

City of Redmond



Agenda

Tuesday, June 13, 2023

4:30 PM

City Hall: 15670 NE 85th St; Remote: Comcast Ch. 21/321, Ziplify Ch. 34,
Facebook Live, YouTube, [Redmond.gov/rctvlive](https://www.redmond.gov/rctvlive), or 510-335-7371

Committee of the Whole - Finance, Administration, and Communications

Committee Members

Steve Fields, Presiding Officer

Jeralene Anderson

David Carson

Jessica Forsythe

Varisha Khan

Vanessa Kritzer

Melissa Stuart

AGENDA

ROLL CALL

1. Approval of Consultant Supplement No. 1 with David Evans [CM 23-287](#)
and Associates Inc. in the for Construction Engineering
Support Services for the 156th Cycle Track Project

[Attachment A: Site Plan](#)

[Attachment B: DEA Consultant Agreement Supplement 01](#)

Department: Public Works, 5 minutes

Requested Action: Consent, July 5th

2. 2023 City Council Outreach Activities [CM 23-285](#)

[Attachment A: 2023 City Council Outreach Activities](#)

Department: Executive, 10 minutes

Requested Action: Informational

3. King County Memorandum of Understanding: Opioid [CM 23-296](#)
Abatement Council

[Attachment A: Memorandum of Understanding](#)

[Attachment B: King County Presentation: Regional Opioid Abatement
Council](#)

Department: Executive, 10 minutes

Requested Action: Consent, June 20th

4. Ordinance: Imposing 0.1% Sales Tax for Transportation [CM 23-295](#)
Benefit District (TBD)

[Attachment A: Ordinance Imposing 0.1% Sales Tax](#)

[Attachment B: TBD Timeline](#)

Department: Finance, 5 minutes

Requested Action: Consent, June 20th

5. Telecommunications Lease with New Cingular Wireless PCS, [CM 23-290](#)
LLC at Novelty Hill Water Storage Tank No. 2., Amendment
No. 2

[Attachment A: Amendment 2 to Facilities Lease for Telecommunications
Facilities.](#)

Department: Finance, 5 minutes

Requested Action: Consent, June 20th

6. NW Restaurants, Inc. 2023 Lease Amendment [CM 23-298](#)

[Attachment A: NW Restaurants Lease Terms](#)

[Attachment B: Proposed 2023 Lease Amendment](#)

Department: Finance, 5 minutes

Requested Action: Consent, June 20th

7. King County Lake Hills Sewer Upgrade Project Utility Easement [CM 23-303](#)

[Attachment A: Project Information](#)

[Attachment B: Offer Letter and Draft Utility Easement](#)

[Attachment C: Appraisal of the Lake Hills Trunk Project Utility Easement](#)

Department: Finance, 5 minutes

Requested Action: Consent, June 20th

8. Adoption of an Ordinance Establishing an Optional Pilot Program for the 12-Year Multifamily Housing Property Tax Exemption (MFTE) Program [CM 23-286](#)

[Attachment A: Ordinance Amending RMC 3.38](#)

Department: Planning and Community Development, 5 minutes

Requested Action: Consent, June 20th

ADJOURNMENT



Memorandum

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-287

Type: Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Public Works	Aaron Bert	Public Works Director
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DEPARTMENT STAFF:

Public Works	Aaron Noble	Project Manager
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TITLE:

Approval of Consultant Supplement No. 1 with David Evans and Associates Inc. in the for Construction Engineering Support Services for the 156th Cycle Track Project

OVERVIEW STATEMENT:

This consultant services agreement supplement with David Evans and Associates in the amount of \$117,218 is for construction engineering support services for the 156th Cycle Track project, Project No. 20022001. It increases the maximum amount payable to \$886,218. The original Consultant Agreement for the design of the 156th Cycle Track was for \$769,000. The agreement did not include consultant services during construction (SDC), because it was not known at the time what the scope of those services would include. To date 99.7% of the design budget has been expended. This supplement provides funding and scope for the services during construction (SDC). The scope includes only project management support (requests for information, submittal review, change orders, etc.) and not inspection or construction management. The project estimated that SDC would be 15% of the construction costs or about \$500K and the proposed amount contained in this contract is below that spending target. The project will be incurring costs for SDC as soon as the contract is executed, and submittals begin in early July.

☐ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information**

☒ **Provide Direction**

☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
N/A
- **Required:**
Council approval is required to award an Architectural and Engineering Services agreement that exceeds \$50,000 (2018 City Resolution 1503)
- **Council Request:**

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-287

Type: Committee Memo

N/A

- **Other Key Facts:**

N/A

OUTCOMES:

The 156th Cycle Track project will build a modally separated bicycle and pedestrian pathway along 156th Ave NE between NE 28th St to NE 31st St and NE 36th St to NE 40th St. The project will lead to increased bicycle and pedestrian safety along 156th Ave NE.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**

N/A

- **Outreach Methods and Results:**

N/A

- **Feedback Summary:**

N/A

BUDGET IMPACT:

Total Cost:

\$117,218

Approved in current biennial budget:

☒ **Yes**

☐ **No**

☐ **N/A**

Budget Offer Number:

N/A

Budget Priority:

N/A

Other budget impacts or additional costs:

☐ **Yes**

☒ **No**

☐ **N/A**

If yes, explain:

N/A

Funding source(s):

Transportation CIP - \$2,540,485

Business Tax - \$1,828,623

Sound Transit Grant - \$1,165,242

Impact Fees - \$2,165,951

Budget/Funding Constraints:

The project must be completed prior to the Sound Transit Light Rail completion for the Sound Transit grant.

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-287

Type: Committee Memo

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
5/18/2021	Business Meeting	Approve

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
7/5/2023	Business Meeting	Approve

Time Constraints:

The supplement needs to be approved prior to beginning construction 2023

ANTICIPATED RESULT IF NOT APPROVED:

Construction Engineering support is required for the project to be built. If the proposal is not approved, it will lead to delays and increased costs

ATTACHMENTS:

Attachment A - Site Plan

Attachment B - DEA Consultant Agreement Supplement No. 1

Attachment A: Vicinity Map

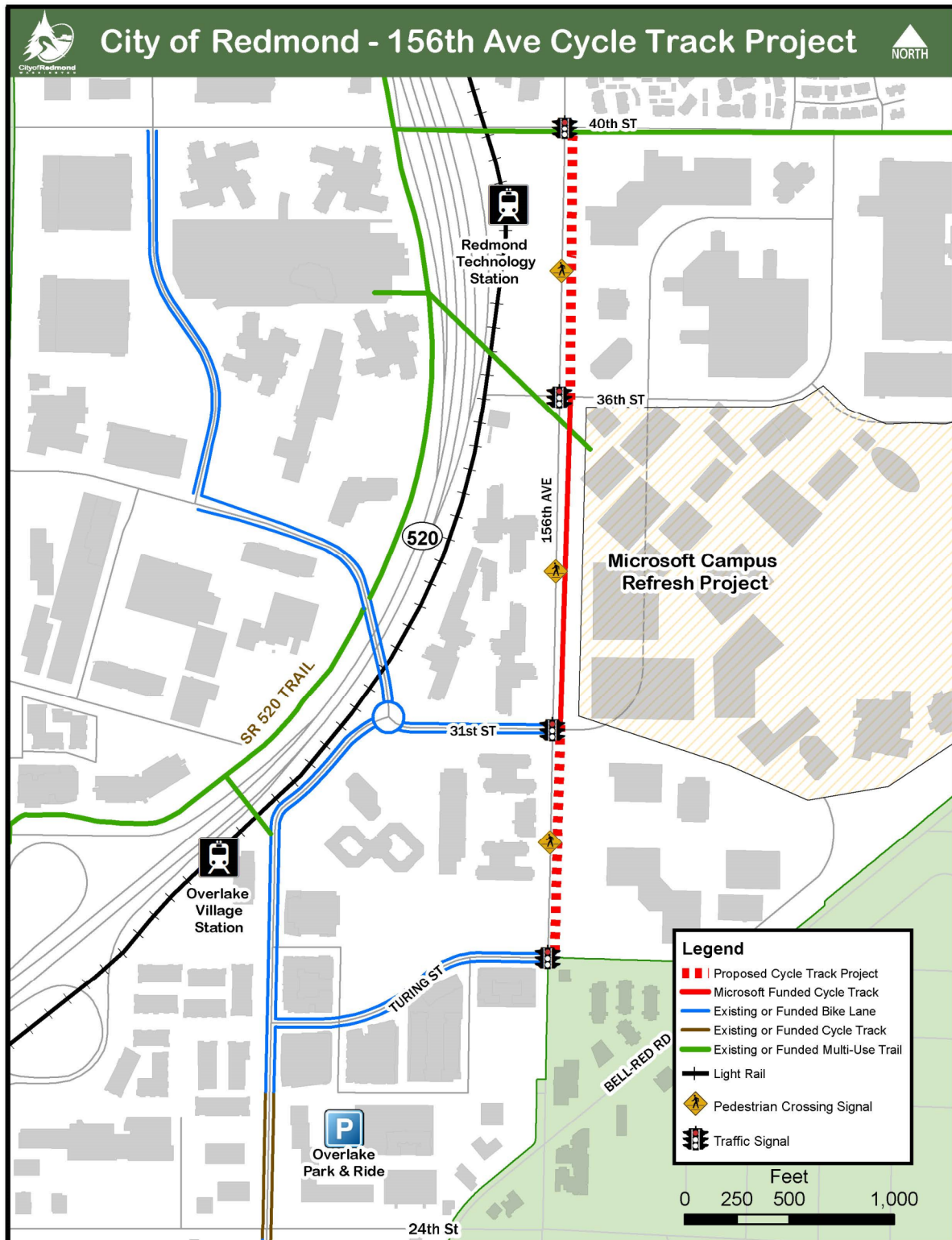


EXHIBIT A

CITY OF REDMOND

156th Avenue NE Cycle Track

from

NE 28th Street/ NE Turing Street to NE 31st Street

and

NE 36th Street to NE 40th Street

City of Redmond Project No. 20022001

Consultant Agreement

Supplement Scope of Services

For

Design and Construction Engineering Support

Prepared by:

**David Evans and Associates, Inc.
14432 SE Eastgate Way, Suite 400
Bellevue, WA 98007**

May 12, 2023

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INTRODUCTION

Supplement No. 2 modifies the Original Agreement dated May 21, 2021 with the following revisions.

The Consultant provided additional design services and will provide engineering construction support for the project.

Task 2.0 Project Management and Quality Control

2.1 Project Management

Direction of the CONSULTANT (DEA) staff and review of their work over the course of the project shall be provided. This work element includes preparing monthly progress reports including the status of individual work elements, number of meetings attended, outstanding information required, and work items planned for the following month, including any critical path tasks and any items impacting contract scope, schedule, and / or budget.

2.2 Subconsultant Coordination

The CONSULTANT (DEA) shall provide direction of the SUBCONSULTANT and review of their work over the course of the project shall be provided by the CONSULTANT (DEA). Monthly monitoring of the SUBCONSULTANT's design budget will occur over the course of the project. Current status, as well as projections, will be developed. This work element is intended to help monitor costs and budgets, and to propose corrective actions. These actions could include formal requests for increases, modifications, or reductions in scope and/or budget.

2.4 Monthly Invoices/Progress Reports

Monthly invoices using City template will be prepared by the CONSULTANT (DEA) per CITY requirements for work activities for the prior month. These invoices shall also include SUBCONSULTANT work and will be accompanied by monthly progress reports. Invoices will include back-up material for all expenses and will show approved budget and amount expended to date.

Deliverables:

- Monthly Invoices and Progress Reports (7 total).

Task 13.0 Final Design Plans, Specifications, and Estimates (PS&E)

13.3 100% Submittal

Since retaining walls were not able to protect existing trees and required removal for walls construction, the City provided direction to eliminate walls and redesign the project using sideslopes. The CONSULTANT (DEA) performed the following tasks:

- Developed new horizontal and vertical alignments for cycle track and sidewalk.
- Updated grading model
- Revised all plan sheets
- Updated bid items, quantities, and estimate
- Revised project special provisions

Deliverables:

- Updated 100% Complete Plan set (PDF Electronic file).
- Updated 100% Complete Contract Provisions Book (PDF Electronic file).
- Updated 100% Opinion of Probable Construction Cost (PDF Electronic file).

Task 17.0 Optional Services**17.1 Construction Support**

The CONSULTANT shall provide Construction Office Support Services on an “on-call” basis at the CITY’s request during the construction phase of the project. The assumed construction duration is 24 weeks. Construction Office Support Services may include the following:

- A. **Pre-Bid Meeting:** The CONSULTANT will attend pre-bid meeting. The CITY shall prepare meeting notes.
- B. **Pre-Construction Meeting:** The CONSULTANT will attend one (1) pre-construction meetings. These may include the general pre-construction meeting with the prime contractor and subcontractors. The CITY shall prepare meeting notes.
- C. **Construction Meetings:** The CONSULTANT will attend construction meetings as requested. This task assumes fifteen (15) meetings. It is assumed (2) CONSULTANT staff will attend virtual Teams meetings. This task assumes the CITY will prepare meeting agendas and meeting notes and distribute them.
- D. **Review Selected Shop Drawings Submittals:** The CONSULTANT will review and recommend action on selected Contractor electrical submittals and shop drawings as requested by the CITY. The effort for this task is for input/support of the review of shop drawings submittals by the Contractor to the CITY and will be limited to the effort shown in the Fee Proposal. This task assumes the following:
 - a. 5 Structural Shop Drawing reviews (duration time is assumed to be four (4) hours for each submittal.)
 - b. 10 Electrical submittals (duration time is assumed to be two (2) hours for each submittal.)
- E. **Requests for Information (RFIs)/RAM Reviews:** At the CITY’s request, the CONSULTANT may be asked to provide assistance to the CITY in answering the Contractor’s RFIs and reviewing Request for Approval of Material (RAM). This task assumed that thirty (30) RFIs/RAMS will be reviewed and responded. Response time for each RFI/RAM is assumed to be two (2) hour.
- F. **Change Orders (COs):** At the CITY’s request, the CONSULTANT may be asked to provide assistance to the CITY in reviewing change order proposals and developing required information for COs. Work may include preparation of drawings and supporting information. This task assumed that five (5) COs will be prepared.
- G. **Geotechnical Observations:** It is assumed not needed for this project. If site condition requires this task, it will be negotiated as a change order.

Assumptions:

- The CITY will prepare and perform all construction administration documentation.
- The City will perform all construction management and daily inspections.
- The CITY will prepare and maintain ROM.

Deliverables:

- Shop drawing responses
- Electrical submittal responses
- RFIs/RAMs responses
- Drawings, calculations, and specifications required for Change Orders.

17.2 Construction MEF Document

It is assumed a maximum extent feasible (MEF) documentation needs to be prepared.

17.3 Record Drawings

The CONSULTANT shall prepare Record Drawings at the completion of the project. The CITY will provide Contractor-prepared marked-up drawings, inspector's field notes, and other available information. The CONSULTANT shall use these materials to prepare the Record Drawings. Record Drawings shall be prepared in accordance with the CITY's "Record Drawing Requirements."

Deliverables:

- Phase I Record Drawings for Engineering Review (22"x34" bond [1 copy])
- Phase II Record Drawings GIS Review - (22"x34" bond [1 copy], Digital CAD file [on DVD], Digital Submittal Checklist [1 hard copy])
- Phase III Record Drawings for Final Submittal (22"x34" mylar [1 copy], 22"x34" bond [1 copy], 11"x17" bond [3 copies])

Exhibit D
City of Redmond
156th Avenue NE Cycle Track

David Evans and Associates, Inc.

Classification		Hrs.	x	Negotiated Rate	=	Cost
1	Project Manager IV (PJM4)	104		\$ 282.80		\$29,411
2	Project Manager III (PJM3)	43		\$ 196.73		\$8,459
3	Designer IV (DES4)	87		\$ 183.20		\$15,939
4	Engineer V (ENG5)	30		\$ 210.56		\$6,317
5	Designer III (DES3)	42		\$ 178.29		\$7,488
6	Project Accountant IV (PAC4)	7		\$ 135.37		\$948
7	Project Coordinator III (PJC3)	7		\$ 102.11		\$715
8	Project Manager V (PJM5) - QC Manager	3		\$ 300.63		\$902
9	Project Manager III (PJM3) - Landscape	35		\$ 200.73		\$7,025
10	Support Services Specialist IV (SSS4)	4		\$ 94.43		\$378
11	Engineer VII (ENG7)	26		\$ 279.85		\$7,276
12	Engineering Designer II (END2)	22		\$ 143.06		\$3,147
13	Landscape Designer IV (LAD4)	22		\$ 136.79		\$3,009
Total Hrs.		432				

Salary Cost **\$ 91,014**

Salary Escalation Cost (estimated)

Escalation - % of Labor Cost 0% per year @ 1 year(s) \$0

Total Salary Cost **\$ 91,014**

Direct Expenses	No.	Unit	Each	Cost
Reproduction Costs				
Full-Size Plans	6	sets @	\$350 /set	\$ 2,100.00
Half-Size Plans	6	sets @	\$50 /set	\$ 300.00
Specifications	6	sets @	\$50 /set	\$ 300.00
Mail/Deliveries/Fed Ex	5	@	\$40 /each	\$ 200.00
Mileage	40	miles @	\$0.560 /mile	\$ 22.40
Urban Forestry Service Bartlett Consulting	1	@	\$10,000 LS	\$ 10,000.00

Subtotal **\$ 12,922**

David Evans and Associates Total **\$ 103,936**

Subconsultants	DBE	Hrs	\$ Total
Toole Design Group		67	\$ 13,282
Subconsultant Total		67	\$ 13,282

Direct Expenses Sub-Total (including Subconsultants) **\$ 26,204**

Total Costs **\$ 117,218**

Contingency and Reserve Fund (± 0%)

Total Costs with Management Reserve Fund **\$ 117,218**

Anticipated DBE Percentage **0%**

Exhibit D
City of Redmond
156th Avenue NE Cycle Track

David Evans and Associates, Inc.

Work Element #	Work Element	1	2	3	4	5	6	7	8	9	10	11	12	13	DEA Total hrs	DEA Total \$ w/ separate esc.
		Project Manager IV (PJM4)	Project Manager III (PJM3)	Designer IV (DES4)	Engineer V (ENG5)	Designer III (DES3)	Project Accountant IV (PAC4)	Project Coordinator III (PIC3)	Project Manager V (PJM5) - QC Manager	Project Manager III (PJM3) - Landscape	Support Services Specialist IV (SSS4)	Engineer VII (ENG7)	Engineering Designer II (END2)	Landscape Designer IV (LAD4)		
		Total hrs	Total hrs	Total hrs	Total hrs	Total hrs	Total hrs	Total hrs	Total hrs	Total hrs	Total hrs	Total hrs	Total hrs	Total hrs		
2.0	PROJECT MANAGEMENT AND QUALITY CONTROL															
2.1	Project Management	24													24	\$6,787
2.2	Subconsultant Coordination	12													12	\$3,394
2.4	Monthly Invoices/Progress Reports	7					7	7			4				25	\$4,020
	Work Element 2.0 Total	43					7	7			4				61	\$14,200
13.0	FINAL DESIGN PLANS, SPECIFICATIONS, AND ESTIMATES (PS&E)															
13.3	100% Submittal	16	15	60	15					8				8	122	\$24,327
	Work Element 13.0 Total	16	15	60	15					8				8	122	\$24,327
17.0	Optional Services															
17.1	Construction Support															
	Pre-Bid Meeting				4										4	\$842
	Pre-Construction Meeting	3			3										6	\$1,480
	Construction Meetings	15	2	2	4					3		4			30	\$7,566
	Review Selected Shop Drawings Submittals		20									6	14		40	\$7,617
	Requests for Information (RFIs)/RAMs	20		8						20					60	\$14,494
	Change Orders (COs)	4	6	8	4					4		4	8	8	46	\$8,781
	Geotechnical Observations															
17.2	Construction MEF Document															
17.3	Record Drawings															
	Phase I	1		3		24			1					2	31	\$5,685
	Phase II	1		3		12			1					2	19	\$3,546
	Phase III	1		3		6			1					2	13	\$2,476
	Work Element 17.0 Total	45	28	27	15	42			3	27		26	22	14	249	\$52,487
	EXPENSES															\$12,922
	SALARY ESCALATION															
PROJECT WORK ELEMENTS TOTALS		104	43	87	30	42	7	7	3	35	4	26	22	22	432	\$103,936.24

Exhibit E
City of Redmond
156th Avenue NE Cycle Track

Toole Design Group

Classification		Hrs.	x	Negotiated Rate	=	Cost
1	Engineering Lead II	7		\$ 275.97		\$1,932
2	Engineering Lead I	51		\$ 184.25		\$9,397
3	Project Engineer	6		\$ 161.55		\$969
4	Engineer III	3		\$ 150.11		\$450
Total Hrs.		67				

Salary Cost **\$ 12,748**

Salary Escalation Cost (estimated)

Escalation - % of Labor Cost 0% per year @ 1 year(s) \$0

Total Salary Cost **\$ 12,748**

Direct Expenses	No.	Unit	Each	Cost
Vehicle Rental	1	@	\$500 LS	\$ 500.00
Mileage	60	miles @	\$0.560 /mile	\$ 33.60
Subtotal				\$ 534

Toole Design Group Total **\$ 13,282**

**Exhibit E
City of Redmond
156th Avenue NE Cycle Track**

Toole Design Group

Work Element #	Work Element	1	2	3	4	TDG	TDG
		Engineering Lead II	Engineering Lead I	Project Engineer	Engineer III		
	negotiated rates:	\$275.97	\$184.25	\$161.55	\$150.11		
		Total hrs	Total hrs	Total hrs	Total hrs	Total hrs	Total \$ w/ separate esc.
2.0	PROJECT MANAGEMENT AND QUALITY CONTROL						
2.1	Project Management						
2.2	Subconsultant Coordination						
2.4	Monthly Invoices/Progress Reports	2	4			6	\$1,289
	Work Element 2.0 Total	2	4			6	\$1,289
13.0	FINAL DESIGN PLANS, SPECIFICATIONS, AND ESTIMATES (PS&E)						
13.3	100% Submittal						
	Work Element 13.0 Total						
17.0	Optional Services						
17.1	Construction Support						
	Construction Meetings		8			8	\$1,474
	Review Selected Shop Drawings Submittals						
	Requests for Information (RFIs)/RAMs	5	20	2	3	30	\$5,838
	Change Orders (COs)		12	4		16	\$2,857
	Geotechnical Observations						
17.2	Construction MEF Document						
	Phase I		4			4	\$737
	Phase II		2			2	\$368
	Phase III		1			1	\$184
	Work Element 17.0 Total	5	47	6	3	61	\$11,459
	EXPENSES						\$534
PROJECT WORK ELEMENTS TOTALS		7	51	6	3	67	\$13,282.10



Memorandum

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-285

Type: Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Executive	Malisa Files	425-556-2166
Executive	Lisa Maher	425-556-2427

DEPARTMENT STAFF:

Executive	Jill Smith	Communications Manager
Executive	Jason Brown	Legislative Administrative Coordinator

TITLE:

2023 City Council Outreach Activities

OVERVIEW STATEMENT:

Executive Department staff will present an overview of the City Council's participation in Derby Days on July 15, and the new Downtown Redmond Art Walk (DRAW) on Aug. 17, as well as gain Council's interest and direction around additional outreach activities. Councilmembers are asked to review the attachment and come prepared to share their preferences on the options provided.

☐ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information**

☒ **Provide Direction**

☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
N/A
- **Required:**
N/A
- **Council Request:**
Community outreach opportunities requested by City Council.
- **Other Key Facts:**
N/A

OUTCOMES:

Councilmembers will:

- be informed on a draft plan and asked to provide feedback to staff for the Council Derby Days and Downtown Redmond Art Walk booth.
- be asked to commit to volunteer shifts at both events and sign up via email with staff.
- be asked to provide staff with preferences and clear direction on any additional outreach activities in 2023.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**

June 13, 2023 - Discuss proposal and receive Council direction

July 15, 2023 - Derby Days

Aug. 17, 2023 - Downtown Redmond Art Walk (DRAW)

Additional dates to be determined based on meeting discussion and direction

- **Outreach Methods and Results:**

Derby Days and the Downtown Redmond Art Walk will be heavily promoted via the City's various communication channels. Councilmembers are encouraged to invite their networks to come see them at the Council booth.

- **Feedback Summary:**

N/A

BUDGET IMPACT:

Total Cost:

\$2500

Approved in current biennial budget:

☒ Yes

☐ No

☐ N/A

Budget Offer Number:

100.14100.00490.51160

Budget Priority:

Strategic and Responsive

Other budget impacts or additional costs:

☐ Yes

☒ No

☐ N/A

If yes, explain:

N/A

Funding source(s):

General Fund

Budget/Funding Constraints:

N/A

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-285

Type: Committee Memo

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
N/A	Item has not been presented to Council	N/A

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
7/15/2023	Special Meeting	N/A
8/17/2023	Special Meeting	N/A

Time Constraints:

As Derby Days is July 15, any specific requests or direction from Council will need to be finalized at this meeting to incorporate prior to the event.

ANTICIPATED RESULT IF NOT APPROVED:

If Council chooses not to participate, staff will cancel plans for a Derby Days and Downtown Redmond Art Walk booth.

ATTACHMENTS:

Attachment A: 2023 City Council Outreach Activities

Attachment A: 2023 City Council Outreach Activities

Derby Days

Saturday, July 15, from 10 a.m. to 5 p.m.

- Staffing:
 - Councilmembers to sign up for shifts via email with Jason Brown
 - Jason will coordinate one city commissioner per shift
- Booth location:
 - Same location as in 2022
- Booth design:
 - Reuse the 2022 booth backdrop and banner - update the side panels. (2022 design pasted below)
- Theme:
 - Build off the *Note from City Council* in the summer Focus – *We want to hear from you!*
 - Community members share ideas on any number of prompts, and these are displayed in the booth for others to see, as well as recorded for Council's review after the event. Examples could include:
 - My favorite place/thing to do in Redmond is...
 - I'd like to suggest...
 - I'd love more of...
 - I'm concerned about...
- Activity options:
 1. Button maker – Kids create buttons with pre-designed or color-in Redmond-themed templates
 2. Stickers – Variety of Redmond-themed designs
 3. Spinning wheel – could have the conversation starters on it and possibly provide a prize give-a-way

2022 Design for reference



Example of questions on wheel



Downtown Redmond Art Walk

Thursday, Aug. 17, from 4 – 7 p.m.

1. Choose location for Council:
 - a. Downtown Park - 10x10 booth along with City information booth (Note – most of the activities are within businesses in Downtown, not in the park)
 - b. In a business – possibly Zeek's
2. Activity
 - a. We want to hear from you/Share your thoughts (similar to Derby Days)
 - b. Arts programming (we'll coordinate with city arts staff)
 - i. Performance art, and/or
 - ii. Kids art activity

Additional Outreach Opportunities

Staff is seeking direction from Council on interest in any additional outreach opportunities. Options could include:

1. Council Conversations in Downtown Park – casual, reception style, no formal program
2. Special Council meeting in Downtown Park – rental and audio visual expenses
 - o Council type meeting, or
 - o Specific topic of discussion
3. Saturday Market (or tabling at another community event)
4. Town Hall at a neighborhood school or other non-city facility
5. Other



Memorandum

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-296

Type: Committee Memo

TO: Internal Committee - Internal Services/Public Safety

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Executive	Malisa Files, Chief Operating Officer	425-556-2166
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DEPARTMENT STAFF:

N/A	N/A	N/A
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TITLE:

King County Memorandum of Understanding: Opioid Abatement Council

OVERVIEW STATEMENT:

In September 2022 and March 2023, the City Council approved participation in the One Washington Memorandum of Understanding (MOU) to participate in the settlement agreement against opioid distributors and retailers. The One Washington MOU outlined the requirement to create a regional Opioid Abatement Council (OAC) to monitor distributions, expenditures, re-allocations and disputes related to the settlement funds. King County is in the process of setting up an OAC with the participating cities which requires a MOU between King County and the City of Redmond (see Attachment A).

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☒ **Receive Information** ☐ **Provide Direction** ☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
One Washington Memorandum of Understanding
- **Required:**
Participation in the regional OAC is required under the One Washington MOU approved by Council in September 2022.
- **Council Request:**
N/A
- **Other Key Facts:**
The City of Redmond cannot utilize the opioid settlement funds until the City becomes a part of the regional OAC or decides to create a city specific OAC.

OUTCOMES:

The MOU with King County establishing the Opioid Abatement Council stipulates the duties and governance of the OAC, including:

- The OAC does not control the City's expenditure decisions
- Redmond maintains full discretion to use and distribute the city's opioid allocation for approved purposes
- The OAC will monitor distributions, expenditures, reallocations and disputes
- The OAC will fulfill the data collection and reporting duties as outlined by the One Washington agreement
- The OAC will develop and maintain a public dashboard for publication of expenditure data
- The MOU covers the settlements with the current distributors and retailers, but can be amended to add others should other settlement agreements occur
- Representation of the OAC consists of four members (2 King County; 1 Seattle; 1 All other cities)
- The OAC would charge Redmond 10% of the total amount of the City's opioid distribution for administration

Redmond's opioid distribution from the two settlements equals approximately \$104,000 per year. The MOU with King County for Opioid Abatement Council administration would cost the City approximately \$10,000 annually.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:**Total Cost:**

The total administrative cost to participate in the Opioid Abatement Council equals \$10,000 annually.

Approved in current biennial budget:

☐ Yes☒ No☐ N/A

Budget Offer Number:

N/A

Budget Priority:

Safe and Resilient

Other budget impacts or additional costs:

☒ Yes☐ No☐ N/A

If yes, explain:

Due to the timing of the settlement agreements and the distribution of the funds, Finance will need to do a budget adjustment to recognize revenues and expenditures related to the new opioid funding allocation.

Funding source(s):

Opioid settlement funds

Budget/Funding Constraints:

The opioid settlement funds must be spent on opioid abatement strategies as outlined in Appendix A of the One Washington Memorandum of Understanding between Washington municipalities. For Redmond, the money could be spent on programs such as, current and future law enforcement expenditures relating to the opioid epidemic, education of law enforcement or other first responders regarding appropriate practices and precautions when dealing with fentanyl or other drugs, connecting those who need help to the help they need (connections to care) as well as other abatement strategies.

☐ **Additional budget details attached**

COUNCIL REVIEW:**Previous Contact(s)**

Date	Meeting	Requested Action
N/A	Item has not been presented to Council	N/A

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
6/20/2023	Business Meeting	Approve

Time Constraints:

King County has asked all participating cities to approve and sign the MOU by July 1, 2023, if possible.

ANTICIPATED RESULT IF NOT APPROVED:

If the MOU is not approved, Redmond could not spend its opioid abatement funds until the City joins another OAC or creates an OAC specifically for Redmond.

ATTACHMENTS:

Attachment A: Opioid Abatement Council King County Memorandum of Understanding

Attachment B: King County PowerPoint Presentation: Regional Opioid Abatement Council

Attachment A
KING COUNTY REGIONAL AGREEMENT
OPIOID ABATEMENT COUNCIL

This regional agreement for an opioid abatement council is entered into among King County and the cities of Auburn, Bellevue, Bothell, Burien, Covington, Des Moines, Enumclaw, Federal Way, Issaquah, Kenmore, Kent, Kirkland, Lake Forest Park, Maple Valley, Mercer Island, Newcastle, Redmond, Renton, Sammamish, SeaTac, Seattle, Shoreline, Snoqualmie, Tukwila and Woodinville, each a “Party” and jointly “Parties.”

SECTION 1. RECITALS

WHEREAS, the State of Washington and other local governments have engaged in litigation with entities who manufacture, distribute, and dispense prescription opioids; and

WHEREAS, the opioid litigation has resulted in various settlements and/or judgments with direct money payments to be made to the state and its eligible political subdivisions; and

WHEREAS, the One Washington Memorandum of Understanding Between Washington Municipalities (“the MOU”), attached hereto with Exhibits A, B, and C, and incorporated by reference, which has been previously approved and executed by the Parties, requires the formation of an opioid abatement council; and

WHEREAS, the undersigned Parties do hereby adopt and implement this Agreement for the creation of the King County Regional Opioid Abatement Council (“OAC”), to be bound by the terms of this Agreement, the MOU and exhibits thereto, the settlement agreement provisions, and any applicable state statute(s).

NOW, THEREFORE, it is hereby agreed by the Parties:

SECTION 2. DEFINITIONS

1. “Approved Purposes” refers to the strategies specified and set forth in Exhibit A to the MOU.
2. “OAC Administrator” shall mean King County, the Party who shall perform the duties assigned to the OAC Administrator in Section 4.C.
3. “Opioid Funds” shall mean monetary amounts obtained through a settlement, judgment or any other manner from the Opioid Litigation.
4. “Opioid Litigation” shall mean the litigation between state and/or local jurisdictions and Johnson & Johnson, and distributors AmerisourceBergen, Cardinal Health, and McKesson; and the national opioid settlement agreements involving Teva Pharmaceutical Industries, Allergan, Walgreens, Walmart, and CVS.
5. “National Settlement Agreement(s)” or “Settlement(s)” means the national opioid settlement agreements involving Johnson & Johnson, and distributors AmerisourceBergen, Cardinal Health, and

McKesson; and the national opioid settlement agreements involving Teva Pharmaceutical Industries, Allergan, Walgreens, Walmart, and CVS.

SECTION 3. PARTICIPATING ENTITIES

The Parties to this Agreement are the political subdivisions in King County entitled to direct payment of Opioid Funds pursuant to the National Settlement Agreements derived from the Opioid Litigation.

SECTION 4. CREATION OF THE KING COUNTY REGIONAL OAC

Consistent with the MOU Exhibits A, B and C, the Parties create and establish the OAC to perform the duties and functions set forth in the MOU and herein.

A. OAC Members

1. **Membership** – Representation on the OAC shall be roughly proportional to Opioid Fund distribution with a total of four party representatives: two from King County, one from the City of Seattle, and one chosen by the remaining Parties. All persons who serve on the OAC must have prior work or educational experience pertaining to one or more of the Approved Purposes.
2. **Chair** – As the OAC Administrator, one of the King County representatives to the OAC shall be the chairperson to preside at and lead all meetings of the OAC and to act as the representative of the OAC in any matters contemplated by the MOU. The chairperson is entitled to vote on all OAC business and at King County's discretion, the role of chairperson may alternate between the two King County OAC representatives.
3. **OAC Vacancies** – In the event the OAC has a vacancy, the Party or Parties whose representative vacated the position shall select a new member for the OAC.
4. **Alternates** – Parties may designate alternate representatives to serve on the OAC in the absence of the Party or Parties' primary representative. Alternates must meet the same work/educational experience requirements as primary representatives.

B. Duties of the OAC

1. **Oversight** – As provided in this Agreement, the OAC shall monitor distribution, expenditure, re-allocation, and dispute resolution related to the Parties' allocations of Opioid Funds for Approved Purposes within the King County Region.
2. **Data Requirements** – The OAC shall determine what data and in what form and under what timelines the Parties must provide to the OAC Administrator regarding the Parties' Opioid Fund allocation expenditures.
3. **Reports** – The OAC shall annually review reports prepared by the OAC Administrator of the Parties' Opioid Funds allocation expenditures for compliance with the Approved Purposes and the terms of the MOU and any Settlement.
4. **Re-Allocation of Opioid Funds** – If the OAC is notified that a Party will forego some or all of its allocation of Opioid Funds, the OAC shall:
 - (i) Request and then approve or deny proposals from other Parties and/or community groups for use of the allocation within the King County Region; and

- (ii) Direct the trustee responsible for releasing Opioid Funds to distribute the allocation to the Party(ies) and/or community group(s) whose proposals were approved by the OAC.
- 5. **Reporting** – The OAC shall report and make publicly available all decisions on Opioid Fund allocation and re-allocation applications, proposals, distributions, and expenditures by the OAC and the Parties.
- 6. **Dashboard** – The OAC shall develop and maintain a centralized public dashboard or other repository for the publication of expenditure data from the OAC and the Parties that receive Opioid Funds. The dashboard or repository shall be updated at least annually.
- 7. **Outcome Data** – If necessary, the OAC shall require and collect additional outcome-related data from the Parties to evaluate the use of the Opioid Funds.
- 8. **Complaints** – The OAC shall establish a process for hearing complaints and resolving disputes by Parties regarding the alleged failure of the OAC or a Party to (1) use Opioid Funds for Approved Purposes or (2) comply with reporting requirements.
- 9. **Noncompliance** – If the OAC finds that a Party’s expenditure of its allocation of Opioid Funds did not comply with the Approved Purposes or the MOU, or that the Party otherwise misused its allocation of Opioid Funds, the OAC may take remedial action against the alleged offending Party. Such remedial action is left to the discretion of the OAC and may include notifying the Settlement Fund Administrator of the noncompliant expenditure(s) and requesting suspension of direct payments to the offending Party and redistribution of that Party’s remaining allocation of Opioid Funds to the other Parties.

C. Duties of the OAC Administrator

- 1. **Receipt of Expenditure Reports** – The OAC Administrator shall receive and maintain the expenditure reports provided by the Parties pursuant to Section B.5 and shall provide them to the members of the OAC for the annual review required under Section C.2.
- 2. **Re-Allocation** – The OAC Administrator shall be responsible for requesting proposals, notifying the Settlement trustee as required, and maintaining records of distribution decisions for Opioid Funds subject to re-allocation under Section C.3.
- 3. **Reporting** –
 - (i) The OAC Administrator shall fulfill the OAC’s responsibilities for collecting data, preparing reports, and making information publicly available, including through the development, maintenance, and annual updating of a centralized public dashboard or other repository.
 - (ii) The OAC Administrator shall set deadlines for the Parties to submit data to the OAC and the OAC shall not be responsible for any deficiencies in data or reports due to the failure of a Party to meet those deadlines or the reporting requirements under Section D.
 - (iii) Nothing in this Section C shall relieve a Party of its responsibilities to maintain, report, and produce data or records as required by Section D, the MOU, and/or any Settlement.

4. **Outcome Data** – If the OAC determines that outcome-related data will be collected, the OAC Administrator will receive such data from the Parties and prepare any related reports as directed by the OAC.
5. **Records Retention** – The OAC Administrator shall maintain OAC records for no less than five (5) years and shall make such records available for review by other Parties or the public. Records requested by the public shall be produced in accordance with the Washington Public Records Act, chapter 42.56 RCW. Nothing in this section supplants any Party's obligations to retain and produce its own records as provided in this Agreement.
6. **Accounting of Administrative Expenses** – The OAC Administrator shall prepare the annual accounting of OAC administrative expenses.

D. Duties of the Parties

1. **Notice of OAC Representative** – Parties shall notify the OAC Administrator of its OAC representative and alternate, if any, and shall timely fill vacancies.
2. **Use and Distribution of Opioid Funds** – Parties shall maintain full discretion over the use and distribution of their allocation of Opioid Funds, provided the Opioid Funds are used solely for Approved Purposes.
3. **Notice to Forego Allocation** – If a Party chooses to forego its allocation of Opioid Funds, it will notify the OAC so the funds can be re-allocated as provided in Section B.4. A Party's notice that it will forego its allocation of Opioid Funds shall apply to all future allocations unless the Party notifies the OAC otherwise. A Party is excused from the reporting requirements set forth in this Agreement for any allocation of Opioid Funds it foregoes.
4. **Allocation Amount** – If a Party disputes the amount it receives from its allocation of Opioid Funds, the Party shall resolve the dispute with the Settlement Fund Administrator. However, the Party shall alert the OAC within sixty (60) days of discovering the information underlying the dispute. Failure to alert the OAC within this timeframe shall not constitute a waiver of the Party's right to seek recoupment of any deficiency in its allocation.
5. **Collaboration** – Parties may agree and elect to share, pool, or collaborate with their respective allocation of Opioid Funds as long as such sharing, pooling, or collaboration is used for Approved Purposes and complies with the MOU and the Settlements.
6. **Proposal Methodology** – Parties shall develop and implement a methodology for obtaining, receiving, and reviewing proposals for use of their allocation of Opioid Funds.
7. **Community-Based Input** – Parties shall ensure an opportunity for community-based input on priorities for Opioid Fund allocation strategies.
8. **Reporting** – Parties shall report to the OAC Administrator on all expenditures of Opioid Fund allocations. The specific data to be provided shall be determined by the OAC.
9. **OAC Administrative Payment** – As further described in Section 6, each Party shall contribute 10% of its annual Opioid Funds allocation to pay for OAC Administrative Costs.

10. **Party's Administrative Costs** – After the 10% OAC Administrative Costs contribution, the administrative costs for a Party to administer its allocation of Opioid Funds shall not exceed 10% of the remaining allocation or actual costs, whichever is less.

11. **Records Retention** – Parties shall maintain all records related to the receipt and expenditure of Opioid Funds for no less than five (5) years and shall make such records available for review by other Parties, the OAC, or the public. Records requested by the public shall be produced in accordance with the Washington Public Records Act, chapter 42.56 RCW. Records requested by another Party or the OAC shall be produced within twenty-one (21) days of the date the record request was received. Nothing in this Agreement supplants any Party's obligations under the Washington Public Records Act.

SECTION 5. OAC ACTION

- A. The OAC shall take action by way of motion and such motions shall be adopted if approved by a favorable majority vote.
- B. Any action by the OAC shall not be effective unless approved by a quorum of the members. The OAC quorum shall be a simple majority of its members.

SECTION 6. FINANCING OF OAC ADMINISTRATIVE COSTS

- A. The OAC Administrator shall act as the fiscal agent for the OAC and shall hold funds and pay, either directly or through reimbursement, administrative costs related to the OAC ("OAC Administrative Costs").
- B. Each Party shall contribute 10% of its allocation of Opioid Funds to an appropriate fund or account held by King County Treasury to pay for OAC Administrative Costs. The OAC Administrator shall annually calculate and notify King County Treasury of the amount of each Party's required contribution. Within 90 (ninety) days of receiving notification, King County Treasury shall transfer the appropriate amounts from each Party's Real Estate Excise Tax (REET) account to the OAC Administrative Costs fund or account.
- C. Each Party's share of responsibility for annual OAC Administrative Costs shall be proportionate to the number of Opioid Funds the Party received in that year as compared to the amount received by other Parties.
- D. OAC administrative expenses shall not exceed 10% of the Parties' combined annual Opioid Funds received or actual costs, whichever is less. This does not preclude a Party from using 10% of its remaining allocation of Opioid Funds, after it's OAC Administrative Cost contribution, for its own administrative costs as outlined in the MOU and in Section D.10.

- E. In the first quarter of each year beginning in 2024, OAC Administrator shall provide the Parties with an annual accounting for the prior year of all actual OAC Administrative Costs along with the allocation showing each Party's proportionate share of the costs.
- F. If the amount transferred from a Party's REET account to the OAC Administrative Costs fund or account under Section 6.B in a year exceeds that Party's proportionate share of the OAC Administrative Costs for that year, King County Treasury shall either: (1) return the excess amount to the Party's REET account within sixty days after the annual accounting required in Section 7.C was provided to Parties. An amount equal to any excess returned to a Party's REET account must be re-allocated by the Party to a purpose authorized by the MOU Exhibit A.

SECTION 7. DURATION

This Agreement shall be effective for the time period that the political subdivisions receive payments under any of the current Opioid Litigation claims and shall continue to be effective until one year after the final payment of such funds.

SECTION 8. TERMINATION

This Agreement shall be self-terminating one year after the final distribution of funds and all reporting finalized through or by the Parties to the MOU.

SECTION 9. MODIFICATIONS OR AMENDMENTS

This Agreement may be modified or amended upon written agreement by all participating Parties, except that the OAC may amend the definitions of Opioid Litigation and National Settlement Agreements in order to make this Agreement applicable to future opioid litigation settlements. Any modifications or amendments to the Agreement must be consistent with the terms of the MOU and the Settlements.

SECTION 10. HEADINGS

The article headings in this Agreement have been inserted solely for the purpose of convenience and ready reference. In no way do they purport to, and shall not be deemed to, define, limit, or extend the scope or intent of the articles to which they appertain.

SECTION 11. ENTIRE AGREEMENT

This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same.

This Agreement sets forth the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous discussions and agreements. Understandings, representations, or warranties not contained in this Agreement or a written amendment hereto shall not be binding on any Party.

SECTION 12. SEVERABILITY

In the event any term or condition of this Agreement or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other terms, conditions, or applications of this Agreement which can be given effect without the invalid term, condition, or application. To this end the terms and conditions of this Agreement are declared severable.

In the event any portion of this Agreement should become invalid or unenforceable, the remainder of the Agreement shall remain in full force and effect.

SECTION 13. NON-DISCRIMINATION

The Parties, their employees, and agents shall not discriminate against any person based on any reason prohibited by Washington state or federal law as adopted or subsequently amended.

SECTION 14. COMPLIANCE WITH LAWS

The Parties shall observe all federal, state, and local laws, ordinances, and regulations, to the extent that they may be applicable to the terms of this Agreement.

SECTION 15. GOVERNING LAW; VENUE

This Agreement has and shall be construed as having been made and delivered in the State of Washington, and the laws of the State of Washington shall be applicable to its construction and enforcement. Any action at law, suit in equity, or judicial proceeding for the enforcement of this Agreement or any provisions hereto shall be instituted only in courts of competent jurisdiction within King County, Washington, unless relocation or commencement elsewhere is required by law.

WHEREFORE, the undersigned executive authorities do hereby approve and adopt the Agreement as set forth herein.

Done on this ____ day of _____, 2023.

Name and Title _____

On Behalf Of _____

Regional Opioid Abatement Council

Establishing a Regional Opioid Abatement Council (OAC)

- Required by the One Washington MOU
- OAC does not control the parties' expenditure decisions
- Parties maintain full discretion to use and distribute their allocation for Approved Purposes (One Washington MOU, Exhibit A)
- OAC monitors distributions, expenditures, re-allocations, and disputes
- OAC fulfills MOU requirements for data collection and reporting
- Proposed OAC Agreement covers settlement allocations from Johnson & Johnson, AmerisourceBergen, Cardinal Health, McKesson, Teva, Allergan, Walgreens, Walmart, and CVS (can be amended to add future settlements)

OAC Membership Proposal

- Roughly proportional to the opioid fund distributions
- Four representatives: 2 King County; 1 City of Seattle; 1 chosen by remaining cities
- King County, as OAC Administrator, would serve as Chair to lead meetings
- OAC would take action by motion, approved by at least three representatives

OAC Duties

- Monitor expenditure of the parties' opioid fund allocations
- Set requirements for party-provided data
- Develop and maintain a public dashboard for publication of expenditure data
- Review reports prepared by OAC Administrator
- Re-allocate funds if a party chooses to forego its allocation
- Attempt to resolve complaints among parties regarding use of funds and provision of data
- Consider remedial action for a party's failure to comply with the One Washington MOU

OAC Administrator

- Proposing King County serve as OAC Administrator
- Receive and maintain expenditure reports and other data from parties
- Maintain and update public dashboard
- Maintain OAC records and make them available to parties and the public
- Prepare annual accounting of OAC administrative expenses

Duties of the Parties

- Maintain full discretion over use of opioid fund allocation, provided it is used solely for Approved Purposes (One Washington MOU, Exhibit A)
- Develop and implement a proposed methodology for allocation of funds
- Ensure an opportunity for community-based input on priorities
- Report and provide data on expenditures and outcomes as determined by the OAC
- Transfer 10% of annual opioid fund allocation to the OAC Administrator for payment of OAC administrative costs
- Maintain records related to the receipt and expenditure of allocation for at least 5 years
- Respond to requests for records from the public, other parties, and the OAC

OAC Finance

As OAC Administrator, King County will work to reduce administrative processing burden and costs to cities:

- Deduct annually from cities' Real Estate Excise Tax (REET) respectively
 - The alternative would be annual billing with cities responsible for submitting individual payments
- Return any underspent amounts at the end of each year

Next Steps

- Send the contact information for your city's point person(s) through [survey tool](#):
 - Fiscal
 - Administrative
 - Programmatic/Implementation
 - Legal
 - **May 26**: Proposed OAC Agreement edits to ocainfo@kingcounty.gov
- **June 5**: Final OAC Agreement sent by King County to all parties
- **July 1**: Signed OAC Agreements back to King County from all parties
- **July**: OAC First Meeting



Memorandum

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-295

Type: Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Finance	Kelley Cochran, Interim Finance Director	425-556-
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DEPARTMENT STAFF:

Public Works	Aaron Bert	Public Works Director
Executive	Malisa Files	Chief Operating Officer

TITLE:

Ordinance: Imposing 0.1% Sales Tax for Transportation Benefit District (TBD)

OVERVIEW STATEMENT:

Over the past months, Council has established a Redmond Transportation Benefit District (TBD) and assumed governance of the District. The next step for the TBD is to pass an ordinance (Attachment A) imposing a 0.1% Sales Tax to fund transportation improvements.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information**

☒ **Provide Direction**

☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
2023-2024 Adopted Budget
- **Required:**
Transportation Benefit Districts are governed under RCW 36.73 allowing the City to establish a TBD and for the levying of additional revenue sources. RCW 35.21.225 authorizes the establishment of a TBD subject to the provisions in RCW 36.73.
- **Council Request:**
The TBD was approved as a new revenue source in the 2023-2024 Adopted Budget.

- **Other Key Facts:**

Approving an ordinance imposing the 0.1% sales tax is the next step in fully establishing the TBD.

OUTCOMES:

Per the timeline shared with Council at the April 11, 2023, Finance, Administration and Communications Committee of the Whole, the next step in establishing the TBD is to approve an ordinance establishing the 0.1% sales tax to fund transportation improvements.

The Revised Code of Washington (RCW) Chapter 36.73.065 and 82.14.055 allows the City Council to impose a vehicle excise tax or a sales tax for the purpose of financing the costs associated with transportation improvements in the District. The sales tax increase will go towards projects allowed by state law including, improving modal connectivity, reducing congestion throughout the City, protecting the City's long-term investments in infrastructure, reducing the risk of transportation facility failure, improving safety, continuing the optimal performance of infrastructure over time, and avoiding more expensive infrastructure replacements in the future.

The ordinance for an increase in sales tax needs to be approved by October for the Department of Revenue to begin collecting the tax by January 1, 2024.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**

The proposed timeline above outlines Council actions. Staff has reached out to the business community through OneRedmond as well as communicated through other media channels to update the Community on the potential change in sales tax

- **Outreach Methods and Results:**

The following outreach methods were used:

- Six posts in Seattle Times, the City's official newspaper
- All details and updates posted on City's website at www.redmond.gov/1971
<<http://www.redmond.gov/1971>>
- Included in the City's newsletter twice to 11,000+ unique emails
- Live stream both public hearings on Facebook Live, YouTube Live, and RCTV and promoted the stream on social media
- Posted to social media five times

- **Feedback Summary:**

Feedback from the community included:

- Concern about the imposition of additional sales tax
- Importance of maintaining and enhancing the City's transportation infrastructure

BUDGET IMPACT:**Total Cost:**

Estimated revenue to be collected by the TBD through the 0.1% sales tax equals \$5.5 million in the 2023-2024 budget.

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-295

Type: Committee Memo

Approved in current biennial budget:

☒ Yes

☐ No

☐ N/A

Budget Offer Number:

Capital Investment Program

Budget Priority:

Vibrant and Connected

Other budget impacts or additional costs:

☐ Yes

☐ No

☒ N/A

If yes, explain:

N/A

Funding source(s):

The 0.1% sales tax imposed by the TBD.

Budget/Funding Constraints:

The expenditures from the TBD are restricted to transportation purposes under RCW 36.73.

☐ Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
12/6/2022	Business Meeting	Approve
4/11/2023	Committee of the Whole - Finance, Administration, and Communications	Receive Information
5/2/2023	Business Meeting	Approve
5/9/2023	Committee of the Whole - Finance, Administration, and Communications	Receive Information
5/16/2023	Business Meeting	Approve
6/6/2023	Business Meeting	Approve

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
6/20/2023	Business Meeting	Approve

Time Constraints:

The TBD establishment, formation, assumption of governance and imposition of sales taxes must be accomplished by October 2023 for the Department of Revenue to be able to collect the additional revenue by January 1, 2024.

ANTICIPATED RESULT IF NOT APPROVED:

If the TBD is not established, the transportation projects and programs relying on the TBD funding would not move forward

ATTACHMENTS:

Attachment A: Ordinance Imposing 0.1% Sales Tax

Attachment B: TBD Timeline

CODE

Attachment A

**CITY OF REDMOND
ORDINANCE NO. _____**

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, ADDING A NEW SECTION 3.93.055 TO THE REDMOND MUNICIPAL CODE IMPOSING AN ADDITIONAL SALES AND USE TAX OF ONE-TENTH OF ONE PERCENT WITHIN THE BOUNDARIES OF THE REDMOND TRANSPORTATION BENEFIT DISTRICT FOR THE PURPOSE OF FINANCING THE COSTS ASSOCIATED WITH TRANSPORTATION IMPROVEMENTS IN THE DISTRICT AS AUTHORIZED BY RCW 36.73.065 AND RCW 82.14.0455; PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Redmond Transportation Benefit District (the "District") was established by City of Redmond Ordinance No. 3120, passed by the Redmond City Council on May 2, 2023 and codified as Chapter 3.93 of the Redmond Municipal Code (RMC); and

WHEREAS, under Ordinance No. _____, passed by the Redmond City Council on June 6, 2023, the City of Redmond assumed the rights, powers, immunities, functions, and obligations of the District pursuant to RCW 36.74.010 and enacted PMC 3.90.035 to recognize the assumption; and

WHEREAS, RCW 36.73.040(3)(a) authorizes transportation benefit districts to impose a sales and use tax, subject to the provisions of RCW 36.73.065 and RCW 82.14.0455; and

WHEREAS, RCW 36.73.065(4)(a)(v) authorizes transportation benefit districts to impose a sales and use tax in accordance with RCW 82.14.0455 in an amount not exceeding one-tenth of one percent

(0.1%) for a period of ten (10) years upon a majority vote of the governing body of the district for the purpose of financing the transportation improvements of a district; and

WHEREAS, post-assumption of the District as provided in Ordinance No. _____, the Redmond City Council has all powers given to the governing body of the District; and

WHEREAS, the Redmond City Council has carefully considered the financial needs of the City's transportation system and the imposition of the tax and has determined that the best interests of the City and the District will be served by passing this ordinance.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Classification. The added section of the Redmond Municipal Code set forth in Section 2 is of a general and permanent nature and shall become part of the City Code.

Section 2. Imposition of Additional Sales and Use Tax. A new section 3.93.055 is hereby added to the Redmond Municipal Code impose the additional one-tenth of one percent sales and use tax authorized by RCW 36.73.065(4)(a)(v) and to read as follows:

**3.93.055 Additional Sales and Use Tax for
Redmond Transportation Benefit District.**

**A. Pursuant to RCW 36.73.065 and RCW
82.14.0455, there is hereby imposed an**

additional sales and use tax to be collected from persons who are taxable by the state under Chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the Redmond Transportation Benefit District. The amount of the additional tax shall be one-tenth of one percent (0.1%) of the selling price, in the case of the sales tax, or the value of the article used, in the case of the use tax.

B. The tax imposed by this section shall apply for a period of ten (10) years from the date the tax is first collected within the District and shall thereafter cease to be imposed unless renewed with the affirmative vote of the voters voting at an election or a majority vote of the Redmond City Council exercising its authority as the governing body of the district.

C. The tax imposed by this Section shall be in addition to any other taxes authorized by law, including but not limited to, the

sales and use taxes imposed under
Sections 3.30.010 and 3.30.015 of the
Redmond Municipal Code.

D. The revenues received from the tax
imposed by this Section shall be general
revenues of the District and shall be
used for those purposes set forth in RMC
3.93.060 or as otherwise authorized by
law.

Section 3. Duties of Clerk and Finance Director. The City Clerk and the Finance Director are hereby requested to submit this ordinance to the Washington State Department of Revenue and to request that the Department take all necessary steps to implement and collect the tax imposed by this ordinance as soon as possible.

Section 4. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court, board or tribunal of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 5. Effective Date. This ordinance shall take effect five days after its publication, or publication of a summary

thereof, in the City's official newspaper, or as otherwise provided
by law.

ADOPTED by the Redmond City Council this ____ day of _____,
2023.

CITY OF REDMOND:

ANGELA BIRNEY, MAYOR

ATTEST:

CHERYL XANTHOS, CMC, CITY CLERK

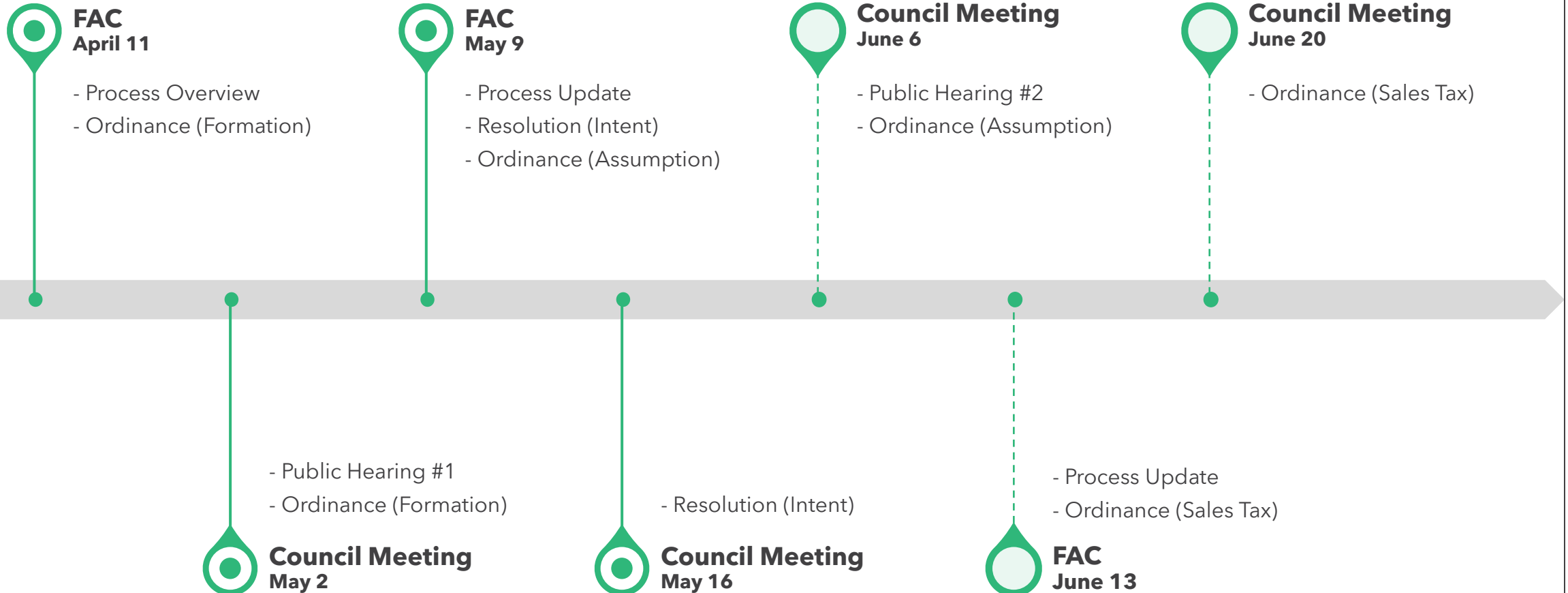
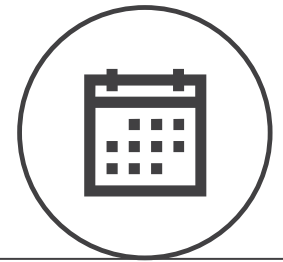
APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

JAMES E. HANEY, CITY ATTORNEY

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO.

Milestones

ATTACHMENT B





Memorandum

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-290

Type: Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Finance	Kelley Cochran	425-556-2748
---------	----------------	--------------

DEPARTMENT STAFF:

Finance	David Amble	Real Property Specialist
Finance	Terry Marpert	Real Property Manager

TITLE:

Telecommunications Lease with New Cingular Wireless PCS, LLC at Novelty Hill Water Storage Tank No. 2., Amendment No. 2

OVERVIEW STATEMENT:

The City of Redmond has an existing lease with New Cingular Wireless PCS, LLC ("AT&T"), to operate and maintain wireless telecommunications equipment at the City-managed Novelty Hill Water Tank site, located at 22515 NE Marketplace Drive. Proposed Amendment 2 to the lease is specifically for the purpose of modifying the equipment installed on the site, improve the insurance provisions in the lease, modify the restoration bond and security fund language, and update the notification section of the lease.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information**

☒ **Provide Direction**

☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
N/A
- **Required:**
N/A
- **Council Request:**
N/A
- **Other Key Facts:**

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-290

Type: Committee Memo

N/A

OUTCOMES:

Approval of Amendment 2 will allow New Cingular Wireless to upgrade the equipment installed at the Novelty Hill Water Tank site.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**

N/A

- **Outreach Methods and Results:**

N/A

- **Feedback Summary:**

N/A

BUDGET IMPACT:

Total Cost:

N/A

Approved in current biennial budget:

☐ Yes

☐ No

☒ N/A

Budget Offer Number:

N/A

Budget Priority:

Strategic and Responsive

Other budget impacts or additional costs:

☐ Yes

☐ No

☒ N/A

If yes, explain:

N/A

Funding source(s):

N/A

Budget/Funding Constraints:

N/A

☐ Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
------	---------	------------------

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-290

Type: Committee Memo

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Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
6/20/2023	Business Meeting	Approve

Time Constraints:

None. The approval timeline for proposed Amendment 2 does not affect the management of the existing lease with New Cingular Wireless PCS, LLC.

ANTICIPATED RESULT IF NOT APPROVED:

New Cingular Wireless PCS, LLC would not be able to modify their equipment installed on the site, improve the insurance provisions in the lease, modify the restoration bond and security fund language, or update the notification section of the existing lease.

ATTACHMENTS:

Attachment A - Amendment 2 to Facilities Lease for Telecommunications Facilities.

**AMENDMENT NO. 2 TO FACILITIES LEASE FOR
TELECOMMUNICATIONS FACILITIES**

DATED: _____, 2023 (“**Effective Date**”)

BETWEEN: City of Redmond

AND: New Cingular Wireless PCS, LLC

By written Facilities Lease for Telecommunications Facilities and Addendum #1 dated November 30, 2005, and Amendment No. 1 to Facility Lease for Telecommunications Facilities dated December 18, 2018,, (hereinafter collectively referred to as the “**Lease**”) between **City of Redmond, a Washington municipal corporation** (hereinafter referred to as “**City**”) and **New Cingular Wireless PCS, LLC, a Delaware limited liability company** (hereinafter referred to as “**Lessee**”), executed a lease for wireless telecommunication facilities at **Novelty Hill/Redmond Ridge Tank No. 2 Facility** located at **22515 NE Marketplace Drive, Redmond, Washington** (hereinafter referred to as the “**Facility**”). The parties hereby agree to amend the Lease consistent with the terms contained in this Amendment No. 2 to Facilities Lease for Telecommunications Facilities (“**Amendment**”) as follows.

RECITALS

WHEREAS, Lessee desires to modify its wireless telecommunications facility equipment located upon the Facility; and

WHEREAS, pursuant to Section 2 of the Lease, no substantive additions to or modifications of any of the described and depicted equipment in Exhibits B and C shall be permitted without Lessee first having received prior authorization from the City through an amendment to the Lease; and

WHEREAS, Lessee and the City now wish to amend the terms of the Lease to modify the use of the Facility as set forth herein.

NOW, THEREFORE, the City and Lessee agree as follows:

AGREEMENT

1. Specific Terms.

- a. **Amendment to Exhibit B.** Exhibit “B” of the Lease is deleted in its entirety and replaced by the **Amended Exhibit “B” “Equipment Description”**, consisting of a written description of the equipment located on the Facility, which is attached and incorporated herein.
- b. **Amendment to Exhibit C.** Exhibit “C” of the Lease is deleted in its entirety and replaced by the **Amended Exhibit “C” “Illustrated Facility”**, consisting of a graphic representation of the equipment site plan, which is attached and incorporated herein.

- c. **Amendment to Section 23 – Insurance.** Section 23 of the Lease is deleted in its entirety and replaced by the following:

Lessee shall carry and maintain for the duration of the Lease, insurance against claims for injuries to persons, death, or damages to property which may arise from or in connection with the exercise of the rights, privileges and authority granted hereunder to Lessee, its agents, representatives, or employees. Lessee shall provide an insurance certificate, together with a blanket endorsement copy including the City, its officers, elected officials, agents, employees, representatives, engineers, consultants and volunteers as additional insureds as respects to this Agreement, under the Commercial General Liability and Automobile Liability policies and shall provide to the City for its inspection prior to the commencement of any work or installation of any facilities pursuant to this Lease, such insurance certificate which shall evidence:

- A. Commercial general liability insurance per ISO form CG 00 01, written on an occurrence basis with limits of:
 - (1) Two Million Dollars (\$2,000,000) each occurrence;
 - (2) Two Million Dollars (\$2,000,000) for Products/Completed Operations Aggregate;
 - (3) Two Million Dollars (\$2,000,000) for Advertising/Personal Injury; and
 - (4) Two Million Dollars (\$2,000,000) general aggregate
- B. Automobile liability for owned, non-owned and hired vehicles with a combined single limit of Two Million Dollars (\$2,000,000) for each accident;
- C. Worker's compensation within statutory limits or be a qualified self-insurer and employer's liability insurance with limits of One Million Dollars (\$1,000,000) per accident, per disease per employee, per disease policy limit; and
- D. Umbrella or excess liability insurance in the amount of Five Million Dollars (\$5,000,000) per occurrence and in the aggregate. Lessee may use any combination of primary and excess insurance to meet the total limits required.

Insurance is to be placed with insurers with a current A.M. Best rating of not less than **A-: VII.**

The liability insurance policies required by this Section shall be maintained by Lessee throughout the term of this Lease, and such other period of time during which Lessee is operating without a Facilities Lease or is engaged in the removal of its telecommunications facilities. Failure to maintain such insurance shall be grounds for Lease cancellation. Payment of deductibles and self-insured retentions shall be the sole responsibility of Lessee. Lessee's insurance shall be primary insurance with respect to the insurance carried by the City, its elected and appointed

officers, officials, employees, agents, representatives, engineers, consultants, and volunteers. Any insurance maintained by the City, its elected and appointed officers, officials, employees, consultants, agents, representatives, engineers, and volunteers shall be in excess of Lessee's insurance and shall not contribute with Lessee's insurance.

In addition to the coverage requirements set forth in this Section, Lessee will provide at least thirty (30) days written notice to the City, of cancellation or non-renewal of any required coverage that is not replaced.

Within thirty (30) days after receipt by the City of said notice, and in no event later than fifteen (15) days prior to said cancellation or intent not to renew any of the required coverage, Lessee shall obtain and furnish to the City a replacement insurance certificate meeting the requirements of this Section.

Failure on the part of the Lessee to maintain the insurance, as required, shall constitute a material breach of this Lease. The City may, after giving five business days' notice to the Lessee to correct the breach, terminate the Lease or, at its discretion, carry or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand.

- d. **Amendment to Section 26 – Restoration Bond.** Section 26 of the Lease is deleted in its entirety and replaced by the following:

Before undertaking any of the work, installation, improvements, construction, repair, relocation, or maintenance authorized by this Lease, Lessee shall furnish a performance bond written by a corporate surety acceptable to the City equal to at least 150% of the estimated cost of completing or removing Lessee's Telecommunications Facilities and other improvements and restoring the public ways and City-owned property to its pre-construction condition ordinary wear and tear excepted. Said bond shall be required to remain in full force until sixty (60) days after completion of the construction and/or improvements and shall warrant all such restoration work for a period of one (1) year. The purpose of this bond is to guarantee completion or removal of Lessee's Telecommunications Facilities which are partially completed and/or non-conforming and other improvements installed by Lessee and to fully restore the public ways and City-owned property to its pre-construction condition ordinary wear and tear excepted.

- e. **Amendment to Section 27 – Security Fund.** Section 27 of the Lease is deleted in its entirety and replaced by the following:

Before undertaking any of the work, installation, improvements, construction, repair, relocation or maintenance authorized by this Lease, Lessee shall establish a permanent security fund in the amount of Fifty Thousand Dollars (\$50,000.00) with the City to guarantee the full and complete performance of the requirements of this Lease, the requirements of RMC Chapter 12.14, and to guarantee payment of any costs, expenses, damages, or loss the City pays or incurs, including civil penalties, because of any failure

attributable to Lessee to comply with the codes, ordinances, rules, regulations, or permits of the City. Prior to withdrawal of any funds from the security fund, the City shall comply with the provisions of RMC Section 12.14.640 as that section presently exists or is hereafter amended. Provided that Lessee may provide, in lieu of a cash security deposit to the City, an unconditional letter of credit made out to the City, or bond, in the amount of Fifty Thousand Dollars (\$50,000.00) to secure performance under this Lease. The letter of credit shall be in a form acceptable to the City Attorney.

- f. **Amendment to Section 39 – Notice.** Section 39 of the Lease is deleted in its entirety and replaced with the following:

NOTICES: All notices, requests, demands and communications hereunder will be given by first class certified or registered mail, return receipt requested, or by a nationally recognized overnight courier, postage prepaid, to be effective when properly sent and received, refused, or returned undelivered. Notices will be addressed to the parties as follows.

If to Lessee:

New Cingular Wireless PCS, LLC
Attn: Network Real Estate Administration
Re: Cell Site No.: WA1629; Cell Site Name: Novelty Hill (WA)
Fixed Asset No.: 10066976

1025 Lenox Park Blvd. NE,
Third Floor
Atlanta, GA 30319

With a required copy of the notice sent to:

New Cingular Wireless PCS, LLC
Attn: Legal Department - Network Operations
Re: Cell Site No.: WA1629 Cell Site Name: Novelty Hill (WA)
Fixed Asset No.: 10066976

208 South Akard Street
Dallas, TX 75202-4206

If to City:

City of Redmond
Attn: Finance - Real Property MS:3NFN
PO Box 97010
15670 NE 85th St.
Redmond, WA 98073-9710

City of Redmond
Attn: City Attorney
PO Box 97010 15670 NE 85th St.
Redmond, WA 98073-9710

2. General Terms.

- a. Full Force and Effect. Except as specifically set forth in this Amendment, all terms and conditions of the Lease will remain in full force and effect as written.
- b. Authority. Each of the parties represent and warrant that they have the right, power, legal capacity, and authority to enter into and perform their respective obligations under this Amendment.
- c. Counterpart. This Amendment may be executed in duplicate counterparts, each of which shall be deemed on original.
- d. Capitalized Terms. Unless defined differently herein, all capitalized terms in this Amendment have the same meaning as in the Lease.
- e. Section References. Except as otherwise expressly set forth in this Amendment, all references to sections are the sections as set forth in the Lease.
- f. Binding Effect. This Amendment shall be binding on the parties, and their respective successors and assigns. This Amendment was negotiated by the parties with legal representation, and any rule of construction or interpretation otherwise requiring this Amendment to be construed or interpreted against a party shall not apply.
- g. Further Action. The parties shall execute and timely deliver all documents, provide all information, and take all actions as may be necessary or appropriate to achieve the purposes of this Amendment.
- h. Severability. If any one or more provisions of this Amendment is held by a court of competent jurisdiction to be unconstitutional or invalid, that decision shall not affect the validity of the remaining portion(s) of this Amendment and the remainder shall remain in full force and effect.
- i. Recitals. The recitals to this Amendment are material to the terms and conditions of this Amendment. The parties acknowledge the accuracy of the information recited therein and incorporate said information as part of this Amendment.

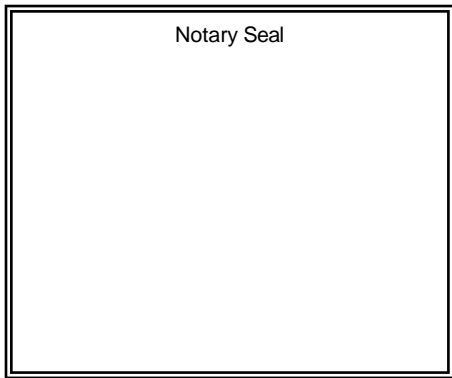
IN WITNESS WHEREOF, the parties have caused this Amendment to be effective as of the Effective Date.

<p>CITY OF REDMOND, a Washington municipal corporation</p> <p>_____</p> <p>ANGELA BIRNEY, MAYOR</p>	<p>NEW CINGULAR WIRELESS PCS, LLC, a Delaware limited liability company</p> <p>By: AT&T Mobility Corporation Its: Manager</p> <p>By: _____</p> <p>Print Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
---	--

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that ANGELA BIRNEY is the person who appeared before me, and that he/she acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of the **City of Redmond** to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2023.



Notary Signature: _____

Printed Name: Cheryl D. Xanthos

Notary Public for the State of Washington

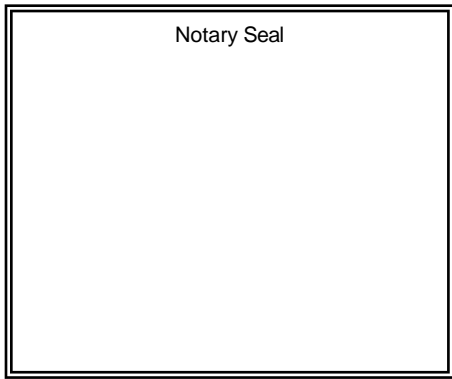
Residing In: _____

My Commission Expires: _____

STATE OF _____)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____
is the person who appeared before me, and that he/she acknowledged that he/she signed this
instrument, on oath stated that he/she was authorized to execute the instrument and
acknowledged it as the _____ of AT&T Mobility Corporation, Manager of
New Cingular Wireless PCS, LLC, a Delaware limited liability company, to be the free and
voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2023.



Notary Signature: _____

Printed Name: _____

Notary Public for the State of _____

Residing In: _____

My Commission Expires: _____

Amended Exhibit “B” - Equipment Description

Water Tank Installation

Remove: [6] Existing panel antennas
 [18] Diplexers
 [6] TMAs
 [12] Coax Cables

Add: [6] Stacked 5G antennas
 [4] Panel Antennas
 [3] Radios

Resulting in:

[6] Stacked 5G antennas
[6] Panel Antennas
[3] Surge/fiber box
[12] Remote Radio Heads
[3] Fiber trunks

Ground Installation (remains the same):

[2] cabinets, additional cabinets as needed within lease area

**Amended Exhibit “C” – Site Plan of
Equipment**

*pages T-1, G-1, G-2, A-1, A-1.1, A-1.2, A-2
and A-2.1*

*from the 8-17-22 plans set to be replaced
with permit-approved plans*



Memorandum

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-298

Type: Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Finance	Kelley Cochran	425-556-2748
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DEPARTMENT STAFF:

Finance	Terry Marpert	Real Property Manager
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TITLE:

NW Restaurants, Inc. 2023 Lease Amendment

OVERVIEW STATEMENT:

NW Restaurants, Inc. operates the Kentucky Fried Chicken (KFC) restaurant located at 15802 Bear Creek Parkway on City of Redmond property under a lease that will expire on June 30, 2023. NW Restaurants wishes to continue leasing the property and has negotiated with staff for a proposed lease amendment extending the lease up to five years to June 30, 2028. Attachment A summarizes the proposed lease amendment terms, and Attachment B has the proposed lease amendment. Staff support the proposed amendment and recommend that it be submitted for City Council approval.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information**

☒ **Provide Direction**

☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
N/A.
- **Required:**
N/A
- **Council Request:**
N/A
- **Other Key Facts:**
N/A.

OUTCOMES:

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-298

Type: Committee Memo

NW Restaurants, Inc. has operated the KFC restaurant under a lease with the previous property owners since 1971. In 2016 the City bought the property and assumed the lease, with the intent to facilitate the preservation of land needed to build a new street link connecting Redmond Way and 158th Ave. NE, and a new four-way intersection at Redmond Way and Bear Creek Parkway. These planned improvements are identified in the Redmond *Transportation Master Plan* (TMP), an element of the Redmond *Comprehensive Plan*.

In 2018, the City and NW Restaurants Inc. signed a five-year lease amendment that will expire on June 30, 2023. The amendment set the “fixed rent” at \$6,588.77 per month for the five-year lease period, plus an annual “percentage rent” based on sales. During the lease period from 2018 to 2023, the Consumer Price Index for Urban workers (CPI-U) in the Seattle-Tacoma-Bellevue area increased by 25.2%.

In recognition of the need to keep pace with inflation, the proposed lease amendment raises the first-year fixed rent beginning on July 1, 2023, by 25.2% from \$6,588.77 to \$8,251.00 (rounded to the nearest dollar). Rent for the second year beginning July 1, 2024, will be based on the April 2023 to April 2024 change in the CPI-U. If exercised, the three optional one-year lease extensions will use same annual April to April changes in the CPI-U to set the monthly fixed rent. The City will also continue to receive annual percentage rent, and NW Restaurants, Inc. will continue to pay stormwater utility charges and the Washington State leasehold tax of 12.84%.

The City is authorized by RCW 35A.11.010 - Rights, powers, and privileges, to conduct real estate property transactions such as the leasing of City-owned property to NW Restaurants, Inc.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

N/A

Approved in current biennial budget:

☐ Yes

☒ No

☐ N/A

Budget Offer Number:

N/A

Budget Priority:

Strategic and Responsive

Other budget impacts or additional costs:

☐ Yes

☐ No

☒ N/A

If yes, explain:

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-298

Type: Committee Memo

N/A

Funding source(s):

N/A

Budget/Funding Constraints:

N/A

☐ Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
Click and select a date, or click and press delete if none.	Click and select a meeting from the dropdown menu.	Click and select an action from the dropdown menu.

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
6/20/2023	Business Meeting	Approve

Time Constraints:

A new lease amendment with NW Restaurants, Inc. should be approved before the current amendment expires on June 30, 2023.

ANTICIPATED RESULT IF NOT APPROVED:

The terms of the existing contract would remain in place until the City and NW Restaurants, Inc. reach agreement on a new lease agreement.

ATTACHMENTS:

Attachment A - Lease Amendment Summary

Attachment B - Proposed 2023 Lease Amendment

ATTACHMENT A
NORTHWEST RESTAURANTS, INC. LEASE AMENDMENT SUMMARY

Lease Summary	Current Lease	Proposed Lease
Lessee	Northwest Restaurants, Inc.	Northwest Restaurants, Inc.
Address	15801 Bear Creek Pkwy. Redmond, WA 98052	15801 Bear Creek Pkwy. Redmond, WA 98052
King Co. Parcel #	9270700005	9270700005
Use	Kentucky Fried Chicken restaurant	Kentucky Fried Chicken restaurant
Lease Term	2 years, 7/1/2018 – 6/30/2020, triple net.	2 years, 7/1/2023 – 6/30/2025, triple net.
Lease Extension	3 optional 1-year extensions: 7/1/2020 – 6/30/2021 7/1/2021 – 6/30/2022 7/1/2022 – 6/30/2023	3 optional 1-year extensions: 7/1/2025 – 6/30/2026 7/1/2026 – 6/30/2027 7/1/2027 – 6/30/2028
Termination	Either party can end the lease upon 12 months written notice.	Either party can end the lease upon 12 months written notice.
Fixed Rent	\$6,558.77 per month / \$78,705.24 annually (7/1/2018 – 6/30/2023)	\$8,251.00 per month / \$99,012.00 annually (7/1/2023 – 6/30/2024)
Percentage Rent	6% of the tenant's total annual sales, less the fixed rent paid annually.	6% of the tenant's total annual sales, less the fixed rent paid annually.
Rent Escalation	None – fixed rent has been the same since 7/1/2018.	Yes – rent to be adjusted annually beginning 7/1/2024 based on the April-to-April annual change in the CPI-U for Seattle-Tacoma- Bellevue.
Washington State Leasehold Tax (LHT)	12.84% LHT (fixed and percentage rent) paid by tenant to the Dept. of Revenue.	12.84% LHT (fixed and percentage rent) paid by tenant to the Dept. of Revenue.

LEASE AMENDMENT

DATE: _____, 2023

BETWEEN: CITY OF REDMOND (LANDLORD) a Municipal Corporation, State of Washington

AND: NORTHWEST RESTAURANTS INC. (TENANT), a Washington corporation

By written lease dated March 29, 1971, Tenant leased from Landlord:

LOT 1 BLOCK 1, WEST REDMOND ADDITION, ACCORDING TO THE PLAT THEROF RECORDED IN VOLUME 58 OF PLAT(S), PAGES 12, RECORDS OF KING COUNTY, WASHINGTON; EXCEPT THAT PORTION DEEDED TO THE CITY OF REDMOND BY DEED RECORDED UNDER RECORDING NUMBER 7104210295

also referred to as 15802 Bear Creek Parkway, and also known as 7870 159th Place NE, Redmond, Washington 98052 (hereinafter referred to as the "Premises"). By Lease Amendments dated April 20, 1971, August 15, 1979, October 12, 1984, and June 8, 1998, July 1, 2016, July 1, 2018, Landlord and Tenant amended the terms of the Lease. Such documents are hereinafter jointly referred to as the "Lease."

Landlord and Tenant now wish to amend terms of the Lease.

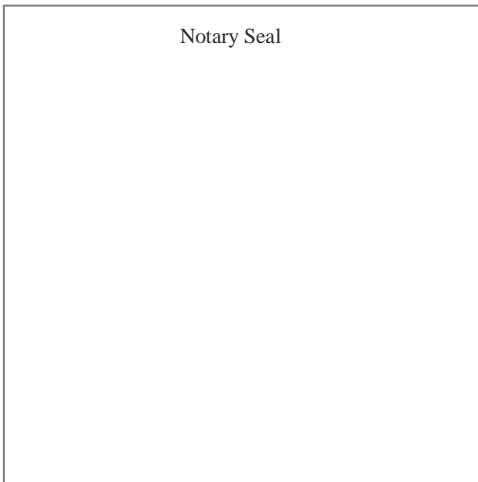
NOW, THEREFORE, the parties agree as follows:

1. **Extension.** The term of the Lease ("Term") is hereby extended for a period of two (2) years, commencing on July 1, 2023, and ending June 30, 2025 ("Extension Period").
2. **Termination During Extension Period.** Either party may terminate the Lease upon twelve (12) months written notice to the other party during the Extension Period.
3. **Rent.** The monthly base rent shall be \$8,251.00 for the period of July 1, 2023, to June 30, 2024. The monthly rent for the period of July 1, 2024, to June 30, 2025, shall be adjusted based on the April 2023 to April 2024 annual change in the CPI-U for Seattle-Tacoma-Bellevue, and rounded upward to the nearest dollars (\$1.00).
4. **Option.** At the end of the Extension Period, Tenant may request in writing that the Landlord agree to extend the term of the Lease for an additional one (1) year period. The Tenant shall make such request at least one hundred eighty (180) days in advance of the end of the Extension Period. If the Landlord agrees to extend the term of the Lease, the Landlord shall submit approval in writing to the Tenant at least ninety (90) days prior to the end of the

STATE OF WASHINGTON)
) §
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____
is the person who appeared before me, and said person acknowledged that ___ he was authorized
to execute the instrument and acknowledged it as the _____ of _____
_____, a _____, to be the free
and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: _____, 2023



Notary Signature: _____

Print Name: _____

Notary Public in and for the State of Washington

My Appointment Expires: _____



Memorandum

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-303

Type: Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Finance	Kelley Cochran	425-556-2749
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DEPARTMENT STAFF:

Finance	Terry Marpert	Real Property Manager
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TITLE:

King County Lake Hills Sewer Upgrade Project Utility Easement

OVERVIEW STATEMENT:

The King County Wastewater Treatment Division plans to construct the Lake Hills Trunk (LHT) Sewer Upgrade Project to replace the existing regional sewer line serving Redmond and Bellevue for over 50 years. The existing line sends wastewater to King County's Brightwater Treatment Facility in Woodinville and is reaching capacity as it nears the end of its service life. Within Redmond, the LHT Project will eventually upgrade approximately 4.5 miles of sewer line (See Attachment A). King County needs to locate a portion of the line on City property on the east side of the Sammamish River within the Sammamish River Trail between Redmond Way and the Redmond Central Connector and has offered to pay the City \$10,358.00 for a 2,734 sq. ft. utility easement. After reviewing King County's offer, staff recommends that the City Council approve granting the easement. (see Attachments B and C).

☒ Additional Background Information/Description of Proposal Attached

REQUESTED ACTION:

☐ Receive Information

☒ Provide Direction

☐ Approve

REQUEST RATIONALE:

- Relevant Plans/Policies:
N/A
- Required:
N/A
- Council Request:
N/A
- Other Key Facts:
N/A

OUTCOMES:

The new LHT line will connect to the Brightwater Treatment Facility to allow sewage to flow through the pipes using gravity, while limiting impacts to environmentally sensitive areas and avoiding other utilities, residential, and commercial uses.

The following Redmond *Comprehensive Plan* policies support the LHT Sewer Upgrade Project:

- Framework Policy FW-31: Plan, finance, build, rehabilitate, and maintain capital facilities and services that support the City's Future Vision and Land Use Plan...and ensure adequate provision of needed infrastructure and services.
- Utility Policy UT-1: Ensure that adequate public utilities and facilities are planned for, located, extended, and sized consistent with the planned growth described in the Goals, Vision and Framework Policies.

RCW 35A.11.010 - Rights, powers, and privileges, authorizes the City of Redmond to conduct real estate property transactions such as the proposed sale of this utility easement to King County.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
King County began alternatives analysis in 2014 and public outreach in 2016. Construction is planned to begin in 2024.
- **Outreach Methods and Results:**
King County has worked to inform the public about the project through meetings, briefings, a webpage, and news releases.
- **Feedback Summary:**
Information about King County's public outreach can be found at the project website:
<https://kingcounty.gov/depts/dnrp/wtd/capital-projects/active/lake-hills-nw-lake-sammamish.aspx>.

BUDGET IMPACT:

Total Cost:

N/A

Approved in current biennial budget:

☐ Yes

☒ No

☐ N/A

Budget Offer Number:

N/A

Budget Priority:

Strategic and Responsive

Other budget impacts or additional costs:

☐ Yes

☐ No

☒ N/A

If yes, explain:

King County is offering to pay \$10,358.00 to the City of Redmond for the utility easement.

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-303

Type: Committee Memo

Funding source(s):

N/A

Budget/Funding Constraints:

N/A

☐ Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
6/20/2023	Business Meeting	Approve

Time Constraints:

King County requests that the City of Redmond grant the utility easement prior to project construction starting in 2024.

ANTICIPATED RESULT IF NOT APPROVED:

Delay in granting the utility easement could affect King County's construction schedule.

ATTACHMENTS:

Attachment A: King County Lake Hills and NW Lake Sammamish Sewer Upgrade Project Information

Attachment B: Offer Letter and Draft Utility Easement

Attachment C: Appraisal of the Lake Hills Trunk Project Utility Easement

King County Lake Hills and NW Lake Sammamish Sewer Upgrade Project



King County

Department of
Natural Resources and Parks

Wastewater Treatment Division

Lake Hills and NW Lake Sammamish Sewer Upgrade Project

Updated Spring 2019

Providing sewer service for a growing community

If you live, work or go to school in Redmond, you use King County's Lake Hills and NW Lake Sammamish sewer pipe every day. Each time you flush a toilet, run a faucet or take a shower, water travels down your drain. From there, the water travels through City pipes and this sewer pipe to Brightwater Treatment Plant in Woodinville. The water is cleaned at the treatment plant. Afterwards, the clean water is released to Puget Sound.

The Lake Hills/NW Lake Sammamish sewer pipe was built in the 1950s and 1970s. The pipe needs to be replaced because it is too small and reaching the end of its service life.

King County is working on a project to upgrade this 4.5-mile-long pipe. Construction is expected to begin in 2021. When complete, the new pipe will provide sewer service for another 50 years or more.

Designing around a legacy of the past

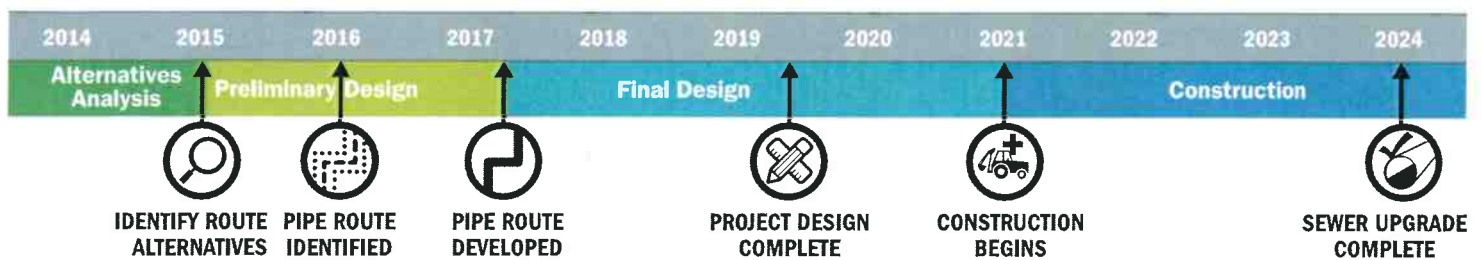
Today's engineers design around a legacy from the past. Fifty years ago, the Lake Hills/NW Lake Sammamish sewer pipe was installed in an area that looked a lot different from today. The new sewer pipe will be installed in about the same location as the existing pipe because it:

- Allows sewage to flow through the pipes using gravity
- Limits impact to sensitive environmental areas
- Avoids many other utilities, homes and businesses that have built up around the sewer pipe



Lake Hills and NW Lake Sammamish Sewer Upgrade Project

TIMELINE



*This is an estimated project timeline and is likely to shift over the course of the project.

Lake Hills and NW Lake Sam

Project area and sewer pipe alignment



Sammamish Sewer Upgrade Project

We'll be with you every step of the way

King County is committed to working with you throughout the project to keep you informed of progress.

Throughout final design

We will provide information about where the new sewer line will be located relative to existing roads, trails, homes, parks and sensitive environmental areas. We will also share how we plan to build the new sewer line and what you can expect during construction. As this information is shared, we will work with you to identify ways we can reduce disruption to your community during construction.

How we build

We will build most of the new sewer pipe using an open-trench construction method. Open trench construction is the most common method used for installing pipes and is preferred for shallow work zones. It will require us to dig a trench from the surface to install the pipe.

Where necessary, a trenchless method will be used to protect environmentally sensitive areas, such as when the pipe crosses under the Sammamish River.

Construction starts in 2021

Sewer construction will take about three years to complete. The 4.5 mile alignment will be completed in sections to reduce impacts to the community. We will share a more detailed construction schedule after we hire a contractor in late 2020.

Keeping you informed

King County recognizes that construction can be disruptive to those who live, work or play nearby. Our goal is to let you know about upcoming construction activities so you can plan ahead. Some of the ways we will work to get you the information you need include:

- Community meetings and briefings
- Newsletters mailed to your house
- Regular email and text updates
- Fliers at your door
- Signage around your community
- Social media updates
- A 24-hour construction hotline
- Prompt, individualized response to all inquiries
- Project representation at fairs, festivals and community events



An example of open-trench construction.

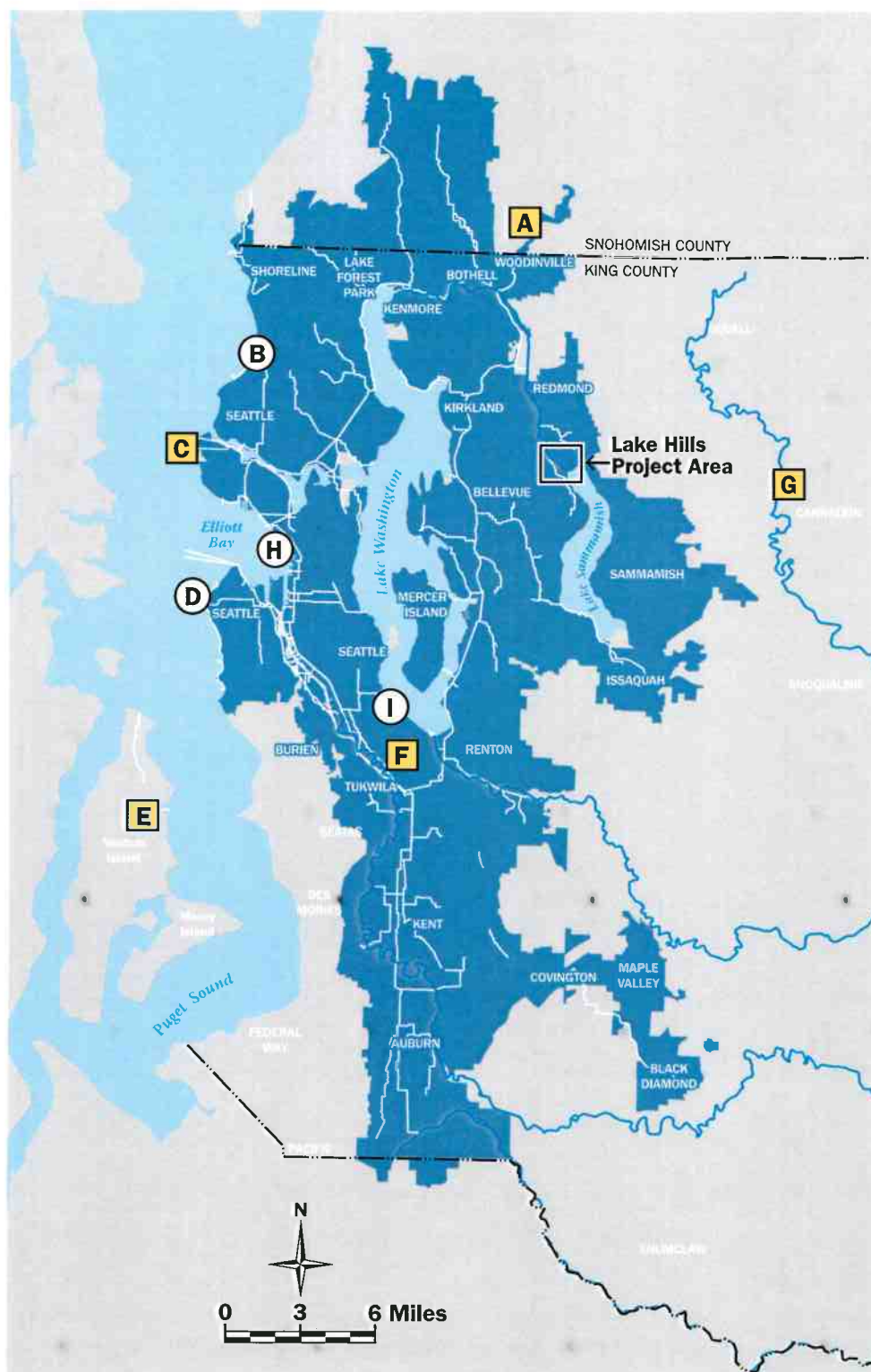


We will use microtunneling to cross under the Sammamish River.



Member of the project team sharing information at Bike Everywhere Day in 2018.

About King County Wastewater Treatment Division



King County serves over 1.7 million people in the Puget Sound region by providing high quality and effective treatment to wastewater collected from our local sewer agencies.

- Wastewater Pipe
- Wastewater Service Area
- Treatment Plant
- Wet Weather Treatment Plant

Treatment Plants

- A** Brightwater Treatment Plant
- B** Carkeek Wet Weather Treatment Plant
- C** West Point Treatment Plant
- D** Alki Wet Weather Treatment Plant
- E** Vashon Treatment Plant
- F** South Treatment Plant
- G** Carnation Treatment Plant
- H** Elliott West Wet Weather Treatment Plant
- I** Henderson Wet Weather Treatment Plant

How else should we communicate with you? Let us know!

- Visit the project website at www.kingcounty.gov/KCRedmondSewer
- Sign up for email updates on our website, by calling 206-477-8621, or by emailing kelly.foley@kingcounty.gov
- Enroll in text alerts: text **KING REDMONDSEWER** to 486-311

Alternate formats available upon request. Please call 206-477-8621 or TTY: 711.



ATTACHMENT B

Offer Letter and Draft Utility Easement

King County

Department of Natural Resources and Parks
Wastewater Treatment Division

Environmental and Community Services Section

King Street Center, KSC-NR-0505
201 South Jackson Street
Seattle, WA 98104-3855

January 10, 2023

Sent via e-mail

Tax Parcel Numbers: 112505-9060

Project Parcel ID: 43

City of Redmond
Attn: Terry Marpert-Real Property Specialist
3NFN
PO Box 97010
Redmond, WA 98073-9710

Offer Letter to Purchase Property Rights - Lake Hills Trunk Sewer Upgrade Project

Dear Terry:

King County Wastewater Treatment Division (the “County”) is currently working on the Lake Hills Trunk Sewer Upgrade Project (the “Project”) to replace its existing Lake Hills Trunk (LHT) regional sewer line that serves the City of Bellevue (COB) and City of Redmond (COR).

King County Wastewater Treatment Division is upgrading a regional sewer line that serves Redmond. The sewer pipes that serve the surrounding neighborhood are reaching capacity and need replacing. The acquisition from the subject property is as a result of The Lake Hills and NW Sammamish sewer pipeline nearing the end of its service life after serving Redmond for 50 years. The County will upgrade approximately 4.5 miles of the sewer line to meet the needs of the growing community. Construction is set to begin in 2024.

In order to construct the Project, the County requires additional property rights on properties owned by the COR Parks Department. The property rights are for the purposes of “constructing, reconstructing, installing, repairing, replacing, operating, and maintaining public utilities, including but not limited to water line and public fire hydrant, sanitary sewer pipeline and storm drainage.

The County is pleased to make this offer to the COR for the purchase a 2,734 square foot Utility Easement on parcel number 112505-9060/ID43 in the amount of \$ 10,358. The just compensation amount is based on an appraisal that was completed by Bates Mckee and Eric Mckee of Mckee Appraisal, dated November 19, 2021.

City of Redmond
January 10, 2023

Enclosed in this offer is the Utility Easement documents along with the W-9 form. Once the fully executed documents and the W-9 is received and the easement is recorded by the County, a check will be mailed to your attention at the address above.

We look forward to discussing the terms of this offer with you or your authorized representative. Please direct any questions or concerns that you may have regarding this offer to me at 206.263.0879 or sbotts@kingcounty.gov.

Thank you for your consideration of this offer, and we look forward to your response.

Sincerely,



Steve Botts
Real Property Agent III
King County Wastewater Division

Enclosures:

Project Newsletter
Utility Easement (Tax Parcel 112505-9060)
King County Substitute W9 Form

Please Return To:
City of Redmond – MS: 3NFN
Finance Dept – Real Property
P.O. Box 97010
Redmond, WA 98073-9710

WASHINGTON STATE COUNTY AUDITOR/RECORDER INDEXING FORM

Document Title(s) *(or transactions contained therein):*

EASEMENT (UTILITY)

Reference Number(s) of Documents assigned or released:

Additional reference numbers on page ____ of document

Grantor(s): *(Last name first, then first name and initials)*

1. CITY OF REDMOND

2.

Grantee(s): *(Last name first, then first name and initials)*

1. KING COUNTY

2.

☐ Additional names on page __ of document

Legal Description: *(abbreviated form i.e. lot, block, plat name, section-township-range)*

PORION OF THE SOUTHWEST QUARTER OF SECTION 2 AND THAT PORTION
OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 25 NORTH,
RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON

☐ Additional legal is on Exhibit A of document

Assessor's Property Tax Parcel Account Number(s):

112505-9060

City of Redmond Reference:

Project Number: **112505-9060**

Permit Number:

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

UTILITY EASEMENT

THE GRANTOR, City of Redmond, a municipal corporation of the State of Washington, for and in consideration of a sum or other valuable consideration in hand paid, receipt of which is hereby acknowledged, conveys and grants to the Grantee, the King County, a political subdivision of the State of Washington, its successors and assigns, a permanent, non-exclusive easement, over, under, in, along, across and upon, certain land ("easement area") legally described as:

See Exhibit "A" attached hereto and incorporated herein by reference,

and as graphically depicted on Exhibit "B", for the purposes of constructing, reconstructing, installing, repairing, replacing, operating and maintaining Sanitary sewer pipe or pipes, together with all necessary appurtenant facilities or equipment. over, upon, under, through and across the described easement area, together with the right to keep said easement area free of obstructions, along with the right of ingress and egress thereto to enable Grantee to exercise its rights hereunder. This easement is granted subject to the following terms and conditions:

1. When in the process of performing any work in the easement area, Grantee shall use construction procedures so that Grantors' access to its property is not blocked.
2. The Grantee shall, upon completion of any work within the property covered by the easement, restore the easement area, and any private improvements disturbed, damaged or destroyed, during execution of the work, as nearly as practical to the condition as existed immediately before the commencement of the work or entry by the Grantee.
3. Grantors shall retain the right to use the easement area as long as such use does not interfere with the easement rights granted to the Grantee. Grantors shall not, however, have the right to:
 - (a) Erect or maintain any buildings or structures within the easement area; or
 - (b) Plant trees, shrubs or vegetation having root patterns, which may cause damage to or interfere with the utilities placed within the easement area by the Grantee, or
 - (c) Develop, landscape, or beautify the easement area in any way, which would unreasonably increase the cost to the Grantee of constructing in, maintaining or restoring the easement area and any private improvements therein.

This easement shall be recorded with the King County Recorder, shall run with the land described herein, and shall be binding upon the parties, their heirs, successors in interest and assigns.

Grantor covenants that it is the lawful owner of the above-described property and has authority to convey such easement.

Dated this ____ day of _____, 20____.

CITY OF REDMOND, A WASHINGTON MUNICIPAL CORPORATION

By: _____

Its: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ signed this instrument as _____ of the City of Redmond, a Washington Municipal Corporation and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: _____.

(Signature of Notary)

(Print or stamp name of Notary)

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

My Appointment Expires: _____

(Use this space for notarial stamp/seal)

Dated this _____ day of _____, 20____.

KING COUNTY

By:_____

Its:_____

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

I hereby certify that I know or have satisfactory evidence that _____ is the
_____ for the King County Department of Natural Recourses,
Wastewater Treatment Division, is that person who appeared before me, acknowledged that
he/she signed this instrument on behalf of King County, on oath stated that he/she was
authorized to execute the instrument and acknowledged it as the free and voluntary act of King
County for the uses and purposes mentioned in this instrument.

Dated: _____.

(Signature of Notary)

(Print or stamp name of Notary)

Notary Public in and for the State of Washington,
residing at_____

My Appointment Expires: _____

(Use this space for notarial stamp/seal)

PROJECT PARCEL NO. 43
PARCEL TAX IDENTIFICATION NO. 112505-9060
PERMANENT EASEMENT DESCRIPTION

A TRACT OF LAND WITHING THE FOLLOWING DESCRIBED PARCEL:

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 2 AND THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, LYING SOUTHERLY OF THE SOUTHERLY LINE OF NORTHERN PACIFIC RAILWAY COMPANY RIGHT-OF-WAY, AND NORTHEASTERLY OF THE NORTHEASTERLY LINE OF STATE HIGHWAY NO. 2-D.

EXCEPT THAT PORTION LYING NORTHWESTERLY OF A LINE DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 11;
THENCE SOUTH 88°06'37" EAST, ALONG THE SECTION LINE COMMON TO SECTIONS 2 AND 11, A DISTANCE OF 1,873.72 FEET;
THENCE SOUTH 46°23'23" WEST 158.22 FEET;
THENCE SOUTHWESTERLY ALONG SAID HIGHWAY 364.80 FEET TO THE POINT OF BEGINNING;
THENCE NORTH 46°23'23" EAST TO THE SOUTHERLY LINE OF NORTHERN PACIFIC RAILWAY COMPANY RIGHT-OF-WAY AND TERMINUS OF SAID LINE.

EXCEPT SAMMAMISH WATERWAY DISTRICT NO. 3.

AND EXCEPT THAT PORTION CONVEYED TO WILLIS E. CAMPBELL, ET AL BY DEED RECORDED UNDER RECORDING NO. 9101291015 AND DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., KING COUNTY, WASHINGTON, LYING NORTHEASTERLY OF THE REDMOND-KIRKLAND ROAD, DESCRIBED AS FOLLOWS:

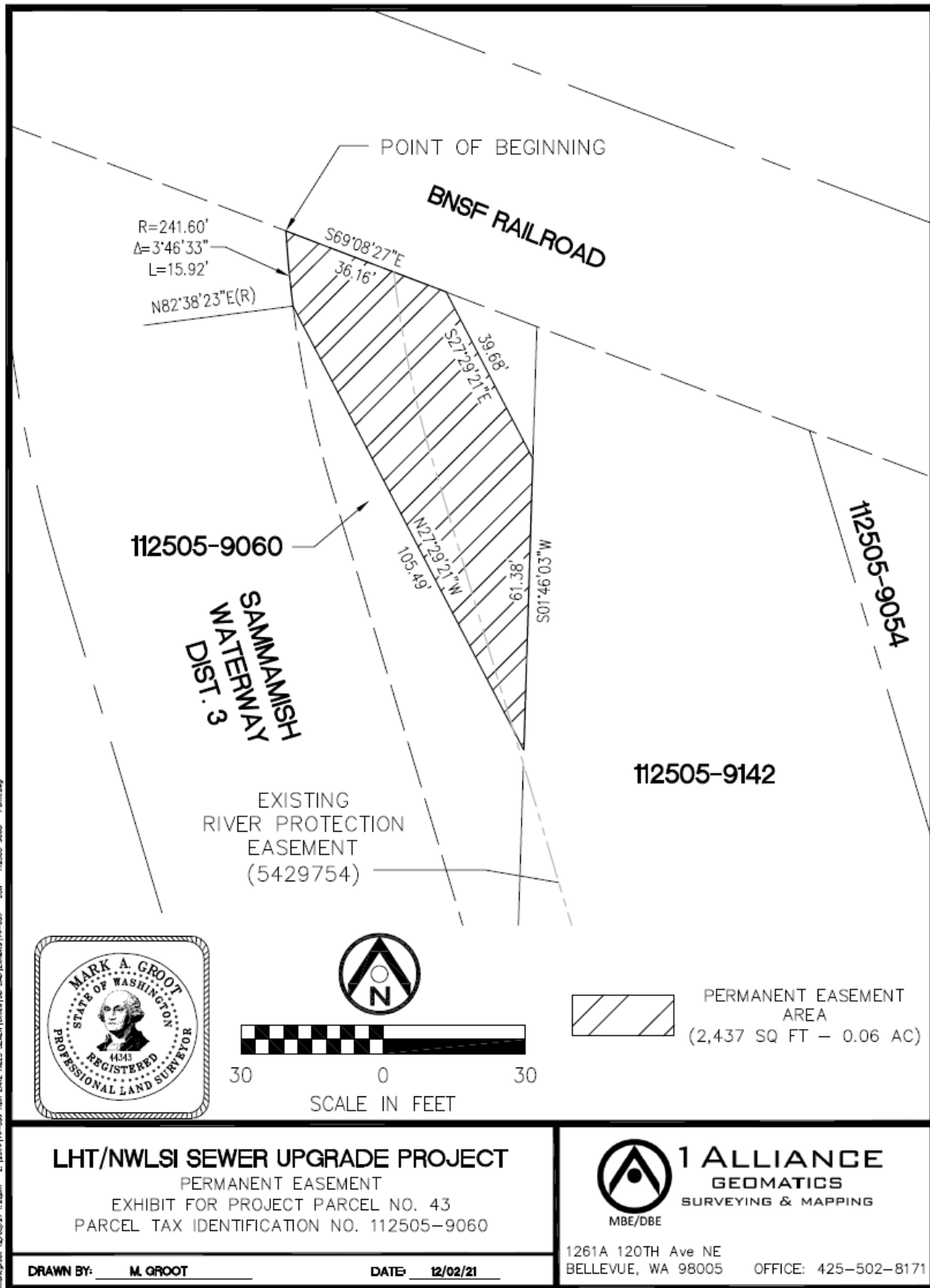
COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 11;
THENCE SOUTH 88°06'37" EAST, ALONG THE SECTION LINE COMMON TO SECTIONS 2 AND 11, A DISTANCE OF 1,873.72 FEET;
THENCE SOUTH 46°23'23" WEST 160.23 FEET TO THE NORTHEASTERLY MARGIN OF THE REDMOND-KIRKLAND ROAD;
THENCE SOUTH 43°36'37" EAST, ALONG SAID NORTHEASTERLY MARGIN, 188.47 FEET TO ENGINEERS STATION 187+41.14;
THENCE NORTH 46°23'23" EAST 20.00 FEET;
THENCE SOUTH 43°36'37" EAST, ALONG SAID NORTHEASTERLY MARGIN, 176.53 FEET;
THENCE NORTH 46°23'23" EAST 25.00 FEET TO A POINT ON A 600.00 FOOT RADIUS CIRCULAR CURVE TO THE LEFT, FROM WHICH POINT, THE CENTER OF SAID CURVE BEARS NORTH 38°51'56" EAST AND THE TRUE POINT OF BEGINNING;
THENCE EASTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°55'39", AN ARC DISTANCE OF 93.49 FEET;
THENCE NORTH 33°50'07" EAST 121.73 FEET;
THENCE NORTH 11°52'00" WEST 76.31 FEET TO A POINT WHICH BEARS NORTH 46°23'23" EAST FROM THE TRUE POINT OF BEGINNING;
THENCE SOUTH 46°23'23" WEST 178.37 FEET TO THE TRUE POINT OF BEGINNING.


SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

SAID TRACT DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL;
THENCE SOUTH $69^{\circ}08'27''$ EAST ALONG THE SOUTHERLY LINE OF SAID RAILWAY RIGHT-
OF-WAY, A DISTANCE OF 36.16 FEET;
THENCE SOUTH $27^{\circ}29'21''$ EAST, A DISTANCE OF 39.68 FEET TO THE EAST LINE OF SAID
PARCEL;
THENCE SOUTH $01^{\circ}46'03''$ WEST ALONG SAID EAST LINE, A DISTANCE OF 61.38 FEET;
THENCE NORTH $27^{\circ}29'21''$ WEST A DISTANCE OF 105.49 FEET TO THE WEST LINE OF SAID
PARCEL AND THE BEGINNING OF A CURVE TO THE RIGHT HAVING A RADIUS OF 241.60
FEET;
THENCE ALONG THE ARC OF SAID CURVE, AND SAID WEST LINE, THROUGH A CENTRAL
ANGLE OF $3^{\circ}46'33''$, AN ARC LENGTH OF 15.92 FEET TO THE POINT OF BEGINNING.

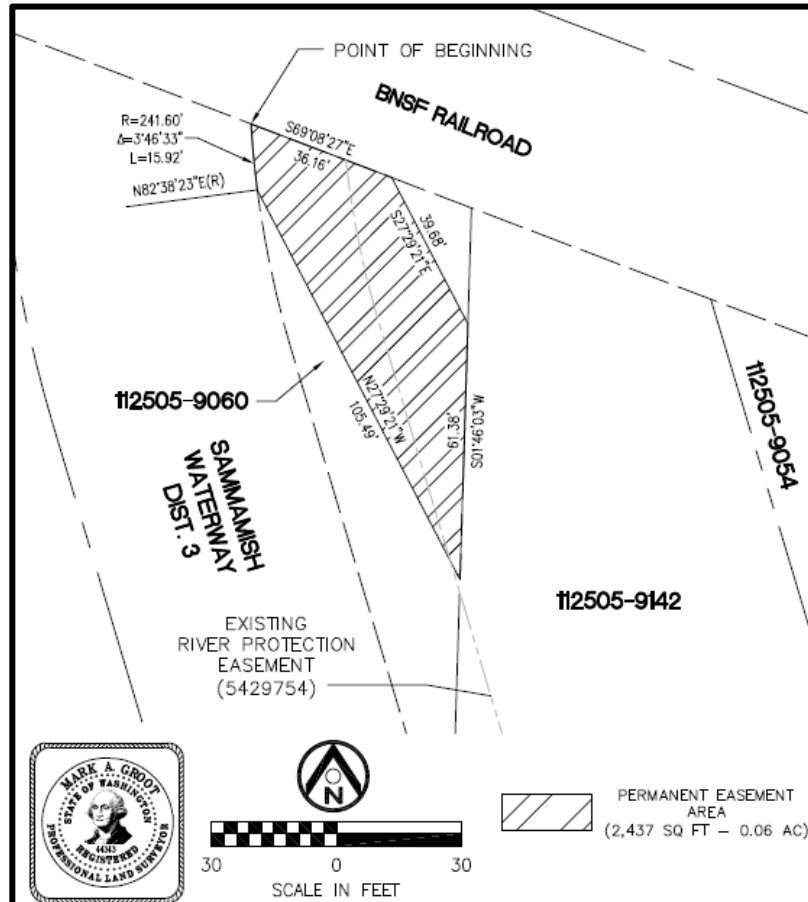
CONTAINING 2,437 SQUARE FEET OR 0.06 ACRES, MORE OR LESS.



 KING COUNTY SUBSTITUTE W-9	Request for Taxpayer Identification number and Certification	Give form to King County. Do not send to IRS.										
Name (as shown on Invoice) <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>												
Business Type <div style="display: flex; flex-wrap: wrap; margin-top: 5px;"> <div style="width: 50%;"><input type="checkbox"/> Association</div> <div style="width: 50%;"><input type="checkbox"/> C-Corporation</div> <div style="width: 50%;"><input type="checkbox"/> S-Corporation</div> <div style="width: 50%;"><input type="checkbox"/> Disregarded Entity</div> <div style="width: 50%;"><input type="checkbox"/> Division</div> <div style="width: 50%;"><input type="checkbox"/> Government</div> <div style="width: 50%;"><input type="checkbox"/> Individual</div> <div style="width: 100%; margin-top: 5px;"> <input type="checkbox"/> Limited Liability Company: Enter tax classification (C=C-Corporation, S=S-Corporation, P=Partnership) </div> <div style="width: 50%;"><input type="checkbox"/> Non Profit</div> <div style="width: 50%;"><input type="checkbox"/> Partnership</div> <div style="width: 50%;"><input type="checkbox"/> Sole Proprietor</div> <div style="width: 50%;"><input type="checkbox"/> Trust/Estate</div> </div>												
Business Registration Information Enter where you are registered to do business and the corresponding State Registration Number <div style="display: flex; justify-content: space-between; margin-top: 5px;"> State: _____ Registration Number: _____ </div>												
Purchasing Location Information Physical Address <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>												
City , State, and Zip <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>												
Remittance Information Remit Address (if different than above) <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>												
City , State, and Zip <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>												
Tax Reporting Name and Tax Identification Number or Social Security Number Enter your Tax reporting Name and address. The Tax Identification number provided must match the name given on the "Tax Reporting Name" line. For individuals, this is your social security number (SSN). Tax Reporting Name <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>												
Tax Reporting Address <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>												
Tax Reporting City, State, and Zip <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>												
Tax Identification Number, Employer Identification Number or Social Security Number (enter numbers only): <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> </tr> </table>												
Under penalties of perjury, I certify that: 1. The number shown on this form is my correct tax reporting name and identification number. 2. I am a U.S. citizen, U.S. person or U.S. Business Entity. 3. I am not subject to backup withholding due to failure to report interest and dividend income. 4. I am exempt from FATCA reporting. Certification instructions. If you are not a U.S. citizen, U.S. person or U.S. Business Entity, you must cross out item 2 above. You will need to provide a completed King County W9 form as well as a copy of your W-8. Sign Here 												
Print Name of Signer <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>		Date Signed <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>										

ATTACHMENT C
Appraisal of Lake Hills Trunk Project - Utility Easement

Lake Hills Trunk Project- Utility Easement
8099 Willows Rd NE
Redmond, Washington



Appraisal of
Lake Hills Trunk Project – Utility Easement

*Appraisal of a Permanent Utility Easement to be acquired by King County
from the City of Redmond for the Lake Hills Trunk Sewer Upgrade Project*

Effective Date of Appraisal:

November 19, 2021

Prepared for:

Awet Kassa
Project Representative
King County

King County Contract for Technical Services No. 6209614

Project No. 1116801, Award 114208, Work Order No. 5

Appraised by:

Bates McKee, MAI, CRE, AI-GRS
Eric McKee, Appraiser
Katie Martens, Appraiser



McKee Reference No. 41240

December 13, 2021

Awet Kassa, Project Representative
King County Department of Natural Resources and Parks
Wastewater Treatment Division
Regulatory Compliance and Land Acquisition Services
201 S Jackson St
Seattle, WA 98104-3855

Name:	Lake Hills Trunk Project -Utility Easement
Description:	<i>Appraisal of a permanent utility easement to be acquired by King County for the Lake Hills Trunk Sewer Upgrade Project</i>
Address:	8099 Willows Rd NE Redmond, Washington
King County Parcel No.:	1125059060
McKee Appraisal No.:	41240

Dear Ms. Kassa:

At your request and authorization, we have prepared the attached appraisal for acquisition. King County requires acquisition of permanent easement rights on a portion of the above-mentioned property in conjunction with the Lake Hills Trunk Sewer Upgrade Project. The permanent utility easement measures 2,437 sf, and is located on a parcel of land which is owned by the City of Redmond. The purpose and intended use of this appraisal is to estimate the value of the permanent utility easement to be acquired for internal use by the client.

The accompanying appraisal has been prepared in conformity with *The Uniform Standards of Professional Appraisal Practice (USPAP)* and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, Washington State law for eminent domain acquisitions, and King County appraisal procedures. This appraisal is subject to the attached Certification, extraordinary assumptions, hypothetical conditions, and General Assumptions and Limiting Conditions.

As a result of our investigation and analysis our conclusions are as follows:

<u>Description</u>	<u>Effective Valuation Date</u>	<u>Value Conclusion</u>
Permanent Utility Easement Value	November 19, 2021	\$10,358

Respectfully submitted,



Bates McKee, MAI, CRE, AI-GRS

WA State-Certified General Real Estate Appraiser (1100228)



Eric McKee, Appraiser

WA State-Certified General Real Estate Appraiser (1102525)



Katie Martens, Appraiser

WA State-Registered Real Estate Appraiser Trainee (1002243)

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Certification

Ordinary Assumptions and Limiting Conditions

Appraisers' Experience & Qualifications

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Summary of Appraisal

King County Wastewater Treatment Division is upgrading a regional sewer line that serves Redmond. The sewer pipes that serve the surrounding neighborhood are reaching capacity and need replacing. The acquisition from the subject property is as a result of The Lake Hills and NW Sammamish sewer pipeline nearing the end of its service life after serving Redmond for 50 years. The County will upgrade approximately 4.5 miles of the sewer line to meet the needs of the growing community. Construction is set to begin in 2021.

Currently, the county is working on the final design stages of the project, which will begin in Redmond's Idylwood neighborhood, continue south along W Lake Sammamish Parkway between Idylwood and Marymoor Parks. From there, the pipe continues south along the Sammamish River Trail crossing the Sammamish River at Leary Way NE to NE 85th St.

As part of the project King County is acquiring a permanent utility easement from the subject property. The proposed permanent utility easement to be acquired consists of a 2,437-sf utility easement that encumbers an area of the property extending from the northwest corner to the southeastern edge of the subject property. The easement encumbers an area that is partially improved with the Sammamish River Trail. The permanent easement is for the purposes of "constructing, reconstructing, installing, repairing, replacing, operating, and maintaining public utilities, including but not limited to water line and public fire hydrant, sanitary sewer pipeline and storm drainage...." Please see the easement map and the easement description exhibits in the Addenda for a visualization of the easement.

For valuation, we first estimate the value of the land using across the fence (ATF) methodology, by examining unit land value from sales of similarly zoned and situated properties nearby. Essentially, the premise of this methodology is that the best indication of to the subject's land is the value of the land adjacent to it, with emphasis placed on sales of similar properties. Considering the subject's limited use potential (resulting from its location within the setback buffer area of the Sammamish River), this appraisal identifies and analyzes properties with similar development restrictions. These sales have been used to determine a unit land value for the subject. The permanent utility rights to be acquired will diminish the encumbered area by a fraction of the fee simple value of the land. The unit land value, multiplied the easement area and multiplied by the fraction of fee simple land value, results in the concluded value.

Appraisal Description

Property Identification

The subject property is improved with paved trail improvements on a 4,918-sf site. The subject property is located northwest of the intersection of Bear Creek Pkwy and Redmond Way. The subject property is located in the downtown neighborhood within the City of Redmond.

Property Rights Appraised

The property rights appraised are a fee simple (absolute) interest in the property, subject only to the existing easements of record and to the four powers of government in the United States (taxation, eminent domain, police power and escheat). To the extent that the property may be leased or encumbered with other interests, this fee simple interest may be a hypothetical condition that is appropriate for the intended user and use of the appraisal.

Title Report: Easements and Other Restrictions

We have reviewed a variety of documents including King County public records and provided title documents. We have reviewed a subdivision guarantee report provided by King County, prepared by Stewart Title Guaranty Company, dated July 17, 2017. The report notes several easements including a bank protection and/or other flood control works easement.

Of note, there is a title issue listed under recording number 7402130373 for a utility easement which partially overlaps the proposed easement which is the subject of this appraisal. The grantor of this easement was King County, and the Grantee was the Municipality of Metropolitan Seattle. However, King County was apparently not the owner of the property when this easement was granted. Therefore, we assume there is no easement.

Client, Intended User, and Intended Use of Appraisal

This appraisal is to be used to provide information to the client and intended user, King County. The City of Redmond is also an Intended User. The intended use is for acquiring permanent easement rights needed for the proposed project.

Fair Market Value Definition

The purpose of this appraisal is to estimate the Fair Market Value of the proposed easement to be acquired. The following definition of Fair Market Value is from the Washington Pattern Jury Instruction 150.08:

Fair market value means the amount in cash that a well-informed buyer, willing but not obliged to buy the property, would pay, and that a well-

informed seller, willing but not obligated to sell it, would accept, taking into consideration all uses to which the property is adapted or may be reasonably adaptable.

Scope of the Appraisal

This appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice, and to standards for eminent domain acquisition appraisals in Washington State. In the course of this assignment, we reviewed the readily available information regarding the subject property and the project. This included information provided by the client, information available from the King County Assessor, King County Recorder's Office, City of Redmond, and other public information. We also reviewed the zoning requirements, neighborhood economics, and other relevant information from a variety of sources.

Ownership of Property

The owner of the property is The City of Redmond.

Sales History, Current Status, Agreements of Sale, Options or Listings of Property

The subject property has not transacted in the last three years. The subject is not currently listed for sale or lease. We are not aware of any purchase option, agreement of sale, or other direct indication of value as of the date of value.

Assumptions, Hypothetical Conditions, Limiting Conditions, and Jurisdiction Exceptions

This appraisal is subject to the Assumptions and Limiting Conditions found at the end of this report, as well as the extraordinary assumptions, hypothetical conditions, and jurisdictional exceptions noted in the following paragraphs. The use of extraordinary assumptions and/or hypothetical conditions might have affected the appraiser's opinions or conclusions.

As described in the "Title Report" section above, the 1974 utility easement (recording number 7402130373) is assumed to not exist.

We assume as an extraordinary assumption that there are no unapparent conditions which affect the value or utility of the property. As an extraordinary assumption we are appraising the subject property as if fee simple, without regard to any actual leases or financial encumbrances that may be present on the property.

This appraisal has been made in conformity with the appropriate State laws, regulations and policies and procedures applicable to appraisal of properties for such purposes.

Unless explicitly noted herein, as an extraordinary assumption or hypothetical condition, we have appraised the subject property as if cleaned of any detrimental environmental conditions.

To the extent that the property is not in fact clean or cleaned, this is a hypothetical condition at the instruction of the client. Please note that further investigation or instruction regarding this assumption may be appropriate and forthcoming and could change the results of this appraisal.

As an extraordinary assumption we assume that the project for which the property is acquired will be constructed as proposed.

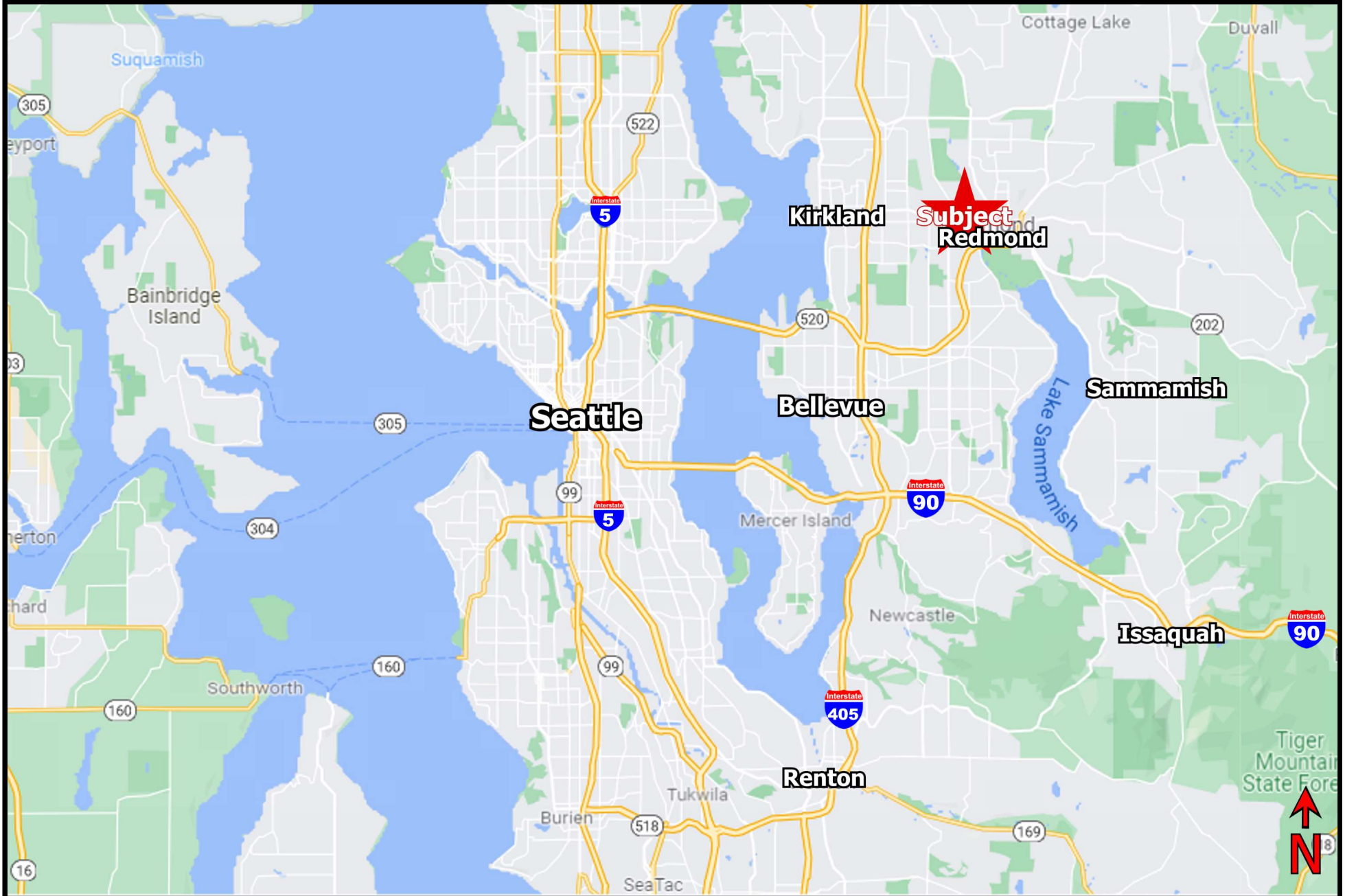
Date of Value

November 19, 2021

Date of Report

December 13, 2021

Neighborhood Map



Neighborhood Description

Regional Overview

The subject property is located on the "Eastside" of the Seattle Metropolitan Area, within the City of Redmond. The metropolitan area essentially consists of King, Pierce, and Snohomish Counties. These counties are in the middle of a five-county area often referred to as the Central Puget Sound Region. Seattle and Bellevue are the focus points of economic activity for all of Western Washington and have reputations for being desirable places to live and work.

The Eastside

The Eastside has a combined population of about 530,000 and is forecast to increase to over 700,000 in the next five years. The Eastside market is considered one of the most desirable residential and employment areas in the Seattle metropolitan area. It is relatively upscale and has witnessed substantial increases in both population and employment in the last 20 years. Specifically, Bellevue and the Eastside are known as centers of the high-tech industry, primarily due to Microsoft's presence. These trends appear likely to continue in the future.

Over 40% of households are in the highest income quartile, which is far more than any other region, as reported by the Puget Sound Regional Council. Nearly two-thirds of Eastside households are over the median income. Many of these households are financed by the prevalent high-tech economy of the Eastside, with Microsoft headquartered only a few miles north of the subject in Redmond. Higher paying jobs lead to greater disposable income, which allows for greater consumer spending supporting local retailers.

City of Redmond

Redmond is located about 12 miles northeast of downtown Seattle and is bordered by Kirkland to the west, Bellevue to the southwest, and Sammamish to the southeast. To the northeast lies Unincorporated King County. The city's Downtown area is just north of Lake Sammamish; residential areas lie north and west of the lake. Overlake, the city's second urban center, is to the west of Lake Sammamish, and connected to Bellevue via the Spring District, and Bel-Red Road. The Sammamish River runs north from the lake along the west edge of the city's downtown.

Redmond is known as a center of technology and is the location for a number of major high-tech companies including Microsoft, Facebook, Nintendo, Google, AT&T and Honeywell. Since 2015, SpaceX has also opened two office locations in Redmond, and has plans to expand their operations. More recently, Facebook has begun to occupy a significant amount of space in the Redmond Willows market. In total, Facebook has claimed 1.4 million square feet of office/flex space in Redmond, in addition to a project underway for an additional 650,000 square feet.

Between 2010 and 2020, Redmond's population has grown by nearly 50% from 54,144 in 2010 to 80,915 as of 2020. This population makes Redmond the 15th largest city in Washington State. According to American Community Survey (ACS), as reported by the Puget Sound Regional Council (PSRC), Redmond's median household income is \$134,844, far above the average for Washington State at \$74,073. Zillow reports the typical home value in Redmond is \$982,874. This value is seasonally adjusted and only includes the middle price tier of homes. Redmond home values have gone up 11.1% over the past year.

Redmond's affluence is driven largely by Microsoft and supporting vendors, along with other tech companies previously mentioned. Microsoft's main campus is located roughly two miles south of downtown Redmond, just minutes away via SR-520. Microsoft also has offices within nearby downtown Bellevue, the second largest regional hub for business after downtown Seattle.

Redmond has seen an influx of residential and hotel development in the past decade. The Anderson Park Hotel at Redmond Way and 166th Ave NE opened in September 2020 (delayed due to the pandemic) and the Archer Hotel located at the south end of Redmond Town Center opened in May 2019. More than 1,000 residential units are planned, under construction, or recently completed within the downtown Redmond core.

In November 2016 voters approved the extension of the Link Light Rail from the Redmond Technology Center Station at NE 40th St. in Overlake, which is scheduled to open in 2023, to Southeast Redmond and Downtown, with service scheduled to begin in 2024. The Downtown Redmond light rail station will be located between 164th Ave NE and 166th Ave NE. This extension will add 3.4 miles and 2 stations. Anticipated travel time from Downtown Redmond to Downtown Seattle is 45 minutes. Redmond will have access to the 116-mile light rail system using any of the four Redmond Stations.

Access

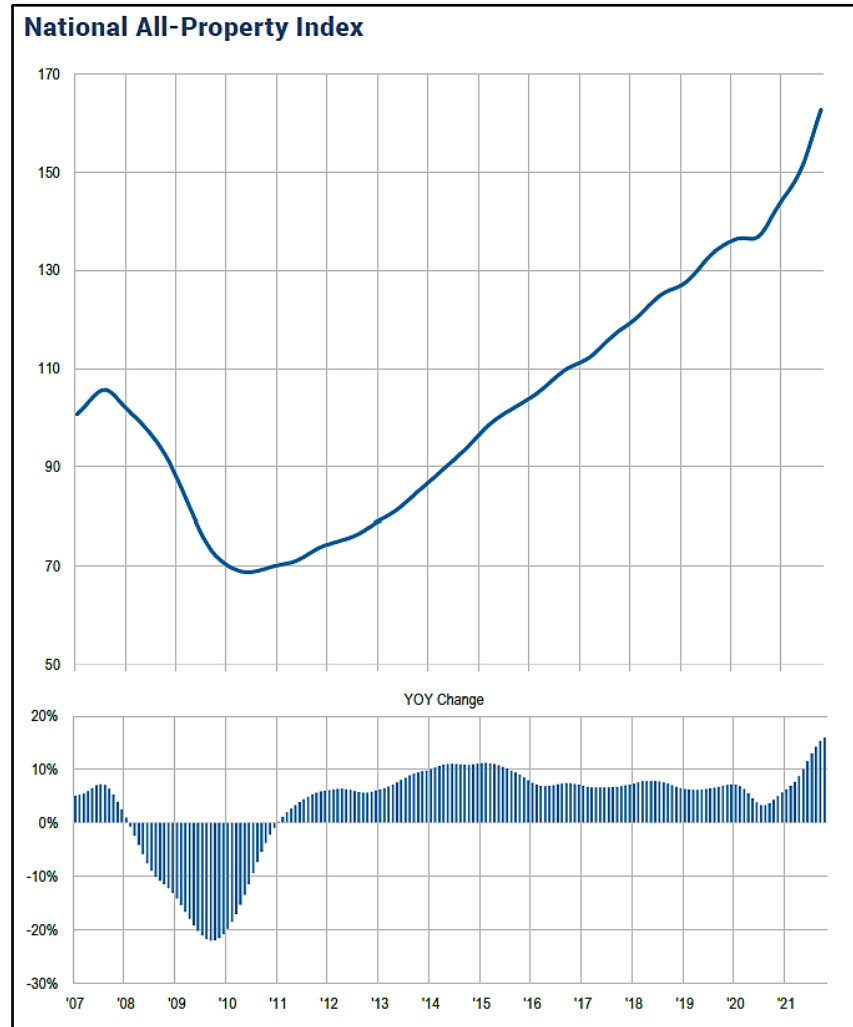
The subject property does not have any frontage on roads, however, is accessible via the Sammamish River Trail. Overall, access to and from the subject is good, and access to major highways and cities throughout the Eastside area is convenient. The subject is located just north of an interchange of Interstate 520, which provides access to downtown Redmond to the north and downtown Bellevue and Seattle to the south and west. The subject is also located about 3 miles from I-405, which is a major regional north and south interstate.

Market Analysis

National Market - Value Trends and Sectors

For a broad understanding of the current conditions in the commercial real estate markets, we have consulted several nationally published price indices. First, the Commercial Property Price Index (CPPI) produced by Real Capital Analytics (RCA), reflecting results through September 2021.

This equally-weighted index reflects repeat sales of the same property in which the initial transaction price was \$2.5 million or more. It is worth noting the data seems to indicate broad value increases after only a mild decline at the outset of the coronavirus pandemic, with 1-year changes averaging +15.9%.

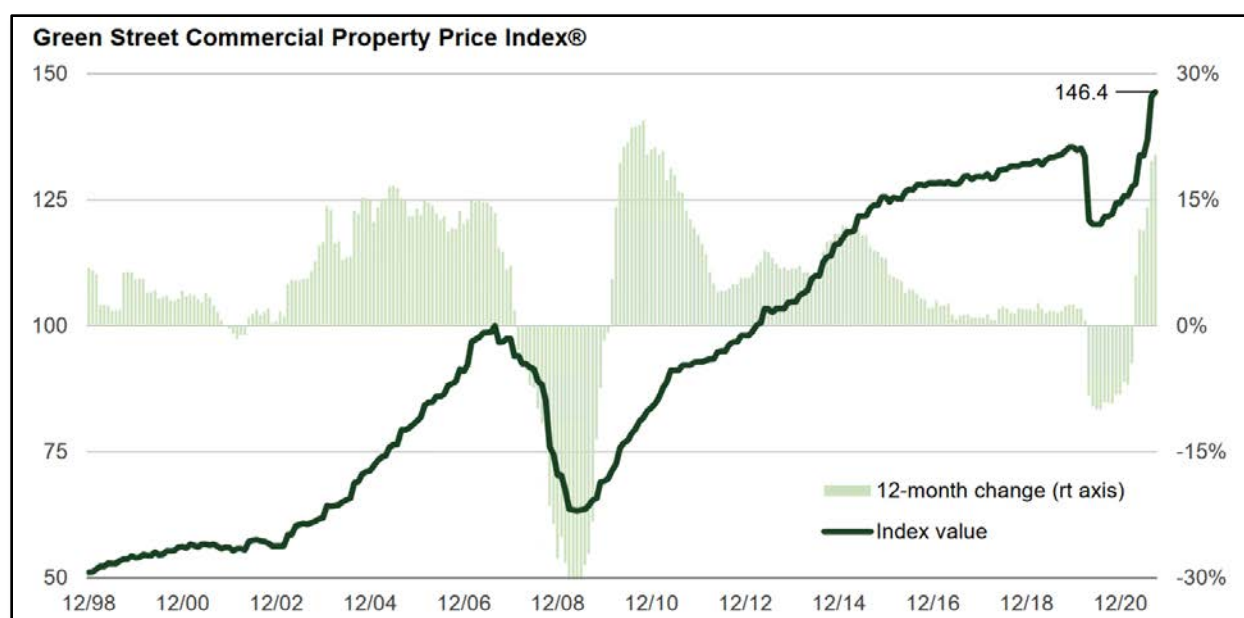


In a detailed examination, no single sector is significantly down. CBD Office continues to struggle as many companies use this time of post-COVID introspection as an opportunity to explore what type of officing structure best suits their needs. Note that while CBD Office is up only 0.9% over the last 12 months, suburban markets have grown 15.6% over the same period. In the same vein, growth of all types in the 6 major metros have grown 10.6% vs the 17.6% growth over all in the non-major metros, including Seattle. In addition, apartment and industrial sectors have risen at a historic clip, 16.8% and 18.9% respectively. All other sectors have grown at double digit rates, in line with the unprecedented 1.7% overall month over month growth of the entire index.

Change in RCA CPPI October 2021

	1-mth	3-mth	1-yr	3-yr	5-yr	10-yr
Office	1.0%	4.1%	13.7%	18.6%	32.7%	88.3%
Office - CBD	0.4%	1.4%	0.9%	5.3%	14.4%	83.7%
Office - Sub	0.7%	4.0%	15.6%	19.8%	35.4%	89.7%
Industrial	1.9%	6.1%	18.9%	44.2%	67.5%	142.2%
Retail	1.3%	4.5%	14.2%	12.9%	16.0%	58.9%
Commercial	1.5%	4.8%	14.1%	23.9%	36.3%	92.5%
Apartment	1.4%	4.9%	16.8%	36.4%	66.0%	174.6%
All Types	1.7%	5.3%	15.9%	29.2%	47.8%	121.7%
6 Major Metros All Types	0.5%	2.2%	10.6%	20.4%	35.4%	106.6%
Non-Major Metros All Types	2.2%	6.5%	17.6%	32.4%	52.6%	130.0%

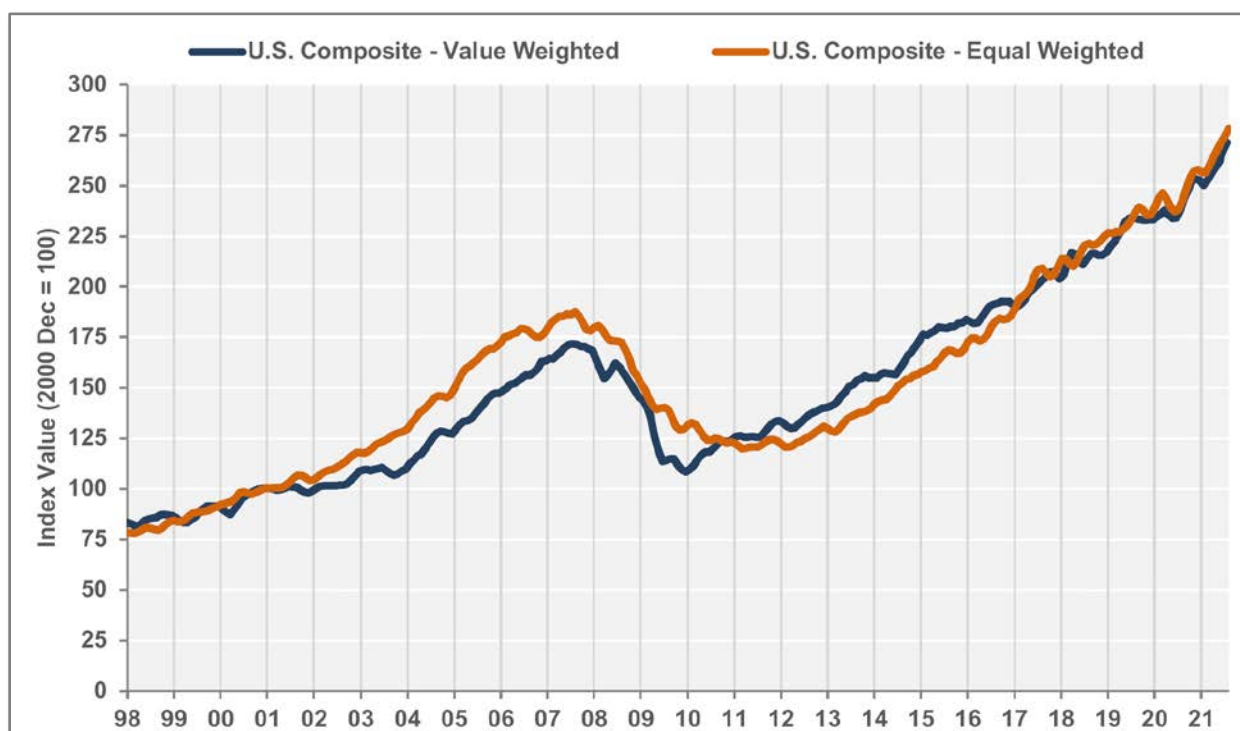
In contrast, the Green Street CPPI has REIT data (institutional properties), is value weighted, and is appraisal-based. The overall index has improved significantly in 2021 and is now 8% above pre-COVID levels. A different perspective is provided by following index, with most recent data released October 7, 2021.



Values have changed significantly for Self-Storage, up 47% in the last 12 month and 40% preCOVID, and for Industrial properties, up 39% in the last 12 months and 40% from preCOVID levels. We note that this index appears to have fluctuated more than other indexes, both downward during the beginning of the pandemic, and upward recently.

	Index Value	Change in Commercial Property Values		
		Past Month	Past 12 Mos	From Pre Covid
All Property	146.4	1%	20%	8%
Core Sector	150.1	1%	21%	11%
Apartment	183.3	4%	28%	18%
Industrial	234.0	0%	39%	41%
Mall	83.9	0%	9%	-13%
Office	111.4	0%	4%	-6%
Strip Retail	119.3	0%	25%	6%
Health Care	145.9	0%	10%	2%
Lodging	104.4	0%	28%	-4%
Manufactured Home Park	317.4	0%	28%	31%
Net Lease	115.2	0%	25%	16%
Self-Storage	260.0	0%	47%	40%
Student Housing	168.7	0%	22%	9%

A third index is the CoStar Commercial Repeat-Sale Indices (CCRSI), based on repeat sale pairs, with the August 2021 indices as follows:



These indices indicate full value recovery from the start of the coronavirus crisis. Transaction numbers in both composites are 66% greater than the first eight months of 2020, and 295 higher than the first eight months of 2019. Despite stalling during the summer months, both indices posted gains month over month, posting a 14%+ gain so far in 2021, placing them back in line

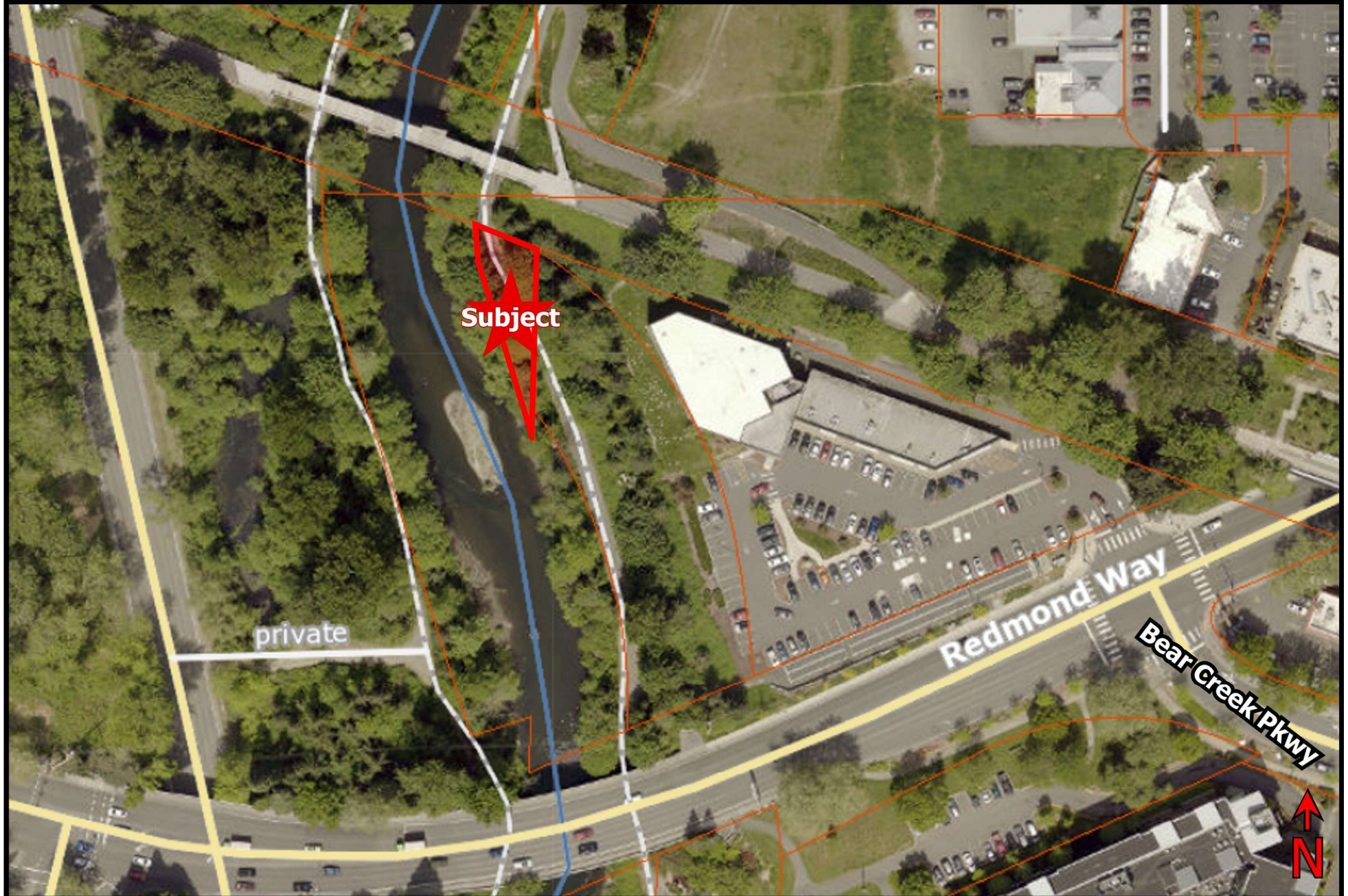
with pre-pandemic predictions. The Value index represents higher value trades in the market. In comparison, the Equal weighted index, which represents less expensive trades, continues its climb from last month by increasing 1.3%. Despite the diversion, sales of distressed assets continue to be limited, and overall net absorption in office, retail and industrial property is expected to reach 334 million square feet, a bar not reached since September 20180.

In summary these national indices all show an improvement following the sharp declines during the coronavirus. All show that the industrial market has continued to be strong. The overall sentiment is that market values declined, on average, immediately following the onset of the pandemic. Not a surprising as buyers became cautious as a result of uncertainty. After some time, and now with economic stimulus and vaccines at hand, the markets are relatively enthusiastic, even if only because well-positioned real estate may be a good defensive investment relative to other investment classes. In general, the value indices indicate that commercial properties have largely recovered from the uncertainty decline, with current value generally akin to pre-pandemic levels.

The immediate situation is the most important adjustment factor for most individual sectors and geographical situations, although the longer-term future prospects for selective retail and office sectors, in particular, are less certain right now. As summarized in PWC's Emerging Trends 2021, *"Confidence in future demand for and use of retail space, office buildings, apartments, and other mainstays of property has dropped significantly"*, going on to attribute this to the lack of quantifiable information about an outcome, or *"Knightian uncertainty"*. The specific future will be dependent on the course of the pandemic, and the possibly changing sentiments in both employment and consumer sectors, and for now real estate investors are cautiously watchful.

In terms of the subject land the allowed uses are limited due to its location within a setback buffer area from the Sammamish River. For instance, development with substantial building improvements, or storage yard uses are not allowed. The resulting highest and best use conclusion is for recreational, assemblage, speculation, or other special purpose uses which could be allowed within the area of the subject easement. As a result, the market of potential users, or buyers of the subject property is limited and there are few transactions of similar properties. Nevertheless, increased demand in the region, with limited supply of similar properties, leads to a generally positive outlook and upward value trend for this market segment.

Aerial Photograph

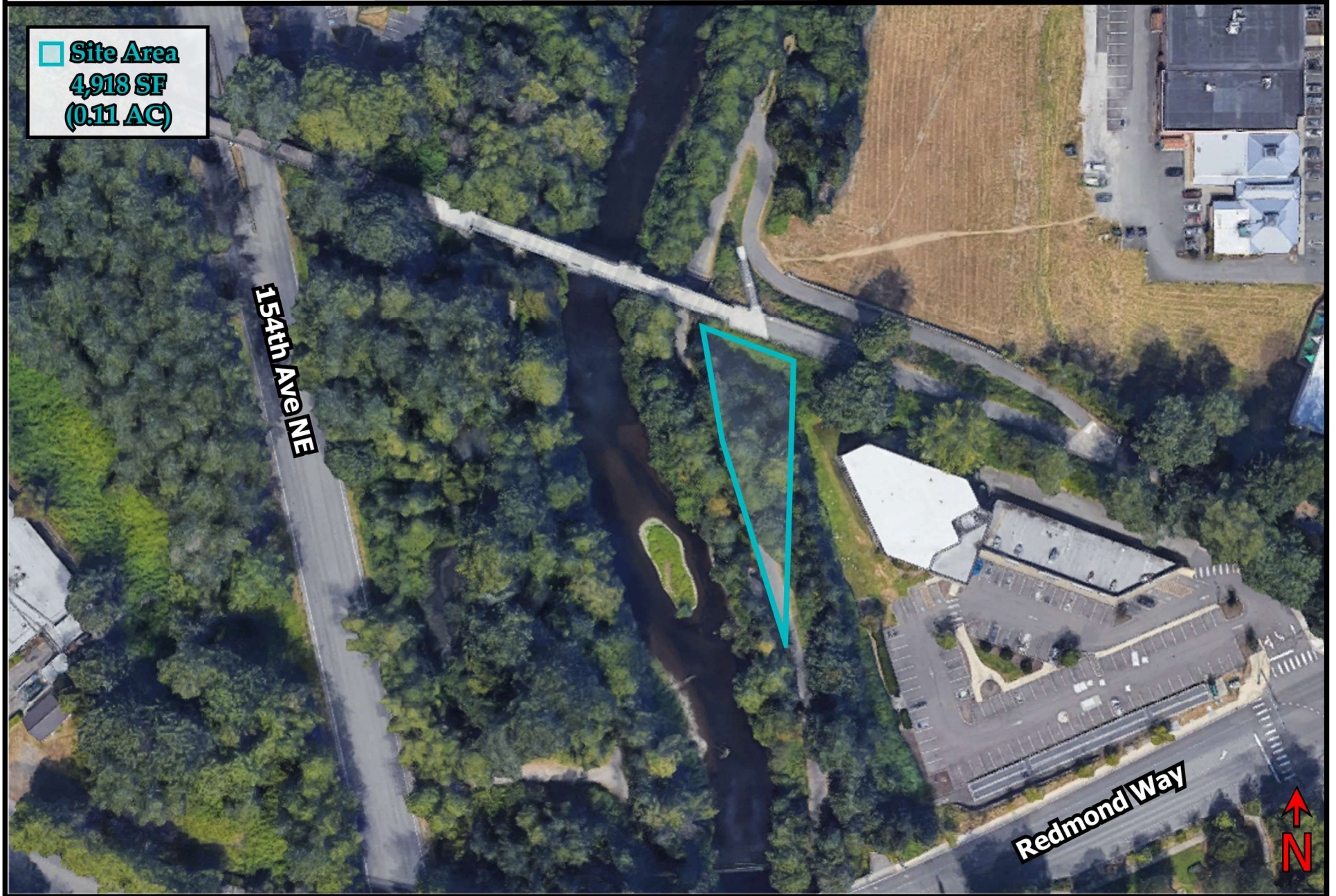


The map displays a complex network of land parcels and easements. Key features include:

- Waterways:** NORTH BEND BRANCH, W LK SAMMAMISH, and SAMMAMISH WATERWAY DIST 3.
- Parcels:** 9161 (12.21 AC), 9035 (9.38 AC), and 9060 (4918 SF).
- Easements:** R/W ESMT., SEE NW4, SEE NW, 11-25-5, and PROPOSED R/W.
- Survey Data:** Bearings such as N 71° W, N 52-18' 18" E, and N 15-27' 18" E; distances like 400.46, 145.13, and 266.81.
- Other Labels:** STATE OF WASHINGTON, 17.315, .32, 408593 SF, 69-08-20, 140.34, 112505 HYDR, 112505 FLOOD, and 100 YR FLOOD.

A red-shaded triangular area is located near parcel 9060, adjacent to the SAMMAMISH WATERWAY DIST 3. An arrow points north towards the top right corner of the map.

Site Plan



Property Description

The subject property is an easement area within a larger tax parcel. Please refer to the Aerial Photograph and to the Site Map, depicting the tax parcel upon which the proposed easement is located.

Land Area	The area of the proposed utility easement measures 2,437 sf, within a larger tax parcel area of 4,918 sf.
Land Shape	The shape of the tax parcel is triangular.
Site Frontage	The tax parcel has no direct street frontage.
Site Access	Pedestrian access through the property is provided by the Sammamish River Trail) which is partially located on the subject property.
Topography & Environmental Conditions	The site is generally level throughout. The site slopes gently downward from northeast to southwest (toward the Sammamish River). The presence of the Sammamish River (which is effectively adjacent to the west of the subject) results in significant environmental factors which affect the subject developability and utility. The most significant environmental factors include that the subject is located within a flood plain and within the river setback area, where additional zoning and development restrictions apply.

Zoning

The subject is zoned SMT (Sammamish Trail) by the City of Redmond. SMT is one of four mixed-use residential/office zones within the City designed to provide for significant residential growth, as well as for professional, business, health, and personal services. With a wide range of employment opportunities are allowed, the zones are intended for dense employment and residential uses in the downtown area, while allowing supporting retail, service and entertainment uses within walking distance. Zoning requirements include no minimum lot area, minimum street frontage is 30', and setbacks vary by use. The maximum base building height is 5 stories, and site coverage varies depending on use. Maximum density for commercial development is 1.25 FAR, and residential development is variable.

The subject lies adjacent to the Sammamish River and is subject to shoreline regulations as part of the City of Redmond's Shoreline Master Program.

More specifically, the subject is located in the Urban Conservancy environment under the Shoreline Master Use Program, which is applied as a zoning overlay. This designation limits use to agriculture, nurseries, or tree farms, water dependent utilities, accessory or underground utilities, stormwater conveyance facilities, utility lines attached to existing bridge structures and underground lines, underwater or over water crossings, bridges, regional light rail transit structures and facilities, car-top boat rentals, pedestrian oriented kiosks or carts, produce or handcraft stands, water-oriented recreational development, water-oriented recreation, public piers, docks, fishing/viewing platforms and boardwalks, non-motorized and motorized boating, nonmotorized boat ramps, trails, public access, habitat conservation and recreation, wetland mitigation, dredging, water withdrawals, flood control structures, and environmental or cultural interpretations.

However, for most of the allowed uses, development standards require a 200' buffer/setback, which due to the proximity of the subject property to the Sammamish River and its width, most allowed uses in the Urban Conservancy environment are not feasible.

DEVELOPMENT STANDARDS	
Agriculture and Resource Management	
Density	.10 du/ac
Buffer/setback1	200 feet
Maximum impervious surface	5 percent
Minimum lot frontage	300 feet
Maximum building height	30 feet
Utilities	
Density	n/a
Buffer/setback1	200 feet
Maximum impervious surface	n/a
Minimum lot frontage	n/a
Maximum building height	n/a
Transportation Facilities	
Density	n/a
Buffer/setback1	200 feet
Maximum impervious surface	n/a
Minimum lot frontage	n/a
Maximum building height	n/a
Residential	
Density	.2 du/ac
Buffer/setback1	200 feet
Maximum impervious surface	10 percent
Minimum lot frontage	20 feet
Maximum building height	30 feet
Recreational	
Density	n/a
Buffer/setback1	200 feet
Maximum impervious surface	10 percent
Minimum lot frontage	300 feet
Maximum building height	30 feet

The zoning code specifically allows for the following improvements within the setback area:

- a. Stormwater conveyance systems and underground utilities;
- b. Trails subject to the Public Access policies and regulations of the Shoreline Master Program; and
- c. Bridges which are part of a regional transit system where there is a demonstrated public need and the location has been selected through a regional transit planning process. Buffer setbacks do not apply to transportation crossings; however, buffer crossing impacts shall be minimized and mitigated.

The subject is currently improved with a public trail and underground utility uses. These uses represent two of the most common uses along the Sammamish River and are considered as two

of the primary highest and best use types for the subject's land which otherwise has limited use potential based on the setback factors identified in this section.

Highest and Best Use

"Highest & Best Use" is defined by the Appraisal Institute as:

The reasonably probable and legal use of vacant land or improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value.

The concept of Highest and Best Use is based on the most profitable and valuable use that is both probable and appropriately supported. The Highest and Best Use must meet four criteria: it must be legally permissible, physically possible, financially feasible, and maximally productive.

Highest and Best Use as Vacant and Unimproved

Legally Permissible

Please see the zoning description in the preceding pages of this report. The subject is zoned SMT, a fairly permissive commercial zoning designation in Redmond.

The subject is located within the Urban Conservancy designation of the Shoreline Jurisdiction, and is located within a 200' buffer/setback, significantly reducing the type and size of any legally permissible development or improvements. The primary allowed uses within the buffer area include public trails and underground utilities. Further uses could be for recreational uses (as long as the vegetation of the site is not disrupted), or for residential development density. Since the density use is not affected by the proposed easement which is the subject of this appraisal, the acquisition of the easement does not result in a loss of value for this use.

Physically Possible

Based on the allowed uses (primarily including trails, utilities, bridges and residential development density), the subject could physically support such uses.

Financially Feasible & Maximally Productive

The concluded highest and best use of the subject site as if vacant is for trails, utilities, bridges and residential development density.

Highest and Best Use as Improved

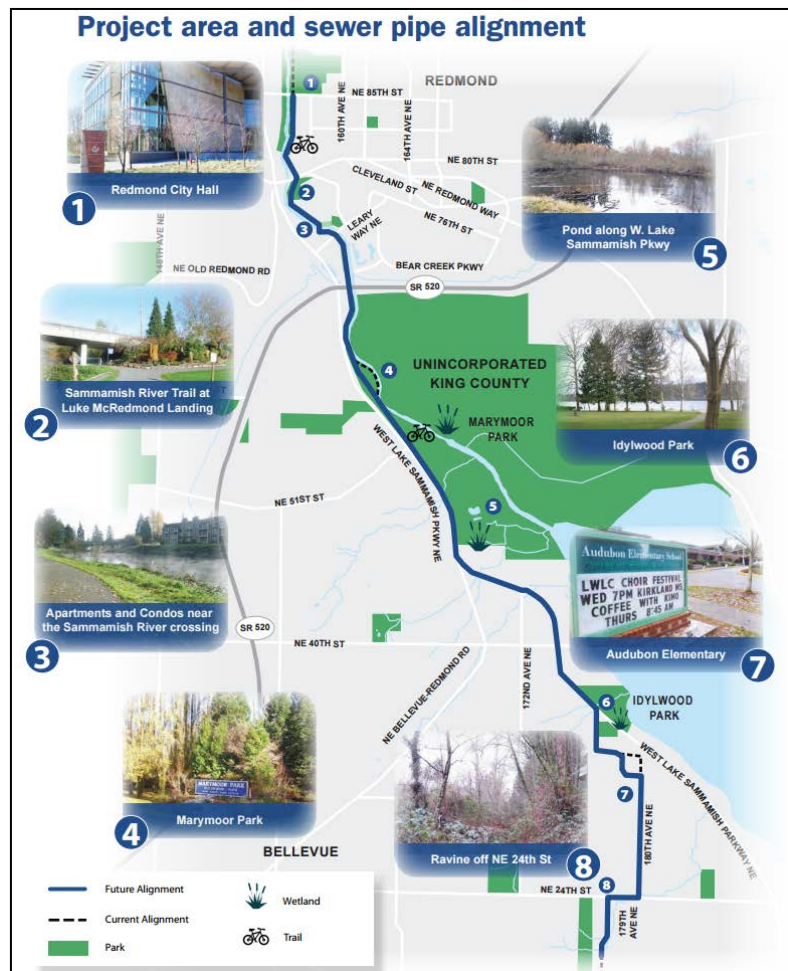
The subject property is improved for trail use and existing and proposed utility uses. These uses are consistent with the highest and best use as if vacant, and it is concluded that the highest and best use as improved is for continued public or recreational uses.

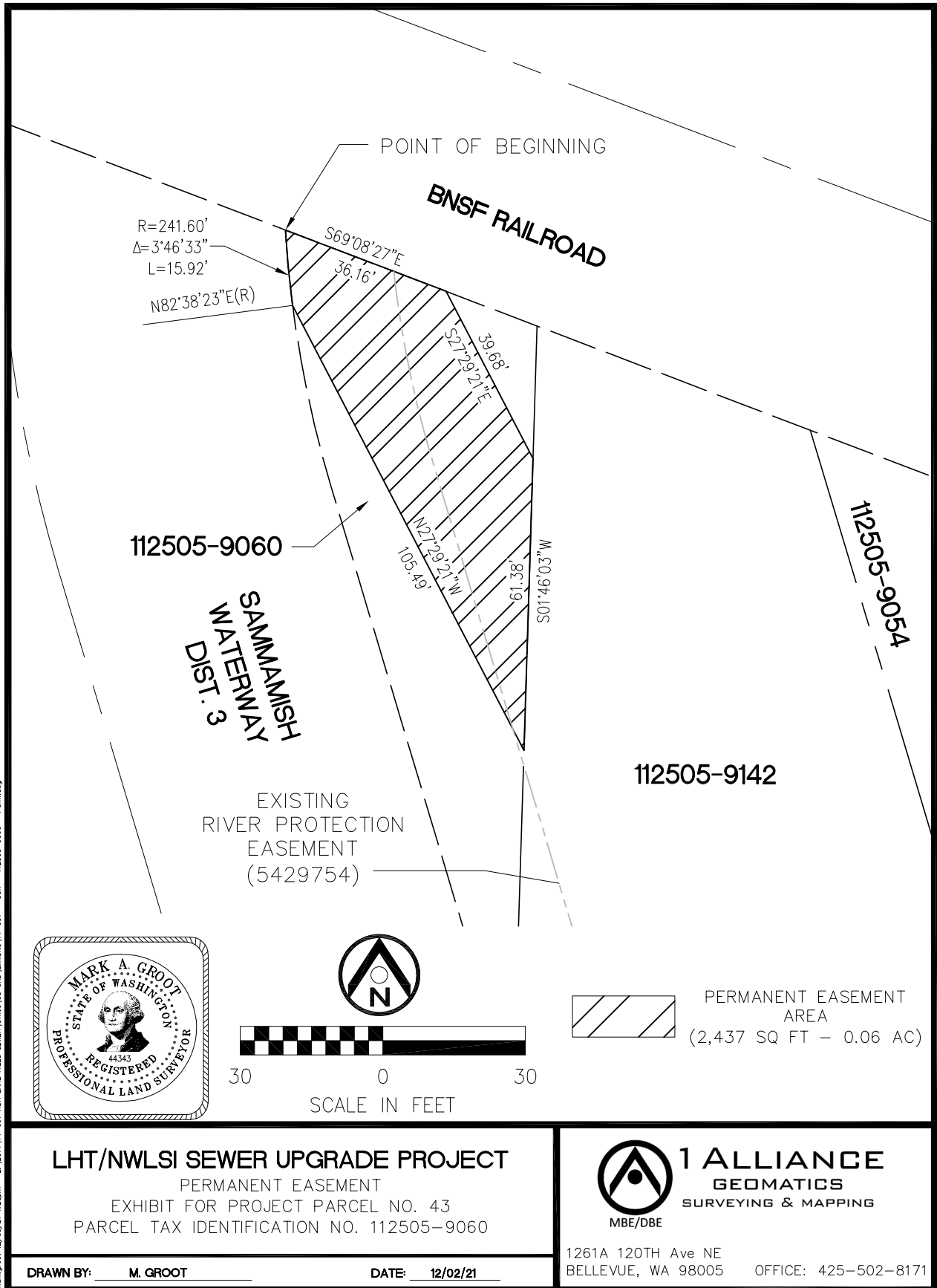
Lake Hills Trunk Project

In the next several years, King County will work to complete the Lake Hills Trunk Sewer Upgrade Project. Nearing maximum capacity and the end of its service life, upgrades to the existing sewer system will ensure reliable service to the community in the coming years.

The County will upgrade approximately 4.5 miles of the sewer line to meet the needs of the growing community. Construction is set to begin in 2024.

The project will begin in Redmond's Idylwood neighborhood, continue south along W Lake Sammamish Parkway between Idylwood and Marymoor Parks. From there, the pipe continues south along the Sammamish River Trail crossing the Sammamish River at Leary Way NE to NE 85th St. When complete, the new pipe will provide sewer service for 50 years or more.





Property Rights to be Acquired

The proposed acquisition is for a permanent utility easement which will encumber a 2,437-sf area of the property extending from the northwest corner to the southeastern edge of the subject tax parcel. The permanent easement is for the purposes of “constructing, reconstructing, installing, repairing, replacing, operating, and maintaining public utilities, including but not limited to water line and public fire hydrant, sanitary sewer pipeline and storm drainage....”

Construction on this portion of the trunk will begin in 2024. There will be 3 months of active construction during an anticipated 3-year work period, where King County will monitor the site and make any necessary adjustments.

The Project will result in a permanent change to the property rights. After the acquisition, the property will be encumbered by a new permanent utility easement of 2,437 sf of the land area. On-site activities will include constructing, reconstructing, installing, repairing, replacing, operating, and maintaining public utilities, including but not limited to water line and public fire hydrant, sanitary sewer pipeline and storm drainage. The easement is also subject to the following terms and conditions:

- 1) When in the process of performing any work in the easement area, construction procedures shall be used so that access to its property is not blocked.
- 2) The easement area will be restored, and any private improvements disturbed, damaged, or destroyed, during execution of the work, will be restored as nearly as practical to the condition as existed immediately before the work.
- 3) The property owner shall retain the right to use the easement area as long as such use does not interfere with the easement rights granted. The owners shall not, however, have the right to:
 - a) Erect or maintain any buildings or structures within the easement area; or
 - b) Plant trees, shrubs or vegetation having root patterns, which may cause damage to or interfere with the utilities placed within the easement area; or
 - c) Develop, landscape, or beautify the easement area in any way, which would unreasonably increase the cost of constructing in, maintaining, or restoring the easement area and any private improvements therein.

Easement Valuation

In this section we analyze the compensable impact of the rights to be acquired. For this valuation we have first estimated the value of the land using across the fence (ATF) methodology, by examining unit land value from sales of similarly zoned and situated properties nearby. Essentially, the premise of this methodology is that the best indication of to the subject's land is the value of the land adjacent to it, with emphasis placed on sales of similar properties. Considering the subject's limited use potential, we specifically focused on properties with similar obstacles to development, and which also had limited use potential.

These sales have been used to determine a unit land value for the subject. The permanent utility rights to be acquired will diminish the value of the encumbered area by a fraction of the fee simple value of the land (since the owner retains significant rights within the easement area). The unit land value, multiplied the easement area and multiplied by the fraction of fee simple land value, results in the concluded value compensation of this appraisal.

First, the unit land value of the subject site is determined on a \$/sf basis. In valuing the subject site, we have used the Sale Comparison Approach, analyzing transactions of vacant land properties with similar obstacles to development, and which also had limited use potential to derive units of comparison. These units are then used to indicate an overall value for the 2,437 sf area to be encumbered by the permanent utility easement. Please refer to the *Land Sale Comparison Summary* for more details of our value analysis.

The selected sales transacted between January 2017 and April 2020, with unadjusted indications between \$3.06/sf and \$9.20/sf of land area. Site areas range from around 435 sf to 5,000 sf of usable area, bracketing the subject site area of 4,918 sf. All of the properties represent low utility land, which have obstacles to development, similar to the subject. We have analyzed the comparisons on the basis of price per square foot of land area, as is typical in the market. Upward adjustments for market conditions are necessary for each sale comparison.

The comparisons present a time adjusted range of unit prices from approximately \$3.79/sf to \$12.32/sf for the subject. The sales bracket the subject in terms of size and location, and all have limited functional utility like the subject. Overall, the indicated range is narrow and compelling. Considering the data, we conclude to a unit value for the subject property of **\$5.50/sf**.

We have also considered the value of the site improvements located on the subject property in the form of an asphalt trail, which is roughly 15' wide, and 100' long, for a total improved area of about 1,500 sf (representing about 60% of the 2,437 sf easement area). For the purposes of estimating construction costs associated with the improvements we have used the Marshall Valuation Service, which is a cost estimating manual based on national cost surveys and construction experience.

To estimate the total replacement cost of these improvements, we have analyzed the costs reported by Marshall for 2" asphalt paving on a 2" base, indicating a range of \$2.15/sf - \$3.17/sf and for a concrete sidewalk, indicating a range of \$5.11/sf - \$7.75/sf, found in Section 66, Page 2. To these base cost figures, local and current cost multipliers are applied. Finally, we have accounted for depreciation. While the exact construction date of the subject's trail improvements is unknown, the trail appears to be in good condition. Therefore, we recognize that the improvements have been depreciated, and we account for this by using a figure of 25%. After adjustments, the cost figures indicate a refined range of \$2.50/sf - \$9.01/sf. Considering the data, and the fact that the subject is an asphalt trail in good condition, we conclude towards the middle of the range, about \$5.00/sf of improvement area. Considering that the improved trail area consists of about 60% of the land within the proposed easement area, the average improvement value contribution is about \$3.00/sf of the subject easement area.

Adding the concluded land value of \$5.50/sf to the value of the improvements results in a total unit site value for the subject of **\$8.50/sf**. At 2,437 sf, the total value of the easement area is calculated at **\$20,715**.

The easement does not significantly restrict the use of the property, since the use of the property was already by use restrictions, as it is located within the Shoreline Jurisdiction, and within the buffer/setback area. Additionally, the owner may continue to use the area for its current use as a public trail after placement of the easement, except for disruption during the three-year construction period.

The analysis of easement impacts should account for the actual loss of property rights at hand. In this case, easement restricts the ability to construct improvements within the easement area (which was already restricted), to plant trees, shrubs or vegetation having root patterns which may cause damage to or interfere with the utilities placed within the easement area, and the ability to develop, landscape or beautify the easement area in any way which would unreasonably increase the cost to construct, maintain, or restore the easement area and any private improvements located within the easement area. The property owner retains the right to use the easement area as long as it does not interfere with the rights granted. The subject property's current use as a public trail would remain, and the trail improvements will be restored to the same condition as existed before any work in the easement area. Thus, while some rights are taken by the easement, most of the existing rights remain.

Construction rights will temporarily impact the usefulness of the property during construction of the project. Actual construction use is scheduled to begin in 2024, and will total a period of 3 years with approximately 3 months of active use.

Please refer to the Land Lease Rate Comparisons in the Addenda. Based on these comparisons we estimate a typical land lease rate of return for a short term lease of 8.00% per year, over the 3-years of project construction. At \$20,715 total value the rent for 3 year is calculated at \$4,972 total for initial construction, equivalent to roughly 25% of the total land value.

The easement also grants rights for ongoing maintenance and reconstruction in the future, including access or exclusive use as needed. In other words, after the initial construction impact of about 25% there will be some “permanent” loss in value related to the use of the easement area including the near-term permanent utility use, and longer-term future maintenance or construction. We estimate the additional permanent easement value, after initial construction, at about 25% of land value (or about the same impact as for the initial construction). Therefore, we estimate the total value of the easement today, before initial construction, at about 50% of land value.

Please see the table below which summarizes the conclusion of this appraisal.

Land Value (\$/sf)	\$8.50
x Land Area (sf)	2,437
= Value of Easement Area	\$20,715
x Easement Value % of Fee	50%
= Value of Easement	\$10,358

ADDENDA

Land Sale Comparison Summary
Land Lease Rate Comparisons
Utility Easement
Utility Easement Description
Title Report
Certification
Ordinary Assumptions and Limiting Conditions
Appraisers' Experience & Qualifications

McKee Appraisal

Real Estate Services & Consulting, Inc.

LAND SALE COMPARISON SUMMARY

City of Redmond Land
Land Sale Comparison Summary - Limited Utility Sales

	Name/Address	Zoning	Land Area (sf/ac)	Sale Date	Sale Price	\$/sf Land	Mkt Cond. Adjusted \$/sf Land	Comments
1	Lake Stevens Lot 11303 S Lake Stevens Rd Lake Stevens, WA APN: 29061900106500	R9600	435 0.01	Jun-17	\$4,000	\$9.20	\$12.32 + 34%	Small 3' x 145' parcel located between two lakefront homes. Parcel has 3' of frontage on Lake Stevens. All cash financing. Property was purchased by neighboring house in order to maintain spacing from neighbor. Openly marketed, arms length transaction.
2	Poverty Bay Site 292 XX 1st Ave S Federal Way, WA APN: 7202500130	RS9600	1,566 0.04	Sep-17	\$12,000	\$7.66	\$10.04 + 31%	Two blocks from Poverty Bay. Utilities in street. Small triangular site. Purchased using a real estate contract. Part of the Redondo Bay Tranquility Plat, and subject to easements granted to Lakehaven Sewer District.
3	Ravenna Site 9541 Ravenna Ave NE Seattle, WA APN: 5101404962	NC2-40	2,275 0.05	Jun-17	\$12,850	\$5.65	\$7.57 + 34%	Small wedge of land with just east of Lake City Way. The neighboring parcel has a billboard. Advertised as being able to support a food truck, coffee stand, signage, etc.
4	Kirkland Residential Tract A, NE 116th Pl Kirkland, WA APN: 3558800470	RSX 7.2	4,902 0.11	Jan-17	\$15,000	\$3.06	\$4.22 + 38%	Advertised as not a buildable lot. Level lot in Juanita area. All utilities in street. Flag shaped lot. Underground utility easement prevent structure over easement area.
5	Surplus Parcel 9 XXX 196th Ave NE Redmond, WA APN: 0525069142	RA5P	4,728 0.11	Apr-20	\$16,000	\$3.38	\$3.79 + 12%	Seller was King County. Surplus parcel sale. Unbuildable lot due to narrow shape. FHA financing. Originally listed for \$8k. Purchased by neighboring lot.
6	Puget Sound Beach Frontage 14 XXX Seattle, WA APN: 2225039041	SF 7200	5,000 0.11 Usable Area	Oct-19	\$20,000	\$4.00	\$4.56 + 14%	Unbuildable lot on the sound. No road or utilities to site and septic system not allowed. Recreational purposes only. Originally listed for \$35k. All cash financing. Buyer purchased for recreation, and wanted to own lot on Sound. Lot area totals 7,383 sf however usable area is reduced due to tidelands.
<u>Subject</u>								
	City of Redmond Land 8099 Willows Rd NE Redmond, WA 98052	SMT	4,918					Triangular parcel with Sammamish River Trail running through site. No street frontage. Located within Shoreline Jurisdiction and within 200' shoreline buffer. Utility is minimal. Site is about 56' wide at the most northern point, and narrows considerably further south. Site is fairly level.

LAND LEASE RATE COMPARISONS

Land Lease Rate Comparison Summary

Site Location	Start Date	Initial Term (years)	Renewal Options	Total Term	Land Area sf	Improvements Proposed by Lessee	Rate of Rent / Land Value	Comments
1 Multiple Sites North Seattle Seattle, WA	2018-2019	99	none	99		Office Tower/ Apartment & Hotel	5.5%	Five year escalations based on CPI but with a minimum and cap. Every 25 years marked to market but with a cap of 20% above CPI adjusted rate. Deal closed in 2018 but became effective once entitlements were secured.
2 Anthony's Homeport 1726 W Marine View Dr Everett, WA	Dec-17	40	y	80	~8,000 <i>(plus shared pkg)</i>	Existing restaurant	4.6%-7.1%	Property is improved with existing restaurant who was previously bldg tenant. Tenant purchased the building and executed a new lease for the underlying land. Includes shared parking so effective land use is larger than bldg footprint of roughly 8,000 sf. Annual adjustments by CPI (not less than 1% or more than 5%), and market re-set every 10 years. 7.1% is based on estimate of land value as if completely vacant and unimproved. 4.6% is based on estimate of value with Anthony's as an existing tenant. Complicated by previously existing lease.
3 Waterfront Place Fisherman's Harbor area Everett, WA	Nov-17	50	one 30-yr	80	185,000	Retail/ Restaurants	6.5% -6.7%	Failed ground lease. Original lease agreement included due diligence period with right to terminate. Rental discounts for construction period and lease-up period. After base rent commenced, annual escalations are 1.5% per year, plus market rent adjustments every 10 years, using a capitalization rate of 6.0%. Lease rate adjusted to account for rent discounts during construction and lease-up of buildings. Lease was not executed for reasons outside of the lease term negotiation.
4 Waterfront Place 1001 14th Street Everett, WA	Jun-17	50	three 10-yr	80	109,336	Hotel	5.4%-5.6%	Lease include a "study" period and "design and permitting period" with right to terminate. Also, rental discounts for construction period and first year after construction. Full base rent projected to begin no later than October 2020. Annual CPI escalations, with market re-set every 10 years. Rate adjusted to account for rental discounts during construction and 12 months after.
5 Port of Everett Everett, WA	2016	50	30	80	435,600	Industrial Building	6.7%	Fixed rent of \$0.45/sf or purchase price of \$6.75/sf. Tenant pays full rent upon commencement of lease. Tenant has the right to purchase site for \$6.75/sf for three years, then market value for the balance of the first 10 years.
6 Port of Seattle Des Moines, WA	2016	55	20	75	724,733	Office building	5.8%	Fixed rate lease of \$0.04/sf/yr during construction, increasing to \$0.55/sf/yr upon completion. Estimated rate of return based on land value is about 5.8%.
7 Confidential Seattle, WA	2014	75	25 yrs.	100	30,000 +	High-rise Office	7.0%	Discounted rent prior to Certificate of Occupancy; roughly half. Lease escalates every 5 years by CPI, min. 1%, max 5% per year. Every 25 years, there is an Appraisal rent adjustment. 7% multiplier to be applied to \$/FAR of what is actually built.
8 Confidential Seattle, WA	2014	99	none	99	~20,000	Apartment	6.0%	Apartment land lease. Annual CPI increases. Rate reset every 10 years based on appraisal.
9 Confidential Seattle, WA	2013	55	yes		39,289	Office building	8.0%	Annual rent is based on 8% of land value, agreed at \$95/sf. Land value to be adjusted on 10th, 20th, 30th, and 45th anniversaries. First 30 years: land value with existing FAR, thereafter land value based on highest and best use as if vacant.
10 Confidential Seattle, WA	2012	6 mos.	none	6 mos.	37,713	Extension to PSA for planning	7.45%	Eventual buyer of the site made monthly rental payments to extend closing of the sale as design work and planning was completed. Sale was extended for a total of 6 months, during which time the site was not utilized, but the site was tied up.
11 Confidential Seattle, WA	2011	55	yes		39,289	Office building	8.0%	Annual rent is based on 8% of land value, agreed value at inception. Land value adjusted on 10th, 20th, 30th, and 45th anniversaries. First 30 years: land value with existing FAR, thereafter land value based on highest and best use as if vacant.
12 Lynnwood Place 3001 184th St SW Lynnwood, WA	2011	99	none	99	1,750,241	160,000 sf Costco 192,000 sf retail 500 MF units 105,000 sf amuse. 33,000 sf restaurant	8.0%	Annual rent based on greater of 8% of appraised value or 10% of NOI, escalates every 10 years. Costco rent is 10% of appraised value with escalators. Proposed development from EIS: amusement uses includes 40k sf health club, 35k sf movie theater, and 30k sf bowling alley.

Prepared by McKee Appraisal

UTILITY EASEMENT

UTILITY EASEMENT

THE GRANTOR, _____, for and in consideration of a sum or other valuable consideration in hand paid, receipt of which is hereby acknowledged, conveys and grants to the Grantee, the CITY OF REDMOND, a municipal corporation of the State of Washington, its successors and assigns, a permanent, non-exclusive easement, over, under, in, along, across and upon, certain land ("easement area") legally described as:

See Exhibit "A" attached hereto and incorporated herein by reference,

and as graphically depicted on Exhibit "B", for the purposes of constructing, reconstructing, installing, repairing, replacing, operating and maintaining public utilities, including but not limited to water line and public fire hydrant, sanitary sewer pipeline and storm drainage, with ordinary and necessary appurtenances over, upon, under, through and across the described easement area, together with the right to keep said easement area free of obstructions, along with the right of ingress and egress thereto to enable Grantee to exercise its rights hereunder. This easement is granted subject to the following terms and conditions:

1. When in the process of performing any work in the easement area, Grantee shall use construction procedures so that Grantors' access to its property is not blocked.
2. The Grantee shall, upon completion of any work within the property covered by the easement, restore the easement area, and any private improvements disturbed, damaged or destroyed, during execution of the work, as nearly as practical to the condition as existed immediately before the commencement of the work or entry by the Grantee.
3. Grantors shall retain the right to use the easement area as long as such use does not interfere with the easement rights granted to the Grantee. Grantors shall not, however, have the right to:
 - (a) Erect or maintain any buildings or structures within the easement area; or
 - (b) Plant trees, shrubs or vegetation having root patterns, which may cause damage to or interfere with the utilities placed within the easement area by the Grantee, or
 - (c) Develop, landscape, or beautify the easement area in any way, which would unreasonably increase the cost to the Grantee of constructing in, maintaining or restoring the easement area and any private improvements therein.

This easement shall be recorded with the King County Recorder, shall run with the land described herein, and shall be binding upon the parties, their heirs, successors in interest and assigns.

Grantor covenants that it is the lawful owner of the above-described property and has authority to convey such easement.

Dated this ____ day of _____, 20__.

GRANTOR:

[GRANTOR(S) NAME]

[INSERT SIGNATURE BLOCK FOR SPECIFIC GRANTOR – INDIVIDUAL,
TWO INDIVIDUALS, LLC, CORPORATION, ETC.]

[INSERT APPROPRIATE NOTARY BLOCK]

n:\real property\018 - property forms\easements\easement--utility\001-easement-utility (all) water, fire hyd, sewer & storm2 (no franchise).doc

EXHIBIT “A”

EXHIBIT “B”

UTILITY EASEMENT DESCRIPTION

PROJECT PARCEL NO. 43
PARCEL TAX IDENTIFICATION NO. 112505-9060
PERMANENT EASEMENT DESCRIPTION

A TRACT OF LAND WITHING THE FOLLOWING DESCRIBED PARCEL:

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 2 AND THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, LYING SOUTHERLY OF THE SOUTHERLY LINE OF NORTHERN PACIFIC RAILWAY COMPANY RIGHT-OF-WAY, AND NORTHEASTERLY OF THE NORTHEASTERLY LINE OF STATE HIGHWAY NO. 2-D.

EXCEPT THAT PORTION LYING NORTHWESTERLY OF A LINE DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 11;
THENCE SOUTH 88°06'37" EAST, ALONG THE SECTION LINE COMMON TO SECTIONS 2 AND 11, A DISTANCE OF 1,873.72 FEET;
THENCE SOUTH 46°23'23" WEST 158.22 FEET;
THENCE SOUTHWESTERLY ALONG SAID HIGHWAY 364.80 FEET TO THE POINT OF BEGINNING;
THENCE NORTH 46°23'23" EAST TO THE SOUTHERLY LINE OF NORTHERN PACIFIC RAILWAY COMPANY RIGHT-OF-WAY AND TERMINUS OF SAID LINE.

EXCEPT SAMMAMISH WATERWAY DISTRICT NO. 3.

AND EXCEPT THAT PORTION CONVEYED TO WILLIS E. CAMPBELL, ET AL BY DEED RECORDED UNDER RECORDING NO. 9101291015 AND DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., KING COUNTY, WASHINGTON, LYING NORTHEASTERLY OF THE REDMOND-KIRKLAND ROAD, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 11;
THENCE SOUTH 88°06'37" EAST, ALONG THE SECTION LINE COMMON TO SECTIONS 2 AND 11, A DISTANCE OF 1,873.72 FEET;
THENCE SOUTH 46°23'23" WEST 160.23 FEET TO THE NORTHEASTERLY MARGIN OF THE REDMOND-KIRKLAND ROAD;
THENCE SOUTH 43°36'37" EAST, ALONG SAID NORTHEASTERLY MARGIN, 188.47 FEET TO ENGINEERS STATION 187+41.14;
THENCE NORTH 46°23'23" EAST 20.00 FEET;
THENCE SOUTH 43°36'37" EAST, ALONG SAID NORTHEASTERLY MARGIN, 176.53 FEET;
THENCE NORTH 46°23'23" EAST 25.00 FEET TO A POINT ON A 600.00 FOOT RADIUS CIRCULAR CURVE TO THE LEFT, FROM WHICH POINT, THE CENTER OF SAID CURVE BEARS NORTH 38°51'56" EAST AND THE TRUE POINT OF BEGINNING;
THENCE EASTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°55'39", AN ARC DISTANCE OF 93.49 FEET;
THENCE NORTH 33°50'07" EAST 121.73 FEET;
THENCE NORTH 11°52'00" WEST 76.31 FEET TO A POINT WHICH BEARS NORTH 46°23'23" EAST FROM THE TRUE POINT OF BEGINNING;
THENCE SOUTH 46°23'23" WEST 178.37 FEET TO THE TRUE POINT OF BEGINNING.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

SAID TRACT DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL;
THENCE SOUTH $69^{\circ}08'27''$ EAST ALONG THE SOUTHERLY LINE OF SAID RAILWAY RIGHT-
OF-WAY, A DISTANCE OF 36.16 FEET;
THENCE SOUTH $27^{\circ}29'21''$ EAST, A DISTANCE OF 39.68 FEET TO THE EAST LINE OF SAID
PARCEL;
THENCE SOUTH $01^{\circ}46'03''$ WEST ALONG SAID EAST LINE, A DISTANCE OF 61.38 FEET;
THENCE NORTH $27^{\circ}29'21''$ WEST A DISTANCE OF 105.49 FEET TO THE WEST LINE OF SAID
PARCEL AND THE BEGINNING OF A CURVE TO THE RIGHT HAVING A RADIUS OF 241.60
FEET;
THENCE ALONG THE ARC OF SAID CURVE, AND SAID WEST LINE, THROUGH A CENTRAL
ANGLE OF $3^{\circ}46'33''$, AN ARC LENGTH OF 15.92 FEET TO THE POINT OF BEGINNING.

CONTAINING 2,437 SQUARE FEET OR 0.06 ACRES, MORE OR LESS.

TITLE REPORT

Updated

SUBDIVISION GUARANTEE

Guarantee No.: G-6329-000000582

Fee: \$300.00

Order No.: 700665RT

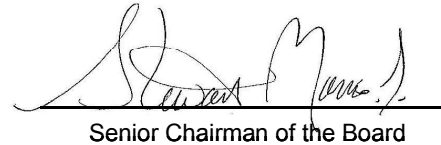
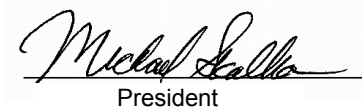
Effective Date: July 17, 2017



Stewart Title Guaranty Company (the "Company"), guarantees the County of King and any City within which said subdivision is located in a sum not exceeding \$1,000.00 that, according to those public records which, under the recording laws, impart constructive notice of matters affecting the title to the land included within the exterior boundary shown on the map of the subdivision, the only parties having any record title interest in said land whose signatures are necessary, on the certificates consenting to the recordation of said map and offering for dedication any streets, roads, avenues and other easements offered for dedication by said map as referred to in the guarantee.

Signed under seal for the Company, but this Guarantee is to be valid only when it bears an authorized countersignature.

Countersigned by:

A handwritten signature in cursive script, appearing to read "Brenda McCoy".A handwritten signature in cursive script, appearing to read "Steven M. ...". Below the signature is a horizontal line, and below that, the text "Senior Chairman of the Board".A handwritten signature in cursive script, appearing to read "Malcolm Shonin". Below the signature is a horizontal line, and below that, the text "Chairman of the Board".A handwritten signature in cursive script, appearing to read "Michael Salla". Below the signature is a horizontal line, and below that, the text "President".

Rainier Title, LLC
Company

Everett, WA
City, State

Guarantee Serial No.: G-6329-000000582

SUBDIVISION GUARANTEE

SCHEDULE A

Order Number: 700665RT

Prepared by: Rainier Title, LLC
Guarantee No.: G-6329-000000582

Effective Date: July 17, 2017 at 8:00 A.M.

Premium: \$300.00
Tax: \$28.50
Total: \$328.50

OWNERS:

The City of Redmond, a Washington Municipal Corporation

Error! Bookmark not defined.

LEGAL DESCRIPTION:

See Attached Exhibit A

SUBJECT TO:

1. Payment of real estate excise tax, if required, pursuant to the authority of RCW Chapter 82.45, and subsequent amendments thereto.

The property described herein is situated within the boundaries of local taxing authority of the City of Redmond. As of the effective date herein, the real estate excise tax rate is 1.78%.

2. General taxes and charges for the year 2017, which have been paid.

Amount: \$12.12
Tax Account No.: 112505-9060-01

Levy code: 2020
Assessed value of land: \$0.00
Assessed value
of improvements: \$0.00

3. General taxes and potential supplemental assessments, including other amounts due thereunder, which results from any change in tax exempt status. The land is currently carried on the tax rolls as exempt from taxes. On the date of a conveyance or change in use which removes it from exempt status, the land will become subject to general property taxes from that date forward.

In addition, supplemental assessments for general property taxes for prior years also be levied against the land. For further information regarding the above, contact the King County Assessor's Office at 206-296-3920.

Tax Account No. 112505-9060-01

NOTE: The Recording No. of the Deed under which title is held is: [7104210303](#), [7104210304](#), [7403070372](#).

4. Rights and easements of the public for commerce, navigation, recreation and fisheries.

SUBDIVISION GUARANTEE

5. Any restrictions on the use of the land resulting from the rights of the public or riparian owners to use any portion which is now, or has been, covered by water.
6. Agreement and the terms and conditions thereof:
Recorded: May 12, 1962
Recording No.: [5429751](#)
Regarding: Release of Damages
7. Easement and the terms and conditions thereof:
Grantee: King County
Purpose: Bank protection and/or other flood control works
Area affected: a portion of said premises
Recorded: May 22, 1962
Recording No.: [5429778](#)
8. Easement and the terms and conditions thereof:
Grantee: Municipality of Metropolitan Seattle, a Municipal Corporation
Purpose: Sewer trunk line
Area affected: a portion of said premises
Recorded: February 13, 1974
Recording No.: [7402130373](#)
9. Matters set forth by survey:
Recorded: June 15, 1979
Recording No.: [7906159017](#)
10. Matters set forth by survey:
Recorded: March 25, 1991
Recording No.: [9103259008](#)

This Guarantee and the legal description given herein are based upon information supplied by the applicant as to the location and identification of the premises in question, and no liability is assumed for any discrepancies resulting therefrom. This report does not represent either a commitment to insure title, an examination of or opinion as to the sufficiency or effect of the matters shown, or opinion as to the marketability of title to the land.

SUBDIVISION GUARANTEE

Order No.: 700665RT

Guarantee No.: G-6329-000000582

EXHIBIT A

That portion of the Southwest quarter of Section 2 and that portion of the Northwest quarter of Section 11, Township 25 North, Range 5 East, W.M., in King County, Washington, lying Southerly of the Southerly line of Northern Pacific Railway Company right-of-way, and Northeasterly of the Northeasterly line of State Highway No. 2-D.

Except that portion lying Northwesterly of a line described as follows:

Commencing at the Northwest corner of said Section 11;
Thence South 88°06'37" East, along the Section line common to Sections 2 and 11, a distance of 1,873.72 feet;
Thence South 46°23'23" West 158.22 feet;
Thence Southeasterly along said Highway 364.80 feet to the Point of Beginning;
Thence North 46°23'23" East to the Southerly line of Northern Pacific Railway Company right-of-way and terminus of said line.

Except Sammamish Waterway District No. 3.

And except that portion conveyed to Willis E. Campbell, et al by Deed recorded under Recording No. 9101291015 and described as follows:

That portion of the Northeast quarter of the Northwest quarter of Section 11, Township 25 North, Range 5 East, W.M., King County, Washington, lying Northeasterly of the Redmond-Kirkland road, described as follows:

Commencing at the Northwest corner of said Section 11;
Thence South 88°06'37" East, along the Section line common to Sections 2 and 11, a distance of 1,873.72 feet;
Thence South 46°23'23" West 160.23 feet to the Northeasterly margin of the Redmond-Kirkland Road;
Thence South 43°36'37" East, along said Northeasterly margin, 188.47 feet to Engineers Station 187+41.14;
Thence North 46°23'23" East 20.00;
Thence South 43°36'37" East, along said Northeasterly margin, 176.53 feet;
Thence North 46°23'23" East 25.00 feet to a point on a 600.00 foot radius circular curve to the left, from which point, the center of said curve bears North 38°51'56" East and the true Point of Beginning;
Thence Easterly, along said curve, through a central angle of 08°55'39", an arc distance of 93.49 feet;
Thence North 33°50'07" East 121.73 feet;
Thence North 11°52'00" West 76.31 feet to a point which bears North 46°23'23" East from the true Point of Beginning;
Thence South 46°23'23" West 178.37 feet to the true Point of Beginning.

Situate in the County of King, State of Washington.

SUBDIVISION GUARANTEE

End of Schedule A

SUBDIVISION GUARANTEE

STG Privacy Notice 2 (Rev 01/26/09) Independent Agencies and Unaffiliated Escrow Agents

WHAT DO/DOES THE RAINIER TITLE LLC AND STEWART TITLE GUARANTY COMPANY DO WITH YOUR PERSONAL INFORMATION?

Federal and applicable state law and regulations give consumers the right to limit some but not all sharing. Federal and applicable state law regulations also require us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand how we use your personal information. This privacy notice is distributed on behalf of Rainier Title LLC and Stewart title Guaranty Company and its affiliates (the Stewart Title Companies), pursuant to Title V of the Gramm-Leach-Bliley Act (GLBA).

The types of personal information we collect and share depend on the product or service that you have sought through us. This information can include social security numbers and driver's license number.

All financial companies, such as Rainier Title LLC and Stewart Title Guaranty Company, need to share customers' personal information to run their everyday business—to process transactions and maintain customer accounts. In the section below, we list the reasons that we can share customers' personal information; the reasons that we choose to share; and whether you can limit this sharing.

Reasons we can share your personal information	Do we share?	Can you limit this sharing?
For our everyday business purposes — to process your transactions and maintain your account. This may include running the business and managing customer accounts, such as processing transactions, mailing, and auditing services, and responding to court orders and legal investigations.	Yes	No
For our marketing purposes — to offer our products and services to you.	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes — information about your transactions and experiences. Affiliates are companies related by common ownership or control. They can be financial and nonfinancial companies.	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness.	No	We don't share
For our affiliates to market to you	Yes	No
For nonaffiliates to market to you. Nonaffiliates are companies not related by common ownership or control. They can be financial and nonfinancial companies.	No	We don't share

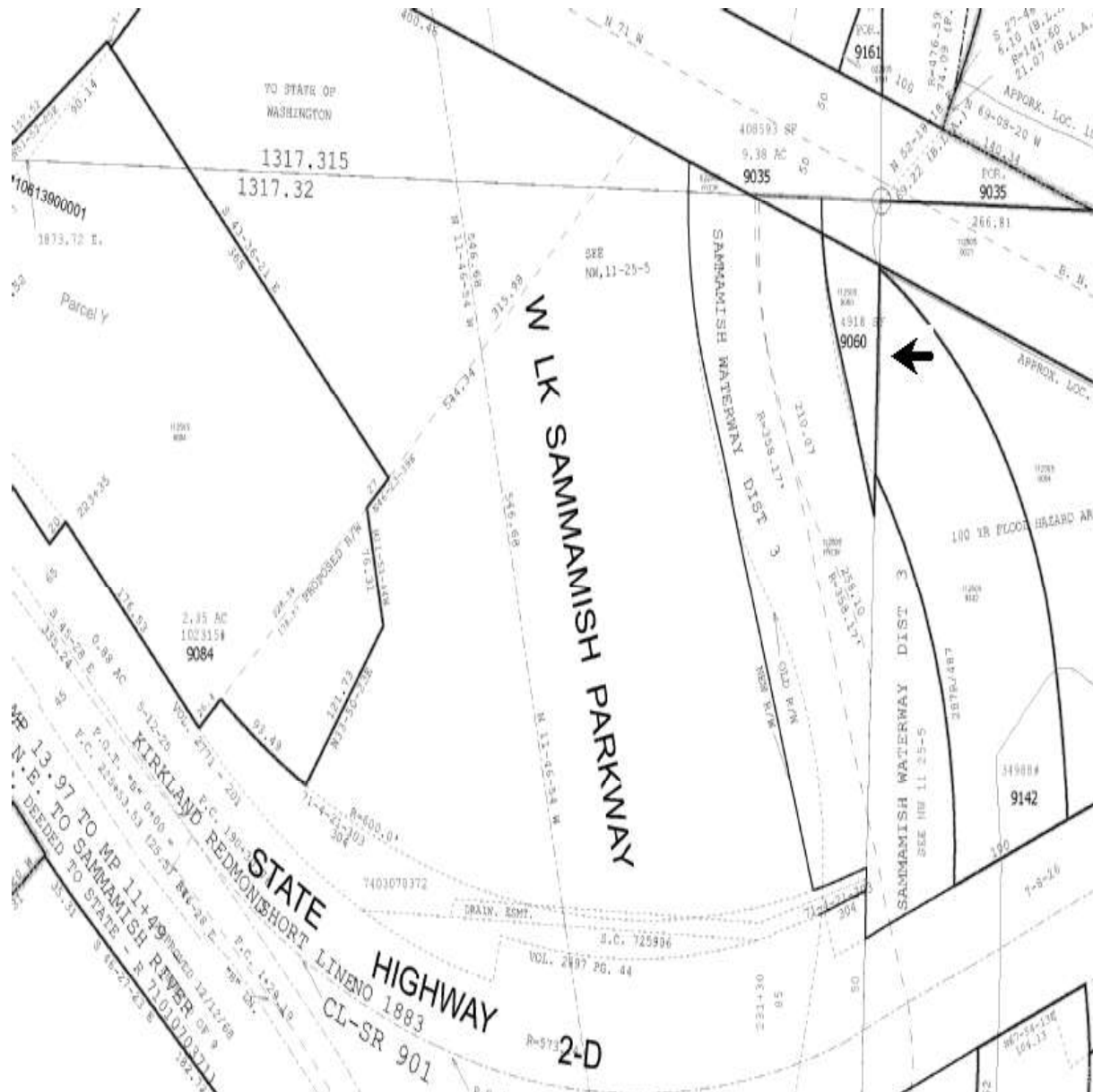
SUBDIVISION GUARANTEE

We may disclose your personal information to our affiliates or to nonaffiliates as permitted by law. If you request a transaction with a nonaffiliate, such as a third party insurance company, we will disclose your personal information to that nonaffiliate. We do not control their subsequent use of information, and suggest you refer to their privacy notices.

Sharing practices	
How often do/does Rainier Title LLC and Stewart Title Guaranty Company notify me about their practices?	We must notify you about our sharing practices when you request a transaction.
How do/does Rainier Title LLC and Stewart Title Guaranty Company protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal and state law. These measures include computer, file, and building safeguards.
How do/does Rainier Title LLC and Stewart Title Guaranty Company collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none">• request insurance-related services• provide such information to us <p>We also collect your personal information from others, such as the real estate agent or lender involved in your transaction, credit reporting agencies, affiliates or other companies.</p>
What sharing can I limit?	Although federal and state law give you the right to limit sharing (e.g., opt out) in certain instances, we do not share your personal information in those instances.
Contact Us	If you have any questions about this privacy notice, please contact us at: 2722 Colby Avenue, Suite 125; Everett, WA 98201, or call 888 828.0018



Order No. 700665RT



This sketch is provided without charge, for your information. It is not intended to show all matters related to the property including, but not limited to: area, dimensions, easements, encroachments or location of boundaries. It is not a part of, nor does it modify, the commitment/policy to which it is attached. The Company assumes NO LIABILITY for any matter related to this sketch. Reference should be made to an accurate survey for further information.

CERTIFICATION

Certification

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon 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 appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Eric McKee has made a personal inspection of the subject property that is the subject of this report from the adjacent right of way. Bates McKee, MAI, and Katie Martens have not inspected the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Bates McKee, MAI, CRE has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Eric McKee has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



Bates McKee, MAI, CRE, AI-GRS

WA State-Certified General Real Estate Appraiser (1100228)



Eric McKee, Appraiser

WA State-Certified General Real Estate Appraiser (1102525)



Katie Martens, Appraiser

WA State-Registered Real Estate Appraiser Trainee (1002243)

ORDINARY ASSUMPTIONS AND LIMITING CONDITIONS

Ordinary Assumptions and Limiting Conditions

The attached report may only be used or reviewed in its entirety. No individual pages, portions, analyses, or conclusions may be separated from the complete report or verbally disseminated without transmittal of the entire report. This appraisal is intended for use only by the client and intended users specifically identified in the report, and may not be transferred to any other party without the specific written permission of McKee Appraisal, Inc. Certain aspects of the report (including analysis methodology, spreadsheets, textual formatting, and content) are considered the exclusive intellectual property of McKee Appraisal, Inc. All rights are reserved.

The following Ordinary Assumptions and Limiting Conditions are supplemented by additional extraordinary assumptions and limiting conditions identified in the report.

It is assumed that there have been no substantial changes to the property between the date of our inspection or most recent investigation and the date of the report.

It is assumed that there are no hidden or unapparent conditions of the property, subsoil, structures, or environment (including asbestos, formaldehyde, radon, soil contamination, structural conditions, legal compliance including zoning and Americans With Disabilities Act compliance, title, or legal conditions, mineral or other valuable conditions or rights, or unknown soils, hydrological, or environmental factors) that render it more or less valuable. We have no expertise in any of these areas, and we specifically counsel the client to perform additional investigation by qualified experts. No responsibility is assumed for such conditions or for arranging studies to discover them.

The liability of McKee Appraisal, Inc. and its employees is limited to the client only.

The value conclusions are the result of integration of the entire appraisal process, including multiple methodologies, approaches, and analyses. Any specific errors or omissions may or may not change the value conclusions.

The appraiser is not required to provide further appraisal services, give further consultation, testimony, or attendance in court by reason of this appraisal unless specific arrangements have been previously made.

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

The forecasts, projections and estimates contained in this report are based on current market conditions, anticipated short-term supply and demand factors, and a stable economy. These forecasts are, therefore, subject to changes with future conditions which are unknown at the date of appraisal. We assume that future conditions are as anticipated by the markets and as discussed in the report, and any future projections or values are predicated on this assumption. The analyses and conclusions are valid only as of the date of transmittal of the report.

The appraiser has made no survey of the property and assumes no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property.

No responsibility is assumed for the legal description or for matters including legal or title considerations. The property is appraised free and clear of any or all liens or encumbrances, unless otherwise stated. Title to the property is assumed to be good and marketable.

Responsible ownership and competent management are assumed.

The allocation of total value to land, buildings, or any fractional part or interest as shown in this report, is invalidated if used separately or in conjunction with any other appraisal.

RESTRICTION UPON DISCLOSURE & USE:

This appraisal is intended for use only by the client and intended users specifically identified in the report, and may not be transmitted or communicated to any other party without the specific written permission of McKee Appraisal, Inc. Disclosure of the contents of this appraisal report is governed by the By-Laws & Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which (s)he is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the signatories. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus, or registration without the prior written consent of the appraiser.

APPRAISERS' EXPERIENCE & QUALIFICATIONS

McKEE APPRAISAL

REAL ESTATE SERVICES & CONSULTING, INC.

1200 Sixth Avenue, Suite 1805, Seattle, Washington 98101

Telephone (206) 343-8909 Fax (206) 386-5777

EXPERIENCE & QUALIFICATIONS

BATES McKEE, MAI, CRE, AI-GRS

Mr. McKee co-founded the firm McKee Appraisal in 1990. McKee Appraisal specializes in the economic analysis of real estate, employing valuation professionals and providing critical analysis and information to corporate, government and private clients nationwide. Mr. McKee graduated from the Massachusetts Institute of Technology (MIT) where he received a Bachelor of Science Degree in Earth & Planetary Sciences, with a Minor in Writing. He also completed the O-Degree program in Geology at Edinburgh University, Scotland, in 1978.

Mr. McKee received the MAI (Member of Appraisal Institute) designation in 1988, after employment with the Seattle firm of Shorette & Riely in 1984. Mr. McKee is a Certified General Real Estate Appraiser, and adheres to the standards and ethics of the Appraisal Institute. Mr. McKee is past Chair of the Seattle Chapter Education Committee, and was elected as Regional Director for the Appraisal Institute in 2005. Mr. McKee was awarded the Counselors of Real Estate (CRE) designation in 2008 and the Appraisal Institute – General Review Specialist (AI-GRS) designation in 2016. He served as the Chair of the Pacific Northwest Chapter of the Counselors of Real Estate from 2011 to 2013. He currently serves on the Valuation Committee of the National Council of Real Estate Investment Fiduciaries (NCREIF).

In his appraisal experience, Mr. McKee has appraised and analyzed a wide variety of commercial property types, and provided critical consultation and litigation services to a diversified range of clients. In addition to managing operations and education at McKee Appraisal, he frequently represents both property owners and governmental agencies in appraisal and litigation. Project appraisal work includes acquisition for all segments of Sound Transit Link light rail, the Alaskan Way Viaduct replacement project, the Yellowstone retail stores, Interstate 90 and the Seattle Waterfront project. He has particular expertise in institutional portfolio valuation, leased fee and leasehold financial valuation, consulting, mediation and dispute resolution, and the valuation of tunnels and easements. He is a frequent educational speaker and lecturer for attorneys, appraisers and real estate consultants.

Mr. McKee was previously employed as a geologist with Roger Lowe Associates, Bellevue, Washington. His work included site evaluation of geologic and hydrologic conditions and hazards, economic feasibility analysis, and construction inspection. Mr. McKee was employed as a physical oceanographer with the research company SAIC. Mr. McKee was an independent investment manager and analyst. He authored Optival, a computer program for analyzing and valuing stock options, and was also employed as an investment software developer with Expert Systems, Inc., Redmond, Washington.

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EXPERIENCE & QUALIFICATIONS

ERIC McKEE

Eric McKee graduated from the University of Washington with a Bachelor of Arts Degree in Economics. His studies were focused on international economics. Eric played tennis at the national level as a junior player. He followed his passion for the sport, becoming a collegiate tennis player.

Since joining McKee Appraisal in 2010, Mr. McKee has appraised a variety of property types throughout the Puget Sound Region including apartment, retail, industrial, office, commercial and residential land, and special purpose. This work has been conducted for a wide variety of institutional, municipal, and private clients.

Mr. McKee is a State-Certified General Real Estate Appraiser (Washington State Certificate No. 1102525). Additional appraisal coursework includes Advanced Income Capitalization, Advanced Concepts and Case Studies, and Advanced Market Analysis Highest and Best Use.

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EXPERIENCE & QUALIFICATIONS

KATHRYN MARTENS

Katie graduated Magna Cum Laude from Gonzaga University in 2015 with a double-major B.A. in Environmental Studies and Political Science, along with a Minor in International Relations with an emphasis on European Studies. During this time, she studied abroad in Australia and New Zealand and conducted directed field research for the School for Field Studies. She also was the president of the Gonzaga Environmental Organization, co-founder of the Gonzaga Permaculture Club, and played on the Gonzaga Women's Ultimate Frisbee team.

Prior to joining McKee Appraisal, Katie held a position as a construction litigation paralegal. She received her ABA Certified Paralegal Certificate from the University of Washington in September 2018.

Katie is a State Registered Real Estate Appraiser Trainee (Washington State Certificate No. 1002243). While completing her appraiser certification coursework, she provided support to several of the company's large projects with research, analysis, and documentation. She has appraised a wide variety of property types such as industrial, retail, office, residential properties, hotels and vacant land. Katie has assisted in eminent domain appraisals of partial acquisitions, temporary and permanent easement rights, and fee takings for Sound Transit. She also has experience in litigation and trial support for private entities and public agencies.



Memorandum

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-286

Type: Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Planning and Community Development	Carol Helland	425-556-2107
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DEPARTMENT STAFF:

Planning and Community Development	Seraphie Allen	Deputy Director
Planning and Community Development	Jeff Churchill	Long Range Planning Manager
Planning and Community Development	Ian Lefcourte	Senior Planner

TITLE:

Adoption of an Ordinance Establishing an Optional Pilot Program for the 12-Year Multifamily Housing Property Tax Exemption (MFTE) Program

OVERVIEW STATEMENT:

Staff recommends adoption of the ordinance in Attachment A to establish an optional pilot program for the 12-year MFTE program.

The multifamily property tax exemption program is authorized in chapter 84.14 RCW. Redmond established its MFTE program in 2017 (Ord. 2892) for the purpose of encouraging the production of affordable housing. Redmond offers an 8-year and 12-year program. The 8-year program has been very successful. As of the first quarter of 2023, there are 5 constructed and occupied market-rate projects in the 8-year MFTE program, which contain 134 affordable units. To date, no market-rate developer has used the 12-year exemption.

For the 12-year exemption, state statute requires that 20% of homes be affordable. Redmond requires this housing to be affordable between 60% and 85% of area median income. This pilot would adjust those limits to between 80% and 115% as allowed by state statute to increase uptake of the 12-year exemption and thereby increase the supply of affordable homes.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information**

☒ **Provide Direction**

☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**

Comprehensive Plan: policy HO-44 calls for incentive programs to increase the supply of affordable housing.

Housing Action Plan: identifies actions to complete to pursue the City's housing goals, including updating the City's inclusionary zoning and MFTE programs.

- **Required:**

Ordinances require Council approval.

- **Council Request:**

N/A

- **Other Key Facts:**

This ordinance fulfills a portion of the obligations of the Housing Action Plan Implementation (HAPI) grant contract with the Washington State Department of Commerce.

OUTCOMES:

This ordinance will allow the City to evaluate how changes to the 12-year MFTE option could increase the supply of affordable housing. At the end of the pilot program the City would have additional information to inform whether to make permanent changes to the MFTE program.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**

Q4 2022 to Q2 2023.

- **Outreach Methods and Results:**

Stakeholder interviews.

- **Feedback Summary:**

Potential users of the MFTE program encouraged the City to make the program more attractive.

BUDGET IMPACT:

Total Cost:

\$100,000

Approved in current biennial budget:

☒ Yes

☐ No

☐ N/A

Budget Offer Number:

0000037

Budget Priority:

Vibrant and Connected

Other budget impacts or additional costs:

☐ Yes

☐ No

☒ N/A

If yes, explain:

N/A

Funding source(s):

\$100,000 grant from the Washington State Department of Commerce

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-286

Type: Committee Memo

Budget/Funding Constraints:

The required final deliverable of the Commerce grant is legislative action to support an adopted Housing Action Plan by June 30, 2023. Redmond's contract with Commerce calls for ordinances amending the MFTE and inclusionary zoning programs. The 12-year MFTE pilot program fulfills the grant requirement for the MFTE ordinance. The inclusionary zoning ordinance will miss the June 30 deadline, and as a consequence Redmond will be ineligible for a portion of the grant; the specific amount is being negotiated.

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
3/7/2023	Business Meeting	Receive Information

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
6/20/2023	Business Meeting	Approve

Time Constraints:

This ordinance is a grant deliverable as noted above. Grant deliverables are due by June 30, 2023.

ANTICIPATED RESULT IF NOT APPROVED:

Redmond will not have the opportunity to assess changes to the 12-year MFTE program on a pilot basis, and Redmond will not be reimbursed for the final deliverable of the Commerce grant as described above.

ATTACHMENTS:

- A. Ordinance Amending the Redmond Municipal Code

CODE

CITY OF REDMOND
ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF REDMOND,
WASHINGTON, AMENDING RMC 3.38, MULTIFAMILY
HOUSING PROPERTY TAX EXEMPTION, RELATING TO
ESTABLISHMENT OF A PILOT PROGRAM FOR THE 12
YEAR EXEMPTION, PROVIDING FOR SEVERABILITY,
AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City of Redmond adopted a multifamily housing property tax exemption in 2017 (Ord. 2982) as authorized in chapter 84.14 RCW; and

WHEREAS, the City of Redmond adopted a Housing Action Plan in 2021 that calls for the City to review its multifamily property tax exemption program to achieve housing affordability objectives; and

WHEREAS, the 8-year exemption has resulted in 134 affordable units while the 12-year exemption has not been used by a market-rate developer in Redmond; and

WHEREAS, an optional pilot program for the 12-year exemption would allow the City to evaluate the effectiveness of changes to the 12-year exemption on a pilot basis;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Findings. The recitals set forth above are hereby adopted as the Redmond City Council's findings justifying the actions taken in this ordinance.

Section 2. Amendments to RMC 3.38 Multifamily Housing Property Tax Exemption. A new section, RMC 3.38.200, "Temporary Pilot Program - 12 Year Exemption Required Minimum Affordability Levels", is hereby created to read as follows:

NEW SECTION 3.38.125 Temporary Pilot Program - 12 Year Exemption Required Minimum Affordability Levels

(A) Pilot Program. The Minimum Affordability Levels for the 12-year exemption, identified in Table 3 of this section, shall supersede the 12-year exemption Minimum Affordability Levels identified in Table 1 and Table 2 of this chapter.

(B) The value of new housing construction qualifying under this chapter shall be exempt from ad valorem property taxation as follows:

1. In all Residential Targeted Areas.

a. Length of Exemption. For 12 successive years beginning January 1 of the year immediately following the calendar year of issuance of the certificate for rental

projects where at least the required minimum number of units are affordable units as specified in Table 3.

b. Table 3: Required Minimum Affordability Levels. Affordable Rents as indicated:

<u>Table 3: Marymoor, Downtown, and Overlake Village Residential Targeted Areas</u>		
<u>Length of Exemption</u>	<u>Number of Units</u>	<u>Affordability Level</u>
<u>12 years</u>	<u>First 10%</u> <u>Second 10%</u>	<u>80% AMI</u> <u>115% AMI</u>

(C) Termination. This section shall expire on December 31, 2024.

Section 3. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 4. Effective Date. This ordinance shall become effective five days after its publication, or publication of a summary thereof, in the city's official newspaper, or as otherwise

provided by law. This ordinance and the associated pilot program
Redmond Zoning Code regulations shall expire December 31, 2024.

CITY OF REDMOND

ANGELA BIRNEY, MAYOR

ATTEST:

CHERYL D. XANTHOS, MMC, CITY CLERK

(SEAL)

APPROVED AS TO FORM:

JAMES HANEY, CITY ATTORNEY

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
SIGNED BY THE MAYOR:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO.