXAMINER RECOMMENDATION  
RE: LU11-0016 (176th Street SE right-of-way vacation)  
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Facts: The City’s comprehensive plan land use map identifies the properties adjacent to 176th Place SE, southeast of SE 270th Street, as Downtown Commercial; the area is intended to be redeveloped for commercial development. No parks or trails are designated within the City’s comprehensive plan that would be accessed from this section of 176th Place SE. (Exhibit 1, p. 5)

B. “(2) The street, or portion thereof, is not likely to serve a useful public purpose both now and in the future, which cannot be met through use of easements for a specific purpose, or the vacation will best serve the public interest;”

Facts: The section of SE 176th Place SE proposed to be vacated provides access to the three single-family residences on Parcels 0010, 0110, and 0120. It is no longer needed to provide a connection to SE Wax Road; the signalized SE Wax Road/SE 270th Street intersection provides a much safer connection. Access to the single-family residences on Parcels 0110 and 0120 (the Markley parcels) will be provided from the portion of 176th Street SE not proposed to be vacated; Parcel 0010 will retain about 15 feet of frontage on the un-vacated portion of 176th Place SE. The Petitioner intends to redevelop Parcel 0010 for some commercial purpose in any event. (Exhibits 1 and 3 and testimony)

C. “3) The vacated area will not increase the number of single-family building sites or multifamily density. This may be mitigated by appropriate conditions on the vacated area; and”

Facts: The properties adjacent to 176th Place SE are zoned Mixed Commercial (MC) and are intended to be redeveloped for commercial development and higher multifamily density. Pursuant to CMC 18.31.090, residential density in the MC zone is 24 units per acre; with ground floor commercial, there is no limit on the residential density. (Exhibit 1, p. 5)

D. “(4) The request for vacation was not initiated to correct a condition created by an applicant in violation of City ordinance.”

Facts: No ordinance violations are associated with this requested right-of-way vacation. (Exhibit 1, p. 6)

9. Subsection 12.55.100(3) CMC provides that

The City may condition the vacation to retain easements for the construction, repair, and maintenance of public utilities and services and establish easement trails for pedestrians and nonmotorized vehicular travel. The City Council shall grant easements to utility agencies within the right-of-way of said vacation to maintain the existing location of its facilities. Such easements may also be granted to utility
agencies to allow for future location of facilities as reasonably anticipated by the utility agency.

When SE 270th Street was constructed, water and sewer mains were installed to service the area. Other utilities such as power, cable, etc. are also located within SE 270th Street. Any utility easements required will be for the purpose of future development and will be established through the engineering review process and provided prior to construction of any proposed redevelopment of the adjacent properties. (Exhibit 1, p. 5)

Covington Water District, which provides water to the City of Covington, is requesting that a 20 foot wide exclusive easement be retained within the area proposed to be vacated. The District has an existing main that connects to SE 270th Street and that serves the existing single-family residential homes. (Exhibit 12)

10. Subsection 12.55.110(2) CMC requires the Examiner to recommend to the Council “[t]he amount of compensation owed to the City for the vacated street, alley, public easement, or part thereof”.

Pursuant to CMC 12.55.050(1)(c) the Petitioner retained McKee & Schalka, “an appraiser licensed in the State of Washington with an MAI designation” to establish “the fair market value” of the area requested to be vacated. McKee & Schalka concludes that the fair market value of both the right-of-way for which vacation is sought and of the three adjacent surplus City properties is $21.00 per SF. (Exhibit 4)

The Department retained Abaco Pacific, which in turn retained Commercial Realty Consulting, Inc., whose appraiser also holds an MAI designation, to provide independent peer review of the appraisal pursuant to CMC 12.55.050(2); the Petitioner compensated the City for the peer review costs. (Exhibit 10) Abaco Pacific and Commercial Realty Consulting, Inc. both agree with McKee & Schalka that the right-of-way’s fair market value is $21.00 per SF. (Exhibit 11)

11. The criteria for determining the amount of compensation owed to the City for the vacated street, alley, public easement, or part thereof are set forth at CMC 12.55.110(2) and (3):

(2) ... (a) The full appraised value owed for a street of which public funds have been expended, through an approved capital improvement project, for the acquisition or construction of the street or property;
(b) Seventy-five percent of the full appraised value owed for a street for which funds have been expended for improvements and maintenance within five years from the date of the petition;
(c) Fifty percent of full appraised value owed for streets for which no funds have been expended in the acquisition, improvements, and maintenance;
(d) Administrative costs of the vacation owed for street vacation issued as a matter of the laws of 1889-1890 and affirmed by City Council action;
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(e) Real property of equal or greater value, or public right-of-way which has value for access, may be accepted in lieu of cash compensation;

(f) Any combination of subsections (2)(a) through (e) of this section may be accepted; provided, that the total value of the combined compensation does not total more than the maximum amount of monetary compensation allowed under subsections (2)(a) through (c) of this section.

(3) When a street is vacated for a governmental agency, compensation shall be in accordance with the classification of the street, except that some or all of the compensation may be waived at the discretion of the City Council if it will fulfill a public purpose.

The subject portion of 176th Street SE was constructed by the developer of June Estates. No City funds have been expended in the acquisition, improvements, and maintenance of 176th Place SE. (Exhibit 1, p. 6) Therefore, CMC 12.55.110(2)(c) applies and the amount of compensation for the requested right-of-way vacation is 50% of $21.00 per SF, or $11.50 per SF.

12. Section 12.55.120 CMC requires that the compensation determined to be paid shall be a condition precedent to the vacation of any city street and shall be paid to the City of Covington by the Petitioner within 90 days of the approval of the adopting ordinance.

13. The Department recommends approval of the requested right-of-way vacation subject to six conditions. (Exhibit 1, pp. 6 and 7) The Petitioner has no objection to the recommended conditions. (Testimony)

14. As of the date of the Examiner’s hearing, the Department thought that disposition of the nearby surplus parcels would be on a Council agenda before the right-of-way vacation would get on a Council agenda. (Testimony)

15. Any Conclusion of Law deemed to be a Finding of Fact is hereby adopted as such.

LEGAL FRAMEWORK

The Examiner is legally required to decide this case within the framework created by the following principles:

Authority
A Petition to Vacate a City Street is a Type 4 land use application which is subject to an open record hearing before the Examiner. [CMC 12.55.070 et seq., 14.30.040, and 14.30.050] The Examiner submits “a recommendation to the City Council.” [CMC 12.55.100(1)] The Examiner’s recommendation is subject to

4 Exhibit 1 contains a few typographical errors which were noted and discussed during the hearing.
5 Any statement in this section deemed to be either a Finding of Fact or a Conclusion of Law is hereby adopted as such.

4 5 c:\exam\covington\docs\lu11-0016.doc
the right of reconsideration. [Hearing Examiner Rule of Procedure (RoP) 2.27] The Council “may adopt, reject, or modify the Hearing Examiner’s recommendation based on the criteria demonstrated by the applicant in CMC 12.55.090.” [CMC 12.55.100(2)]

Review Criteria
The criteria for approval of street vacations are set forth at CMC 12.55.090. The applicable criteria have been set forth in Finding of Fact 8, above.

Standard of Review
The standard of review is preponderance of the evidence. The applicant has the burden of proof. [CMC12.55.100(2)]

Scope of Consideration
The Examiner has considered: all of the evidence and testimony; applicable adopted laws, ordinances, plans, and policies; and the pleadings, positions, and arguments of the parties of record.

CONCLUSIONS OF LAW

1. The testimony and evidence undisputedly indicates that vacation of the 80 ± foot section of 176th Place SE right-of-way adjacent to SE Wax Road meets all criteria for approval as set forth in CMC 12.55.090.

2. All evidence indicates that the fair market value of the right-of-way to be vacated is $21.00 per SF, but that the right-of-way falls within the category established by CMC 12.55.110(2)(c). Therefore, the amount by which the City should be compensated for the right-of-way is $11.50 per SF. (The Examiner offers no recommendation regarding the fair market value of the three surplus properties as that subject is beyond the scope of the Examiner’s jurisdiction in this proceeding.)

3. When right-of-way is vacated, one half reverts to the ownership of the abutting property on each side of the right-of-way. In the present case, who would get (and who would pay for) the southwest half of the right-of-way to be vacated will depend upon whether the vacation occurs before or after the surplus property issue is concluded: If the right-of-way were vacated today, the City would gain the southwest half as it owns Parcel 0130; if the surplus process were completed before the vacation, then whomever had prevailed in that process and held title to Parcel 0130 would pay for and gain the southwest half.

4. The recommended conditions of approval as set forth in Exhibit 1 are reasonable, supported by the evidence, and capable of accomplishment with one change.

As written, the conditions presume that the Petitioner acquires Parcel 0130 through the surplus process; in other words, that the entire area to be vacated inures to the benefit of the Petitioner. There
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is no guarantee that that will be the outcome of the surplus process. Therefore, instead of assuming that the Petitioner acquires the entirety of the right-of-way being vacated and specifying a total compensation figure, the Examiner will recommend more generic language in the conditions.

5. Any Finding of Fact deemed to be a Conclusion of Law is hereby adopted as such.

RECOMMENDATION

Based upon the preceding Findings of Fact and Conclusions of Law, and the testimony and evidence submitted at the open public hearing, the Examiner recommends that the City Council GRANT the Petition to Vacate the southeasterly 80 ± feet of the 176th Place SE right-of-way, consisting of 4,058 SF, as depicted on Exhibit 3 SUBJECT TO THE FOLLOWING CONDITIONS:

1. The Petitioner shall be responsible to abide by the terms of the Reimbursement for Consultant Review Services Agreement (Exhibit 10) and its associated contracts.

2. Compensation for the vacated right-of-way shall be based on fifty percent (50%) of the appraised value of the portion to be vacated.

3. The owner acquiring title to the portion of the right-of-way within which the water main is located shall be responsible for recording a 20 foot wide exclusive easement for Covington Water District, unless otherwise determined by the District that the easement is no longer required upon development of the adjacent properties. The acquiring owner shall coordinate directly with Covington Water District to ensure that the easement language meets the District’s requirements.

4. The acquiring owner(s) shall pay the City of Covington compensation in the amount of $11.50 per square foot of vacated right-of-way within 90 days of approval by the City Council for the vacation of a portion of 176th Place SE.

5. In the event of failure of the acquiring owner(s) to pay such sum within 90 days, the petition for vacation shall be deemed denied and the vacation not effective.

6. Upon approval by the City Council and full payment by the acquiring owner(s), an ordinance vacating 176th Place SE shall be recorded with King County Records Office. The Petitioner shall be responsible for recording the ordinance with King County and paying all associated recording fees.
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RE: LU11-0016 (176th Street SE right-of-way vacation)
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Recommendation issued May 23, 2012.

John E. Galt
Hearing Examiner

HEARING PARTICIPANTS 6

Michael Crowson
Nelson Ogren

Salina Lyons
Ray Markley

NOTICE of RIGHT of RECONSIDERATION

This Recommendation is subject to the right of any party of record to file with the Examiner (in care of the City of Covington, ATTN: Kelly Thompson, 16720 SE 271st Street, Suite 100, Covington, Washington 98042) a written request for reconsideration within 10 days following the issuance of this Recommendation in accordance with the procedures of CMC 2.25.080 and Hearing Examiner Rule of Procedure (RoP) 2.27. Any request for reconsideration shall specify the error which forms the basis of the request. See RoP 2.27 for additional information and requirements regarding reconsideration. Any request for reconsideration shall specify the error which forms the basis of the request. See CMC 14.35.320 and RoP 2.27 for additional information and requirements regarding reconsideration.

A request for reconsideration is not a prerequisite to judicial review of this Recommendation, nor does filing a request for reconsideration stay the time limit for commencing judicial review.

NOTICE of COUNCIL CONSIDERATION

The Examiner’s final recommendation will be considered by the Covington City Council in accordance with the procedures of Chapter 12.55 CMC. Please contact the Department of Planning and Public Works for information regarding the scheduling of Council consideration of this Recommendation. Please have the applicant’s name and City file number available when you contact the Department.

The following statement is provided pursuant to RCW 36.70B.130: “Affected property owners may request a change in valuation for property tax purposes notwithstanding any program of revaluation.”

6 The official Parties of Record register is maintained by the City’s Hearing Clerk.
City of Covington Attn: Kelly Thompson,

We have found errors in the Hearing Examiner's Findings of Fact number 7.

Markley did not and does not support the requested right of way vacation. Markley wants to purchase the City owned parcel 0030 and 1/2 of the adjacent 176th Place SE for Markley's own commercial development, and requested (at the hearing) you use the nexus of proportionality and let the Markleys buy the city property adjacent to the Markleys property at 27019 176th Place SE and ½ of 176th PI SE adjacent to what would then be the Markley's three parcels (0110, 0120, and 0130). This would be a fair division of the property in question. See attachment.

Sincerely Yours,

Ray Markley

Vicki Markley
WHEREAS, the City of Covington Hearing Examiner (Examiner) issued a Recommendation in the above-entitled matter on May 23, 2012; and

WHEREAS, the Covington Community Development Department (Department) has advised the Examiner that it did not actually distribute the Recommendation to parties of record until May 29, 2012; and

WHEREAS, the Recommendation included a paragraph entitled “NOTICE of RIGHT of RECONSIDERATION” (Bold and capitalization in original) which summarized the provisions regarding reconsideration contained in Covington Municipal Code (CMC) 2.25.080 and Hearing Examiner Rule of Procedure (RoP) 2.27 as follows:

This Recommendation is subject to the right of any party of record to file with the Examiner (in care of the City of Covington, ATTN: Kelly Thompson, 16720 SE 271st Street, Suite 100, Covington, Washington 98042) a written request for reconsideration within 10 days following the issuance of this Recommendation in accordance with the procedures of CMC 2.25.080 and Hearing Examiner Rule of Procedure (RoP) 2.27. Any request for reconsideration shall specify the error which forms the basis of the request. See RoP 2.27 for additional information and requirements regarding reconsideration. ...

(Recommendation, p. 9); and

WHEREAS, at 11:55 a.m. on June 4, 2012, Ray and Vicki Markley (collectively “the Markleys”) sent an E-mail to three recipients, one of whom was Kelly Thompson. The complete text of that E-mail, beginning with the subject line, reads as follows:
ORDER DENYING RECONSIDERATION
RE: LU11-0016 (176th Place SE right-of-way vacation)
June 13, 2012
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Subject: Hearing Examiner Recommendation, LU11-0016

City of Covington Attn: Kelly Thompson,

We have found errors in the Hearing Examiner's Findings of Fact number 7.

Markley did not and does not support the requested right of way vacation. Markley wants to purchase the City owned parcel 0030 and 1/2 of the adjacent 176th Place SE for Markley's own commercial development. and requested (at the hearing) you use the nexus of proportionality and let the Markleys buy the city property adjacent to the Markleys property at 27019 176th Place SE and 1/2 of 176th PI SE adjacent to what would then be the Markley's three parcels (0110, 0120, and 0130). This would be a fair division of the property in question. See attachment.

Sincerely Yours,

Ray Markley
Vicki Markley

(Bold in original; line spacing in signature block reduced); and

WHEREAS, the Department transmitted the Markleys’ E-mail to the Examiner at 3:07 p.m. on June 11, 2012; and

WHEREAS, CMC authorizes the City Council to “adopt rules for the scheduling and conduct of public hearings and other procedural matters related to the duties of the Examiner.” [CMC 2.25.080] On February 10, 2009, the City Council adopted the RoP by Resolution No. 09-01; and

WHEREAS, the Markleys’ E-mail could potentially qualify for consideration under either or both of two of the adopted RoP: RoP 2.27, Reconsideration, or RoP 2.28, Clarification.

RoP 2.27 establishes procedures for reconsideration of an Examiner decision or recommendation. To be considered, “The written request for reconsideration must be received by the hearing examiner and by all parties of record within ten (10) days after the date of issuance of the examiner’s decision or recommendation.” (Underlining added) RoP 2.27(A) gives the Examiner 10 more days in which to act on the request.

RoP 2.28 establishes procedures for “clarification” of a decision or recommendation. That rule provides that a party may file a written request for clarification which “must be received by the hearing examiner and by all parties within seven (7) days after the issuance of the examiner’s decision or
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recommendation.” (Underlining added) RoP 2.28 gives the Examiner only seven more days in which to act on the request; and

WHEREAS, the seventh day after May 23rd was May 30th and seven days thereafter was June 6th; the seventh day after May 29th was June 5th and seven days thereafter was June 12th. The 10th day after May 23rd was Saturday, June 2nd. However, RoP 2.6(b) provides that when a time period ends on a Saturday, Sunday, or legal holiday, the period ends at 5:00 p.m. on the next work day. Therefore, the 10th day after May 23rd was effectively June 4th and 10 days thereafter will be June 14th; and

WHEREAS, the Markleys’ E-mail does not say that it is either a request for reconsideration or a request for clarification. Nevertheless, it was sent to the attention of Kelly Thompson, the person to whom the Recommendation’s instructions said requests for reconsideration were to be sent and it was filed on the effective 10th day after issuance of the Recommendation. The Examiner does not know whether the Markleys’ E-mail was received by all parties within the allowed time period as required by RoP 2.27. Nevertheless, the Examiner will ignore any possible filing irregularities and accept the Markleys’ E-mail as a timely filed Request for Reconsideration (the Request); and

WHEREAS, Finding of Fact 7 reads in full as follows:

Markley supports the requested right-of-way vacation, but opposes sale of the three surplus parcels to the Petitioner. Markley wants to acquire one or more of those parcels himself to facilitate commercial redevelopment of his two parcels. (In fact, if the Examiner understood the testimony accurately, Markley would support the vacation of the entirety of 176th Place SE southeast of SE 270th Street and would be interested in acquiring the southwest half of the entire right-of-way.) (Testimony)

(Recommendation, p. 3); and

WHEREAS, Finding of Fact 7 has no effect upon the ultimate Recommendation: Nothing in it bears on any of the established criteria for approval of right-of-way vacations. It was included in the Recommendation merely to summarize Ray Markley’s position as testified to, under oath, in the open record hearing. (Vicki Markley did not testify.); and

WHEREAS, after receiving the Request, the Examiner listened to the recording of Ray Markley’s sworn testimony. During that testimony, the following colloquy occurred between Ray Markley (RM) and the Examiner (HE):

RM: I came in here today thinking that this was all one – one transaction, but now we’re saying the street transaction is separate from the parcel transaction.

HE: Yes, sir.
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RM: But I would like to go ahead and talk as if they were one and the same, because that’s how it affects me.

HE: Well, I’ll let you start that way. I’m a little concerned at getting into it that way in great depth, because I have absolutely no jurisdiction over the sale of surplus City property.

... HE: You were expecting to acquire the drainage pond surplus property [Note: The “drainage pond surplus property” is Parcel 0130.] –

RM: Yes.

HE: - and that they [Note: “they” is Covington Investments II, LLC, the Petitioner for the requested right-of-way vacation.] would acquire the other two, which you call the Wal-Mart remnant surplus properties –

RM: That’s correct.

HE: - and then you would both split the entire right-of-way down the middle, and you would get, in my terms it’d be the southwest half of it and they’d get the northeast half.

RM: Correct.

... HE: Let me ask you this: Do you, do you oppose – forget, right now forget about who owns on either side – do you have a concern about actually vacating this chunk of right-of-way?

RM: In front of my property?

HE: No, no. No. Down here, the gray stuff.

RM: The whole thing. I do. I – 100%, yah.

HE: What, think it all ought to be vacated?

RM: No, I think half to him and half to me.

HE: Oh. But you think vacating is the right thing to do. Your concern is where its going to go and who owns it.

RM: We’ve been trying to do this for years.

The opening sentence in the Markleys’ Request (“Markley did not and does not support the requested right of way vacation.”) is completely at odds with Ray Markley’s sworn testimony during the hearing. It is clear from the colloquy, especially the concluding portion, that Ray Markley said he supported the requested vacation of 176th Place SE. What he said he objected to is who will stand to acquire the right-of-way when it’s vacated. Therefore, the first part of the first sentence in Finding of Fact 7 is correct based upon the sworn testimony, but the Markleys may be uncomfortable with the word “supports” as they may perceive that word as implying support for the disposition of the vacated right-of-way. Therefore, the Examiner will revise the sentence to state that Ray Markley does not oppose the vacation; and

WHEREAS, the only portion of the 176th Place SE right-of-way for which vacation is requested in the current proceeding is that portion abutting Parcel 0130; no part of the right-of-way abutting Parcels 0110 or 0120 is proposed for vacation. The Markleys own Parcels 0110 and 0120; they do not currently own Parcel 0130. Therefore, as ownership stands today, Markley cannot be the recipient of any portion of the
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right-of-way for which vacation has been requested: The current owners abutting the segment of right-of-way to be vacated are the City and the Petitioner.

The Recommendation acknowledges that the City has declared Parcel 0130 surplus. (Finding of Fact 2) The Recommendation states that “The process for disposing of surplus City property does not involve the Examiner and is not before the Examiner in this proceeding.” (Finding of Fact 1)

The Examiner addressed the effect of the surplus property process on the requested vacation in Conclusions of Law 3 and 4 (neither of which the Markleys have challenged):

3. When right-of-way is vacated, one half reverts to the ownership of the abutting property on each side of the right-of-way. In the present case, who would get (and who would pay for) the southwest half of the right-of-way to be vacated will depend upon whether the vacation occurs before or after the surplus property issue is concluded: If the right-of-way were vacated today, the City would gain the southwest half as it owns Parcel 0130; if the surplus process were completed before the vacation, then whomever had prevailed in that process and held title to Parcel 0130 would pay for and gain the southwest half.

4. The recommended conditions of approval as set forth in Exhibit 1 are reasonable, supported by the evidence, and capable of accomplishment with one change.

As written, the conditions presume that the Petitioner acquires Parcel 0130 through the surplus process; in other words, that the entire area to be vacated inures to the benefit of the Petitioner. There is no guarantee that that will be the outcome of the surplus process. Therefore, instead of assuming that the Petitioner acquires the entirety of the right-of-way being vacated and specifying a total compensation figure, the Examiner will recommend more generic language in the conditions.

(Underlining added) The Examiner changed the language in the recommended-conditions to refer to the “acquiring owner” rather than the “Petitioner” in each place where ownership of the right-of-way to be vacated is mentioned. If the Markleys acquire Parcel 0130 through the surplus property process before the vacation is completed, then the Markleys would be the “acquiring owner” and would gain (and pay for) the southwest half of the right-of-way abutting that parcel; and

WHEREAS, the suggestion in the Markleys’ E-mail that the Examiner should recommend that the Markleys be allowed to buy Parcel 0130 and the entire southwest half of the 176th Place SE right-of-way southeast of SE 270th Street requests an action which is beyond the scope of the present proceeding – as the Examiner clearly stated during the hearing. (See the hearing excerpt, above.) As stated in Finding of Fact 1, the only part of the 176th Place SE right-of-way subject to the current vacation proceeding is the 80± feet
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adjacent to Wax Road. Neither the Examiner nor the Council can expand the scope of a right-of-way vacation beyond the request as set forth in the right-of-way vacation petition. Neither the Examiner nor the Council can consider vacation of the rest of the 176th Place SE right-of-way between SE 270th Street and Wax Road within the context of this proceeding. If an abutting property owner wants (or owners want) to seek such additional right-of-way vacation, such owner(s) may certainly file a petition seeking additional right-of-way vacation, which would be heard and considered on its own merits; and

WHEREAS, the Examiner recognizes that the second half of the first sentence in Finding of Fact 7 could be misinterpreted. The second half of the first sentence says that Ray Markley opposed sale of all three surplus parcels to the right-of-way vacation Petitioner: That is a true statement as the Markleys want to acquire one of them, but it could be read to suggest that the Markleys want to acquire more than one of the surplus properties. The quoted portion of Ray Markley’s testimony indicates that the Markleys want to acquire only Parcel 0130 from the City through the surplus process. That portion of the sentence should be clarified; and

WHEREAS, the second and third sentences in Finding of Fact 7 are unnecessarily expansive. The Examiner was accurate but purposefully vague. Ray Markley’s testimony states that the Markleys want to acquire only Parcel 0130 from the City through the surplus process. The second and third sentences should be revised to state that the Markleys want to acquire only Parcel 0130 and one-half of the right-of-way abutting Parcels 0110, 0120, and 0130 from the City; and

WHEREAS, the Examiner concludes for the reasons set forth above that Finding of Fact 7 within the Recommendation as issued on May 23, 2012, should be revised.

NOW, THEREFORE, the Examiner GRANTS the request for reconsideration and REVISES Finding of Fact 7 to read in full as follows:

7. Markley does not oppose the requested right-of-way vacation, but does oppose sale of Parcel 0130 to the Petitioner. Markley wants to acquire Parcel 0130 himself through the surplus property process to facilitate commercial redevelopment of his two parcels. (In fact, Markley wants the entirety of 176th Place SE southeast of SE 270th Street to be vacated so that, assuming that he had acquired Parcel 0130 through the surplus property process, he could acquire the southwest half of the right-of-way abutting Parcels 0110, 0120, and 0130 from the City.) (Testimony)


[Signature]
John E. Galt
Hearing Examiner
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RE: LU11-0016 (176th Place SE right-of-way vacation)
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NOTICE of COUNCIL CONSIDERATION

The Examiner's final recommendation (consisting of the May 23, 2012, Recommendation as revised by this Order) will be considered by the Covington City Council in accordance with the procedures of Chapter 12.55 CMC. Please contact the Community Development Department for information regarding the scheduling of Council consideration of this Recommendation. Please have the applicant's name and City file number available when you contact the Department.

The following statement is provided pursuant to RCW 36.70B.130: "Affected property owners may request a change in valuation for property tax purposes notwithstanding any program of revaluation."

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Mr. Markley,

The Hearing Examiner has reviewed your Request for Reconsideration that you submitted via email to me, Kelly Thompson, Hearing Clerk and Richard Hart, CD Director, on June 4, 2012. The Hearing Examiner has issued the attached Order Revising a Recommendation based on his review of the recorded testimony from the public hearing. The Hearing Examiner has modified Finding of Fact No 7 accordingly in the attached Order. This modification does not change the Hearing Examiner’s recommendation to the City Council for the vacation of a portion of 176th Pl SE.

A hard copy of the signed Order will be provided to you via mail. This email serves as you official notification of the Order.

Kelly Thompson
Permit Center Coordinator & Hearing Clerk
City of Covington
16720 SE 271st Street, Suite 100
Covington, WA 98042

Please note our numbers have changed:
Desk (253) 480-2447
Fax (253) 638-1122
ORDINANCE NO. 11-12

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON APPROVING A PETITION TO VACATE APPROXIMATELY 80 FEET OF THE SOUTHEASTERNLY PORTION OF 176TH PLACE SE, ADJACENT TO SE WAX ROAD.

WHEREAS, on November 15, 2011, Covington Investment II, LLC ("petitioner") submitted a letter requesting the vacation of approximately 80 feet of the southeasterly portion of 176th Pl. SE adjacent to SE Wax Road and paid the associated $920.00 street vacation application fee; and

WHEREAS, on May 17, 2012, the hearing examiner held an open record public hearing to hear the petition and recommended that the city council GRANT approval of the street vacation pursuant to the Findings of Fact and Conclusions of Law as attached as Exhibit B, dated May 23, 2012; and

WHEREAS, the hearing examiner and city council find that the street vacation meets the criteria for granting a street vacation as provided in CMC 12.55.090 and outlined in Exhibit B; and

WHEREAS, the city has complied with and completed the street vacation procedures pursuant to RCW 35.79.040 and CMC 12.55.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. That portion of 176th Pl. SE, maintained as right-of-way by the City of Covington and shown on Exhibit A, incorporated herein by this reference, is hereby vacated, subject to the hearing examiner’s recommendation in Exhibit B, incorporated herein by this reference.

Section 2. This ordinance shall be in full force and effect five days after proper posting and publication. A summary of this ordinance may be published in lieu of publishing the ordinance in its entirety.
Section 3. If any provision of this ordinance, or ordinance modified by it, is determined to be invalid or unenforceable for any reason, the remaining provisions of this ordinance and ordinances and/or resolutions modified by it shall remain in full force and effect.

Passed by the City Council in an open public meeting on the 10th day of July, 2012.

_______________________
Mayor Margaret Harto

PUBLISHED: July 13, 2012

EFFECTIVE: July 18, 2012

ATTESTED:

_________________________
Sharon Scott, City Clerk

APPROVED AS TO FORM:

_________________________
Sara Springer, City Attorney
BEFORE the HEARING EXAMINER for the
CITY of COVINGTON

RECOMMENDATION

FILE NUMBER: LU11-0016

APPLICANT: Covington Investments II, LLC
ATTN: Michael Crowson
11711 SE 8th Street, Suite 303
Bellevue, WA 98005

TYPE OF CASE: Petition to vacate approximately the southeasterly 80 feet of
176th Place SE adjacent to SE Wax Road

STAFF RECOMMENDATION: Approve subject to conditions
EXAMINER RECOMMENDATION: GRANT subject to conditions
DATE OF RECOMMENDATION: May 23, 2012

INTRODUCTION
Covington Investments II, LLC (Petitioner) filed a Petition for Vacation of a City Street (the Petition) on or
about November 28, 2011. (Exhibit 2) Petitioner agreed to place the Petition on hold until the City Council
could update its right-of-way vacation regulations. (Exhibit 1, p. 3, § II.A.2, ¶ 2) The City Council enacted a
replacement Chapter 12.55 CMC, Street and Public Easement Vacation, by Ordinance No. 06-12 on March
13, 2012. (Ibid. and official notice) This Petition has been processed in accordance with the new regulations.

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1 Any statement in this section deemed to be either a Finding of Fact or a Conclusion of Law is hereby adopted as such.
2 Exhibit citations are provided for the reader’s benefit and indicate: 1) The source of a quote or specific fact; and/or 2)
The major document(s) upon which a stated fact is based. While the Examiner considers all relevant documents in the
record, typically only major documents are cited. The Examiner’s Recommendation is based upon all documents in the
record.
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Petitioner desires the Covington City Council (Council) to vacate approximately the southeasterly 80 feet of 176th Place SE adjacent to SE Wax Road.  

The Covington Hearing Examiner (Examiner) viewed the area of the requested vacation on May 17, 2012.

In accordance with Covington Municipal Code (CMC) 12.55.070, the City Council set May 17, 2012, as the date for the Examiner’s hearing on the vacation by Resolution No. 12-04. (Exhibit 6) The Examiner held the required open record public hearing. The Community Development Department (Department) gave notice of the hearing as required by CMC 12.55.080. (Exhibit 8)

The following exhibits were entered into the hearing record during the hearing:

Exhibits 1 - 13: As enumerated in Exhibit 1, the Departmental Staff Report

The action taken herein and the requirements, limitations and/or conditions imposed by this decision are, to the best of the Examiner’s knowledge or belief, only such as are lawful and within the authority of the Examiner to take pursuant to applicable law and policy.

ISSUES

Does the requested vacation meet the criteria for vacation of a public street?

FINDINGS OF FACT

1. Petitioner seeks vacation of the southeast 80 ± feet, containing 4,058 square feet (SF), of the 176th Place SE right-of-way adjacent to SE Wax Road. Petitioner is also interested in acquiring three small pieces of surplus City property in the immediate vicinity. (Exhibit 3) The process for disposing of surplus City property does not involve the Examiner and is not before the Examiner in this proceeding. Therefore, other than explaining participants’ interest in that process, it will not be discussed herein nor will any recommendation regarding it be offered.

2. The section of right-of-way for which vacation is requested is bordered on its southwest by Parcel 3780400130 (Parcel 0130), a former drainage detention pond site now owned by the City and one of the three pieces of surplus property in the area, and on its northeast by Parcel 3780400010 (Parcel

---

3 Street alignments in the area of the requested vacation do not follow a regular north-south or east-west grid. For simplicity, the following directional conventions were used in the Examiner’s open record hearing and will be used herein: SE Wax Road is presumed to lie on a northeast-southwest alignment; 176th Place SE is presumed to lie on a northwest-southeast alignment; and SE 270th Street is presumed to lie parallel to SE Wax Road. (In fact, SE 270th Street and SE Wax Road intersect about 150 feet northeast of the requested vacation area.) Exhibit 3 accurately depicts properties and rights-of-way in the area.
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0010), owned by the Petitioner. Parcel 0010 presently contains a single-family residence. Those are the only two parcels which abut the section of 176th Place SE for which vacation is requested. (Exhibit 3)

3. Ray Markley (Markley) owns the two parcels northwest of Parcel 0130 along the southwest side of 176th Street SE: Parcels 3780400120 (Parcel 0120) and 3780400110 (Parcel 0110). The Markley parcels each presently contain a single-family residence and abut a portion of 176th Place SE which is not proposed for vacation in this proceeding. (Exhibit 3 and testimony)

4. Petitioner’s Parcel 0010 is bordered on its northwest and northeast by the other two small, surplus City-owned parcels in the area: Parcels 378040020 (Parcel 0020) and 378040030 (Parcel 0030).

5. 176th Place SE used to provide access from SE Wax Road into the June Estates single-family residential subdivision to the north. When the Wal-Mart store was developed in the early 2000s, SE 270th Street was created to serve as its primary access. At that time the connection between 176th Place SE and SE Wax Road was closed off (The street trees along SE Wax Road which block access to 176th Place SE are clearly visible on the aerial photograph in Exhibit 3.) and the portion of 176th Place SE southeast of SE 270th Street became a dead-end providing access to Parcels 0010, 0110, and 0120. (Exhibits 1 and 3 and testimony; the aerial photograph in Exhibit 9 depicts the area, including the Wal-Mart store, clearly)

6. The Petitioner is developing the “Firestone” parcel on the northwest side of SE Wax Road adjacent to the southwest side of Parcel 0130. The Petitioner desires to aggregate Parcels 0020, 0030, and 0130 as well as the 176th Place SE right-of-way not fronting on the Markley properties for development purposes. (Exhibit 3 and testimony)

7. Markley supports the requested right-of-way vacation, but opposes sale of the three surplus parcels to the Petitioner. Markley wants to acquire one or more of those parcels himself to facilitate commercial redevelopment of his two parcels. (In fact, if the Examiner understood the testimony accurately, Markley would support the vacation of the entirety of 176th Place SE southeast of SE 270th Street and would be interested in acquiring the southwest half of the entire right-of-way.) (Testimony)

8. The criteria for approval of street vacations are set forth at CMC 12.55.090. The preamble sentence to the criteria reads as follows: “The Hearing Examiner and City Council shall review the requested vacation, provided the applicant can demonstrate that.” The four specific criteria and the facts relating to each are as follows:

A. “(1) Granting the vacation will not conflict with the general purposes and objectives of the city’s comprehensive plan regarding land use, streets, utilities, drainage, parks, trails, and open space;”
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Facts: The City’s comprehensive plan land use map identifies the properties adjacent to 176th Place SE, southeast of SE 270th Street, as Downtown Commercial; the area is intended to be redeveloped for commercial development. No parks or trails are designated within the City’s comprehensive plan that would be accessed from this section of 176th Place SE. (Exhibit 1, p. 5)

B. “(2) The street, or portion thereof, is not likely to serve a useful public purpose both now and in the future, which cannot be met through use of easements for a specific purpose, or the vacation will best serve the public interest;”

Facts: The section of SE 176th Place SE proposed to be vacated provides access to the three single-family residences on Parcels 0010, 0110, and 0120. It is no longer needed to provide a connection to SE Wax Road; the signalized SE Wax Road/SE 270th Street intersection provides a much safer connection. Access to the single-family residences on Parcels 0110 and 0120 (the Markley parcels) will be provided from the portion of 176th Street SE not proposed to be vacated; Parcel 0010 will retain about 15 feet of frontage on the un-vacated portion of 176th Place SE. The Petitioner intends to redevelop Parcel 0010 for some commercial purpose in any event. (Exhibits 1 and 3 and testimony)

C. “3) The vacated area will not increase the number of single-family building sites or multifamily density. This may be mitigated by appropriate conditions on the vacated area; and”

Facts: The properties adjacent to 176th Place SE are zoned Mixed Commercial (MC) and are intended to be redeveloped for commercial development and higher multifamily density. Pursuant to CMC 18.31.090, residential density in the MC zone is 24 units per acre; with ground floor commercial, there is no limit on the residential density. (Exhibit 1, p. 5)

D. “(4) The request for vacation was not initiated to correct a condition created by an applicant in violation of City ordinance.”

Facts: No ordinance violations are associated with this requested right-of-way vacation. (Exhibit 1, p. 6)

9. Subsection 12.55.100(3) CMC provides that

The City may condition the vacation to retain easements for the construction, repair, and maintenance of public utilities and services and establish easement trails for pedestrians and nonmotorized vehicular travel. The City Council shall grant easements to utility agencies within the right-of-way of said vacation to maintain the existing location of its facilities. Such easements may also be granted to utility
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agencies to allow for future location of facilities as reasonably anticipated by the utility agency.

When SE 270th Street was constructed, water and sewer mains were installed to service the area. Other utilities such as power, cable, etc. are also located within SE 270th Street. Any utility easements required will be for the purpose of future development and will be established through the engineering review process and provided prior to construction of any proposed redevelopment of the adjacent properties. (Exhibit 1, p. 5)

Covington Water District, which provides water to the City of Covington, is requesting that a 20 foot wide exclusive easement be retained within the area proposed to be vacated. The District has an existing main that connects to SE 270th Street and that serves the existing single-family residential homes. (Exhibit 12)

10. Subsection 12.55.110(2) CMC requires the Examiner to recommend to the Council “[t]he amount of compensation owed to the City for the vacated street, alley, public easement, or part thereof”.

Pursuant to CMC 12.55.050(1)(e) the Petitioner retained McKee & Schalka, “an appraiser licensed in the State of Washington with an MAI designation” to establish “the fair market value” of the area requested to be vacated. McKee & Schalka concludes that the fair market value of both the right-of-way for which vacation is sought and of the three adjacent surplus City properties is $21.00 per SF. (Exhibit 4)

The Department retained Abaco Pacific, which in turn retained Commercial Realty Consulting, Inc., whose appraiser also holds an MAI designation, to provide independent peer review of the appraisal pursuant to CMC 12.55.050(2); the Petitioner compensated the City for the peer review costs. (Exhibit 10) Abaco Pacific and Commercial Realty Consulting, Inc. both agree with McKee & Schalka that the right-of-way’s fair market value is $21.00 per SF. (Exhibit 11)

11. The criteria for determining the amount of compensation owed to the City for the vacated street, alley, public easement, or part thereof are set forth at CMC 12.55.110(2) and (3):

(2) ... (a) The full appraised value owed for a street of which public funds have been expended, through an approved capital improvement project, for the acquisition or construction of the street or property;

(b) Seventy-five percent of the full appraised value owed for a street for which funds have been expended for improvements and maintenance within five years from the date of the petition;

(c) Fifty percent of full appraised value owed for streets for which no funds have been expended in the acquisition, improvements, and maintenance;

(d) Administrative costs of the vacation owed for street vacation issued as a matter of the laws of 1889-1890 and affirmed by City Council action;

C:\exam\covington\docs\lu11-0016.doc
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(e) Real property of equal or greater value, or public right-of-way which has value for access, may be accepted in lieu of cash compensation;

(f) Any combination of subsections (2)(a) through (e) of this section may be accepted; provided, that the total value of the combined compensation does not total more than the maximum amount of monetary compensation allowed under subsections (2)(a) through (c) of this section.

(3) When a street is vacated for a governmental agency, compensation shall be in accordance with the classification of the street, except that some or all of the compensation may be waived at the discretion of the City Council if it will fulfill a public purpose.

The subject portion of 176th Street SE was constructed by the developer of June Estates. No City funds have been expended in the acquisition, improvements, and maintenance of 176th Place SE. (Exhibit 1, p. 6) Therefore, CMC 12.55.110(2)(c) applies and the amount of compensation for the requested right-of-way vacation is 50% of $21.00 per SF, or $11.50 per SF.

12. Section 12.55.120 CMC requires that the compensation determined to be paid shall be a condition precedent to the vacation of any city street and shall be paid to the City of Covington by the Petitioner within 90 days of the approval of the adopting ordinance.

13. The Department recommends approval of the requested right-of-way vacation subject to six conditions. 4 (Exhibit 1, pp. 6 and 7) The Petitioner has no objection to the recommended conditions. (Testimony)

14. As of the date of the Examiner's hearing, the Department thought that disposition of the nearby surplus parcels would be on a Council agenda before the right-of-way vacation would get on a Council agenda. (Testimony)

15. Any Conclusion of Law deemed to be a Finding of Fact is hereby adopted as such.

LEGAL FRAMEWORK 5

The Examiner is legally required to decide this case within the framework created by the following principles:

Authority
A Petition to Vacate a City Street is a Type 4 land use application which is subject to an open record hearing before the Examiner. [CMC 12.55.070 et seq., 14.30.040, and 14.30.050] The Examiner submits "a recommendation to the City Council." [CMC 12.55.100(1)] The Examiner’s recommendation is subject to

4 Exhibit 1 contains a few typographical errors which were noted and discussed during the hearing.
5 Any statement in this section deemed to be either a Finding of Fact or a Conclusion of Law is hereby adopted as such.
the right of reconsideration. [Hearing Examiner Rule of Procedure (RoP) 2.27] The Council “may adopt, reject, or modify the Hearing Examiner’s recommendation based on the criteria demonstrated by the applicant in CMC 12.55.090.” [CMC 12.55.100(2)]

Review Criteria
The criteria for approval of street vacations are set forth at CMC 12.55.090. The applicable criteria have been set forth in Finding of Fact 8, above.

Standard of Review
The standard of review is preponderance of the evidence. The applicant has the burden of proof. [CMC12.55.100(2)]

Scope of Consideration
The Examiner has considered: all of the evidence and testimony; applicable adopted laws, ordinances, plans, and policies; and the pleadings, positions, and arguments of the parties of record.

CONCLUSIONS OF LAW

1. The testimony and evidence undisputedly indicates that vacation of the 80 ± foot section of 176th Place SE right-of-way adjacent to SE Wax Road meets all criteria for approval as set forth in CMC 12.55.090.

2. All evidence indicates that the fair market value of the right-of-way to be vacated is $21.00 per SF, but that the right-of-way falls within the category established by CMC 12.55.110(2)(c). Therefore, the amount by which the City should be compensated for the right-of-way is $11.50 per SF. (The Examiner offers no recommendation regarding the fair market value of the three surplus properties as that subject is beyond the scope of the Examiner’s jurisdiction in this proceeding.)

3. When right-of-way is vacated, one half reverts to the ownership of the abutting property on each side of the right-of-way. In the present case, who would get (and who would pay for) the southwest half of the right-of-way to be vacated will depend upon whether the vacation occurs before or after the surplus property issue is concluded: If the right-of-way were vacated today, the City would gain the southwest half as it owns Parcel 0130; if the surplus process were completed before the vacation, then whomever had prevailed in that process and held title to Parcel 0130 would pay for and gain the southwest half.

4. The recommended conditions of approval as set forth in Exhibit 1 are reasonable, supported by the evidence, and capable of accomplishment with one change.

As written, the conditions presume that the Petitioner acquires Parcel 0130 through the surplus process; in other words, that the entire area to be vacated inures to the benefit of the Petitioner. There
is no guarantee that that will be the outcome of the surplus process. Therefore, instead of assuming that the Petitioner acquires the entirety of the right-of-way being vacated and specifying a total compensation figure, the Examiner will recommend more generic language in the conditions.

5. Any Finding of Fact deemed to be a Conclusion of Law is hereby adopted as such.

RECOMMENDATION

Based upon the preceding Findings of Fact and Conclusions of Law, and the testimony and evidence submitted at the open public hearing, the Examiner recommends that the City Council GRANT the Petition to Vacate the southeasterly 80 ± feet of the 176th Place SE right-of-way, consisting of 4,058 SF, as depicted on Exhibit 3 SUBJECT TO THE FOLLOWING CONDITIONS:

1. The Petitioner shall be responsible to abide by the terms of the Reimbursement for Consultant Review Services Agreement (Exhibit 10) and its associated contracts.

2. Compensation for the vacated right-of-way shall be based on fifty percent (50%) of the appraised value of the portion to be vacated.

3. The owner acquiring title to the portion of the right-of-way within which the water main is located shall be responsible for recording a 20 foot wide exclusive easement for Covington Water District, unless otherwise determined by the District that the easement is no longer required upon development of the adjacent properties. The acquiring owner shall coordinate directly with Covington Water District to ensure that the easement language meets the District’s requirements.

4. The acquiring owner(s) shall pay the City of Covington compensation in the amount of $11.50 per square foot of vacated right-of-way within 90 days of approval by the City Council for the vacation of a portion of 176th Place SE.

5. In the event of failure of the acquiring owner(s) to pay such sum within 90 days, the petition for vacation shall be deemed denied and the vacation not effective.

6. Upon approval by the City Council and full payment by the acquiring owner(s), an ordinance vacating 176th Place SE shall be recorded with King County Records Office. The Petitioner shall be responsible for recording the ordinance with King County and paying all associated recording fees.
Recommendation issued May 23, 2012.

John E. Galt
Hearing Examiner

HEARING PARTICIPANTS

Michael Crowson
Nelson Ogren

Salina Lyons
Ray Markley

NOTICE of RIGHT of RECONSIDERATION

This Recommendation is subject to the right of any party of record to file with the Examiner (in care of the City of Covington, ATTN: Kelly Thompson, 16720 SE 271st Street, Suite 100, Covington, Washington 98042) a written request for reconsideration within 10 days following the issuance of this Recommendation in accordance with the procedures of CMC 2.25.080 and Hearing Examiner Rule of Procedure (RoP) 2.27. Any request for reconsideration shall specify the error which forms the basis of the request. See RoP 2.27 for additional information and requirements regarding reconsideration. Any request for reconsideration shall specify the error which forms the basis of the request. See CMC 14.35.320 and RoP 2.27 for additional information and requirements regarding reconsideration.

A request for reconsideration is not a prerequisite to judicial review of this Recommendation, nor does filing a request for reconsideration stay the time limit for commencing judicial review.

NOTICE of COUNCIL CONSIDERATION

The Examiner’s final recommendation will be considered by the Covington City Council in accordance with the procedures of Chapter 12.55 CMC. Please contact the Department of Planning and Public Works for information regarding the scheduling of Council consideration of this Recommendation. Please have the applicant’s name and City file number available when you contact the Department.

The following statement is provided pursuant to RCW 36.70B.130: “Affected property owners may request a change in valuation for property tax purposes notwithstanding any program of revaluation.”

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6 The official Parties of Record register is maintained by the City’s Hearing Clerk.
Agenda Item 3
Covington City Council Meeting
Date: July 10, 2012

SUBJECT: CONSIDER APPOINTMENTS 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, Deputy City Clerk

EXPLANATION:
Five CEDC terms will expire on July 31, 2012. 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
Jim Hutchinson (currently serving in Position No. 6)
Jeff Wagner (currently serving in Position No. 7)

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 Position No. 4 on the Covington Economic Development Council with a term expiring July 31, 2014.

Council member ____________ moves, Council member ____________ seconds, to appoint ____________ to fill Position No. 6 on the Covington Economic Development Council with a term expiring July 31, 2014.

Council member ____________ moves, Council member ____________ seconds, to appoint ____________ to fill Position No. 7 on the Covington Economic Development Council with a term expiring July 31, 2014.

REVIEWED BY: City Manager; Community Development Director.
SUBJECT: CONSIDER ADOPTION OF THE CITY OF COVINGTON’S HUMAN SERVICES MASTER PLAN

RECOMMENDED BY: Human Services Commission

ATTACHMENT(S):
1. City of Covington Human Services Master Plan

PREPARED BY: Victoria Throm, Personnel & Human Services Analyst

EXPLANATION:
A draft Human Services Master Plan was presented to the City Council in October 2011 when it was nearing completion. Following the Council’s review, minor changes were made based on their recommendations. The final plan being presented on this date also includes current data from the 2010 census incorporated into demographic tables and charts. A summary of significant changes and additions made since the earlier draft was presented is as follows:

- Executive Summary (page 3)
- Assessment 6 - Services for Veterans (page 11) by Council recommendation
- Conclusions and Recommendations added for each Community Profile Report
- Table 5 - Free and Reduced Lunch Program for Kent School District (page 17)
- Homelessness (pages 18-19)
- Expanded Report III – Safety (page 19)
- FDCARES program, Report VI - Services for Adults (pages 27-28) by Council recommendation
- Human Services Delivery System (pages 30-34)
- Conclusion (page 35)

This completes the goal of the Human Services Commission to create a Human Services Master Plan whose policies and priorities will serve the Commission as decision-making guidelines for the next six (6) years during the bi-annual funding cycles. The plan’s carefully formulated assessments, goals, and outcomes will aid in promoting and ensuring a healthy community for our citizens.

ALTERNATIVES:
1. Not to adopt the Human Services Master Plan.
2. Propose changes to the Human Services Master Plan prior to adoption.

FISCAL IMPACT:
None. The Human Services Master Plan serves as a guideline for selecting agencies that will be funded to serve the Covington Community and/or dispersing funds already allocated in during the annual budget process.
CITY COUNCIL ACTION: _____ Ordinance _____ Resolutions  __X__ Motion  _____ Other

Councilmember ____________ moves and Councilmember ________________ seconds, to adopt the Human Services Master Plan.

REVIEWED BY: Personnel Manager; City Manager.
Human Services Master Plan

City of Covington

2012 - 2018
CITY OF COVINGTON VISION
Covington: Unmatched quality of life

MISSION
Covington is a place where community, business and civic leaders work together with citizens to preserve and foster a strong sense of community.

HUMAN SERVICES MISSION
The Human Services Commission assesses the needs of youth and families and develops policies and programs to assist with those needs.

HUMAN SERVICES COMMISSION
Haris Ahmad, Chair
Fran McGregor-Hollums, Vice Chair
Leslie Hamada
Sue Ray
Colleen Holmes
Aunna Moriarty, Student Position
Saqib Ahmad, Student Position

CITY COUNCIL
Margaret Harto, Mayor
Jeff Wagner, Mayor Pro-Tem
Mark Lanza, Councilmember
Martla Mhover, Councilmember
Jim Scott, Councilmember
Dave Lucavish, Councilmember
Wayne Snoey, Councilmember

CITY OF COVINGTON STAFF
Derek Matheson, City Manager
Noreen Beaufreere, Personnel Manager

LEAD STAFF
Victoria Throm, Personnel & Human Services Analyst
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EXECUTIVE SUMMARY

The Covington Human Services Master Plan represents two years of discussion, debate, research, planning, and reviewing. The mission, vision, values, goals, and desired outcomes detailed in this plan are the result of collaboration between the community, the commission, city staff, and council. The Human Services Master Plan is the first comprehensive human services plan to be written in Covington.

Though the process has been multi-faceted, the goal of the plan has always been clear. The plan was developed to provide a blueprint for an effective and efficient human service delivery system. The blueprint includes data required to identify the major unmet and future challenges facing the City of Covington and proposing recommendations to address these needs through 2018 and beyond. The Human Services Master Plan will help to ensure we are leveraging service opportunities and scarce resources in meeting the needs of our residents today and in the future. It also ensures we are taking a proactive and preventative approach to addressing the needs of our community.

In order to begin this process, a community human service needs assessment was conducted in 2004 by Northwest Institute for Children and Families from the University of Washington. The results of the assessment were compiled in the Covington Assessment of Resources for Everyone or C.A.R.E. report. The assessment included survey to residents, focus groups held with adults and youth who live in Covington, on-line surveys to middle and high school students, and interviews with directors of human service agencies serving Covington residents. Collecting up-to-date statistics and demographics from the 2010 census data was also very critical in identifying diverse populations and their needs. In addition, data was collected from Public Health Communities Count and the Kent School District.

The Commission identified four issues that cut across populations: 1) access to services for basic needs and safety; 2) affordable housing/homelessness; 3) access to affordable health, dental, and mental health care; and 4) employment and transportation. These four needs are incorporated into the human service funding priorities that become the basis for determining grant funding to agencies that provide services to Covington residents.

The families we serve often face challenges that create stress, confusion, frustration, and anxiety. Our goal, as servants to our citizens, is to continue funding agency programs that align with our priorities and assist our families through a process of obtaining the services they need to improve their lives. Some members of our community find it overwhelming to navigate their way through a sometimes complex support system. Therefore, we strive to create an environment of approachability for our citizens.
SYSTEM VALUES

The Covington human services community seeks to foster an environment that is:

- People-focused
- Sustainable and Accessible
- Comprehensive and Integrative
- Collaborative
- Transparent and Maintains Integrity
- Respectful and Equitable
- Accountable

OVERVIEW

History of City Support for Human Services

Since its incorporation in 1997, the City of Covington has supported a wide-range of human services through partnerships with human services agencies, neighboring South King County cities and other service providers such as the Kent School District and the King County/Seattle Public Health Department. In 1998, the City Council established the Human Services Commission (known as Youth & Family Services Commission until 2010) to oversee the development of the city’s human services program. The Human Services Commission is made up of seven members (two of whom are dedicated for students ages 14-18) who provide recommendations on funding levels and related human services issues.

Since establishing the Human Services Grant Program, the city has provided $948,414.00 (an average of $75,955.00 annually) in human services grants from city general funds through contracts with local service providers. In addition, the city funds human services through the federal Community Development Block Grant (CDBG) program. CDBG funds are used for capital projects, public services, and the Housing Repair Programs, providing no-interest loans or grants for low to moderate-income families. Capital funds were awarded to Maple Valley Food Bank to rehabilitate their facility and service space and the city has received an annual grant to conduct the Covington Minor Home Repair Program for the past three years.
Human Services Funding History

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<td>0</td>
<td>$74,474</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>$ 92,600</td>
<td>0</td>
<td>0</td>
<td>$54,339</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>$105,000</td>
<td>0</td>
<td>0</td>
<td>$10,300</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>$105,000</td>
<td>0</td>
<td>0</td>
<td>$407</td>
<td>$24,000</td>
</tr>
<tr>
<td>2011</td>
<td>$105,000</td>
<td>0</td>
<td>0</td>
<td>$22,612</td>
<td>$30,236</td>
</tr>
<tr>
<td>2012</td>
<td>$105,000</td>
<td>0</td>
<td>0</td>
<td>Data not in</td>
<td>$26,858</td>
</tr>
</tbody>
</table>

The chart above outlines the city’s funding of human services for 1998-2012. This support demonstrates the city’s commitment to providing quality human services to city residents in need.

Purpose of the Human Services Plan

This document is prepared as a guidepost for the establishment of human services policies and funding decisions by the City of Covington. Along with our adoption of a human services biennial funding cycle, the city will provide more clarity to community-based human services providers regarding the city’s role and level of city funding provided for human services with general fund revenues. Additionally, the plan will outline further policy development for the coming years to increase effectiveness of the city’s partnership with funders and service providers.

Community Partnerships are Key in Providing a Continuum of Human Services

The city cannot meet all of the human services needs in our community alone. Partnerships with service providers, churches, schools, and other funders at federal, state, county and local levels are critical in developing and maintaining a comprehensive system of services to the community.
No one entity can meet all the human services needs in the community. The city has three primary functions in human services:

**Funder:** The city's role as funder is to supplement federal, state, and county dollars in service areas that are of highest priority for city residents and to provide an incentive for effective service delivery within the city for Covington citizens in need. In addition to general funds, the city's allocation of Community Development Block Grant (CDBG) funds for King County Housing Repair and Minor Home Repair programs are a significant resource that benefit low to moderate-income residents of the city.

**Policy Maker and Facilitator:** The city also plays an important role in setting policies and establishing partnerships with regional and local institutions such as the school district, King County, the public health department, the business community, church and civic organizations to create an infrastructure that supports its citizenry with opportunities for participation in economic and community life.

**Communicator and Educator:** The city has a responsibility to bring to the forefront an awareness of social needs of the community to its citizens through a variety of means, including but not limited to: community forums, the City of Covington website, newspapers, and social networks.

**City of Covington Comprehensive Plan**

The City of Covington's Comprehensive Plan establishes policy directives that impact human services. The directives provide focus areas to set and review human services policies. These relevant policies assist in successful impact and mutually supportive implementation of related city goals. The following directives are taken from the Comprehensive Plan, Chapter 6, Parks and Community Services section:

### 6.4.4 Human Services

PRG 10.0 Maintain and enhance the quality of life for all citizens through the provision and support of affordable and accessible human services.

PRG 10.1 Consider the social and human development needs of the city's residents in all areas of planning and development.

PRG 10.2 Continue and enhance the city's support of the Human Services Commission and the Human Services staff by establishing a desired target of at least a 2% allocation of the general fund budget to address human services needs of the community.

PRG 10.3 Promote the effective use of the city's human services resources, consistent with adopted priorities and criteria.

PRG 10.4 Gather and maintain current information and educate the community regarding human services needs and available resources.

PRG 10.5 Support the long-term stability and viability of a human services system serving the community.

PRG 10.6 Take an active role in regional and sub-regional human services issues and
form partnerships to effectively address human services needs.

PRG 10.7 Provide for the full spectrum of human services needs through the support of programs that address emergency needs, preventive services, and quality of life services.

PRG 10.8 Promote and support human services which are culturally relevant and physically accessible.

SCOPE OF THE HUMAN SERVICES PLAN

Target goals to maximize benefit of allocated city dollars.

In this plan, the city will establish clear priorities as well as specific goals or outcomes desired. For example, in addition to prioritizing a category of services, the city may specify target populations or specific models of service delivery that are deemed most appropriate for city support, or represent a gap in service that fits city goals. These targeted goals will:

- Delineate clear funding guidelines for community-based agencies that request city funding.
- Enable city funding to have greater impact in establishment of specific program models that fit local community needs.
- Ensure that city-funded resources fill specific identified gaps.
- Establish a foundation for evaluation of the effectiveness of city-funded services to meet its residents’ needs in collaboration with city goals.

Integrate policies that result in support of city goals by relevant city departments and major city partners.

This plan will begin a process of integrating additional relevant city responsibilities that affect human services issues, as well as human services endeavors that impact other city roles. Identification of mutually supported policies among city departments will increase the overall success of the city’s leadership. These elements can outline further collaborative negotiations among city departments and initiatives in the coming years. These collaborative policies could include:

- Human services designed to support individual and community success.
- Parks and recreation programs that effectively utilize and support human services goals in their programming.
- Human services models that acknowledge diversity, strengthen a sense of an inclusive community, and encourage leadership among all its citizenry.
City of Covington Human Services Master Plan

- Community development that is inclusive of lower income residents and their children.
- Effective domestic violence prosecution that supports the safety of victims and increases accountability of perpetrators.
- Provision of domestic violence services to the victims and their children for a safe place to live.
- Affordable housing policies that increase stability of neighborhoods and retain community character while increasing stock of housing affordable to lower income residents.

Target strategies that integrate various elements of effective intervention to achieve positive results.

The issues of concern addressed in this plan are complex. Many factors empower the ability of low income persons with the ability to improve their standard of living and overcome obstacles that may impede their success and that of their children. The greater the extent of collaborative actions among these many factors, the greater the potential for positive impact. This plan will begin a process of improving linkages and strengthening community-based support systems.

- Encourage and support strategies that affect multiple problems and/or their causes simultaneously.
- Review specific strategies that utilize local community strengths and support long-term stability.
- Foster relationships with providers and community groups to promote positive outcomes for services and methods of evaluation.

Organization of the Master Plan

This plan has three main sections:

1) Community Assessments
2) Community Profile
3) Human Services Delivery System

COMMUNITY ASSESSMENTS

In 2004 the Human Services Commission initiated a community needs assessment as a source of input to develop funding priorities for future services. The assessment process involved collecting information through interviews, group discussions, focus groups, and surveys. Based on the results of the needs assessment, the Human Services Commission established five assessments in order to develop community goals that achieve the desired outcomes. These goals and outcomes were incorporated as a directive for the Human Services Master Plan as they guide strategies and funding recommendations.
Assessment #1 Basic Needs - Food, Clothing, and Housing

Community Goal 1: Individuals and families have affordable housing options and resources to allow them to stay in their existing home
Desired Outcomes:

1. Provider agencies are financially supported as resources for emergency assistance to pay rent, mortgage, or utility bills.

2. Families or individuals have access to affordable housing.

3. Life skills guidance and education are provided for long-term sustainability.

4. Provider agencies are financially supported as resources to the elderly and the disabled to sustain independent living.

Community Goal 2: Covington citizens will have access to food
Desired Outcomes:

1. Families or individuals have access to food and clothing banks.

2. Local food banks are financially supported as a resource for those in need.

Assessment #2 Personal Safety

Community Goal 1: Personal safety is a right for all children and adults within the community
Desired Outcomes:

1. Families have access to domestic violence services and safe housing options.

2. Domestic violence agencies are financially supported as resources to victims and their families.

3. A consistent collaboration between the city and the Covington Domestic Violence Task Force is maintained to provide support and safe housing for victims of domestic violence.

4. The youth, students, and the community have a greater awareness of dating violence and domestic violence issues.
Community Goal 2: Reduction of Crime in Covington

Desired Outcomes:

1. Increased presence of community service officers in our neighborhoods.
2. Increased public awareness of city support for community crime prevention programs.

Assessment #3 Health Care

Community Goal 1: Healthy Children and Adults

Desired Outcomes:

1. Residents have access to affordable health care including mental health services.
2. Residents have access to affordable dental care services.
3. Residents have access to substance abuse treatment services for all income levels resulting in a decline in substance abuse.
4. Health care agencies are financially supported as resources for those in need.
5. Residents have accessible suicide prevention support.

Assessment #4 Services for Youth

Community Goal 1: Youth sports and recreational activities will be available to all

Desired Outcomes:

1. Family-focused youth activities are available in the community.
2. Recreational sports activities are available for youth.
3. Support the development of a youth center.
4. Provider agencies are financially supported as resources for at-risk teen programs.
Assessment #5 Services for Adults – Employment and Transportation

**Community Goal 1: Greater Employment Opportunities within the City**

Desired Outcomes:
1. An increase in manufacturing and technology opportunities.
2. An increase in the professional job market.
3. Increased support of home-based and small business community.

**Community Goal 2: Affordable Housing Will Be Available**

Desired Outcomes:
1. Development of planned communities with access to services.
2. Development of mixed use housing.
3. Promote energy efficient housing.

**Community Goal 3: Additional Transportation Services to Covington**

Desired Outcomes:
1. Increased public transit opportunities to each high school.
2. Increased direct transportation to mass transit stations.
3. Increased direct transportation to Seattle and SeaTac Airport.
4. Encourage flexibility in transit schedules.

Assessment #6 Services for Veterans

**Community Goal 1: Support all services for veterans and their families**

Desired Outcomes:
1. Veterans have access to housing assistance services.
2. Veterans have access to affordable health care including mental health care.

3. Children of military personnel are supported in school through development of curriculum.

4. Provide support for the King County Human Services Levy

COMMUNITY PROFILE

This section examines human service needs in Covington, focusing on factors related to city funding priorities. Much of the data for the community profile is taken from the Covington Assessment of Resources for Everyone (C.A.R.E.) report conducted by the Northwest Institute for Children & Families. Current data was taken from either the 2010 Census or the U.S. Census Bureau’s 2005-2009 American Community Survey 5-year Estimates report.

REPORT I – Living Here

Living Here is a profile of local residents. Due to the rapid development of single-family homes in 2003 and 2004, the population had a significant increase since 2000 as reflected in Table 1.

<table>
<thead>
<tr>
<th>Table 1. Covington Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
</tr>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2006</td>
</tr>
<tr>
<td>2010</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2010

Covington is similar to other King County municipalities with one significant difference; Covington has 29% of the population under 18 years of age, which compares to only 22% in King County. The median age of people living in Covington is 34.7 years while the proportion of Covington residents 65 years or older has risen slightly from 4% in 2004 to 6.3%.
The ethnicity of Covington residents is shown in Table 2. The population is predominantly white and less diverse than in other parts of South King County, however, there has been a significant change in the diversity as compared to the 2005 American Community Survey 5-year estimates report.

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Covington 2005</th>
<th>Covington 2010</th>
<th>Washington State</th>
</tr>
</thead>
<tbody>
<tr>
<td>White alone</td>
<td>82.8</td>
<td>76.1</td>
<td>77.3</td>
</tr>
<tr>
<td>Black or African American</td>
<td>4.3</td>
<td>4.2</td>
<td>3.6</td>
</tr>
<tr>
<td>American or Alaskan Indian</td>
<td>0.3</td>
<td>0.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Is.</td>
<td>0.2</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Asian</td>
<td>6.7</td>
<td>8.5</td>
<td>7.2</td>
</tr>
<tr>
<td>Other race alone</td>
<td>1.2</td>
<td>3.9</td>
<td>5.2</td>
</tr>
<tr>
<td>Two or more races</td>
<td>4.5</td>
<td>5.8</td>
<td>4.7</td>
</tr>
<tr>
<td>Hispanic or Latino*</td>
<td>7.7</td>
<td>9.3</td>
<td>11.2</td>
</tr>
</tbody>
</table>

*Individuals may be of Hispanic origin and of any race.

Source: U.S. Census Bureau, 2010

HOUSEHOLDS AND FAMILIES: In 2010 there were 5,817 occupied housing units in Covington. The average family size was 3.3 people. Owner-occupied housing units accounted for 82.6 percent of the households, with 17.4% for renter-occupied housing units. The pie-chart below includes both married-couple families and other types of families. Most of the non-family households were people living alone but composed of people in which no one was related to the householder.
Conclusions:
Covington has an educated population with many families with children. Covington has not experienced the rapid, large influx of immigrants and refugees that other King County cities have experienced; however, the 2010 census indicates an increase of immigrants, refugees, and minorities over the past ten years. These residents have increased the need for basic services such as food and financial assistance, while placing new demands on the human service system for resources appropriate in culture and language. These demands are recognized in the C.A.R.E. Assessment survey for community concerns, which resulted in 32.7% of the respondents indicating translation and multilingual services were not met.

Recommendations:
The higher proportion of youth under age 18 means that additional services and resources will be needed to meet the needs and demands of this younger population. A younger population also requires that priorities be set for preventive services that are age-specific and focused in health and recreation programs.

REPORT II – Housing & Basic Needs

In 2004, a needs assessment survey was mailed to Covington households that included questions about housing and basic needs. The results indicate:

- 46% Need for affordable housing is not met
- 35% Need for food banks and emergency feeding programs is not met
- 46% Need for emergency assistance to pay utility bills and rent is not met
The economic characteristics of Covington, according to the American Community Survey 5-year estimates from 2006-2010, provides valuable employment and income data. This data is important in order to assess affordable housing, transportation, and basic needs of Covington residents.

<table>
<thead>
<tr>
<th>Total Households</th>
<th>5,396</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $10,000</td>
<td>1.2%</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>1.1%</td>
</tr>
<tr>
<td>$15,000 to $24,999</td>
<td>2.7%</td>
</tr>
<tr>
<td>$25,000 to $34,999</td>
<td>4.7%</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
<td>11.7%</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>21.7%</td>
</tr>
<tr>
<td>$75,000 to $99,999</td>
<td>19.8%</td>
</tr>
<tr>
<td>$100,000 to $149,999</td>
<td>22.3%</td>
</tr>
<tr>
<td>$150,000 to $199,999</td>
<td>9.9%</td>
</tr>
<tr>
<td>$200,000 or more</td>
<td>4.8%</td>
</tr>
<tr>
<td>Median household income</td>
<td>$84,323</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2006-2010 American Community Survey 5-year Estimates

**Poverty Rates in Covington in 2009**

Source: U.S. Census Bureau, 2005-2009 American Community Survey 5-year Estimates
Meeting the Need for Food

Many families in Covington, similar to families in other areas of King County, have experienced that unemployment or a reduction in work hours has made it more difficult to make a mortgage payment or pay rent, as well as pay utilities and buy food. The food banks serving Covington are The Storehouse Food Bank and Maple Valley Food Bank & Emergency Services. Both report an increase in the number of clients seeking financial assistance to pay utilities in addition to using the food bank more frequently, as shown in the chart below. Food banks have become a primary source of food for some families, rather than a supplemental source. The following table indicates the increased need for food banks as a supplement to households over a span of eight years.

<table>
<thead>
<tr>
<th>Table 4. Covington Residents Served by Food Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAPLE VALLEY FOOD BANK</td>
</tr>
<tr>
<td>Unduplicated individuals served</td>
</tr>
<tr>
<td>Clients receiving financial asst.</td>
</tr>
<tr>
<td>THE STOREHOUSE</td>
</tr>
<tr>
<td>Unduplicated households served</td>
</tr>
</tbody>
</table>

Source: Annual Reports to the City of Covington Human Services Commission

In addition to our local food banks, there are other programs that provide food to Covington residents with specific needs. Meals on Wheels and BAS Foundation provide cooked meals delivered to one’s home for seniors and disabled. Black Diamond Community Center and Kent Lutheran Church both offer low cost community lunches and suppers for seniors and homeless.

Although food banks serve a vital role in providing food to families, it is often not enough food to support children’s needs during school, on weekends, or during the summer. The National School Lunch Program (NSLP) and the School Breakfast Program (SBP) are designed to promote the health and well-being of children by providing nutritious meals to children in public and private schools.

The USDA Income eligibility guidelines for school meals are intended to direct benefits to those children most in need. These guidelines are based on the federal income poverty guidelines and are revised annually. The eligibility guideline is 130% of the income poverty guidelines for free meals and 185% for reduced-price meals.

The Afterschool Snack Program (ASP) is a federally assisted snack program operating in public and non-profit private schools. The ASP is administered at the Federal level by the Food and Nutrition Service. At the state level, the program is usually administered by state education agencies, which operate the program through agreements with local school food authorities. Schools that choose to take part in the snack program receive cash subsidies from the US
Department of Agriculture for each snack they serve. In return, they must serve snacks that meet Federal requirements and they must offer free or reduced price snacks to eligible children.

In order for a site to participate, the district must operate the afterschool care program. This program must provide children with regularly scheduled educational or enrichment activities in a supervised environment.

Table 5 contains data for the free and reduced lunch program in the Kent School District, which includes Covington schools. The data indicates the percentage of free or reduced meals served per school year from the total number of meals served. Although the data shows a fairly steady percentage in several categories, the number of reduced breakfasts, free lunches, and number of after-school snacks served rose significantly.

<table>
<thead>
<tr>
<th>School Year</th>
<th>Severe Need Breakfast</th>
<th>Breakfast</th>
<th>Lunch</th>
<th>Eligible After School Snack</th>
<th># meals served</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Free %</td>
<td>Reduced %</td>
<td>Free %</td>
<td>Reduced %</td>
<td>Free %</td>
</tr>
<tr>
<td>2003</td>
<td>78.4%</td>
<td>10.4%</td>
<td>64.2%</td>
<td>9.5%</td>
<td>36.8%</td>
</tr>
<tr>
<td>2004</td>
<td>79.5%</td>
<td>9.9%</td>
<td>63.0%</td>
<td>10.5%</td>
<td>39.2%</td>
</tr>
<tr>
<td>2005</td>
<td>80.7%</td>
<td>10.3%</td>
<td>61.4%</td>
<td>10.3%</td>
<td>40.2%</td>
</tr>
<tr>
<td>2006</td>
<td>79.0%</td>
<td>9.9%</td>
<td>63.3%</td>
<td>10.9%</td>
<td>40.9%</td>
</tr>
<tr>
<td>2007</td>
<td>73.6%</td>
<td>13.9%</td>
<td>53.6%</td>
<td>17.6%</td>
<td>41.0%</td>
</tr>
<tr>
<td>2008</td>
<td>70.8%</td>
<td>15.3%</td>
<td>51.8%</td>
<td>17.4%</td>
<td>41.6%</td>
</tr>
<tr>
<td>2009</td>
<td>74.3%</td>
<td>15.6%</td>
<td>56.4%</td>
<td>20.1%</td>
<td>44.9%</td>
</tr>
<tr>
<td>2010</td>
<td>79.8%</td>
<td>12.4%</td>
<td>65.4%</td>
<td>14.5%</td>
<td>51.4%</td>
</tr>
<tr>
<td>2011</td>
<td>78.3%</td>
<td>12.7%</td>
<td>64.6%</td>
<td>17.7%</td>
<td>54.6%</td>
</tr>
</tbody>
</table>

To address the need for additional food for children on weekends and summer months, the Storehouse and Maple Valley Food Bank participate in a Backpack Buddy program sponsored in part by the Covington Rotary. The food banks pack weekly backpacks each Friday with breakfast, lunch, and snack items for low-income students at Covington Elementary and Cedar Valley Elementary schools. These additional food items help supplement the needs for children over the weekend until they return the backpack to school each Monday.

**Keeping a Roof Over One's Head**

There are several housing programs that assist renters and homeowners with no-interest loans or grants for financial assistance or qualified home repairs. The purpose of these programs is to help renters and homeowners remain in housing while maintaining the housing stock of older developments.

-17-
• The Housing Stability Program, administered country-wide through Solid Ground, makes no-interest loans and grants to low-income residents who are in danger of losing their homes either through foreclosure or eviction. The program also offers loans and grants to homeless families to help them obtain permanent housing or move-in rental costs.

• The King County Housing Repair Program provides no-interest deferred loans to low to moderate-income homeowners to make necessary health and safety repairs to their homes. The program also makes loans to landlords for repair of rental housing in exchange for a rent ceiling for up to five years and a requirement that property be rented to low income tenants.

• The City of Covington has been awarded Community Development Block Grant funds in a joint effort with the cities of Des Moines, SeaTac, and Tukwila to manage the Minor Home Repair Program since 2010. This program provides free grant money for the total cost of eligible and necessary minor home repairs. This is a valuable program for low to moderate-income Covington residents who would not have the ability to afford necessary home repairs. The following chart indicates the number of households served.

<table>
<thead>
<tr>
<th>Year</th>
<th>Covington Households Served</th>
<th>CDBG Grant Dollars Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>12</td>
<td>$18,979.95</td>
</tr>
<tr>
<td>2011</td>
<td>17</td>
<td>$30,236.00</td>
</tr>
<tr>
<td>2012</td>
<td>Projected 18</td>
<td>$26,858</td>
</tr>
</tbody>
</table>

Homelessness
The City of Covington is not immune to the homelessness issue facing the county. According to recent data from the Police Chief, the number of homeless encampments has decreased since 2009. This decrease is due in part to increased policing of areas known to house homeless, stricter pan-handling regulations passed by the City Council, and commercial development that has eliminated the dense woods behind Fred Meyer and Safeway. The police work with the Human Services Specialist to provide these folks with a list of resources that are available for them. We also know that the Storehouse Food Bank provides food boxes to several chronically homeless individuals at designated drop-off locations.

Homeless Street Outreach Services
In 2010 the Auburn Youth Resources (AYR) Street Outreach Team began to provide mobile street outreach services to Covington and Maple Valley. The mobile street outreach is designed
to locate and make contact with homeless youth and young adults (ages 14-24) in South King County. The goal of the program is to provide assistance and referrals in an attempt to transition runaway and homeless young people off the streets and into safe and stable housing. The most basic services are focused toward meeting the emergent needs of the homeless with the distribution of emergency survival food packs, hygiene packs and winter clothing. The outreach team also provides referral services and transportation for homeless young people seeking food, medical services, mental health services, educational and vocational needs, substance abuse services as well as shelter and permanent housing.

Conclusions:

The recent recession hit Covington without exception, as seen by the growing number of residents using the food bank and financial assistance for the first time. In addition, there have been a growing number of children who are income-eligible for the free or reduced lunch program. One in five students will qualify for the program based on their family income level.

The fact that several human service agencies are maxing out their capacity to meet the basic needs of residents and far exceeded their expected service delivery goals is evidence that agencies need continued financial support as well as to explore additional revenue sources. Both Maple Valley Food Bank and the Storehouse have fostered community development with local business. These new partnerships are able to provide valuable in-kind resources. In addition, Maple Valley Food Bank is part of the South King County Food Bank Coalition, a multi-agency organization that enables them to receive other grant funds.

Recommendations:

- Continue to monitor and assess the economic situation through the recession and evaluate the effect on Covington citizens.
- Assess the adequacy of the food banks to serve the largest number of people/families needing subsistence help.

REPORT III - Safety

Personal safety is a right for all children and adults within the community. In order to achieve the community goals to reduce crime and support domestic violence services, it is important to review the statistics on crime in Covington that reflect the current trend. Refer to Table 7 below.
Covington became incorporated in August of 1997 and immediately began contracting with the King County Sheriff’s Office for their police services. These officers are employees of the King County Sheriff’s Office East Precinct South. Covington has 10 patrol officers, one motorcycle officer, one detective, and a police chief assigned full time to the city.

The Covington officers wear Covington uniforms and drive Covington marked patrol cars. The officers have office space in city hall for completing reports and making phone calls but spend the majority of their time in their cars patrolling the city. All calls are dispatched through the King County Sheriff’s Office Communications Center. The Covington officers are supported by the services and staff of the King County Sheriff’s Office Precinct Three, the King County Sheriff’s Office Communications Center, (Dispatch Center) and the services of the King County Sheriff’s Office Major Crimes Unit, Special Assault detectives, Major Accident Reconstruction and Response Unit, SWAT, K-9, Air Support, Bomb Disposal Unit and other units within in the Special Operations Division.

The Covington Police Department’s mission is to provide quality, professional law enforcement services to improve public safety, to reduce crime and the fear of crime, and provide high quality, cost-effective, and accountable services to the City of Covington. Covington officers proactively partner with residents, citizens and business owners to solve problems and prevent
crimes. This philosophy of community policing has proven to be very successful in bringing the police officers and citizens’ closer together creating an effective partnership.

Addressing the needs of the community for more police protection, two additional officers were added; one during the graveyard shift and one for the power shift - 6:00 p.m. to 2:00 a.m.

The increase in public awareness for community crime prevention programs has increased in part due to the city hiring a Community Relations Coordinator. The Coordinator has developed a Graffiti Removal Program which has been successful in getting the community involved by providing 100 free graffiti removal kits for residents. The city also hosts a Clean Covington Day in September where neighbors can check out the kits and clean up the graffiti in their neighborhood.

Each year the city participates in the “National Night Out – A Night Against Crime” held every August. This program fights crime by promoting neighborhood block parties where neighbors can get to know each other. Using similar material as a Block Watch, neighbors have the option to start a phone tree and appoint a block captain. The Covington Police, Fire, and City Council support this event by attending each neighborhood event. This promotes positive relationships between families, police, and firefighters.

Block Watch packets are available to all residents interested in developing a Block Watch program in their neighborhood. The Police Chief has received numerous requests for Block Watch packets from various HOA’s interested in starting a neighborhood block watch program. Block Watch programs are one way to reduce the number of crimes in Covington.

DOMESTIC VIOLENCE

The Covington Domestic Violence Task Force (CDVTF) was formed independently of the city but fully endorsed by the City Council in 2003. In 2008 the task force became a 501(c)(3) non-profit organization and serves Covington, Maple Valley, and Black Diamond.

The CDVTF Mission is to promote a strong message that “Domestic Violence Has No Place in Our Community” through collaborative leadership, communication, education to promote healthy relationships, and victim support. The goals are:

- Provide education to promote healthy relationships for youth and adults.
- Raise awareness of domestic violence and how it affects the community as a whole.
- Provide assistance and service referrals to victims and their families.
- Work to support policies that meet victim needs and hold perpetrators accountable.

The task force has formed a strong collaboration with the city and police who have supported community awareness events such as the “Purple Light Nights® campaign” (PLN), Covington Days Festival and Parade, and the Purple Light Nights® Bite, by providing valuable staff support. The purpose of the Purple Light Nights® campaign is to shine a purple light in every porch light and business to remember the victims who lost their lives to domestic violence, support the survivors, and give hope to those still living with abuse. The Purple Light Nights®
campaign was launched in 2007. Currently, PLN campaigns are held in 23 states, as well as Canada and Guam. PLN has received numerous awards for its community involvement that include:

- 2010 National Communitas Award for excellence in community partnership
- 2009 Washington State Governor's Proclamation
- 2008 and 2009 Association of Washington Cities Certificate of Distinction for the Municipal Excellence Award Program

Funds raised by the sale of purple lights and street tree sponsorships are used to provide direct services to victims and their families. Domestic violence shelters have a turn-away rate of 29 women for every one they receive. In order to bridge the gap for safe shelter, the CDVTF developed a Safe Nights program with local motels to provide up to a one-week stay. This time provides the victim and their children a safe place to live while working with a domestic violence advocate to find shelter or transitioning housing. The task force has also provided move-in assistance for victims who have obtained housing through DAWN or the YWCA. To date, the CDVTF has provided $3,324.66 in services as itemized in the Table 8 below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Safe Nights Clients</th>
<th>Safe Nights Cost</th>
<th>Gas Cards</th>
<th>Financial Aid</th>
<th>Used For</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>10</td>
<td>$135.08</td>
<td></td>
<td>$45.00</td>
<td>Rental deposit</td>
</tr>
<tr>
<td>2008</td>
<td>12</td>
<td>$563.53</td>
<td>1</td>
<td>$30.00</td>
<td>Phone card</td>
</tr>
<tr>
<td>2009</td>
<td>30</td>
<td>$750.00</td>
<td></td>
<td>$60.00</td>
<td>Taxi to shelter</td>
</tr>
<tr>
<td>2010</td>
<td>26</td>
<td>$536.00</td>
<td></td>
<td>$300.00</td>
<td>Move-in asst.</td>
</tr>
<tr>
<td>2011</td>
<td>11</td>
<td>$415.54</td>
<td>3</td>
<td>$489.51</td>
<td>Rental asst.</td>
</tr>
</tbody>
</table>

**TOTAL** | **89** | **$2,400.15** | **4** | **$924.51** |

The Covington Police Chief and Detective consistently communicate with the Human Services Specialist and CDVTF Director on domestic violence calls that may require follow-up support services such as housing or advocacy to the victims and their families. The CDVTF has become a leader in the South King County domestic violence community for their innovative programs and support services to victims.

Four of the agencies funded by general fund dollars serve as resources for domestic violence or sexual assault victims. Agencies serving domestic violence and sexual assault victims are:
YWCA provides domestic violence advocacy and victims’ services including a women’s support group for Covington and Kent residents.

DAWN (Domestic Awareness Women’s Network) provides the only 24-hour domestic violence crisis line for the county as well as the only confidential DV shelter.

King County Sexual Assault Resource Center is the only provider serving child, teen, and adult survivors of a sexual assault.

Safe & Sound Visitation Center is the only visitation center for domestic violence victims that provide court-ordered supervised parental visitations.

The city has developed a strong partnership with many agencies to increase the resources available to our residents. The YWCA of Seattle and King County has developed a woman’s support group that meets in Covington twice a month and is facilitated by the YWCA Domestic Violence Advocate. In addition, the city provides an in-kind office space for the YWCA domestic violence advocate to meet privately with clients. The Jennifer Beach Foundation continues to partner with the CDVTF on many educational and community awareness projects. They also provide free Financial Literacy classes and a Kids Club, which provides healing for children who have witnessed domestic violence in their homes.

All of these organizations are essential to provide Covington residents with access to services such as community advocacy, legal advocacy, support groups, and safe housing.

Conclusions:
The data from the Police Department indicate that overall crime in Covington remains fairly stable with some crimes decreasing while others had a slight increase. The crimes involving juveniles has been decreasing over the past three years but still warrants a proactive response to develop activities and a safe atmosphere where youth can congregate. The Commission’s assessment #4 supports the development of a youth center.

Regarding domestic violence, there is a documented need among young women for education and advocacy skills. Women who have fled violent situations are in need of emergency shelter and transitional housing. The shelter turn-away rate has increased to 29 to 1, which makes it very difficult for victims to leave their abuser. The Covington Domestic Violence Task Force has been able to bridge this gap by providing critical motel vouchers to the victims when the shelter is full. They have also provided education to the business and residential community, and currently partnering with Project U(th) to provide teen dating violence prevention in the Covington and Kent junior and senior high schools.

Recommendations:
- Continue to monitor and assess the need for domestic violence services and evaluate the most effective program models to support survivors and their families.
- Continue to promote city-wide support of the Purple Light Nights® Campaign.
- Continue a partnership with the Covington Domestic Violence Task Force as a valuable educational and awareness program to teens and families in the community.
- Support efforts for the development of a Youth Center.

REPORT IV – Access to Health Care

Healthy children and adults is one of the community goals set by the Human Services Commission. Covington residents who participated in the Covington Assessment for Resources for Everyone (C.A.R.E.) survey indicated that being able to find accessible and affordable health and dental care were two key needs for 46% of the respondents. Language and financial barriers were two obstacles faced by low and moderate-income families. The City of Covington human services funding has supported a number of agencies to provide health and dental care for our low to moderate-income residents. The list of agencies with current funding level is listed in the following table.

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>PROGRAM</th>
<th>2011-12 FUNDING</th>
<th># CLIENTS PER YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynamic Family Services</td>
<td>Children’s Therapy – early intervention and treatment</td>
<td>$ 9,000</td>
<td>80</td>
</tr>
<tr>
<td>Health Point</td>
<td>Dental services</td>
<td>$ 3,282</td>
<td>54</td>
</tr>
<tr>
<td>Health Point</td>
<td>Medical Services</td>
<td>$ 4,000</td>
<td>169</td>
</tr>
<tr>
<td>Kent Youth &amp; Family Services</td>
<td>Family Counseling &amp; Substance Abuse Programs</td>
<td>$10,000</td>
<td>25</td>
</tr>
<tr>
<td>Pediatric Interim Care Center</td>
<td>Drug-exposed infants</td>
<td>$ 1,000</td>
<td>1</td>
</tr>
<tr>
<td>Crisis Clinic – Teen Link</td>
<td>Suicide Prevention - students trained</td>
<td>$ 2,671</td>
<td>474</td>
</tr>
<tr>
<td></td>
<td>Crisis Line Calls</td>
<td></td>
<td>11</td>
</tr>
</tbody>
</table>

These health care providers continue to exceed their projected annual goals and require additional funding to meet the demand for services. This need for continued funding for health, mental health, substance abuse services, and dental services remains high as the level of need will most likely increase with the current economic climate.

In an effort to provide better access to services for our residents, the City Council approved the use of an office within City Hall to provide in-kind space to non-profits. In 2003, the Kent Youth & Family Services extended their Family Counseling program one day a week at City Hall.
Having local access to counseling services has been very successful in keeping youth in the program while helping parents access local services. Other programs that utilize the space are the YWCA Domestic Violence Advocate who facilitates a women’s support group for domestic violence survivors; and the Housing Stability Program, which provides move-in rental assistance.

Conclusions:
Based on evidence from the agency performance measures, the demand for medical, mental health, dental services, and substance abuse services remains high. In addition, the youth continue to benefit from the services aimed at meeting their mental health needs including counseling and substance abuse prevention and treatment. The counseling program benefits families by utilizing the Covington human services in-kind office space at city hall giving families better access to local services.

There are several access issues relevant to Covington residents. One barrier is transportation to access health care services which are limited in South King County. HealthPoint is the primary provider working to meet the dental and medical health needs of clients but is located in Kent, which is difficult for many low-income or elderly residents to get to.

Recommendations:
- A number of youth in the community suggested exploring a school-linked source of health care in cooperation with the Public Health Seattle-King County as a preventive approach for their well-being.
- Support the county’s Transportation Improvement Board’s plans to increase bus and rail service to South King County and Covington.
- Utilize volunteer transportation services for seniors and disabled.
- Support agencies that provide transportation services for Covington residents.

REPORT V – Services for Children & Youth

One of the major concerns that emerged from the C.A.R.E. assessment youth survey was lack of activities for teens. This mirrored the adult survey where recreational activities and youth programming is a significant unmet need in Covington. The youth requested activities such as basketball courts, an arcade, paint ball field, or a bowling alley. Families with young children desired more low-income social and recreational programs.

In 2004, the city merged the Covington Community Center and Tahona Pool (now the Covington Aquatic Center) under the Parks and Recreation Department to provide aquatics and recreational programs for children and youth. Unfortunately due to financial cut backs in 2005, the city downsized the Parks & Recreation Department, leaving only the Aquatic Center open
while recreational and sports programs ended. As a result of losing the sports programs, citizens formed Covington Community Sports Inc. as a non-profit organization to continue providing year-round sports for children and youth. The city re-established a Parks & Recreation Department in 2008 when it hired a new Parks & Recreation Director. Although the recreational program services that were discontinued in 2005 were not immediately re-established, one of the goals for the current Parks & Recreation Department is to develop a recreational program in the near future.

Other sports programs and facilities that are available to Covington residents are the Kent Little League, Kent Youth Sports, the Greater Maple Valley Community Center, and of course the Covington Aquatic Center.

The only at-risk teen program in Covington is Kent Youth & Family Services Lighthouse after-school program. Lighthouse is housed at Cedar Heights Jr. High School on Monday and Friday evenings for ages 14-18. Students may play basketball, receive help with homework, or attend a weekly violence prevention program taught by staff from Kent Youth & Family Services.

Funding for youth services, as shown in Table 10, are primarily preventive services for at-risk youth; elementary school mentoring program, Head Start preschool, and teen link. With the high cost of childcare, many working families rely on unlicensed childcare with family, friend, or neighbor. These children are often less prepared for school than children in licensed childcare. Childcare Resources assists parents in finding the best child-care provider for their children.

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>PROGRAM</th>
<th>2011 FUNDING</th>
<th># CLIENTS PER YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Care Resources</td>
<td>Resource and referrals</td>
<td>$3,528</td>
<td>21</td>
</tr>
<tr>
<td>Community in Schools</td>
<td>Elementary school mentoring</td>
<td>$4,500</td>
<td>7</td>
</tr>
<tr>
<td>Kent Youth &amp; Family Services</td>
<td>Head Start &amp; ECEAP Pre-school</td>
<td>$2,500</td>
<td>26</td>
</tr>
<tr>
<td>Crisis Clinic – Teen Link</td>
<td>Suicide Prevention - # of students trained</td>
<td>$2,571</td>
<td>474</td>
</tr>
</tbody>
</table>

**Conclusions:**
Those who participated in the surveys and focus groups agreed that youth programming is a significant unmet need in Covington. Families with young children are requesting to have more local programming available. Currently families looking for youth activities are going to Maple Valley Community Center or participating in Covington Community Sports and Kent sport programs.
Recommendations:

- All the youth programs funded by the city (as shown in Table 10), are successfully meeting their performance measures each year, indicating the ongoing need for the critical services these programs provide to Covington residents.

- The city has proposed a new Recreation Assistant position under the Recreation and Aquatics Manager, to begin developing youth programs in Covington to address this unmet need.

REPORT VI – Services for Adults

Covington resident’s shared their view on community concerns through the C.A.R.E. assessment survey. The survey ranked some of the highest unmet needs for adult services, which are shown in Table 11.

<table>
<thead>
<tr>
<th>Table 11. Results for All Respondents in Order of Highest Unmet Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need</td>
</tr>
<tr>
<td>-----------------------</td>
</tr>
<tr>
<td>Affordable Housing</td>
</tr>
<tr>
<td>Public Transportation</td>
</tr>
<tr>
<td>Parent Support Programs</td>
</tr>
</tbody>
</table>

In another client survey aimed at gathering input from low-income residents regarding human service needs, the top four concerns among respondents were:

1) 69% - assistance to pay rent and other monthly living expenses;
2) 48% - support for medical and dental care;
3) 42% - employment services; and
4) 33% - improved bus service.

A relatively new injury and illness prevention program available to Covington residents was developed by the Kent Fire District. Known as the FDCARES program, it is a community assistance program that is based on solving issues faced by the aging and disabled before an emergency takes place. This direct interaction will also aid in preventing the need for future emergency services for these individuals as well. Emergency service prevention will assist in preventing ambulance transportations, emergency room visits, and associated costs to both the individuals as well as insurance providers. The FDCARES program will connect members of our community to the appropriate social service to meet their needs.
The FDCARES specialist partners with the city’s Human Services Specialist to identify and coordinate services for Covington seniors that need minor home repairs in order to prevent falls and injuries. The fire district CARES specialist conducts a home visit to determine the needs of the individual. She contacts the city’s Human Services Specialist to provide a recommendation and materials such as grab bars. The installation and repairs requested are provided through the Minor Home Repair program.

Conclusion:
Covington lacks a senior center for our elderly residents. To fill this gap, many of our seniors attend Kent Senior Center, Black Diamond Community Center, and Wilderness Lake to receive community services.

Recommendations:
- Support the county’s Transportation Improvement Board’s plans to increase bus and rail service to South King County and Covington.
- Continue to monitor and assess the need for senior services and evaluate the most effective program models to support them.

Perspectives on Funding for Human Services

Half of the residents who responded to the C.A.R.E. survey agreed with the statement that the City of Covington should put more of its funds toward human services. Some indicated that the city should support in-home services and new agencies. However, when asked if they would be willing to pay a small additional tax to support human services 51.3% said no, (refer to the chart below).
Agency Perspectives on Need and Opportunities

Local service providers held common perceptions that low-income neighborhoods such as Timberlane and the apartment complex behind Kohl’s are areas with high needs. There is increasing economic stress just to keep a roof overhead and food on the table.

Many agencies are facing challenges in serving refugee and immigrant families due to lack of interpretation and translation services, along with federal cuts in Medicaid health care. The demographics indicate that Covington’s population has become more diverse, followed by a need for more services.

One provider expressed concern that Covington needs to plan for more senior services in Covington. With the addition of a new senior living apartment in Covington, the need for chore services increased as well. In response to that need, the Human Services Commission recommended funding the Catholic Community Volunteer Chore Services in 2011. As a result more senior residents have received a variety of chore services to meet their needs.

Since Covington does not have a senior center, many of our seniors attend the Greater Maple Valley Community Center, Kent Senior Center, or Black Diamond Community Center. Seniors from Covington made 647 visits per year to the popular lunchtime programs and activities, further validating the need for a senior center in Covington.

Conclusions:
The opinions expressed by the adults in focus groups and on the surveys expressed views that Covington needed a range of services from a community center that has a gym, pool, and other rooms for community activities and a place for kids to hang out and do things. Respondents also held the view that the city needs to find creative ways of hooking people up with the services that already exist rather than providing additional services.

The Commission included goals for greater employment opportunities within the city under Assessment #5 Services for Adults. These goals align with the economic development’s goals of the city as seen by the increase of medical facilities being built in the downtown area. This growth will provide employment opportunities that sustain a living wage job. The Human Services Master Plan also includes assessment #4 Services for Youth where the goal is to support the development of a youth center.
HUMAN SERVICES DELIVERY SYSTEM

This section will provide a description of various types of organizations that provide services as well as an overview of the service delivery system available to Covington residents.

Private Non-Profits

The predominant resource available to meet the needs of low to moderate-income residents is through private non-profit social and health service providers. There are very few local non-profits located in the City of Covington and those that exist serve a small number of people. City residents rely on south county regional agencies, which results in traveling to other cities to get assistance. Over the past six years, more service providers have responded to the needs of Covington through a satellite office at Covington City Hall, providing agencies with an in-kind office space to better serve their Covington clients. Residents have expressed great appreciation to those agencies that have utilized the satellite office which has improved their access to services. Agencies using the in-kind office both short-term and long-term have included:

- YWCA – domestic violence advocacy and support groups
- King County Housing Stability Program
- Kent Youth & Family Services counseling
- Angel Food Ministry
- Catholic Community – Volunteer Chores Services
- Catholic Community – Emergency Assistance
- Jennifer Beach Foundation
- Communities in Schools
- Free tax preparation
- Valley Cities Counseling
- Children’s Home Society
- Project U(th)
- King County Work Training Program

The City of Covington currently provides grant funding to fifteen agencies for twenty-one different programs. Services provided include emergency assistance for food, shelter, utility bills, health care, crisis and victim assistance, counseling and treatment programs. Table 12, on the following page, contains a list of currently funded programs with city general-fund dollars.
<table>
<thead>
<tr>
<th>TABLE 12. HUMAN SERVICE PROVIDERS</th>
<th>FUNDING LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catholic Community Services – Emergency Asst.</td>
<td>$8,500</td>
</tr>
<tr>
<td>Catholic Community Services – Volunteer Chore Services</td>
<td>$3,000</td>
</tr>
<tr>
<td>Childcare Resources &amp; Referral</td>
<td>$3,528</td>
</tr>
<tr>
<td>Communities in Schools/Kent – Mentoring Program</td>
<td>$4,500</td>
</tr>
<tr>
<td>Crisis Clinic – Telephone Services</td>
<td>$2,400</td>
</tr>
<tr>
<td>Crisis Clinic – 2.1.1 Service</td>
<td>$2,000</td>
</tr>
<tr>
<td>Crisis Clinic – Teen Link</td>
<td>$2,671</td>
</tr>
<tr>
<td>DAWN – Continuum of Housing Program</td>
<td>$8,000</td>
</tr>
<tr>
<td>Dynamic Family Services</td>
<td>$9,000</td>
</tr>
<tr>
<td>Health Point – Dental</td>
<td>$3,181</td>
</tr>
<tr>
<td>Health Point – Medical Services</td>
<td>$4,000</td>
</tr>
<tr>
<td>Kent Youth and Family Services - Clinical Services</td>
<td>$10,000</td>
</tr>
<tr>
<td>Kent Youth and Family Services – Head Start &amp; ECEAP</td>
<td>$2,500</td>
</tr>
<tr>
<td>KC Sexual Assault Center</td>
<td>$4,722</td>
</tr>
<tr>
<td>Maple Valley Food Bank &amp; Emergency Services</td>
<td>$15,000</td>
</tr>
<tr>
<td>Pediatric Interim Care Center</td>
<td>$1,000</td>
</tr>
<tr>
<td>Safe Havens Visitation Center</td>
<td>$1,000</td>
</tr>
<tr>
<td>The Storehouse</td>
<td>$8,000</td>
</tr>
<tr>
<td>South King Council of HS – Capacity Building</td>
<td>$2,000</td>
</tr>
<tr>
<td>YWCA – DV Victim Services</td>
<td>$6,656</td>
</tr>
<tr>
<td>YWCA – Emergency Housing Services</td>
<td>$3,342</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$105,000</strong></td>
</tr>
</tbody>
</table>
Government Services

The primary role of government regarding social and health services pertains to setting policies and legislation that mandate certain services as well as funding of non-profits to provide such services for their residents. However, there are specific areas where government does provide direct services as described below.

Department of Social & Health Services (DSHS)

There are ten Community Service Offices, (CSO) in King County. Eligible Covington residents are served in the Kent office. Each CSO offers various programs that include:

- Financial Assistance for unemployed
- Medical Coverage
- Washington Basic Food Program
- Working Connections Child Care
- Family Reconciliation Services

King County Dept. of Housing and Community Development (HCD)

HCD's mission is threefold: (1) to create and preserve decent affordable housing; (2) to end homelessness; and (3) to make capital investments which improve the viability, livability, and economic stability of King County's communities, particularly low- and moderate-income communities outside the city of Seattle. Much of HCD's work is accomplished through valuable partnerships with non-profit organizations, public housing authorities, and suburban cities.

Within HCD, there are five sections that have specific roles in helping to accomplish the mission:

1. The King County Home Repair Program provides interest-free loan and emergency grant services directly to low- and moderate-income home owners in King County, outside the city of Seattle, to repair their homes and help preserve our region's stock of affordable housing. This program also provides grants to individual low-income renters with a disability to help make their housing more accessible.

2. The Housing Finance Program funds the development of housing that is affordable to low-income and special needs households. Funds are provided to non-profit housing development organizations and public housing authorities in King County. If funds are available, the Housing Finance Program may also provide rental rehabilitation funds to private investor owners of rental housing, provided that they already own the housing units and agree to keep the housing affordable and in good condition in the future.
3. The **Homeless Housing Program** funds organizations that provide homeless prevention services, emergency and transitional housing services, and permanent supportive housing for previously homeless households.

4. The **Affordable Housing Planning and Development Section** prepares a variety of housing plans or strategies, including all federally-required housing plans as well as specific housing plans for special populations, such as people with developmental disabilities. This section also implements the County's development incentives programs, which are designed to encourage private developers to include affordable housing in their developments.

5. The **Community Development Program** makes investments in our communities, such as improvements in community facilities that provide services, and public infrastructure projects, such as sewer and water quality improvement projects. This section also provides limited funding for selected human services programs. The goal of this section is to improve the quality of life for very low- to moderate-income residents of King County, outside the city of Seattle.

**King County Housing Authority**

The Housing Authority is an independent municipal corporation established under Washington state law. The Authority receives no operating funds from Washington State, King County or the region's suburban jurisdictions. Operating costs are covered by rents charged to tenants and direct support from the federal government. KCHA supports more than 18,000 households in housing dispersed among 23 suburban cities and the unincorporated areas of the county.

Housing is offered in designated apartments such as the Adagio apartments, among other single-family and manufactured homes in Covington. In addition, the Housing Authority operates a Weatherization Program providing grants and loans to eligible households.

Since its establishment in 1939, the King County Housing Authority has played a key role in providing affordable housing options for the residents of King County, Washington. Through partnerships with local communities and nonprofit organizations, KCHA delivers affordable housing and related supportive services such as education, job training and social services to more than 43,000 local residents who earn less than the county median income. This approach puts independence and self-sufficiency well within the reach of most families, usually within six years.

**Department of Public Health - Seattle-King County**

Public Health provides health care services to low-income residents through Public Health Clinics located in King County. Covington residents are served in the Kent clinic and serves pregnant women, infants and children up to age 5 for immunizations, family planning, parenting services, maternity support services and preventative care.
Volunteer and Faith Based Programs

The local faith-based community continues to play an important role in providing limited emergency assistance and referrals to residents in need. Lake Sawyer Christian Church, Solid Rock, St. John the Baptist Catholic Church, Covington Christian Fellowship, Mt. Vineyard, Christian Fellowship, and Peace Lutheran Church have all developed a partnership with the city human services staff to coordinate emergency services for individuals and families with the greatest need. This coordination has proved beneficial in providing the clients with additional resources and support as well as creating a more efficient system.
CONCLUSION

The City of Covington has a wide range of social and health services available to its residents. These services include non-profit organizations, the local faith-based community, and governmental systems that offer a variety of services for low- to moderate-income individuals and families. In addition, there are several regional networks that provide services for emergency and transitional housing, such as domestic violence and sexual assault services.

Covington continues to experience demographic and economic changes, including increases in the population and in the number of individuals and families living in poverty or below self-sufficiency standards. These conditions are reflected in the rising number of citizens requesting services to the agencies funded by the city. The city remains committed to addressing these needs through a plan to coordinate and monitor each service, as well as advocating for those in need and connecting individuals and families to available services.

The recent recession and economic crisis resulted in many changes in funding and system priorities that have impacted human services in the county and state. With severe budget cuts to welfare programs such as TANF (Temporary Assistance to Needy Families), Washington State Basic Health, food stamps, and housing assistance, our most vulnerable citizens have been adversely affected. With the high unemployment rate, more families have sought financial assistance and food bank services than ever before. Municipalities and private foundations have either cut or reduced funding to non-profits, resulting in a reduction in services as well as a very competitive funding market.

To accommodate these changes, many non-profit organizations have been creative in developing a stronger volunteer base to continue their work. This requires more thorough training and a reorganization to utilize paid staff more efficiently. Another trend that has emerged from the recession is greater collaboration to benefit both the non-profits and their clients. Many successful partnerships have been formed to create a more integrated system. Ultimately, our vision is to develop a unified, efficient system for delivering human services that meet the needs of our most vulnerable community members.

This plan is meant to serve as a guide to action for all involved in the delivery of human services to those who are most in need. It is not the end state, but rather, the process, which is dynamic and designed to be updated with changing community needs. The structure of the plan requires annual evaluations; including accomplishments, what remains to be done, what needs reevaluation, and what needs to change. Ultimately, the planning process is intended to serve the Commission’s mission to meet the diverse human services needs of our community in the most efficient and effective way through an integrated approach to comprehensive services.
SUBJECT: PROVIDE DIRECTION ON OPTIONS FOR VIEWING COUNCIL MEETING PRESENTATIONS AND VIDEOS

RECOMMENDED BY: Derek Matheson, City Manager

ATTACHMENT(S): None

PREPARED BY: Sharon Scott, City Clerk/Executive Assistant

EXPLANATION:
The laptops that council uses to view meeting presentations and videos are almost 7 years old. This is well beyond the normal life expectancy of a laptop of this grade and the machines are beginning to show signs of failure. Council members are reporting instances of delayed and/or choppy video streaming as well as presentations freezing mid-stream. As an alternative to laptops, meeting presentations can be viewed by placing individual monitors at each council seat on the dais or by hanging 2 television screens from the ceiling in front of the dais that would be easily viewed from each seat. Both options will provide reliable presentation viewing and could be implemented now due to the relatively low budget impact; each option would be under $2,000. Alternatives could be considered as part of the 2013 budget cycle.

Staff is requesting direction from council.

ALTERNATIVES:
1. Consider an alternative option during the 2013 budget cycle.

FISCAL IMPACT: Up to $2,000.

CITY COUNCIL ACTION: _____Ordinance _____ Resolution _____ Motion _____ Other

NO ACTION NECESSARY – DISCUSSION ITEM ONLY

REVIEWED BY: Derek Matheson, City Manager
Rob Hendrickson, Finance Director
DISCUSSION OF
FUTURE AGENDA TOPICS:

July 24, 2012 – City Council Regular Meeting

(Draft Agenda Attached)
CALL CITY COUNCIL REGULAR MEETING TO ORDER

ROLL CALL/PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

PUBLIC COMMUNICATION

- Presentation on SR516 Corridor Study – Tom Washington, State Department of Transportation

PUBLIC COMMENT  Persons addressing the Council shall state their name, address, and organization for the record. Speakers shall address comments to the City Council, not the audience or the staff. Public Comment shall be for the purpose of the Council receiving comment from the public and is not intended for conversation or debate. Public comments shall be limited to no more than four minutes per speaker. If additional time is needed a person may request that the Council place an item on a future agenda as time allows.*

APPROVE CONSENT AGENDA
C-1. Minutes: June 26, 2012 Regular Meeting & July 10, 2012 Special & Regular Meeting (Scott)
C-2. Vouchers (Hendrickson)
C-3. Contract Amendment #1 with Best Parking Lot Cleaning Inc. for Street Sweeping (Akramoff)

REPORTS OF COMMISSIONS

- Human Services Chair Haris Ahmad: July 12 Meeting.
- Arts Chair Sandy Bisordi: July 12 Meeting.
- Planning Chair Daniel Key: July 19 Meeting; July 4 Meeting Canceled.
- Parks & Recreation Chair Steven Pand: July 18 Meeting.
- Budget Priorities Advisory Committee Liaison Darren Dofelmier: July 18 Meeting; July 5 Meeting Canceled.
- Economic Development Council Co-Chair Jeff Wagner: June 28 Meeting.

PUBLIC HEARING
1. Public Testimony and Possible Action on Medical Marijuana Moratorium Extension (Hart)

NEW BUSINESS
2. Amend Multifamily Tax Exemption Ordinance to Ad Condominiums (Hart/Mueller)
3. Adopt Revised Employee Handbook (Beaufreere)

COUNCIL/STAFF COMMENTS

Future Agenda Topics
PUBLIC COMMENT (*See Guidelines on Public Comments above in First Public Comment Section)

EXECUTIVE SESSION – If Needed

ADJOURN

Any person requiring disability accommodation should contact the City of Covington at (253) 638-1110 a minimum of 24 hours in advance. For TDD relay service, please use the state's toll-free relay service (800) 833-6384 and ask the operator to dial (253) 638-1110.