City of Redmond

Agenda

Wednesday, November 12, 2025

4:30 PM

City Hall: 15670 NE 85th St; Remote: Comcast Ch. 21/321, Ziply Ch. 34, Facebook (@CityofRedmond), Redmond.gov/rctvlive, or 510-335-7371

Committee of the Whole - Finance, Administration, and Communications

Committee Members

Steve Fields, Presiding Officer
Jeralee Anderson
Jessica Forsythe
Vanessa Kritzer
Angie Nuevacamina
Osman Salahuddin
Melissa Stuart

Meetings can be attended in person, viewed live on RCTV (redmond.gov/rctvlive), Comcast Channel 21/321, Ziply Channel 34, Facebook/YouTube (@CityofRedmond), or listen live at 510-335-7371

AGENDA

ROLL CALL

A. Action Items

1. Adoption of a Resolution Updating the Water and Wastewater Connection Charges, and Adoption of an Ordinance Updating the Stormwater Capital Facilities Charges — CM 25-602

Attachment A: Resolution - Water & Wastewater Connection Charge
Attachment B: Ordinance - Stormwater Connection Charge
Attachment C: CFC Report-FCS
Attachment D: CFC Update-OneRedmond Presentation
Attachment E: Redmond CFC Comparison to Other Jurisdictions

Department: Finance, 10 minutes
Requested Action: Consent, November 18th

2. Adoption of an Ordinance for the 2025-2026 Budget Adjustment #4 — CM 25-603

Attachment A: Ordinance: 2025-2026 Budget Adjustment #4
Exhibit 1: Summary of 2025-2026 Budget Adjustment #4

Department: Finance, 5 minutes
Requested Action: Consent, November 18th

3. Adoption of an Ordinance Establishing the 2026 Property Tax Levy for General Operations — CM 25-601

Attachment A: Ordinance - 2026 Property Tax

Department: Finance, 5 minutes
Requested Action: Consent, November 18th

4. Approval of Authorization to Execute Three Wireless Telecommunications Amendments for Novelty Hill, Fire Station 14, and Education Hill CM 25-598

Attachment A: Amendment to AT&T Lease at Novelty Hill Water Tank

Attachment B: Amendment to Crown Castle at Fire Station 14

Attachment C: Amendment to Verizon Lease at Education Hill Water Tank

Department: Finance, 5 minutes
Requested Action: Consent, November 18th

5. Approval of Lease Amendment for Northwest Restaurants, Inc. CM 25-599

Attachment A: Draft Lease Amendment for Northwest Restaurants, Inc.

Department: Finance, 5 minutes
Requested Action: Consent, November 18th

6. Approval of Lease with WSDOT for Trail Segment Connecting SR 202 and the Redmond Central Connector CM 25-600

Attachment A: Draft Lease Agreement

Exhibit A: Depiction of Trail Lease

Exhibit B: Access Breaks

Exhibit C: Standard Title VI / Nondiscrimination Assurances from USDOT Order No. 1050.2A

Exhibit D: Development Agreement for the DRLE Project of 2019 COR and Sound Transit

Exhibit E: As-Built - Redmond 520 Trail Connection Cross Section

Department: Finance, 5 minutes
Requested Action: Consent, November 18th

B. Feedback for Study Session - N/A

C. Informational - N/A

D. Read Only - N/A

ADJOURNMENT

Meeting videos are usually posted by 12 p.m. the day following the meeting at redmond.legistar.com, and can be viewed anytime on Facebook/YouTube (@CityofRedmond) and OnDemand at redmond.gov/OnDemand

Memorandum

Date: 11/12/2025
Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 25-602
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	Haritha Narra	Deputy Finance Director
Finance	Hailey Zurcher	Financial Planning Manager

TITLE:
Adoption of a Resolution Updating the Water and Wastewater Connection Charges, and Adoption of an Ordinance Updating the Stormwater Capital Facilities Charges

OVERVIEW STATEMENT:
Connection charges and capital facilities charges are one-time fees applied to new development as a condition of connecting to utility infrastructure. The purpose of a charge is to recover the cost to provide system capacity to new customers. All proceeds received must be used for capital improvements. The connection and capital facilities charges are calculated on the following factors:

Water Utility Connection Charges
- Meter size for commercial, multi-family residential, cooling tower, and irrigation
- Total living area for single-family residential

Wastewater Utility Connection Charges
- Meter size for commercial
- Living units for single and multi-family residential

Stormwater Utility Capital Facilities Charges
- Impervious units

The connection and capital facilities charges have not been updated since 2018. At the end of 2024, Financial Consulting Solutions (FCS) with Bowman, was hired to evaluate and update the calculations for the City's water, wastewater, and stormwater connection charges, ensuring that the calculations include updated capital improvement projects and accurate system capacity.

Updating the connection and capital facilities charges is necessary to ensure that new development recovers an equitable share of the cost of utility system infrastructure, and ensures an equitable spread of infrastructure costs between existing customers and new growth and development.

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

REQUESTED ACTION:

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

REQUEST RATIONALE:

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

OUTCOMES:
The analysis completed by FCS in 2025 updated the calculation to include the current system investments and incorporated identified eligible future capacity expanding projects included in the current six-year Capital Improvement Program (CIP). Additionally, the 2025 update includes updated system capacity data as provided in the 2023 Water System Plan, data which was not previously available in the last CFC update. The City's existing stormwater CFCs reflect an "average-cost" methodology, which divides the total cost of the system by the total capacity of the system. For the 2025 update, this methodology was also utilized for the water and wastewater connection charges, which have historically been calculated based on the cost of existing facilities and growth-related capital projects only (excluding replacement/improvement projects). This change promotes the use of a consistent methodology across all utilities.

The updated charges and fees are summarized below:

- Water Connection Charges
  - Increase to Single-Family Residential connection charges, and charges for Commercial and Multi-Family meters 1" and smaller
  - Decrease to all other connection charges
  - Key Drivers for Change: increase in the net cost basis, which reflects current planned CIP projects, and the methodology for how costs related to fire suppression are equitably recovered from connections, which is based on number of meters rather than meter size.
- Wastewater Connection Charges
  - Increase to all wastewater connection charges
  - Key Driver for Change: increase to the total cost basis, which reflects the current planned CIP projects and cost of current assets.
- Stormwater Capital Facilities Charges
  - Increase to citywide charges due to increased cost basis, which reflects current assets and planned CIP projects
  - Decrease to Overlake charges due to slight increase in number of impervious units
  - Decrease to Downtown charges due to decrease in the cost basis, which reflects the current planned CIP projects and increased estimate of impervious units

The changes proposed can be explained by the updated cost basis to reflect current assets and planned improvement and expansion, as informed by the City's Capital Improvement Program. Additionally, the updated methodology aligns with best practices for CFC calculation and ensures consistency among the utilities. Regular updates to the CFCs and connection charges will enable equitable share of the total cost of the utility systems between existing and future customers and will ensure accurate cost bases as the City continues to update capital planning.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
  OneRedmond Communication - October 23, 2025, OneRedmond Government Affairs Meeting
- **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:
N/A

Other budget impacts or additional costs: ☒ **Yes** ☐ **No** ☐ **N/A**
If yes, explain:
Connection and capital facilities charges should be updated regularly to keep pace with growth, in order to maintain the City's desired level of service and to recover the cost to provide system capacity to new customers. The revenues from these charges are received in the corresponding CIP funds and only used to fund CIP projects.

Funding source(s):
N/A

Budget/Funding Constraints:
N/A

☐ **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
11/18/2025	Business Meeting	Approve

Time Constraints:
Updated connection and capital facilities charges should be adopted before December 31, 2025, to take effect January 1, 2026.

ANTICIPATED RESULT IF NOT APPROVED:
The existing connection and capital facilities charges would remain in place, although they do not account for system improvement costs included in the 2025-2030 CIP, and do not ensure an equitable cost share of system growth between current and new customers.

ATTACHMENTS:
Attachment A: Resolution - Water & Wastewater Connection Charge
Attachment B: Ordinance - Stormwater Connection Charge
Attachment C: CFC Report_FCS
Attachment D: CFC Update_OneRedmond Presentation
Attachment E: Redmond CFC Comparison to Other Jurisdictions

CITY OF REDMOND
RESOLUTION NO. _______

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, ESTABLISHING NEW CONNECTION CHARGE RATES

WHEREAS, section 13.11.030 of the Redmond Municipal Code establishes General Water and Wastewater Connection Charges, and Section 13.11.060 provides that the rate of the General Water and Wastewater Connection Charge shall be determined by the City Council; and

WHEREAS, the City Council has considered the recommendations of the Financial Planning Manager and a consultant to the City, and based upon such information, the City Council has determined that the following charges will result in payment of an equitable share of the costs of the City Wastewater and Water Systems by property owners connecting to said systems; and

WHEREAS, the City Council has also determined that the Water and Wastewater Connection charges should reflect the City's cost of new connections to the City Water and Wastewater systems, and that the department director should be allowed to raise the fees administratively on an annual basis in an amount not exceeding the most recently published Consumer Price Index –

Wage Earners and Clerical workers for the Seatle-Tacoma area, in order to recapture the City's costs.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. The General Water Connection Charge shall be collected for each separate connection to the city water system and is in addition to any other required permit or meter installation fees. The charge shall be based on the meter size for commercial, multi-family residential, cooling tower, and irrigation uses, and total living area for single family residential uses of the connection as shown below. There is no connection charge for meters used solely for fire protection purposes.

A. REDMOND SERVICE AREA

Residential

Total Living Area	Single Family Residential
Small Home - 1500 SF or less	$4,230 ~~3,050~~
Medium Home - 1500 SF to 2999 SF	5,380 ~~4,510~~
Large Home - 3000 SF or more	7,130 ~~6,290~~

Non-Residential

Meter Size	Commercial/ Multi-Family Residential		Irrigation/ Cooling Towers		Exempt Irrigation/ Exempt Cooling Towers
5/8″ x 3/4″	$9,070	~~4,560~~	$14,300	~~13,670~~	$9,070
1″	12,910	~~11,390~~	35,760	~~34,170~~	22,780
1-1/2″	19,320	~~22,780~~	71,520	~~68,350~~	45,570
2″	27,000	~~36,450~~	114,430	~~109,360~~	72,900
3″	47,400	~~72,900~~	228,800	~~218,700~~	145,800

4″	70,500	~~113,900~~	357,600	~~341,700~~	227,800
6″	134,500	~~227,800~~	715,200	~~683,500~~	455,700
8″	211,300	~~364,500~~	1,144,300	~~1,093,600~~	729,000

B. NOVELTY HILL SERVICE AREA

Residential

Total Living Area	Single Family Residential
Small Home - 2400 SF or less	$60
Medium Home - 2,401 SF to 3,300 SF	90
Large Home - 3,301 SF or more	120

Non-Residential

Meter Size	Commercial/ Multi-Family Residential	Irrigation/ Cooling Towers	Exempt Irrigation/ Exempt Cooling Towers
5/8″ x 3/4″	$90	$260	$170
1″	220	650	440
1-1/2″	440	1,310	870
2″	700	2,090	1,390
3″	1,400	4,200	2,800
4″	2,200	6,500	4,400
6″	4,400	13,100	8,700
8″	7,000	20,900	13,900

Section 2. The General Water Connection Charge for the Redmond Service Area in Section 1 above shall be reduced by credits for water system improvements constructed to serve the property by the property developer, by Local Improvement District, or for which reimbursement fees are paid.

The maximum credits shall be as follows:

A. Water Distribution Credit

If water system improvements consist of hydrants, transmission and distribution mains and pump facilities, a credit shall be given in an amount not to exceed the following as determined by meter size for commercial, multi-family residential, cooling tower, and irrigation uses, and total living area for single family residential uses of the connection as follows:

Residential

Total Living Area	Single Family Residential
Small Home - 1500 SF or less	$1,360 ~~1,010~~
Medium Home - 1500 SF to 2999 SF	1,590 ~~1,500~~
Large Home - 3000 SF or more	1,950 ~~2,090~~

Non-Residential

Meter Size	Commercial/ Multi-Family Residential	Irrigation/ Cooling Towers	Exempt Irrigation /Exempt Cooling Towers
5/8″ x 3/4″	$2,950 ~~1,510~~	$2,890 ~~4,540~~	$3,030
1″	3,750 ~~3,775~~	7,220 ~~11,350~~	7,575
1-1/2″	5,080 ~~7,550~~	14,430 ~~22,700~~	15,150
2″	6,670 ~~12,080~~	23,080 ~~36,320~~	24,240
3″	10,900 ~~24,160~~	46,100 ~~72,640~~	48,480
4″	15,700 ~~37,750~~	72,200 ~~113,500~~	75,750
6″	29,000 ~~75,500~~	144,300 ~~227,000~~	151,500
8″	44,900 ~~120,800~~	230,800 ~~363,200~~	242,400

Section 3. The General Wastewater Connection Charge shall be collected for each separate connection to the city wastewater system and is in addition to any other required permit or inspection fees. The charge shall apply to each building/structure/use based on the meter size for commercial uses and living units for single and multi-family residential as shown below. There is no charge for irrigation, exempt irrigation, or exempt cooling tower uses. For wastewater connections that do not have a water supply, the Public Works

Director or his/her designee shall establish a residential equivalent or a meter size equivalent for the use.

Residential

Type of Residence	Redmond Service Area	Novelty Hill Service Area
Single Family Residence		
Small Home (<1500 SF)	$2,470 ~~2,890~~	$90
Medium Home (1500-2999 SF)	3,050 ~~2,890~~	90
Large Home (3000+ SF)	3,540 ~~2,890~~	90
Duplex	3,940 ~~4,620~~	140
Triplex	7,420 ~~6,930~~	210
Fourplex	9,890 ~~9,240~~	280
Larger than four units	1,920 ~~1,850~~ (per unit)	60 (per unit)
Mobile Home Park	3,050 ~~2,89~~ (per space)	90 (per space)
Residential Suites	1,060 ~~800~~ (per unit)	

Commercial

Meter Size	Redmond Service Area		Novelty Hill Service Area
5/8″-3/4″	$3,050	~~2,890~~	$90
1″	7,630	~~7,220~~	220
1-1/2″	15,270	~~14,440~~	430
2″	24,430	~~23,110~~	690
3″	48,800	~~46,200~~	1,380
4″	76,300	~~72,200~~	2,160
6″	152,700	~~144,400~~	4,310
8″	244,300	~~231,100~~	6,900

Cooling Towers

Meter Size	Redmond Service Area		Novelty Hill Service Area
5/8″-3/4″	$450	~~430~~	$10
1″	1,140	~~1,080~~	30
1-1/2″	2,290	~~2,170~~	60
2″	3,660	~~3,470~~	100
3″	7,300	~~6,900~~	210
4″	11,400	~~10,800~~	320
6″	22,900	~~21,700~~	650
8″	36,600	~~34,700~~	1,040

Section 4. The General Wastewater Connection Charge for the Redmond Service Area in Section 3 above shall be reduced by a credit for wastewater system improvements constructed to serve the property by the property developer, by Local Improvement District, or for which reimbursement fees are paid. The maximum credit shall be as follows:

Residential

Type of Residence	Redmond Service Area		
Single Family Residence			
Small Home (<1500 SF)	$960	~~1,730~~	
Medium Home (1500-2999 SF)	1,190	~~1,730~~	
Large Home (3000+ SF)	1,380	~~1,730~~	
Duplex	1,920	~~2,770~~	
Triplex	2,890	~~4,160~~	
Fourplex	3,850	~~5,540~~	
Larger than four units	750	~~1,110~~	(per unit)
Mobile Home Park	1,190	~~1,730~~	(per space)
Residential Suites	410	~~430~~	(per unit)

Commercial

Meter Size	Redmond Service Area	
5/8″-3/4″	$1,190	~~1,730~~
1″	2,970	~~4,330~~
1-1/2″	5,940	~~8,660~~
2″	9,500	~~13,870~~
3″	19,000	~~27,720~~
4″	29,700	~~43,320~~
6″	59,400	~~86,640~~
8″	95,000	~~138,660~~

Cooling Towers

Meter Size	Redmond Service Area	
5/8″-3/4″	$170	~~260~~
1″	440	~~650~~
1-1/2″	890	~~1,300~~
2″	1,420	~~2,080~~
3″	2,900	~~4,140~~
4″	4,400	~~6,480~~

6″	8,900	~~13,020~~
8″	14,200	~~20,820~~

Section 5. The amount of the credit shall be determined for each parcel, subdivision, development, or connection by allocating system improvement costs to the anticipated connections as follows:

A. Residential Plats/Short Plats

(1) Water Distribution Credit

Take the total costs of hydrants, transmission and distribution mains, and pump facilities, and then subtract any reimbursement agreement repayment amounts to be received, and then divide the remainder by the number of lots in the plat or short plat.

(2) Wastewater Credit

Take the total cost of wastewater system improvements, subtract any reimbursement agreement repayment amounts to be received, and then divide the remainder by the number of lots in the plat or short plat.

(3) Credit Amount per Lot

The credits for each lot are the amount calculated in Sections 1 and 2 above not exceeding the maximum credits specified in Section 2 and 4 above.

B. Multi-Family Residential and Mobile Home Parks

(1) Water Distribution Credit

Take the total costs of hydrants, transmission and distribution mains, and pump facilities, and then subtract any reimbursement agreement repayment amounts to be received, and then divide the remainder by the sum of the meter flow factor for all meters in the multi-family or mobile home park development, including irrigation meters. Then multiply this resultant figure by the meter flow factor for each individual meter in the development to determine the credit for each meter.

(2) Wastewater Credit

Take the total cost of wastewater system improvements, subtract any reimbursement agreement repayment amounts to be received, and then divide the remainder by the adjusted number of units or spaces in the development, then multiply this resultant figure by the number of units in each building/structure to determine the credit for each building/structure.

(3) The credits are the amount calculated not exceeding the maximum credits specified in sections 2 and 4 above.

(4) The meter flow factors are as follows:

Meter Size	Meter Flow Factor
5/8″-3/4″	1
1″	2.5
1-1/2″	5
2″	8
3″	16
4″	25

6″	50
8″	80

(5) Non-residential uses in a multi-family development or mobile home park, such as recreation buildings and laundry buildings, shall be converted into equivalent multi-family units in the amount of the meter flow factor. These equivalent units shall be added to the actual number of units and this sum shall be the adjusted number of units/spaces for which the wastewater credit is calculated.

C. Commercial Developments, Structures, and Buildings

(1) Water Distribution Credit

Take the total costs of hydrants, transmission and distribution mains, and pump facilities, subtract any reimbursement agreement repayment amounts to be received, then divide the remainder by the sum of the meter flow factors for all meters in the development, including irrigation meters, then multiply this resultant figure by the meter flow factor for each individual meter in the development to determine the credit for each meter.

(2) Wastewater Credit

Take the total costs of wastewater system improvements, subtract any reimbursement agreement repayment amounts to be received, and then divide the remainder by the sum of the meter flow factor for all meters which feed connections to the wastewater system. Then multiply this resultant figure by the meter flow factor for each individual meter in the development to determine the credit for each meter.

(3) The credits are the amount calculated not exceeding the maximum credits specified in sections 2 and 4 above.

(4) The meter flow factors are as listed above.

(5) For commercial zone subdivisions, credits for plat improvement shall be determined as for residential plats above and may be added to credits for on-site improvements except that the total credit amounts shall not exceed the maximum credits specified in Sections 2 and 4 above.

Section 6. Costs of system improvement from which credits are calculated shall not include costs of side sewers, water meters and services, private fire protection systems, or any part of the improvement which does not become part of the city owned and operated system.

Section 7. The Public Works Director or his/her designee may provide an additional credit in the General Connection Charge for new connections on property which is being redeveloped and where water and/or wastewater service had previously been provided. Factors to be considered in establishing the amount of this additional credit include: size of previous meters, number of previous units, previous quantity of flow, length of time previous development existed, length of time property is vacant from previous use, and other such factors as may apply.

Section 8. The Public Works Director or his/her designee may provide an additional credit in the General Connection Charge for a multi-family complex or mobile home park that is currently served with a large master meter(s) that is converting to individual meters for each building. The intent of this section is that a conversion of this nature should not result in the imposition of additional connection charges.

Section 9. The Public Works Director or his/her designee shall make an additional General Wastewater Connection Charge for property which is currently served by wastewater service when a new water service or an increased size water service is installed for the property. The additional charge shall be the difference between the General Wastewater Connection Charge calculated at the current rates before and after the change.

Section 10. The Public Works Director or his/her designee shall make an additional General Water Connection Charge for a single-family residential home which is currently served by water service when the total living area is increased beyond home size range it was previously in. The additional charge shall be the difference between the General Water

Connection Charge calculated at the current rates before and after the change.

Section 11. For new connections in older developments where construction costs are not available to calculate credits, the Public Works Department shall estimate the value of the improvements at the time of construction and determine a credit. If a property owner does not accept the amount of credit determined by the City, the owner may submit such additional information for the City to consider in establishing the credit. Upon review of the additional information, the Director of Public Works or his/her designee shall set the amount of the credit.

Section 12. This resolution shall become effective January 1, 2026.

ADOPTED by the Redmond City Council this ______ day of ____________ _____, 2025.

APPROVED:

____
MAYOR, ANGELA BIRNEY

ATTEST:

____
CHERYL XANTHOS, MMC, CITY CLERK (SEAL)

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
RESOLUTION NO:

CODE

CITY OF REDMOND
ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, AMENDING THE SUBSECTIONS 13.20.040, 13.20.045.B, AND 13.20.047.B OF THE REDMOND MUNICIPAL CODE TO ESTABLISH STORMWATER DRAINAGE CAPITAL FACILITIES CHARGES

WHEREAS, sections 13.20.040 of the Redmond Municipal Code establishes the Citywide Stormwater Capital Facilities Charge, 13.20.045.B establishes the Downtown sub-basin Stormwater Capital Facilities Charge, and 13.20.047.B establishes the Overlake sub-basin Stormwater Capital Facilities Charge; and

WHEREAS, the City Council has considered the recommendations of the Financial Planning Manager and a consultant to the City, and based upon such information the City Council has determined that the charges identified in 13.20.040, 13.20.045.B and 13.20.047.B will result in payment of an equitable share of the City Stormwater system by those parcels developed within the City; and

WHEREAS, the City Council has also determined that the Stormwater Capital Facilities charges should reflect the City's cost of new connections to the City Stormwater system, and that the department director should be allowed to raise the fees administratively on an annual basis in an amount not exceeding the most recently published Consumer Price Index – Wage Earners and Clerical workers for the Seatle-Tacoma area, in order to recapture the City's costs.

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

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the City Code.

Section 2. Amendment of Chapter. RMC 13.20, Stormwater Drainage Capital Facilities Charges, is hereby amended to read as follows:

13.20.040 Citywide stormwater capital facilities charge.

The citywide stormwater capital facilities charge established by RMC 13.20.030 shall be calculated for property development based upon the number of impervious units proposed to be created by the development. The charge is **$2,310.00** [~~1,342.00~~] for each impervious unit. The total charge to be paid in connection with any development approval shall be determined by multiplying the total number of impervious units to be created by the proposed development by the charge for each unit.

13.20.045 Downtown sub-basin stormwater capital facilities charge.

B. The downtown sub-basin stormwater capital facilities charge shall be calculated for property development based upon the number of impervious units proposed to be created by the development. The charge is **<u>$3,358.00</u>** [~~5,979.00~~] for each impervious unit. A credit of 80 percent may be applied to the number of nonpollution generating impervious units that are managed by an approved private infiltration facility meeting current standards. The total charge to be paid in connection with any development approval shall be determined by multiplying the total number of impervious units to be created by the proposed development by the charge for each such unit minus the number of creditable impervious units multiplied by 0.80 of the charge for each unit.

13.20.047 Overlake sub-basin stormwater capital facilities charge.

B. The Overlake sub-basin stormwater capital facilities charge shall be calculated for property development based upon the number of impervious units proposed to be created by the development. The charge is **$10,253.00** [~~10,929.00~~] for each impervious unit. A credit of 80 percent may be applied to the number of impervious units that are managed by an approved private infiltration facility meeting current standards. The total charge to be paid in connection with any development approval shall be determined by multiplying the total number of impervious units to be created by the proposed development by the charge for each such unit minus the number of creditable impervious units multiplied by 0.80 of the charge for each unit.

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. The charges provided in subsections 13.20.040, 13.20.045.B, and 13.20.047.B as amended above shall apply to all charges effective January 1, 2026.

ADOPTED by the Redmond City Council this ______ day of ________________, 2025.

CITY OF REDMOND

____
ANGELA BIRNEY, MAYOR

ATTEST:

____
CHERYL XANTHOS, MMC, CITY CLERK (SEAL)

APPROVED AS TO FORM:

____
REBECCA MUELLER, CITY ATTORNEY

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

CITY OF REDMOND

Capital Facilities Charges (CFC) Update

Submitted by:

FCS, a Bowman company
7525 166th Ave NE
Ste D-215
Redmond, WA 98052
P: 425.867.1802

Submitted to:

City of Redmond
15670 NE 85th St
Redmond, WA 98052

September 19, 2025

fcsgroup.com | bowman.com

Contents

Exhibits

Background and Overview

Authorized by Section 35.92.025 of the Revised Code of Washington (RCW), the City of Redmond imposes Capital Facilities Charges (CFCs) on new development to recover an equitable share of the cost of system infrastructure. CFCs promote equity between existing customers and growth, recognizing that existing customers have paid (and will continue to pay) for infrastructure that is oversized to serve growth. The City currently charges water, wastewater, and stormwater CFCs.

Exhibit 1 summarizes the City's existing water CFCs, which went into effect on June 15, 2018 with the passing of City Resolution No. 1497.

Exhibit 1. Existing Water CFC Schedule

Water CFC Schedule	Total CFC	Distribution Credit	Net CFC
Single-Family Residential:			
Small Home (0 – 2,400 SF)	$3,050	$1,010	$2,040
Medium Home (2,401 – 3,300 SF)	$4,510	$1,500	$3,010
Large Home (3,301 SF+)	$6,290	$2,090	$4,200
Commercial & Multi-Family:			
3/4" Meter	$4,560	$1,510	$3,050
1" Meter	$11,390	$3,775	$7,615
1-1/2" Meter	$22,780	$7,550	$15,230
2" Meter	$36,450	$12,080	$24,370
3" Meter	$72,900	$24,160	$48,740
4" Meter	$113,900	$37,750	$76,150
6" Meter	$227,800	$75,500	$152,300
8" Meter	$364,500	$120,800	$243,700
Irrigation & Cooling Towers:			
3/4" Meter	$13,670	$4,540	$9,130
1" Meter	$34,170	$11,350	$22,820
1-1/2" Meter	$68,350	$22,700	$45,650
2" Meter	$109,360	$36,320	$73,040
3" Meter	$218,700	$72,640	$146,060
4" Meter	$341,700	$113,500	$228,200
6" Meter	$683,500	$227,000	$456,500
8" Meter	$1,093,600	$363,200	$730,400

Under the City's current water CFC structure, single-family residential connections pay a CFC based on home size because single-family meters are commonly oversized to provide water service and fire flow. Connections other than single-family connections pay a water CFC based on meter size, with irrigation and cooling towers paying a higher charge to recognize that they use disproportionately more water during the summer months (when system capacity is most constrained) than other users. Resolution No. 1497 establishes a water distribution credit for the value of hydrants, transmission and distribution mains, and pumping facilities that (a) a developer constructs to serve the property, (b) are funded through a local improvement district, or (c) for which reimbursement fees are paid.

Exhibit 2 summarizes the City's current wastewater CFCs, which went into effect on June 15, 2018 with the passing of City Resolution No. 1497.

Exhibit 2. Existing Sewer CFC Schedule

Sewer CFC Schedule	Total CFC	Collection Credit	Net CFC
Residential:			
Single-Family Residence	$2,890	$1,730	$1,160
Duplex	$4,620	$2,770	$1,850
Triplex	$6,930	$4,160	$2,770
Fourplex	$9,240	$5,540	$3,700
Larger Than 4 Units	$1,850	$1,110	$740
Mobile Homes (Per Space)	$2,890	$1,730	$1,160
Residential Suites (Per Unit)	$920	$550	$370
Commercial:			
3/4" Meter	$2,890	$1,730	$1,160
1" Meter	$7,220	$4,330	$2,890
1-1/2" Meter	$14,440	$8,660	$5,780
2" Meter	$23,110	$13,870	$9,240
3" Meter	$46,200	$27,720	$18,480
4" Meter	$72,200	$43,320	$28,880
6" Meter	$144,400	$86,640	$57,760
8" Meter	$231,100	$138,660	$92,440
Cooling Towers:			
3/4" Meter	$430	$260	$170
1" Meter	$1,080	$650	$430
1-1/2" Meter	$2,170	$1,300	$870
2" Meter	$3,470	$2,080	$1,390
3" Meter	$6,900	$4,140	$2,760
4" Meter	$10,800	$6,480	$4,320
6" Meter	$21,700	$13,020	$8,680
8" Meter	$34,700	$20,820	$13,880

Under the City's current wastewater CFC structure, residential connections pay a CFC based on the number of dwelling units and residential customer equivalent (RCE) assignments established by King County. King County has historically assigned 1 RCE to single-family dwellings, 0.8 RCEs per unit to buildings with up to four dwelling units, and 0.64 RCEs per unit for buildings with five or more dwelling units. Non-residential connections pay a wastewater CFC based on meter size, with cooling towers paying 15% of the applicable commercial CFC to recognize the estimated amount of their water usage that enters the sewer system (most water used evaporates during the cooling process). Resolution No. 1497 establishes a sewer collection credit for the value of sewer mains, manholes, and pump stations that (a) a developer constructs to serve the property, (b) are funded through a local improvement district, or (c) for which reimbursement fees are paid.

Exhibit 3 summarizes the current stormwater CFCs, which went into effect on May 12, 2018 with the passing of City Ordinance No. 2921.

Exhibit 3. Existing Stormwater CFC Schedule

Stormwater CFC Schedule	Total
Citywide CFC per Impervious Unit (IU)	$1,342
Overlake Sub-Basin CFC per IU	$10,929
Downtown Sub-Basin CFC per IU	$5,979

Section 13.20.020 (C) of the Redmond Municipal Code (RMC) defines an impervious unit as 2,000 square feet of impervious surface area. The City generally assigns 1 IU to single-family parcels and calculates IUs for other parcels based on measured impervious area, rounding down to the nearest tenth. RMC 13.20.045 and RMC 13.20.047 establish sub-basin CFCs for the Downtown and Overlake sub-basins, respectively, in lieu of requirements to construct onsite stormwater detention and water quality facilities that apply elsewhere in the City. The City offers an 80% sub-basin CFC credit to sites that fully infiltrate stormwater in private systems that meet current City standards.

General Methodology

The City's existing stormwater CFCs reflect an "average-cost" methodology, which divides the total cost of the system by the total capacity of the system to arrive at an average cost per equivalent unit of capacity (typically defined in terms of a single-family home). For this update, this methodology was also utilized for the water and sewer CFCs (which have historically been calculated based on the cost of existing facilities and growth-related capital projects) to promote the use of a consistent methodology across all utilities.

Cost Basis

The cost basis includes the cost of facilities of general system benefit, such as storage reservoirs, transmission mains, and pump stations. It intends to recognize the net investment made in existing system assets by ratepayers, and includes the following components:

- ***Original Cost of Existing Assets:*** RCW 35.92.025 authorizes cities to impose "such reasonable connection charge as the legislative body of the city or town shall determine proper in order that such property owners shall bear their equitable share of the cost of such system." This includes the documented (non-depreciated) cost of utility assets. The Washington State Supreme Court's decision in *Boe v. Seattle* limits this cost to original/actual cost and precludes utilities from using current replacement costs as the basis for setting CFCs.

- ***Plus – Interest Accrued on Existing Assets:*** RCW 35.92.025 allows the CFC to include "interest charges applied from the date of construction of the water or sewer system until the connection, or for a period not to exceed ten years, whichever is shorter, at a rate commensurate with the rate of interest applicable to the city or town at the time of construction or major rehabilitation of the system, or at the time of installation of the lines to which the property owner is seeking to connect but not to exceed ten percent per year."

- ***Plus – Construction in Progress:*** The cost basis can also include construction in progress, investments that the City has made in infrastructure that are neither booked as assets (having not yet been placed in service) nor included in its forward-looking capital improvement plan.

- ***Less – Contributed Assets:*** The stormwater CFC analysis reflects the more stringent standard that RCW 57.08.005 (11) imposes on connection charges for special-purpose districts, excluding assets that were donated or paid for by grants and projects (or portions of projects) that the City anticipates funding through grants or developer contributions. For consistency with the City's past practices, the water and wastewater CFC calculations include the cost of donated and grant-funded facilities but builds the cost of those facilities into the water distribution and sewer collection credits that offset what most new or expanded connections pay.

- ***Future Capital Projects:*** The cost basis includes costs associated with planned future capital projects, of which there are three main types:

  » Projects upgrading the level of service for all customers to comply with regulatory requirements imposed by State/Federal agencies.

  » Projects increasing capacity to serve growth, which would not be needed in the absence of growth.

  » Projects that repair or replace existing infrastructure, which are most often needed because existing facilities have deteriorated due to use by existing customers.

  While the water and wastewater CFC calculations have historically excluded replacement projects, the updated calculations include all capital project costs in the cost basis – to avoid double charging customers for existing assets and their replacement, the cost basis is adjusted to deduct the estimated cost of the assets being replaced through the planned capital projects.

- ***Less – Utility-Funded Meters & Services:*** Recognizing that new connections will generally have to pay for the meters and service lines for their properties, the cost basis does not include investments that the City has made or plans to make in other customers' meters and service lines.

System Capacity

Given that the City's customers can impose significantly different demands on the utility systems, the calculation expresses the capacity of each system in terms of equivalent units. The average-cost methodology divides the total cost of each system by the total number of capacity units that it can serve to arrive at an average cost per unit of capacity. Though the denominator includes both existing and future capacity units to determine the charge per capacity unit, existing customers have already paid the applicable CFCs and will pay for a proportionate share of any future costs through ongoing rates.

Water Capital Facilities Charge

Cost Basis

The cost basis for the water CFC is split into three core functions of service that differentiate how the City's various customers use the water system:

- ***Base Capacity:*** Costs associated with providing infrastructure to meet "base" demands, or the level of demand that would exist in the absence of peaking. This analysis uses winter-average demands to estimate base demands.
- ***Peak Capacity:*** Costs incurred to oversize infrastructure to meet peak demands.
- ***Fire Suppression:*** Costs incurred to provide and oversize infrastructure to accommodate the required levels of fire-flow conveyance and fire-suppression storage.

The first step in allocating the CFC cost basis to these functions is to separate the various components of the cost basis into the core categories of infrastructure that comprise the water system. Based on City-provided documents including plant-in-service records as of year-end 2024, current construction work in progress, and capital improvement plans from 2025-2030, **Exhibit 4** summarizes the water CFC cost basis in terms of the core infrastructure components. These components were then allocated to functions of service based on the following principles:

- **Supply & Treatment:** Wells and other assets related to supply and treatment were allocated between base capacity and peak capacity based on the ratio of winter-average daily production (representing "base" capacity needs in the absence of peaking) to maximum-day production. Table 4-3 of the 2023 Water System Plan indicates a maximum-day production of 17.9 million gallons per day (mgd) based on an average of 2019 – 2021 data, which includes both the City and Novelty Hill Service Areas. Tables 10-1 through 10-4 of the Water System Plan provide 2023 maximum-day demand estimates for both service areas, suggesting that the City Service Area (including the Well Service Area, the Rose Hill Service Area, and the Bellevue-Overlake-Viewpoint Service Area) represents about 89.1% of the total combined maximum-day demand. Applying this percentage to the 2019 – 2021 maximum-day production resulted in an estimate of 15.9 mgd as the maximum-day production attributable to the City Service Area.

  Based on monthly production data from Table 4-2 of the Water System Plan, the winter-average daily production was estimated to be approximately 4.795 mgd. The estimated winter-average daily production represents 30.1% of the maximum-day production, resulting in an allocation of 30.1% to base capacity and 69.9% to peak capacity.

Exhibit 4. Water CFC Cost Basis by Functional Component

Cost Basis Component ($ Millions)	Supply	Treatment	Pumping	Storage	Transmission & Distribution	Meters & Services	Hydrants	General	Total
Plant-In-Service as of Year-End 2024	$23.3	$5.8	$ 8.7	$ 9.7	$ 90.3	$13.4	$ 7.3	$ 6.2	**$164.7**
Plus: Construction Work In Progress	-	-	0.0	-	0.4	-	-	4.2	**4.6**
Plus: 2025 – 2030 Capital Improvement Plan									
Upgrade/Expansion	0.3	-	-	-	2.0	-	-	23.3	**25.6**
Repair/Replacement	-	-	3.9	11.0	11.5	6.2	-	9.1	**41.7**
Less: Provision for Retirement of Existing Assets	-	-	(1.7)	(0.5)	(0.1)	(2.7)	-	(1.5)	**(6.5)**
Plus: Interest Accrued on Existing Assets	10.9	2.5	3.1	4.4	34.4	4.3	2.9	1.7	**64.2**
Less: Costs Not Included In CFC Cost Basis	-	-	-	-	-	(21.2)	-	-	(21.2)
Total Cost Basis	**$34.5**	**$8.3**	**$14.0**	**$24.6**	**$138.6**	**$ -**	**$10.2**	**$43.0**	**$273.1**

- **Pumping:** Booster pump stations and other pumping facilities were allocated to functions based on an allocation of the capacity of the pump stations. Any pumps dedicated to fire flow were allocated to fire suppression; the remaining capacity was allocated between base capacity and peak capacity using the allocation discussed above for supply and treatment assets. **Exhibit 5** summarizes the functional allocation of pumping facilities:

Exhibit 5. Functional Allocation of Pumping Facilities

Pump Station	Pumping Capacity	Functional Allocation of Pumping Capacity			
		Base Capacity	Peak Capacity	Fire Suppression	Total
Reservoir Park	3,000 gpm	30.1%	69.9%	0.0%	100.0%
Perrigo Springs	615 gpm	30.1%	69.9%	0.0%	100.0%
Education Hill[1]	2,600 gpm	12.7%	29.6%	57.7%	100.0%
SE Redmond[2]	3,320 gpm	7.4%	17.3%	75.3%	100.0%
Rose Hill Supply Station No. 2	8,000 gpm	30.1%	69.9%	0.0%	100.0%
Rose Hill 650 Zone	5,250 gpm	30.1%	69.9%	0.0%	100.0%
Rose Hill North Reservoir	2,500 gpm	30.1%	69.9%	0.0%	100.0%
Bellevue/Redmond NE 40th	2,640 gpm	30.1%	69.9%	0.0%	100.0%
Total	**27,925 gpm**	**7,195 gpm**	**16,730 gpm**	**4,000 gpm**	
Percent of Total		**25.8%**	**59.9%**	**14.3%**	**100.0%**

[1]1,500 gpm (57.7%) of the Education Hill Pump Station's capacity is attributable to dedicated fire-flow pumps.
[2]2,500 gpm (75.3%) of the SE Redmond Pump Station's capacity is attributable to dedicated fire-flow pumps.

- **Storage:** The allocation of the City's reservoirs to fire suppression was based on an inventory of storage capacity and applicable requirements outlined in Section 10.3 of the Water System Plan. For each of the pressure-zone groupings, the storage capacity was allocated to functions based on the following principles:

  » Capacity needed to meet current equalizing storage requirements was allocated to peak capacity, given that its purpose is to meet peak demands.

  » Capacity needed to meet fire-suppression storage requirements was allocated to fire suppression, given that its purpose is to provide the required level of fire flow.

  » Capacity needed to meet current standby storage requirements (in excess of required fire-suppression storage requirement, as the City nests these storage requirements) was allocated between base capacity and peak capacity based on the allocation of supply facilities.

  » Capacity above the current requirements was allocated between base capacity and peak capacity based on the allocation of equalizing and standby storage capacity, given that only the equalizing and standby storage requirements will increase over time with growth.

  » Operational storage capacity was allocated proportionately among functions based on the allocation of other storage capacity, given that it relates to the general operation of the reservoirs (managing pumps and flow-control valves) rather than any specific function of service.

Exhibit 6 summarizes the functional allocation of storage facilities:

Exhibit 6. Functional Allocation of Storage Facilities

Storage Facilities by Pressure-Zone Grouping	Storage Capacity	Functional Allocation of Storage Capacity			
		Base Capacity	Peak Capacity	Fire Suppression	Total
Upper Well Area:					
Equalizing Storage	0.83 MG	0.0%	100.0%	0.0%	100.0%
Fire-Suppression Storage	0.84 MG	0.0%	0.0%	100.0%	100.0%
Standby Storage (Net of FSS)	2.68 MG	30.1%	69.9%	0.0%	100.0%
Available for Equalizing/Standby	0.29 MG	22.9%	77.1%	0.0%	100.0%
Operational Storage	0.36 MG	18.8%	63.1%	18.1%	100.0%
Lower Well Area:					
Equalizing Storage	1.31 MG	0.0%	100.0%	0.0%	100.0%
Fire-Suppression Storage	0.84 MG	0.0%	0.0%	100.0%	100.0%
Standby Storage (Net of FSS)	4.69 MG	30.1%	69.9%	0.0%	100.0%
Available for Equalizing/Standby	1.52 MG	23.5%	76.5%	0.0%	100.0%
Operational Storage	0.84 MG	21.2%	68.8%	10.0%	100.0%
Upper Rose Hill Area:					
Equalizing Storage	0.89 MG	0.0%	100.0%	0.0%	100.0%
Fire-Suppression Storage	0.22 MG	0.0%	0.0%	100.0%	100.0%
Standby Storage (Net of FSS)[1]	1.06 MG	30.1%	69.9%	0.0%	100.0%
Operational Storage	0.24 MG	14.8%	75.2%	10.0%	100.0%
Lower Rose Hill Area:					
Equalizing Storage	0.38 MG	0.0%	100.0%	0.0%	100.0%
Fire-Suppression Storage	0.22 MG	0.0%	0.0%	100.0%	100.0%
Standby Storage (Net of FSS)	1.39 MG	30.1%	69.9%	0.0%	100.0%
Available for Equalizing/Standby	1.94 MG	23.6%	76.4%	0.0%	100.0%
Operational Storage	0.24 MG	22.3%	72.2%	5.5%	100.0%
Overlake Area:					
Equalizing Storage	0.72 MG	0.0%	100.0%	0.0%	100.0%
Fire-Suppression Storage	0.37 MG	0.0%	0.0%	100.0%	100.0%
Standby Storage (Net of FSS)[1]	0.62 MG	30.1%	69.9%	0.0%	100.0%
Operational Storage	0.37 MG	10.9%	67.6%	21.6%	100.0%
Total	**22.87 MG**	**4.40 MG**	**15.72 MG**	**2.75 MG**	
Percent of Total		**19.2%**	**68.7%**	**12.0%**	**100.0%**

[1]Standby storage capacity is currently limited by existing deficiency in meeting nested standby/FSS requirements.

- **Transmission & Distribution:** The City sized its transmission and distribution system to meet peak water demands and accommodate the required level of fire flow. Not all mains are oversized for fire flow, however – mains that are too small (e.g. appurtenance piping) do not have the capacity for fire flow, and the City's largest mains are generally supply transmission mains that are not explicitly sized for fire flow. This analysis assumes that if the City did not have to provide fire suppression, 8″ mains could be 6″ mains (absent the need to meet residential fire-flow requirements); 10″ and 12″ mains could be 8″ mains (absent the need to meet commercial fire-flow requirements). This analysis allocated the estimated replacement cost of mains to functions, allocating the portion attributable to fire-flow oversizing to fire suppression and the remainder between base capacity and peak capacity based on the allocation of supply assets. **Exhibit 7** summarizes the functional allocation of water mains.

Exhibit 7. Functional Allocation of Water Mains

Size	Length[1]	Replacement Cost per LF[2]	Estimated Replacement Cost ($000s)	Functional Allocation of Replacement Cost			
				Base Capacity	Peak Capacity	Fire Suppression	Total
3/4″	65 LF	$329	$ 21	30.1%	69.9%	0.0%	100.0%
1″	149 LF	$364	54	30.1%	69.9%	0.0%	100.0%
1-1/2″	149 LF	$398	59	30.1%	69.9%	0.0%	100.0%
2″	29,156 LF	$432	12,600	30.1%	69.9%	0.0%	100.0%
3″	1,670 LF	$466	779	30.1%	69.9%	0.0%	100.0%
4″	48,163 LF	$501	24,119	30.1%	69.9%	0.0%	100.0%
6″	208,964 LF	$528	110,377	30.1%	69.9%	0.0%	100.0%
8″	609,338 LF	$571	347,985	16.9%	39.3%	43.8%	100.0%
10″	41,791 LF	$607	25,372	19.2%	44.8%	36.0%	100.0%
12″	514,347 LF	$643	330,786	13.4%	31.1%	55.6%	100.0%
14″	9,413 LF	$714	6,724	30.1%	69.9%	0.0%	100.0%
16″	55,590 LF	$785	43,664	30.1%	69.9%	0.0%	100.0%
20″	24,330 LF	$821	19,986	30.1%	69.9%	0.0%	100.0%
24″	353 LF	$857	302	30.1%	69.9%	0.0%	100.0%
28″	1,518 LF	$894	1,357	30.1%	69.9%	0.0%	100.0%
Total	**1,544,995 LF**		**$924,185**	**$174,131**	**$404,907**	**$345,147**	
% of Total				**18.8%**	**43.8%**	**37.3%**	**100.0%**

[1]Based on a geographic information system (GIS) inventory data provided by the City. excludes 1,238 LF of pipe with unknown size.
[2]Estimated replacement cost utilized from the City's previous cost-of-service analysis which uses the data to make similar allocations between costs for specific utility services

- **Hydrants:** As hydrants are predominantly attributable to the conveyance of water for fire suppression, this analysis assigned the total cost of these facilities to fire suppression.
- **General/Other:** Assets not explicitly attributable to any of the functions specified above (e.g. land, buildings, telemetry) were allocated proportionally to functions of service based on the allocation of other assets.

Exhibit 8 outlines the functional allocation of the water CFC cost basis.

Exhibit 8. Functional Allocation of Water CFC Cost Basis

Component	Water CFC Cost Basis	Functional Allocation of Water CFC Cost Basis			
		Base Capacity	Peak Capacity	Fire Suppression	Total
Supply	$ 34,451,865	30.1%	69.9%	0.0%	100.0%
Treatment	8,292,539	30.1%	69.9%	0.0%	100.0%
Pumping	13,956,685	25.8%	59.9%	14.3%	100.0%
Storage	24,552,633	19.2%	68.7%	12.0%	100.0%
Transmission & Distribution	138,630,776	18.8%	43.8%	37.3%	100.0%
Hydrants	10,220,597	0.0%	0.0%	100.0%	100.0%
General	42,978,868	20.6%	50.4%	29.1%	100.0%
Total	**$273,083,963**	**$56,127,039**	**$137,507,888**	**$79,449,036**	
Percent of Total		**20.6%**	**50.4%**	**29.1%**	**100.0%**

Water System Capacity

The base-capacity and peak-capacity portions of the water CFC calculation were built into a charge per equivalent residential unit (ERU). Connections other than single-family connections were assigned ERUs using meter-flow equivalents (MFEs), a metric which defines the capacity needs of a connection based on the maximum continuous flow capacity of its meter. Because new single-family connections are often oversized to provide water service and fire flow, single-family connections were assigned 1 ERU per meter for the purpose of the CFC calculation rather than being assigned ERUs based on meter size. Given that fire-flow and related storage requirements depend solely on land-use type (regardless of meter size), the fire-suppression portion of the water CFC was built into a charge per meter.

The general methodology for estimating the applicable capacity units of the water system included three steps:

1. Define the existing customer base using current customer data.

Exhibit 9 summarizes the existing water customer base:

Exhibit 9. Existing Water Customer Base (2024)

Meter Size	Maximum Continuous Flow	Number of ERUs	Number of Meters			
			Single-Family	Multi-Family & Commercial	Irrigation & Cooling Towers	Total
3/4"	20 gpm	1.00	12,658	241	139	13,038
1"	50 gpm	2.50		490	153	643
1-1/2"	100 gpm	5.00		1,002	266	1,268
2"	160 gpm	8.00		446	184	630
3"	320 gpm	16.00		78	4	82
4"	500 gpm	25.00		84	3	87
6"	1,000 gpm	50.00		11	1	12
8"	1,600 gpm	80.00		4		4
Total Meters			**12,658**	**2,356**	**750**	**15,764**
Total ERUs			**12,658**	**14,262**	**3,513**	**30,433**

2. Estimate Future System Capacity.

The next step was to determine how many ERUs the City's water system can serve (independently of when the related service connections are expected to occur). Table 10-17 of the Water System Plan indicates that based on maximum-day demand (MDD), the City's water system currently serves approximately 38,036 MDD equivalents (though the Water System Plan uses the term "ERUs," this report uses the term "MDD equivalents" to avoid confusion with the ERU definition embedded in the water CFC structure based on meters and meter size). Though Table 10-17 indicates that standby storage constraints would limit the capacity of the water system in MDD equivalents to 39,485, City staff reported that storage improvements included in the water utility's capital improvement plan would alleviate the standby storage capacity issue and enable the City to add up to an additional 22,954 MDD equivalents (for a total capacity of 60,990 MDD equivalents). This capacity would allow the water system to grow by approximately 60%. Detailed further in **Exhibit 10**, applying this growth proportionately to the existing customer base presented in **Exhibit 9** resulted in system capacity estimates of 25,277 meters and 48,798 ERUs.

3. Develop Class-Specific Cost Allocations & Weightings.

To recognize differences in how the City's various customers use its water system, the City's water CFC structure differentiates among several customer classifications as shown in **Exhibit 1**. While irrigation and cooling tower meters historically paid a CFC equal to 3.0 times the CFC applicable to a comparably sized residential or commercial meter, the current analysis introduced different weightings for each component of the CFC to recover costs more equitably from different types of users. Intended to capture differences relative to a typical single-family connection, these weightings were based on an average of 2022 – 2024 customer billing data provided by the City.

- Given that the base-capacity component of the CFC intends to recover costs attributable to a water system sized to meet demands without peaking, the weightings based on base-capacity needs were developed based on the winter-average daily demand per ERU. For this purpose, the "winter" period was defined as the first two billing periods of the year (bills sent out from January through April, which largely reflect water used from December through March). Though the City includes bills sent in November, December, and May in the "winter" period for ongoing water rates, our review of usage during these periods found that these months comprised a "shoulder season" including a blend of peak and off-peak usage (and would thus be less representative of usage without peaking).

- Because the peak-capacity component of the CFC recovers the incremental costs of oversizing the water system to meet peak demands, the weightings based on peak-capacity needs were developed based on the incremental peak demand per ERU. Given limitations in the billing data currently available, this was determined for each class as the difference between its average bimonthly demand per ERU during the systemwide peak bimonthly billing period) and its winter-average daily demand per ERU.

- The fire-suppression component was split into two parts to recognize differences in the level of service provided. The portion attributable to fire-flow conveyance was weighted based on class-specific fire-flow requirements (in gpm), while the portion attributable to fire-suppression storage was weighted based on class-specific fire-suppression storage requirements (fire-flow rate multiplied by the required duration).

Exhibit 10 summarizes the class-specific weighting factors for each component of the water CFC.

Exhibit 10. Class-Specific CFC Weighting Factors & Weighted Capacity Estimates
(Based on 2022 – 2024 Data)

	Single-Family	Multi-Family & Commercial	Irrigation & Cooling Towers	Total
System Capacity in Meters (Unweighted)	20,297	3,778	1,203	25,277
System Capacity in ERUs (Unweighted)	20,297	22,869	5,632	48,798
Winter-Average Daily Demand per ERU	128 gpd	205 gpd	116 gpd	
Base-Capacity Weighting Factor	1.00	1.60	0.91	
ERU Capacity Weighted by Base-Capacity Needs	***20,297***	***36,629***	***5,103***	***62,029***
Peak-Bimonthly Average Daily Demand per ERU	218 gpd	261 gpd	799 gpd	
Less: Winter-Average Demand per ERU	(128 gpd)	(205 gpd)	(116 gpd)	
Incremental Peak Demand per ERU	90 gpd	56 gpd	683 gpd	
Peak-Capacity Weighting Factor	1.00	0.62	7.57	
ERU Capacity Weighted by Peak-Capacity Needs	***20,297***	***14,270***	***42,649***	***77,216***
Fire Flow Requirement per WSP Section 6.4.2	1,500 gpm	3,500 gpm	N/A	
Fire-Flow Conveyance Weighting Factor	1.00	2.33	0.00	
Meter Capacity Weighted by Fire-Flow Needs	***20,297***	***8,815***	***0***	***29,112***
Required Fire-Flow Duration per WSP Section 6.4.2	120 Minutes	240 Minutes	N/A	
Fire-Suppression Storage (FSS) Requirement	0.18 MG	0.84 MG	N/A	
Fire-Suppression Storage Weighting Factor	1.00	4.67	0.00	
Meter Capacity Weighted by FSS Needs	***20,297***	***17,630***	***0***	***37,927***

In **Exhibit 10**, the weighting factors were computed by dividing the requirement applicable to a specific class by the corresponding single-family requirement. For example, the multi-family/commercial base-capacity weighting factor of 1.60 was calculated by dividing the winter-average daily demand of 205 gpd by the single-family winter-average daily demand of 128 gpd. The weighting factors were then applied to the unweighted meters or ERUs as appropriate.

The weighting factors shown in **Exhibit 10** suggest that multi-family and commercial connections use more water (on average) and peak less than a typical single-family connection, while irrigation connections use less water (on average) and peak much more than a typical single-family connection. Multi-family and commercial customers disproportionately drive the need to oversize the water system to meet higher fire-flow requirements, while irrigation users do not drive those costs at all. By better recognizing these intuitive differences in the service required by each customer class, the updated CFC structure intends to recover costs more equitably from development.

Water CFC Calculation

Exhibit 11 summarizes the calculation of the building blocks of the water CFC.

Exhibit 11. Water CFC Calculation

	Total	CFC Component by Class		
		Single Family	Multi-Family & Commercial	Irrigation & Cooling Towers
CFC Cost Basis Allocated to Base Capacity	$56,127,039			
Weighted System Capacity in ERUs	62,029			
Charge per ERU	$905	$905	$1,449	$820
CFC Cost Basis Allocated to Peak Capacity	$137,507,888			
Weighted System Capacity in ERUs	77,216			
Charge per ERU	$1,781	$1,781	$1,111	$13,485
CFC Cost Basis Allocated to Fire Flow Conveyance	$75,945,505			
Weighted System Capacity in Meters	29,112			
Charge per Meter	$2,609	$2,609	$6,087	$ -
CFC Cost Basis Allocated to Fire Suppression Storage	$3,503,531			
Weighted System Capacity in Meters	37,927			
Charge per Meter	$92	$92	$431	$ -
Total Charge per ERU		**$2,686**	**$2,560**	**$14,305**
Total Charge per Meter		**$2,701**	**$6,518**	**$ -**

Water Distribution Credits

Consistent with the previous CFC calculation, donated assets and future capital projects that are intended to be grant funded were built into a water distribution CFC credit to recognize the value of hydrants, transmission and distribution mains, and pumping facilities that (a) a developer constructs to serve the property, (b) are funded through a local improvement district, or (c) for which reimbursement fees are paid. Based on a review of the updated water CFC cost basis, the water distribution credit was revised to equal 45.5% of the transmission and distribution component and 65.2% of the hydrant component of the water CFC.

Single-Family ERU Definition

As shown in **Exhibit 1**, the existing single-family water CFC structure assigns ERUs based on home size (as defined by total living area) in square feet (SF). Based on a sample of 2008 water consumption data that the City provided for a 2009 CFC review,

- Homes with 2,400 SF of living area or less are designated "small homes" and assigned 0.67 ERUs.
- Homes with 2,401 – 3,300 SF of living area are designated "medium homes" and assigned 0.99 ERUs.
- Homes with more than 3,300 SF of living area are designated "large homes" and assigned 1.38 ERUs.

These tiers were loosely set to capture 25% of homes in the "small" category, 50% in the "medium" category, and 25% in the "large" category based on the sample of homes that the City was able to provide in 2009. In 2021, King County revised its wastewater capacity charge to establish a tiered single-family ERU assignment based on home size. King County assigns 0.81 ERUs to homes with less than 1,500 SF of living area, 1.00 ERU to homes with 1,500 – 2,999 SF of living area, and 1.16 ERUs to homes with a total living area of 3,000 SF or more. The City has expressed interest in updating its wastewater ERU assignment policy to match the County's current methodology. Though ERU assignments for water service can justifiably differ from those made for wastewater service (customer behavior impacts water demand differently than wastewater flow), we believe that it would be appropriate to align the home size classifications for the single-family water CFCs with those that the City expects to adopt for its residential wastewater CFC structure.

For this purpose, FCS obtained records from the King County Assessor encompassing approximately 11,600 single-family properties located within the City's primary zip code (98052). The data indicated average living areas of 1,251 SF for homes with less than 1,500 SF of living area, 2,190 SF for homes with 1,500 – 2,999 SF of living area, and 3,612 SF for homes with 3,000 SF or more in total living area. Based on the average amount of living area in the dataset, the updated water CFCs reflect the following single-family ERU assignments:

- Homes with less than 1,500 SF of living area are designated "small homes" and assigned 0.57 ERUs.
- Homes with 1,500 – 2,999 SF of living area are designated "medium homes" and assigned 1.00 ERU.
- Homes with living area of 3,000 SF or more are designated "large homes" and assigned 1.65 ERUs.

The ERU assignments above rely on the premise that the expected number of occupants (which is a key indicator of expected water usage) generally increases with home size. It is worth noting that although the number of expected occupants can be used to estimate the demand for indoor water use, it does not capture peak water usage for outdoor irrigation. Balancing the goal of equitable cost recovery with the need to keep the CFC structure relatively easy to administer, we believe that this approach remains reasonable for two reasons:

1. The City can adopt a policy requiring the installation of a separate irrigation meter (which would continue to be assigned ERUs based on meter size) for properties with multiple dwelling units. This might not be needed in instances where a single-family home is adding an accessory dwelling unit (ADU) but could make sense for other types of middle-housing redevelopment.
2. To the extent that the recent middle-housing initiatives are successful in increasing housing density, irrigation will likely become less of an issue due to space constraints.

Water CFC Schedule

Exhibit 12 provides an updated schedule of charges based on the CFC components outlined in **Exhibit 11**.

Exhibit 12. Updated Water CFC Schedule

Water CFC Schedule	Total CFC	Distribution Credit	Net CFC	Existing CFC Net of Credits
Single-Family Residential[1]				
Small Home (Less Than 1,500 SF)	$4,230	$1,360	$2,870	$2,040
Medium Home (1,500 – 2,999 SF)	$5,380	$1,590	$3,790	$3,010
Large Home (3,000 SF+)	$7,130	$1,950	$5,180	$4,200
Commercial & Multi-Family				
3/4" Meter	$9,070	$2,950	$6,120	$3,050
1" Meter	$12,910	$3,750	$9,160	$7,615
1-1/2" Meter	$19,320	$5,080	$14,240	$15,230
2" Meter	$27,000	$6,670	$20,330	$24,370
3" Meter	$47,400	$10,900	$36,500	$48,740
4" Meter	$70,500	$15,700	$54,800	$76,150
6" Meter	$134,500	$29,000	$105,500	$152,300
8" Meter	$211,300	$44,900	$166,400	$243,700
Irrigation & Cooling Towers				
3/4" Meter	$14,300	$2,890	$11,410	$9,130
1" Meter	$35,760	$7,220	$28,540	$22,820
1-1/2" Meter	$71,520	$14,430	$57,090	$45,650
2" Meter	$114,430	$23,080	$91,350	$73,040
3" Meter	$228,800	$46,100	$182,700	$146,060
4" Meter	$357,600	$72,200	$285,400	$228,200
6" Meter	$715,200	$144,300	$570,900	$456,500
8" Meter	$1,144,300	$230,800	$913,500	$730,400

[1]Includes townhome and cottage housing units.

Exhibit 12 shows that under the updated structure, the net water CFC would increase for most new connections. Key drivers behind this outcome include:

- The net cost basis increased by $89.5 million (49%) since the water CFC was last calculated in 2017. This increase was offset somewhat by an increase in the denominator – while the prior CFC calculation based the denominator on growth projected over the planning period for the capital improvement plan, the current analysis included a deeper review of how many ERUs the water system *can* serve based on its capacity. This change intended to recognize that the existing water system and planned capital improvements will be able to serve growth beyond the planning period.

- The introduction of a CFC component for fire-suppression changed how costs are recovered from connections of different sizes. Because fire-flow and related storage requirements do not increase for customers with larger meters, costs related to fire suppression are more equitably recovered equally from all connections within a given land-use type. Given that the existing CFC structure scales entirely with the assigned number of ERUs, this change increases what connections with smaller meters pay while decreasing what connections with larger meters pay. Because of this, **Exhibit 12** shows that commercial and multi-family connections that are larger than 1" would pay less under the updated CFC schedule than they would pay under the existing CFC schedule.

- Irrigation and cooling-tower connections have historically paid about three times the CFC that a comparably sized residential or commercial connection would pay (with differences due to rounding) based on their disproportionate contributions to the water system's peak-capacity needs. **Exhibit 10** shows irrigation and cooling-tower connections being charged 7.57 times what a single-family connection is charged for incremental peak capacity based on how they typically use the water system. The updated analysis splits the CFC into base-capacity, peak-capacity, and fire-suppression components, offsetting the increased allocation of peak-capacity costs to recognize that these connections typically use less water than other connections outside of peak-demand periods and do not require water for fire suppression.

Wastewater Capital Facilities Charge

Cost Basis

Based on City-provided documents including plant-in-service records as of year-end 2024, current construction work in progress, and capital improvement plans from 2025-2030, **Exhibit 13** summarizes the cost basis for the wastewater CFC calculation.

Exhibit 13. Wastewater CFC Cost Basis

Cost Basis Component	Cost Basis Calculation
Plant-In-Service as of Year-End 2024	$104,228,008
Plus: Construction Work In Progress	286,834
Plus: Capital Improvement Plan	
Upgrade/Expansion	24,466,088
Repair/Replacement	1,824,077
Less: Provision for Retirement of Existing Assets	(273,145)
Plus: Eligible Interest Accrual	31,240,695
Less: Costs Not Included in CFC Cost Basis	(976,832)
Total Cost Basis	**$160,795,725**

Wastewater System Capacity

The wastewater CFC calculation defines capacity units based on ERUs, which standardizes the flow of wastewater to the amount produced by a single-family residence. Similar to the water CFC, 2024 customer data was utilized to estimate the current number of ERUs as shown in **Exhibit 14**.

Exhibit 14. Existing Wastewater Customer Base (2024)

Customer Type	Number of ERUs	Source
Single Family	12,658	Water Meter Count
Multi-Family	14,087	City MF dwelling unit data[1]
Commercial	6,077	Water Meter Flow Equivalents
Cooling Towers	11	Water Meter Flow Equivalents x 15%[2]
Total ERUs	**32,833**	

[1]City records indicated a total of 22,360 multi-family dwelling units, which were assigned 0.63 ERUs each consistent with King County's current capacity charge methodology.

[2]Cooling towers were assigned 15% of the ERUs that would apply to a comparable commercial meter, given the assumption that 85% of their water usage evaporates in the cooling process and does not enter the wastewater system.

As noted above for the water CFC calculation, information provided by City staff suggested that the water system could grow by roughly 60% based on current supply capacity. Assuming new growth will generally occur as both new water customers and new wastewater customers, the estimated ERU capacity of the wastewater system was estimated by increasing the existing ERU estimate by the same amount (on a percentage basis) as the estimated potential growth in the water system. The resulting estimate of wastewater system capacity was 52,647 ERUs.

Wastewater CFC Calculation

Dividing the total eligible cost of $160,795,725 by the total capacity of 52,647 ERUs results in a maximum wastewater CFC of $3,054 per ERU.

Wastewater Collection Credits

Consistent with the previous CFC calculation, donated assets and future capital projects that are intended to be grant funded were built into a wastewater collection CFC credit to recognize the value of sewer mains, manholes, and pump stations that (a) a developer constructs to serve the property, (b) are funded through a local improvement district, or (c) for which reimbursement fees are paid. Based on a review of the updated wastewater CFC cost basis, the wastewater collection credit was revised to equal 38.9% of the wastewater CFC.

Residential ERU Definition

As noted above in the water CFC calculation, King County revised its wastewater capacity charge in 2021 to establish a tiered single-family ERU assignment based on home size. King County assigns 0.81 ERUs to homes with less than 1,500 SF of living area, 1.00 ERU to homes with 1,500 – 2,999 SF of living area, and 1.16 ERUs to homes with a total living area of 3,000 SF or more. In addition, the County assigns 0.81 ERUs per unit to multi-unit structures with between two and four dwelling units, 0.63 ERUs per unit to multi-unit structures with five or more dwelling units, 0.59 ERUs per accessory dwelling unit, and 0.35 ERUs to microunits. Recognizing that the City has historically linked its residential wastewater CFC structure to King County's structure, the updated wastewater CFC structure incorporates the updated ERU assignments.

Wastewater CFC Schedule

Exhibit 15 provides an updated schedule of wastewater CFCs, comparing the net CFC payable by most connections to the existing charges.

Exhibit 15. Updated Wastewater CFC Schedule

Wastewater CFC Schedule	Total CFC	Collection Credit	Net CFC	Existing CFC Net of Credits
Single-Family Residential[1]				
Small Home (Less Than 1,500 SF)	$2,470	$960	$1,510	$1,160
Medium Home (1,500 – 2,999 SF)	$3,050	$1,190	$1,860	$1,160
Large Home (3,000 SF+)	$3,540	$1,380	$2,160	$1,160
Other Residential				
Duplex	$4,940	$1,920	$3,020	$1,850
Triplex	$7,420	$2,890	$4,530	$2,770
Fourplex	$9,890	$3,850	$6,040	$3,700
More Than Four Units (Per Unit)	$1,920	$750	$1,170	$740
Mobile Homes (Per Space)	$3,050	$1,190	$1,860	$1,160
Residential Suites (Per Unit)	$1,060	$410	$650	$370
Commercial				
3/4" Meter	$3,050	$1,190	$1,860	$1,160
1" Meter	$7,630	$2,970	$4,660	$2,890
1-1/2" Meter	$15,270	$5,940	$9,330	$5,780
2" Meter	$24,430	$9,500	$14,930	$9,240
3" Meter	$48,800	$19,000	$29,800	$18,480
4" Meter	$76,300	$29,700	$46,600	$28,880
6" Meter	$152,700	$59,400	$93,300	$57,760
8" Meter	$244,300	$95,000	$149,300	$92,440
Cooling Towers				
3/4" Meter	$450	$170	$280	$170
1" Meter	$1,140	$440	$700	$430
1-1/2" Meter	$2,290	$890	$1,400	$870
2" Meter	$3,660	$1,420	$2,240	$1,390
3" Meter	$7,300	$2,900	$4,400	$2,760
4" Meter	$11,400	$4,400	$7,000	$4,320
6" Meter	$22,900	$8,900	$14,000	$8,680
8" Meter	$36,600	$14,200	$22,400	$13,880

[1]Includes townhome and cottage housing units.

Exhibit 15 generally shows an increase of around 60% in the wastewater CFCs. This increase is largely explained by an increase of $70.5 million (78%) in the cost basis due to a net of approximately $38.1 million in existing infrastructure investments, $10.4 million in additional interest accrued on existing assets, and an increase of $22.0 million in planned future capital projects. Given the wastewater utility's recent investments in infrastructure, the maximum wastewater collection credit decreased from 60% to 38.9% of the wastewater CFC. Offsetting these factors was an increase in the estimated ERU capacity of the wastewater system that resulted from estimating how many ERUs the City can add to its water and wastewater systems based on system capacity.

Stormwater Capital Facilities Charge

Cost Basis

Unlike the water and wastewater CFC calculations, only utility-funded costs are included in the stormwater CFC (as opposed to calculating a credit). Based on City-provided documents including plant-in-service records as of year-end 2024, current construction work in progress, and capital improvement plans from 2025-2030, **Exhibit 16** summarizes the cost basis for the stormwater CFC calculation.

Exhibit 16. Stormwater Cost Basis by Area

Cost Basis Component	Citywide	Overlake	Downtown	Total
Plant-In-Service as of Year-End 2024	$128,465,313	$41,731,625	$22,918,327	$193,115,265
Less: Contributed/Grant-Funded Assets	(34,537,394)	(1,075,725)	(2,083,646)	(37,696,764)
Plus: Construction Work In Progress	1,302,509	5,445,495	188,366	6,936,371
Plus: Capital Improvement Plan				
Upgrade/Expansion	33,479,576	15,475,895	-	48,955,471
Repair/Replacement	10,185,726	272,665	-	10,458,391
Less: Provision for Retirement of Existing Assets	(896,059)	(26,874)	-	(922,934)
Less: Grants/Developer Contributions	(480,393)	(1,578,000)	-	(2,058,393)
Plus: Eligible Interest Accrual	33,743,160	11,451,561	7,717,064	52,911,784
Total Cost Basis	**$171,262,438**	**$71,696,641**	**$28,740,111**	**$271,699,190**

As shown in Exhibit 16, the cost basis is split into Citywide and sub-basin (Overlake/Downtown) components to support the calculation of the sub-basin CFCs provided for in RMC 13.20.045 and RMC 13.20.047. The sub-basin CFCs apply in lieu of requirements to construct onsite stormwater detention and water quality facilities that apply elsewhere in the City.

Stormwater System Capacity

The stormwater CFC calculation defines capacity units based on impervious units (IUs), which intent to quantify the "impervious footprint" on a typical single-family parcel (RMC 13.18.040 defines an IU as 2,000 SF of impervious surface area). All single-family parcels are assigned 1 IU while other parcels are assigned IUs based on measured impervious area.

Citywide

The IU capacity for the Citywide portion of the charge was developed using 2021 billing data provided by the City and buildable-land estimates from King County's 2021 Urban Growth Capacity Report.

2021 billing data indicated that the City billed $13,455,299 for stormwater service – at the 2021 rate of $16.56 per month per IU, the 2021 billing equated to 67,710 billed impervious units.

The Urban Growth Capacity Report indicated that as of 2021, the City had 91.73 acres of vacant land and 277.31 acres of land available for redevelopment. Converting the acres into square feet, conservatively assuming 80% of that land would be impervious, and dividing the resulting estimate of future impervious area by the City's definition of 2,000 SF per IU, we calculated that the buildable land in the City could support an additional 6,430 IUs before the City reaches buildout.

Adding the 2021 IUs and the potential new IUs by buildout results in an estimated IU capacity of 74,140 IUs for the Citywide CFC.

Overlake and Downtown

City staff estimated that the Overlake sub-basin could accommodate 6,993 IUs and the Downtown sub-basin could accommodate 8,558 IUs before reaching buildout.

Stormwater CFC Calculation

Exhibit 17 shows the calculation of the stormwater CFC by area.

Exhibit 17. Stormwater CFC Calculation by Area

Cost Basis Component	Citywide	Overlake	Downtown
Total Cost Basis	$171,262,438	$71,696,641	$28,740,111
System Capacity in IUs	74,140	6,993	8,558
Charge per IU	**$2,310**	**$10,253**	**$3,358**
Existing Charge per IU	***$1,342***	***$10,929***	***$5,979***

Key drivers of the changes in the charges are described below:

- Citywide CFC: The Cost basis increased by approximately 74% since the last update due to the addition of assets, the accrual of interest of existing assets, and the incorporation of the most recent capital plan, while the total estimated IU capacity remained comparable (74,140 versus 73,421 IUs).
- Overlake CFC: While the cost basis remained relatively similar to the estimate used in the last study, the estimated number of IUs that could be served increased by about 6%.
- Downtown: The cost basis decreased by approximately 27% as previously planned capital costs were removed from the upcoming capital plan. Additionally, the number of IUs that could be served by the region increased by approximately 30% due to an updated estimate provided by City staff.

Capital Facilities Charges (CFC) Update

October 23, 2025

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Redmond
WASHINGTON

Agenda

- Background
- Capital Facilities Charge Methodology
- Presentation of Draft Results
  - Water Connection Fees
  - Wastewater Connection Fees
  - Stormwater CFCs
- Next Steps
- Questions

Background

- What are Capital Facilities Charges?
  - One-time charges
  - Applied to new development as a condition of connecting to utility infrastructure
  - Recovers the cost to provide system capacity to new customers
  - Ensures equity in payment between existing and new utility customers
  - All proceeds must be used for utility capital improvements

Background

- Charges in Redmond
  - Water Connection Fees
  - Wastewater Connection Fees
  - Stormwater Capital Facilities Charges
    - Citywide
    - Downtown
    - Overlake

Background

- Why Update? Why Now?
  - Per Redmond Code, Connection and Capital Facilities Charges should be reviewed and updated biennially, in each odd-numbered year
  - The last CFC update was in June 2018
  - 2023 Water System Plan provides system data to inform the process
  - Updating CFCs ensures:
    - The most accurate cost-basis
    - Best practices in calculation methodology
    - Equitable share of the total cost of the system between existing customers and new development

CFC Calculation Methodology

- Current Water & Wastewater Calculation

Existing Cost	+	Future Expansion Cost

Total System Capacity

Existing Cost:
- \+ Assets
- \+ Accrued Interest
- \- Donated Infrastructure

Future Expansion Cost:
- \+ Future cost of capacity-expanding projects

Total System Capacity:
- \+ Existing Capacity
- \+ Future Capacity

CFC Calculation Methodology

- Current Stormwater CFC methodology and Updated Water/Wastewater methodology
- "Average-Cost" methodology

Total System Cost

+ Original Cost of Existing Assets
+ Interest Accrued
+ Construction in Progress
+ Future Capital Projects
    + Growth-related projects
    + Replacement projects
- Contributed Assets
- Utility-Funded Meters & Services

Total System Capacity

+ Existing Capacity
+ Future Capacity

Single-Family Residential Definition

- Current
  - Small Home (0-2,400 SF)
  - Medium Home (2,401-3,300 SF)
  - Large Home (3,301+ SF)
- Updated
  - Small Home (Less than 1,500 SF)
  - Medium Home (1,500-2,999 SF)
  - Large Home (3,000+ SF)
- Include in Wastewater Connection Calculation
- Align with King County Definitions

Water Connection Charges

Water Connection Charges

Water CFC Schedule	Total CFC		CFC Net of Distribution Credit	
	Current	*Updated*	*Current*	*Updated*
Single-Family Residential[1]				
Small Home (Less Than 1,500 SF)	$3,050	$4,230	$2,040	$2,870
Medium Home (1,500 – 2,999 SF)	$4,510	$5,380	$3,010	$3,790
Large Home (3,000 SF+)	$6,290	$7,130	$4,200	$5,180
Commercial & Multi-Family:				
3/4″ Meter	$4,560	$9,070	$3,050	$6,120
1″ Meter	$11,390	$12,910	$7,615	$9,160
1-1/2″ Meter	$22,780	$19,320	$15,230	$14,240
2″ Meter	$36,450	$27,000	$24,370	$20,330
3″ Meter	$72,900	$47,400	$48,740	$36,500
4″ Meter	$113,900	$70,500	$76,150	$54,800
6″ Meter	$227,800	$134,500	$152,300	$105,500
8″ Meter	$364,500	$211,300	$243,700	$166,400
Irrigation & Cooling Towers:				
3/4″ Meter	$13,670	$14,300	$9,130	$11,410
1″ Meter	$34,170	$35,760	$22,820	$28,540
1-1/2″ Meter	$68,350	$71,520	$45,650	$57,090
2″ Meter	$109,360	$114,430	$73,040	$91,350
3″ Meter	$218,700	$228,800	$146,060	$182,700
4″ Meter	$341,700	$357,600	$228,200	$285,400
6″ Meter	$683,500	$715,200	$456,500	$570,900
8″ Meter	$1,093,600	$1,144,300	$730,400	$913,500

[1]Includes townhome and cottage housing units.

Wastewater Connection Charges

Wastewater Connection Charges

Wastewater CFC Schedule	Total CFC		CFC Net of Credit	
	Current	*Updated*	*Current*	*Updated*
Single-Family Residential[1]				
Small Home (Less Than 1,500 SF)	$2,890	$2,470	$1,160	$1,510
Medium Home (1,500 – 2,999 SF)	$2,890	$3,050	$1,160	$1,860
Large Home (3,000 SF+)	$2,890	$3,540	$1,160	$2,160
Other Residential				
Duplex	$4,620	$4,940	$1,850	$3,020
Triplex	$6,930	$7,420	$2,770	$4,530
Fourplex	$9,240	$9,890	$3,700	$6,040
More Than Four Units (Per Unit)	$1,850	$1,920	$740	$1,170
Mobile Homes (Per Space)	$2,890	$3,050	$1,160	$1,860
Residential Suites (Per Unit)	$920	$1,060	$370	$650

[1]Includes townhome and cottage housing units.

Wastewater Connection Charges

Wastewater CFC Schedule	Total CFC		CFC Net of Credit	
	Current	*Updated*	*Current*	*Updated*
Commercial:				
3/4″ Meter	$2,890	$3,050	$1,160	$1,860
1″ Meter	$7,220	$7,630	$2,890	$4,660
1-1/2″ Meter	$14,440	$15,270	$5,780	$9,330
2″ Meter	$23,110	$24,430	$9,240	$14,930
3″ Meter	$46,200	$48,800	$18,480	$29,800
4″ Meter	$72,200	$76,300	$28,880	$46,600
6″ Meter	$144,400	$152,700	$57,760	$93,300
8″ Meter	$231,100	$244,300	$92,440	$149,300
Cooling Towers:				
3/4″ Meter	$430	$450	$170	$280
1″ Meter	$1,080	$1,140	$430	$700
1-1/2″ Meter	$2,170	$2,290	$870	$1,400
2″ Meter	$3,470	$3,660	$1,390	$2,240
3″ Meter	$6,900	$7,300	$2,760	$4,400
4″ Meter	$10,800	$11,400	$4,320	$7,000
6″ Meter	$21,700	$22,900	$8,680	$14,000
8″ Meter	$34,700	$36,600	$13,880	$22,400

Stormwater Capital Facilities Charges

Stormwater Capital Facilities Charges

Stormwater CFC Per Impervious Unit	Total CFC	
	Current	*Updated*
Citywide	$1,342	$2,310
Downtown	$5,979	$3,358
Overlake	$10,929	$10,253

Next Steps

- City Council Communication
  - Finance & Administration Committee of the Whole - **November 12, 2025**
  - Business Meeting Consent – **November 18, 2025**

- New fees and charges effective January 1, 2026

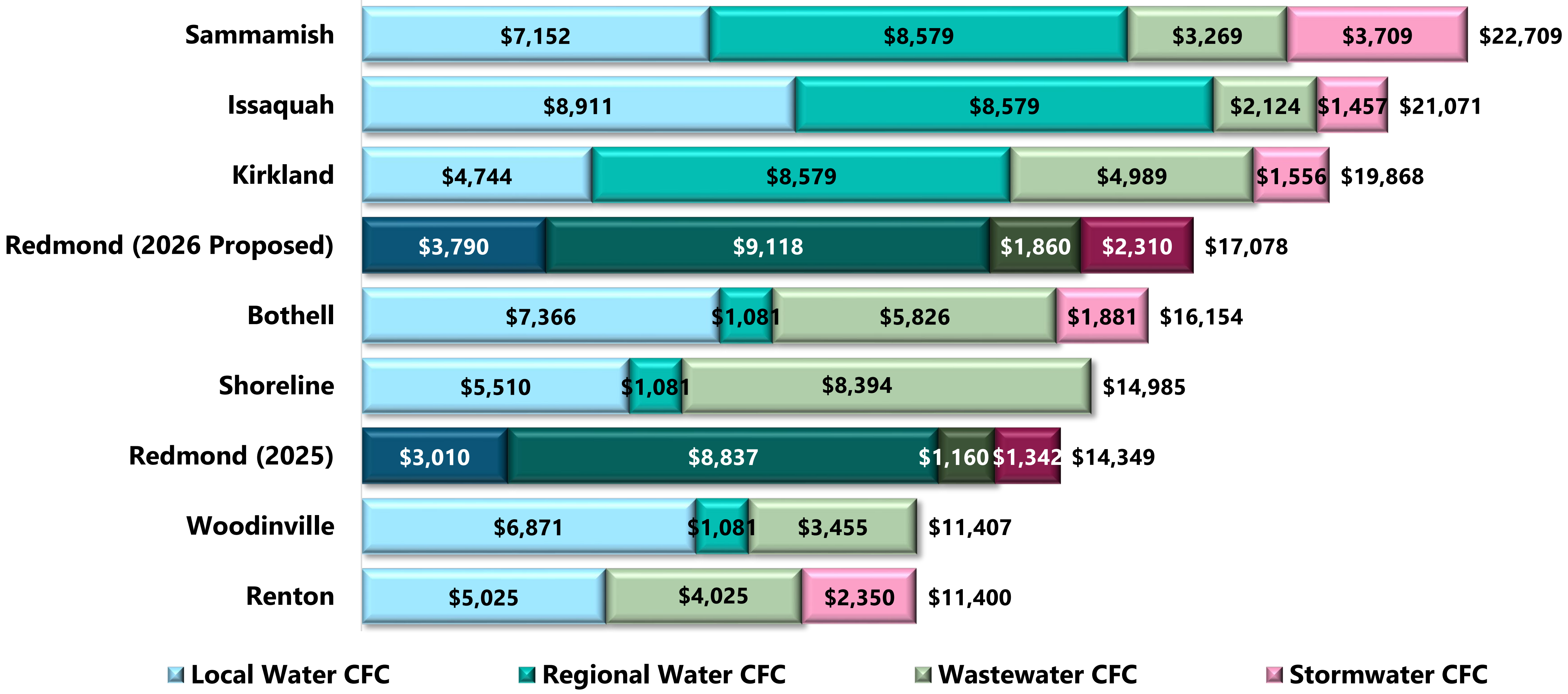
Thank You

Any Questions?

Hailey Zurcher hzurcher@redmond.gov

Redmond
WASHINGTON

Comparison of Combined CFC for Standard Single-Family Residential Connection



15670 NE 85th Street
Redmond, WA

Redmond
WASHINGTON

Memorandum

Date: 11/12/2025	**File No.** CM 25-603
Meeting of: Committee of the Whole - Finance, Administration, and Communications	**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	Haritha Narra	Deputy Finance Director
Finance	Hailey Zurcher	Financial Planning Manager

TITLE:
Adoption of an Ordinance for the 2025-2026 Budget Adjustment #4

OVERVIEW STATEMENT:
An Ordinance amending Ordinance Nos. 3196, 3215, 3224, and 3229 by adjusting the City's 2025-2026 Biennial Budget to recognize new and increased revenue sources, appropriate funds for projects and programs previously approved by Council, make minor corrections identified throughout the biennium, and establish a Capital Improvement Program (CIP) Fund for the Business Technology Investment Program (BTIP).

General Fund (100): $458,809

a) **Junior Fire Chief Program Reimbursement - $30,000**
The Fire Department received sponsorship funds from Amazon.com to support the Junior Fire Chief Program. The funds received by Amazon.com are sufficient to support the 2025 and 2026 program expenditures.

b) **Port of Seattle Grant - $120,000**
On September 16, 2025 (AM No. 25-126), the City Council approved the acceptance of the Port of Seattle Economic Development Grant in the amount of $120,000 for 2025 and 2026 programming. Funds will support district development, World Cup activations, and Startup425 programming.

c) **SPAR Grant - $6,000**
On September 16, 2025 (AM No. 25-127), the City Council approved the acceptance of the Accept Simple Possession Advocacy Representation (SPAR) Grant. The state provides this grant funding to reimburse cities for public defense costs incurred in the representation of adults charged with misdemeanor drug possession or public use offense.

d) **World Cup Event Programming Reimbursement - $135,000**
The Planning Department received sponsorship funds from Amazon.com to support World Cup activities. The funding will be utilized for the following:
- World Cup Watch Party - $15,000

- Outdoor Screen - $100,000
- Match Draw Party - $10,000
- Futbol for All - $10,000

e) **FEMA Knox Box and Structural Collapse Equipment Grants - $167,809**
The Fire Department received two equipment grants from FEMA for Knox Box and Structural Collapse Equipment. This adjustment recognizes the cash value of the received equipment.

Arts Activity Fund (011): $108,000

f) **King County 4Culture Grant - $108,000**
On May 6, 2025 (AM No. 25-067), the City Council approved the acceptance of the 4Culture grant funding for Cultural Arts Programming, including the sixth annual Public Art Intensive Eastside workshop and the temporary public art exhibit at the third annual Downtown Redmond Art Walk. The total award is $72,000 in 2025 and $72,000 in 2026, and the biennial budget already includes $18,000 per year. This adjustment adds the additional $54,000 per year to the biennial budget.

Human Services Fund (019): $6,000

g) **King County Veterans, Seniors, and Human Services Levy (VSHSL) Grant - $6,000**
On September 16, 2025 (AM No. 25-128), the City Council approved the acceptance of the King County Veterans, Seniors, and Human Services Levy (VSHSL) Grant in the amount of $6,000. The funding will be used to support the City’s comprehensive case management services for people experiencing homelessness or housing insecurity.

Parks Capital Projects Fund (315): $708,550

h) **Washington Department of Commerce Grant - Idylwood Park - $208,550**
The Parks Department received grant funding, through a state earmark, in the amount of $208,550 from the Washington Department of Commerce to support the Idylwood Park Parking Lot Expansion & Frontage Improvements project. This adjustment recognizes the revenue and increases the project budget accordingly.

i) **Washington Recreation and Conservation Grant - $500,000**
On May 21, 2024 (AM No. 24-066), the City Council approved a resolution for the Parks Department to apply for a Washington Wildlife and Recreation Program grant to assist in funding Southeast Redmond Neighborhood Park construction. In June of 2025, this grant was awarded in the amount of $500,000.

General Governmental Capital Fund (319) $894,796

j) **Washington Department of Commerce Grant - Intercultural City Services Center - $616,920**
On July 21, 2025, the City of Redmond was awarded a grant, through a state earmark, from the Washington State Department of Commerce in the amount of $616,920. The funds will be utilized to purchase and build a city services space on the ground floor of Bellwether’s Prisma project.

k) **United States Department of Energy Grant - $143,150**
On June 3, 2025 (AM No. 25-093), the City Council approved the acceptance of the Department of Energy Energy Efficiency and Conservation Block Grant (EECBG) in the amount of $143,150. The funding will be used for the Public Safety Building energy efficiency upgrades project to support compliance with the Clean Buildings

Performance Standard.

l) Puget Sound Energy (PSE) Rebate - $134,726
The City of Redmond implemented energy efficiency improvements as part of the Public Safety Building project and LED lighting updates in City Hall. These improvements allowed the City to meet Puget Sound Energy energy efficiency targets, and PSE awarded the City of Redmond with energy rebates in the amount of $134,726. The rebates will be added back into the project budgets as follows:

- Public Safety Building - Phase 2 - $28,255
- Sustainability LED Lighting Building Retrofit - $106,471

Business Technology Investment Program Fund (320): $10,285,980

m) Establishment of a Business Technology Investment Program (BTIP) Fund - $10,285,980
The Business Technology Investment Program (BTIP) currently operates out of the Information Technology Fund (520), along with the TIS operating expenditures. Now that the program has grown, and continues to expand, the Finance Department has recognized the need for a separate fund for BTIP expenditures. The funds proposed here are already budgeted within fund 520, and this adjustment simply transfers the BTIP expenditures from 520 to the new fund, 320.

Water Capital Projects Fund (403)

n) Washington Department of Commerce Grant - $970,000
On July 21, 2025, the City of Redmond was awarded a grant, through a state earmark, from the Department of Commerce in the amount of $970,000. The funding is to be utilized for the Asbestos Cement Pipe Replacement portion of the Pavement Management - Avondale Road (NE 90th St to Novelty Hill Road) project. The project is already existing in the CIP, and this award is intended to supplant the current funding.

Information Technology Fund (520) - ($9,573,369)

o) TIS Department Staffing Funding Corrections - $712,611
There are two positions within the TIS department that are currently funded out of funding sources that do not align with their job descriptions:

- The Technical Systems Coordinator was originally funded out of the Police Levy (036) fund, as it once fully supported the Police Department. As the work of this position has evolved to be more central to the TIS department, it is appropriate to transfer the budget from the Police Levy fund to the Information Technology fund. The expenditures will be funded with a transfer from the General Fund. In order to mitigate the impact on the General Fund, a similarly budgeted position in the Police Department will be transferred from the General Fund to the Police Levy fund.
- The Business Analyst position was originally funded out of the Stormwater Management (405) fund, as the position used to reside in the Public Works Department. During the 2025-2026 budget process, the position was transferred to the TIS Department, but the funding remained in Stormwater Management. This adjustment transfers the budget from the Stormwater Management fund to the Information Technology fund to correct the department funding.

p) Establishment of BTIP Fund - ($10,285,980)
As described above, the Finance Department has recognized the need to establish a separate fund for the BTIP program. This adjustment moves existing BTIP budget from the Information Technology fund to the newly created BTIP fund. The net budget impact to the City is zero.

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

REQUESTED ACTION:

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

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
  Fiscal Policies
- **Required:**
  RCW 35A.33.120 Funds-Limitations on expenditures-Transfers and adjustments.
- **Council Request:**
  N/A
- **Other Key Facts:**
  N/A

OUTCOMES:

This budget adjustment is necessary to align city financial records to account for Council decisions and corrections to the existing budget.

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:
$3,858,766

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):
N/A

Budget/Funding Constraints:
N/A

☒ **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
11/18/2025	Business Meeting	Approve

Time Constraints:
All budget adjustments for the 2025-2026 biennium must be approved no later than December 31, 2026.

ANTICIPATED RESULT IF NOT APPROVED:
The adopted budget would not align city financial records with decisions made and corrections in budgeted funds.

ATTACHMENTS:
Attachment A: Ordinance: 2025-2026 Budget Adjustment #4
Exhibit 1: Summary of 2025-2026 Budget Adjustment #4

NON-CODE

CITY OF REDMOND
ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, AMENDING ORDINANCE NOS. 3196, 3215, 3224, AND 3229, BY MAKING ADJUSTMENTS TO THE CITY'S 2025-2026 BIENNIAL BUDGET, IN EXHIBIT 1, AND ESTABLISHING A BUSINESS TECHNOLOGY INVESTMENT PROGRAM FUND.

WHEREAS, the Finance Director has identified the need to make certain revisions to the 2025-2026 biennial City budget; and

WHEREAS, the Finance Director has identified the need to establish a separate fund to account for Business Technology Investment Program (BTIP) expenditures; and

WHEREAS, the City Council has reviewed the proposed adjustments to the budget and has determined that they should be made

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

<u>Section 1</u>. Ordinance No. 3196 adopting the 2025-2026 biennial budget, passed by the City Council on November 19, 2024, Ordinance No. 3215 amending the 2025-2026 biennial budget and passed by the City Council on May 20, 2025, Ordinance No. 3224 amending the 2025-2026 biennial budget and passed on July 15, 2025, and Ordinance No. 3229 amending the 2025-2026 biennial budget and passed by the City Council on October 7, 2025, are hereby amended to recognize the new and increased revenue sources, appropriate

funds for projects and programs previously approved by Council, and make minor corrections identified throughout the biennium.

Section 2. A Capital Improvement Program (CIP) fund known as the "Business Technology Investment Program" fund is established. The fund accounting code shall be designated as "320".

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 of any other section, sentence, clause, or phrase of this ordinance.

Section 4. Effective date. This ordinance shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

ADOPTED by the Redmond City Council this ______ day of ________________, 2025.

CITY OF REDMOND

____
ANGELA BIRNEY, MAYOR

ATTEST:

____
CHERYL XANTHOS, MMC, CITY CLERK (SEAL)

APPROVED AS TO FORM:

____
REBECCA MUELLER, CITY ATTORNEY

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

EXHIBIT 1

Summary of 2025-2026 Budget Adjustments

Fund Number	Fund Name	2025-2026 Adopted Budget (Ord 3196)	#1 Clean Up Adjustment (Ord 3215)	#2 BFB Reconciliation (Ord 3224)	#3 RCCMV Acquisition (Ord 3229)	#4A TIS Staffing Funding Correction	#4B King County 4Culture Grant	#4C Junior Fire Chief Program Reimbursement
100	General Fund	$ 339,604,752	$ 222,038	$ -	$ -	$ -	$ -	$ 30,000
011	Arts Activity	1,086,292	-	(3,190)	-	-	108,000	-
012	Parks Maintenance & Operations	4,083,017	-	(275,817)	-	-	-	-
013	Community Events	1,577,749	-	(5,498)	-	-	-	-
019	Human Services Grant Fund	7,927,425	-	(648,939)	-	-	-	-
020	Fire Equipment Reserve	9,278,894	416,000	(130,457)	-	-	-	-
021	Operating Reserve	9,752,281	-	(322,402)	-	-	-	-
025	COVID Recovery Fund	313,592	-	125,912	-	-	-	-
027	Capital Replacement Reserve	5,343,965	-	1,494,723	-	-	-	-
030	Business Tax	21,338,326	-	3,013,814	-	-	-	-
031	Real Property Fund	1,786,069	-	(88,305)	-	-	-	-
035	Fire Levy Fund	5,591,744	-	(106,560)	-	-	-	-
036	Police Levy Fund	9,004,639	-	66,136	-	-	-	-
037	Parks Levy Fund	1,039,474	-	22,920	-	-	-	-
095	Parks Maintenance Projects	6,627,176	-	(144,111)	-	-	-	-
096	Transportation Maintenance Project	18,981,028	-	6,524,533	-	-	-	-
099	General Governmental Maint	26,498,144	1,000,000	(1,570,896)	-	-	-	-
110	Recreation Activity	7,221,324	229,500	224,086	-	-	-	-
115	Development Review	10,865,715	-	(806,495)	-	-	-	-
117	Cable Access Fund	104,647	-	(23,812)	-	-	-	-
118	Operating Grants	4,411,481	-	(199,424)	-	-	-	-
122	Advanced Life Support	26,173,120	888,655	(2,014,805)	-	-	-	-
124	Fire Donations Fund	883,165	-	5,957	-	-	-	-
125	Real Estate Excise Tax	40,538,011	-	3,368,310	-	-	-	-
126	Drug Enforcement	162,015	-	(518)	-	-	-	-
131	Tourism (Hotel/Motel Tax)	2,700,494	-	118,527	-	-	-	-
140	Solid Waste Recycling	4,468,019	-	73,654	-	-	-	-
150	Transportation Benefit District	14,191,779	200,000	486,659	-	-	-	-
233	Non-Voted GO Bonds - Parks	12,033,020	-	75,461	-	-	-	-
315	Parks Capital Projects	30,592,925	-	(143,509)	10,950,000	-	-	-
316	Transportation Capital Project	75,770,657	1,518,000	(468,318)	-	-	-	-
319	General Governmental Capital	37,332,798	72,500	3,083,318	-	-	-	-
320	Business Technology Investment Program	-	-	-	-	-	-	-
361	CFD 2014-1	775,537	-	-	-	-	-	-
362	CFD 2016-1	12,182,863	-	-	-	-	-	-
401	Water/Wastewater	125,835,398	-	5,511,740	-	-	-	-
402	UPD - Water/Wastewater	26,150,370	-	1,207,218	-	-	-	-
403	Water/Wastewater Capital Proj	39,019,901	-	6,087,160	-	-	-	-
404	Wastewater Capital Project	16,393,572	-	87,832	-	-	-	-
405	Stormwater Management	46,647,647	338,603	1,781,440	-	-	-	-
406	Stormwater Management Capital	67,956,008	-	3,007,116	-	-	-	-
407	UPD - Capital Projects	17,742,556	-	1,716,953	-	-	-	-
408	UPD Wastewater Capital Project	19,393,717	-	1,164,547	-	-	-	-
501	Fleet Maintenance	13,647,662	-	(188,321)	-	-	-	-
510	Insurance Claims & Reserves	9,295,168	-	485,723	-	-	-	-
511	Medical Self Insurance	41,504,237	-	(910,180)	-	-	-	-
512	Worker's Compensation	10,505,323	-	(579,331)	-	-	-	-
520	Information Technology	36,399,461	-	641,927	-	352,162	-	-
		$ 1,220,733,158	**$ 4,885,296**	**$ 31,744,778**	**$ 10,950,000**	**$ 352,162**	**$ 108,000**	**$ 30,000**

Notes:

Ordinance #3196 establishing the 2025-2026 budget was approved by Council on November 19, 2024.

EXHIBIT 1

Summary of 2025-2026 Budget Adjustments

Fund Number	Fund Name	#4D Intercultural City Services Center Commerce Grant	#4E King County VSHSL Grant	#4F Port of Seattle Grant	#4G SPAR Grant	#4H WA Department of Commerce Grant (Idylwood Park)	#4I WA Department of Commerce Grant (AC Pipe Replacement)	#4J WA Recreation and Conservation Grant
100	General Fund	$ -	$ -	$ 120,000	$ 6,000	$ -	$ -	$ -
011	Arts Activity	-	-	-	-	-	-	-
012	Parks Maintenance & Operations	-	-	-	-	-	-	-
013	Community Events	-	-	-	-	-	-	-
019	Human Services Grant Fund	-	6,000	-	-	-	-	-
020	Fire Equipment Reserve	-	-	-	-	-	-	-
021	Operating Reserve	-	-	-	-	-	-	-
025	COVID Recovery Fund	-	-	-	-	-	-	-
027	Capital Replacement Reserve	-	-	-	-	-	-	-
030	Business Tax	-	-	-	-	-	-	-
031	Real Property Fund	-	-	-	-	-	-	-
035	Fire Levy Fund	-	-	-	-	-	-	-
036	Police Levy Fund	-	-	-	-	-		
037	Parks Levy Fund	-	-	-	-	-	-	-
095	Parks Maintenance Projects	-	-	-	-	-	-	-
096	Transportation Maintenance Project	-	-	-	-	-	-	-
099	General Governmental Maint	-	-	-	-	-	-	-
110	Recreation Activity	-	-	-	-	-	-	-
115	Development Review	-	-	-	-	-	-	-
117	Cable Access Fund	-	-	-	-	-	-	-
118	Operating Grants	-	-	-	-	-	-	-
122	Advanced Life Support	-	-	-	-	-	-	-
124	Fire Donations Fund	-	-	-	-	-	-	-
125	Real Estate Excise Tax	-	-	-	-	-	-	-
126	Drug Enforcement	-	-	-	-	-	-	-
131	Tourism (Hotel/Motel Tax)	-	-	-	-	-	-	-
140	Solid Waste Recycling	-	-	-	-	-	-	-
150	Transportation Benefit District	-	-	-	-	-	-	-
233	Non-Voted GO Bonds - Parks	-	-	-	-	-	-	-
315	Parks Capital Projects	-	-	-	-	208,550	-	500,000
316	Transportation Capital Project	-	-	-	-	-	-	-
319	General Governmental Capital	616,920	-	-	-	-	-	-
320	Business Technology Investment Program	-	-	-	-	-	-	-
361	CFD 2014-1	-	-	-	-	-	-	-
362	CFD 2016-1	-	-	-	-	-	-	-
401	Water/Wastewater	-	-	-	-	-	-	-
402	UPD - Water/Wastewater	-	-	-	-	-	-	-
403	Water/Wastewater Capital Proj	-	-	-	-	-	970,000	-
404	Wastewater Capital Project	-	-	-	-	-	-	-
405	Stormwater Management	-	-	-	-	-	-	-
406	Stormwater Management Capital	-	-	-	-	-	-	-
407	UPD - Capital Projects	-	-	-	-	-	-	-
408	UPD Wastewater Capital Project	-	-	-	-	-	-	-
501	Fleet Maintenance	-	-	-	-	-	-	-
510	Insurance Claims & Reserves	-	-	-	-	-	-	-
511	Medical Self Insurance	-	-	-	-	-	-	-
512	Worker's Compensation	-	-	-	-	-	-	-
520	Information Technology	-	-	-	-	-	-	-
		$ 616,920	**$ 6,000**	**$ 120,000**	**$ 6,000**	**$ 208,550**	**$ 970,000**	**$ 500,000**

Notes:

Ordinance #3196 establishing the 2025-2026 budget was approved by Council on November 19, 2024.

EXHIBIT 1

Summary of 2025-2026 Budget Adjustments

Fund Number	Fund Name	#4K World Cup Reimbursement	#4L BTIP Fund Establishment	#4M FEMA Grants - Fire	#4N TIS Staffing Funding Correction	#4O Public Safety Building Energy Grants	#4P Puget Sound Energy Rebate	Revised 2025-2026 Budget
100	General Fund	$ 135,000	$ -	$ 167,809	$ -	$ -	$ -	$ 340,285,599
011	Arts Activity	-	-	-	-	-	-	1,191,101
012	Parks Maintenance & Operations	-	-	-	-	-	-	3,807,200
013	Community Events	-	-	-	-	-	-	1,572,251
019	Human Services Grant Fund	-	-	-	-	-	-	7,284,486
020	Fire Equipment Reserve	-	-	-	-	-	-	9,564,437
021	Operating Reserve	-	-	-	-	-	-	9,429,879
025	COVID Recovery Fund	-	-	-	-	-	-	439,504
027	Capital Replacement Reserve	-	-	-	-	-	-	6,838,688
030	Business Tax	-	-	-	-	-	-	24,352,140
031	Real Property Fund	-	-	-	-	-	-	1,697,764
035	Fire Levy Fund	-	-	-	-	-	-	5,485,184
036	Police Levy Fund	-	-	-	-	-	-	9,070,774
037	Parks Levy Fund	-	-	-	-	-	-	1,062,393
095	Parks Maintenance Projects	-	-	-	-	-	-	6,483,065
096	Transportation Maintenance Project	-	-	-	-	-	-	25,505,562
099	General Governmental Maint	-	-	-	-	-	-	25,927,248
110	Recreation Activity	-	-	-	-	-	-	7,674,910
115	Development Review	-	-	-	-	-	-	10,059,220
117	Cable Access Fund	-	-	-	-	-	-	80,835
118	Operating Grants	-	-	-	-	-	-	4,212,057
122	Advanced Life Support	-	-	-	-	-	-	25,046,971
124	Fire Donations Fund	-	-	-	-	-	-	889,122
125	Real Estate Excise Tax	-	-	-	-	-	-	43,906,321
126	Drug Enforcement	-	-	-	-	-	-	161,498
131	Tourism (Hotel/Motel Tax)	-	-	-	-	-	-	2,819,021
140	Solid Waste Recycling	-	-	-	-	-	-	4,541,673
150	Transportation Benefit District	-	-	-	-	-	-	14,878,438
233	Non-Voted GO Bonds - Parks	-	-	-	-	-	-	12,108,481
315	Parks Capital Projects	-	-	-	-	-	-	42,107,966
316	Transportation Capital Project	-	-	-	-	-	-	76,820,339
319	General Governmental Capital	-	-	-	-	171,405	106,471	41,383,412
320	Business Technology Investment Program	-	10,285,980	-	-	-	-	10,285,980
361	CFD 2014-1	-	-	-	-	-	-	775,537
362	CFD 2016-1	-	-	-	-	-	-	12,182,863
401	Water/Wastewater	-	-	-	-	-	-	131,347,138
402	UPD - Water/Wastewater	-	-	-	-	-	-	27,357,588
403	Water/Wastewater Capital Proj	-	-	-	-	-	-	46,077,060
404	Wastewater Capital Project	-	-	-	-	-	-	16,481,404
405	Stormwater Management	-	-	-	-	-	-	48,767,690
406	Stormwater Management Capital	-	-	-	-	-	-	70,963,124
407	UPD - Capital Projects	-	-	-	-	-	-	19,459,509
408	UPD Wastewater Capital Project	-	-	-	-	-	-	20,558,264
501	Fleet Maintenance	-	-	-	-	-	-	13,459,342
510	Insurance Claims & Reserves	-	-	-	-	-	-	9,780,891
511	Medical Self Insurance	-	-	-	-	-	-	40,594,057
512	Worker's Compensation	-	-	-	-	-	-	9,925,992
520	Information Technology	-	(10,285,980)	-	360,449	-	-	27,468,019
		$ 135,000	**$ -**	**$ 167,809**	**$ 360,449**	**$ 171,405**	**$ 106,471**	**$ 1,272,171,998**

Notes:
Ordinance #3196 establishing the 2025-2026 budget was approved by Council on November 19, 2024.

City of Redmond
15670 NE 85th Street
Redmond, WA

Memorandum

Date: 11/12/2025
Meeting of: Committee of the Whole - Finance, Administration, and Communications
File No. CM 25-601
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	Haritha Narra	Deputy Finance Director
Finance	Hailey Zurcher	Financial Planning Manager

TITLE:
Adoption of an Ordinance Establishing the 2026 Property Tax Levy for General Operations

OVERVIEW STATEMENT:
Pursuant to state law, the City of Redmond may levy property taxes annually for general operations. The Revised Code of Washington (RCW) 85.55.005 allows a jurisdiction over 10,000 in population to raise property taxes by the lesser of the implicit price deflator or 1% plus new construction, annexations, and other miscellaneous adjustments (e.g., refunds) with a simple majority vote.

The property tax ordinance establishes the 2026 property taxes for general operations and for supporting Redmond's Levy Funds for Parks and Public Safety.

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

REQUESTED ACTION:

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

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
  2025-2026 Adopted Budget
  Fiscal Policies
- **Required:**
  RCW 85.55.005
- **Council Request:**
  N/A
- **Other Key Facts:**

N/A

OUTCOMES:

Redmond received preliminary property tax figures from King County for 2026 on October 9, 2025. The numbers are estimates and are subject to change once the final worksheet is received from King County. The attached ordinance (Attachment A) is based on preliminary information, as King County must receive Redmond's property tax request by December 1, 2025.

The rate of inflation (Implicit Price Deflator rate) was determined to be 2.44% by the Bureau of Economic Analysis. The 1% limitation applies to the 2025 levy. The attached ordinance sets the 2026 total property tax levy at $34,455,724, with $27,561,411 for general operations and $6,894,313 related to three levy lid lifts. Relative to the 2025 total levy, a 1% increase amounting to $331,753 is included, as well as $626,728 from new construction and $71,957 from prior year refunds that will be re-levied in 2025.

The City's assessed valuation has increased from $39.6 billion in 2024 to $42.04 billion in 2025, or by 6.3% according to King County's final numbers.

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 attached ordinance sets the 2026 regular property tax levy at $34,455,724, which includes the 1% property tax increase.

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
N/A	Item has not been presented to Council	N/A

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
11/18/2025	Business Meeting	Approve

Time Constraints:
Council must adopt the ordinance for the 2026 property tax levy prior to King County's deadline of December 1, 2025, for property tax collections in 2026.

ANTICIPATED RESULT IF NOT APPROVED:
If action is not taken by December 1, 2025, Redmond will not comply with the County deadline for submitting 2026 property tax levies.

ATTACHMENTS:
Attachment A: Ordinance - 2026 Property Tax

NON-CODE

CITY OF REDMOND
ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, LEVYING PROPERTY TAXES FOR THE CITY OF REDMOND FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2026, ON ALL PROPERTY, BOTH REAL AND PERSONAL, IN SAID CITY WHICH IS SUBJECT TO TAXATION FOR THE PURPOSE OF PAYING SUFFICIENT REVENUE TO CARRY ON GENERAL OPERATIONS, RECOGNIZE VOTER APPROVED LEVY LID LIFTS FOR PUBLIC SAFETY AND PARKS FOR THE ENSUING YEAR AS REQUIRED BY LAW; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City Council of Redmond, Washington has properly given notice of public hearings held on July 16, 2024, October 1, 2024, October 15, 2024, and November 4, 2024, to consider the City of Redmond's current expense budget for the 2025-2026 biennium, pursuant to RCW 84.55.120; and

WHEREAS, the City Council, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the City of Redmond requires a levy in the amount of $34,455,724, which includes an increase in property tax revenue from the previous year beyond that resulting from the addition of new construction and improvements to property and amounts authorized by law as a result of any annexations that have occurred and refunds made, in order to discharge the expected expenses and obligations of the City; and

WHEREAS, the City Council in the course of considering the budget for the 2025-2026 biennium has reviewed all sources of revenue and examined all anticipated expenses and obligations; and

WHEREAS, City of Redmond voters approved a levy lid lift for public safety and parks and recreation in 2007.

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

Section 1. Classification. This is a non-code ordinance.

Section 2. General Tax Levy for 2026. An increase in the regular levy is hereby authorized for the 2026 regular levy in the amount of $34,455,724, which represents a percentage increase of 1.00%, or $331,753, from the previous year, to discharge the expected expenses and obligations of the City. This increase is exclusive of additional revenue resulting from the addition of new construction and improvements to property, and any additional amounts resulting from any annexations that have occurred, and refunds made. Including the increase stated above and inclusive of the addition of new construction, annexations and refunds there shall be and is hereby levied current taxes of $34,455,724 the purpose of which is to discharge the expected expenses and obligations of the City.

In the event King County provides updated levy limit information after the passage of this ordinance, the levy provided herein shall be automatically adjusted to reflect such information so that the total sum levied shall not exceed the increase authorized by the levy lid lift approved by voters for public safety and parks and such other amounts authorized by law.

Section 3. Certification of Ordinance to King County Council. This ordinance shall be certified to the King County Council, as provided by law, and taxes hereby levied shall be collected and paid to the Finance Director of the City of Redmond at the time and in the manner provided by the laws of the State of Washington for the collection of taxes for non-charter code cities.

Section 4. Majority Approval. This ordinance was passed by a majority of the entire Council.

Section 5. 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 of any other section, sentence, clause, or phrase of this ordinance.

Section 6. Effective Date. This ordinance shall become effective January 1, 2026, provided five days have passed since the date of 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 ________________, 20XX.

CITY OF REDMOND

____
ANGELA BIRNEY, MAYOR

ATTEST:

____
CHERYL XANTHOS, MMC, CITY CLERK (SEAL)

APPROVED AS TO FORM:

____
REBECCA MUELLER, CITY ATTORNEY

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

City of Redmond
15670 NE 85th Street
Redmond, WA

Memorandum

Date: 11/12/2025
Meeting of: Committee of the Whole - Finance, Administration, and Communications
File No. CM 25-598
Type: Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Public Works	Aaron Bert	425-556-2786
Parks	Loreen Hamilton	425-556-2336
Finance	Kelley Cochran	425-556-2748

DEPARTMENT STAFF:

Finance	David Amble	Real Property Manager

TITLE:
Approval of Authorization to Execute Three Wireless Telecommunications Amendments for Novelty Hill, Fire Station 14, and Education Hill

OVERVIEW STATEMENT:
The City of Redmond has active leases with wireless telecom providers (telecoms) for wireless telecommunication facilities at several parks and public works properties throughout the City. Three telecom companies have requested amendments to the terms of their leases.

Proposed lease amendments will update lease terms for the following telecoms at specific city locations:
- AT&T: Novelty Hill Water Tank
- Crown Castle for Verizon: Fire Station 14
- Verizon: Education Hill Water Tank

Updated lease terms will allow the telecoms to update equipment, expand leasehold areas, and/or extend terms.

☒ **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:
Approval of the lease amendments will update the terms of the leases with the following:

- AT&T: Novelty Hill Water Tank - equipment modifications and revised rate structure
- Crown Castle for Verizon: Fire Station 14 - expansion of leasehold area and revised rate structure
- Verizon: Education Hill Water Tank - extension of lease for ten years

These amendments will continue the City's partnerships with the telecoms at city properties, and the City will continue to receive rental revenue.

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:
N/A

Other budget impacts or additional costs: ☒ **Yes** ☐ **No** ☐ **N/A**
If yes, explain:
Revenues generated by these three leases will be approximately $123,000 in 2026.

Funding source(s):
N/A

Budget/Funding Constraints:
N/A

☐ **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
11/18/2025	Business Meeting	Approve

Time Constraints:
Verizon's lease at the Education Hill Water Tank terminates January 14, 2026. AT&T and Crown Castle have no time constraints.

ANTICIPATED RESULT IF NOT APPROVED:
If the lease amendments with AT&T and Crown Castle are not approved, equipment modifications would not move forward. Lease terms would remain the same, and the City would not receive increased revenues

If the Verizon lease amendment is not approved, the lease would be terminated, and the City would lose revenue.

ATTACHMENTS:
Attachment A: Amendment to AT&T Lease at Novelty Hill Water Tank
Attachment B: Amendment to Crown Castle at Fire Station 14
Attachment C: Amendment to Verizon Lease at Education Hill Water Tank

AMENDMENT NO. 3 TO FACILITIES LEASE FOR TELECOMMUNICATIONS FACILITIES

DATED: ______________________________, 20__ ("**Execution 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, Amendment No. 1 to Facility Lease for Telecommunications Facilities dated December 18, 2018, and Amendment No. 2 to Facilities Lease for Telecommunications Facilities, dated July 5, 2023, (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. 3 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, Lessor desires to modify the terms of the lease to improve the financial management and administration of the lease; 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. References

Except as otherwise expressly set forth in this Second Amendment, all references to Sections and/or Exhibits are the Section and/or Exhibits as set forth in the Lease.

b. 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.

c. 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.

d. Amendment to Section 8. Consideration

Section 8 of the Lease is deleted and replaced by the following:

Section 8. Performance Period and Consideration

The annual lease performance period will be from January 1 to December 31.

Commencing on January 1, 2026 (the "Commencement Date"), the annual rental fee (Annual Rent) for the Facility shall be **Forty-Eight Thousand and no/100 Dollars ($48,000)**, except as modified below. Any rent paid in 2025 that covers the prior leases' performance period, including any period within the 2026 calendar year, will be accounted for in a pro-rated manner, determined by the date of receipt of the 2025 payment.

Payments received within thirty (30) days of the beginning of each year's performance period. Any annual rent payment received more than thirty (30) days after the commencement date or the anniversary thereof, shall include a late payment penalty at the lesser of 2% per month or the highest rate permitted by law.

8.1 – Annual Adjustments

On the first day of each annual performance period year (January 1), the annual rent shall be increased by 4.00%, rounded to the next **Ten ($10.00) Dollars**. The annual rent for the first 15 years of the amended lease is presented in Table 1, below. This table applies if no true-up of the rate as described in Section 8.1 below is not exercised.

Table 1 – AT&T at Novelty Hill Wireless Telecommunications Facility Fee Schedule, 2026 - 2040

Lease Year	Performance Period Year (PPY)	PPY Base	Escalation	Total Fee
1	2026	$48,000	$0	$48,000
2	2027	$48,000	$1,920	$49,920
3	2028	$49,920	$2,000	$51,920
4	2029	$51,920	$2,080	$54,000
5	2030	$54,000	$2,160	$56,160
6	2031	$56,160	$2,250	$58,410
7	2032	$58,410	$2,340	$60,750
8	2033	$60,750	$2,430	$63,180
9	2034	$63,180	$2,530	$65,710
10	2035	$65,710	$2,630	$68,340
11	2036	$68,340	$2,740	$71,080
12	2037	$71,080	$2,850	$73,930
13	2038	$73,930	$2,960	$76,890
14	2039	$76,890	$3,080	$79,970
15	2040	$79,970	$3,200	$83,170

8.2 – Lease Rate True-Up

The City and Lessee agree that the lease rates set forth in this Agreement shall be subject to a financial true-up every five (5) years from the Commencement Date. The true-up shall reconcile the originally agreed lease rates with prevailing market lease rates for comparable properties or assets as of the true-up date.

The true-up process shall include:

- A review of the 5-year CPI-Urban data for the Seattle-Tacoma-Bellevue area as published by the U.S. Department of Labor's Bureau of Labor Statistics.

- An adjustment to the lease rate, if the variance between the 5-Year CPI-U and the 5-year total escalation of the original lease rate exceeds 4%, to reflect fair market value. For example, the 5-year total escalation of the original lease rate is 5 x 4.0%, or 20.0%. If the CPI-U for the same 5-year period is less than 16%, the lease rate will be adjusted to reflect the indexed value according to CPI-U.
- Any upward or downward adjustment shall be applied prospectively for the next lease period and shall not be retroactive.

If the lease is renewed or extended beyond the initial term, the true-up mechanism shall continue to apply at each subsequent five-year interval."

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.

CITY OF REDMOND,
a Washington municipal corporation

____

ANGELA BIRNEY, MAYOR

NEW CINGULAR WIRELESS PCS, LLC,
a Delaware limited liability company

By: AT&T Mobility Corporation
Its: Manager

By: ____________________________

Print Name:______________________

Title:____________________________

Date: ___________________________

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 MAYOR 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 _______________________, 20__.

Notary Seal

Notary Signature: ________________________

Printed Name: ___________________________
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 Seal

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 the following AT&T Equipment on the Water Tank	
	[6] Stacked 5G antennas
	[6] Panel Antennas
	[3] Surge/fiber box
	[12] Remote Radio Heads
	[3] Fiber trunks

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

Amended Exhibit C – Site Plan of Equipment

[Site plans may be filed as part of a permit/lease application and maintained under separate file]

AMENDMENT NO. 1
TO
CROWN CASTLE TELECOMMUNICATIONS FACILITIES LEASE AGREEMENT

THIS AMENDED TELECOMMUNICATIONS FACILITIES LEASE AGREEMENT (this "**Amendment 1**") is dated and made effective as of the last party to sign ("**Effective Date**") by and between the **City of Redmond** ("**City**"), a Washington municipal corporation, and **Crown Castle GT Company LLC** ("**Crown Castle**"), a Delaware limited liability company, having a place of business at 2000 Corporate Drive, Canonsburg, Pennsylvania 15317, collectively the "**Parties**", pursuant to Chapter 12.14 of the Redmond Municipal Code ("**RMC**") and for the mutual benefits to be derived.

RECITALS

WHEREAS, the parties previously executed a Facilities Lease for Telecommunications Facilities dated June 19, 2023 ("**Lease**"), for the lease of a certain portion of real property located at Redmond Fire Station No. 14 ("**Facility**") located at 5021 264th Avenue NE, Redmond, Washington 98053 ("**Property**"), for operating and maintaining a wireless communication tower; and

WHEREAS, Crown Castle desires to expand the footprint of the ground station facility supporting the wireless communication tower ("**Premises**"), to provide additional space for Verizon Wireless; and

WHEREAS, the City has reviewed the plans and will allow the altered use of its property for telecommunication facilities under the terms and conditions established by Chapter 12.14 of the Redmond Municipal Code; and

WHEREAS, the Parties now wish to amend certain the terms of the Lease as required under Section 2 as set forth herein.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1. Specific Terms

1.1. References.

Except as otherwise expressly set forth in this Amendment 1, all references to Sections and/or Exhibits are the Section and/or Exhibits as set forth in the Lease.

1.2. Amendment to Exhibit C.

Exhibit C of the Lease is deleted in its entirety and replaced by the **Amended Exhibit C** "**Site Plan of Equipment**", consisting of a graphic representation of the equipment site plan, which is attached and incorporated herein.

1.3. Amendment to Section 10 – Consideration

Section 10 is hereby amended by inserting the following at the end of the Section:

10.5 Additional Rent for Verizon Wireless

On the first day of the second full month following full execution of this First Amendment, the annual rental fee (annual rent) for the facility shall be increased by **One Thousand Four Hundred Fifty and no/100 Dollars ($1,450.00)**, for a revised annual rent of **Thirty-eight Thousand Five Hundred Seventy and no/100 Dollars ($38,570.00)**, plus applicable leasehold tax.

IN WITNESS WHEREOF, this Amendment is executed as of the latest date it is fully executed by both parties.

CITY OF REDMOND, a Washington municipal corporation	**CROWN CASTLE GT COMPANY LLC,** a Delaware limited liability company
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
Title: _____________________________	Title: _____________________________
Date: _____________________________	Date: _____________________________

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 she acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged as the MAYOR 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 _________________, 20__.

Notary Seal	Notary Signature:	
	Printed Name:	
	Notary Public for	
	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 she acknowledged that they signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged as the ______________________________, for ___________________________, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _________________ day of __________________, 20__.

Notary Seal		
	Notary Signature:	
	Printed Name:	
	Notary Public for	
	Residing In:	
	My Commission Expires:	

EXHIBIT A

Legal Description

Lot 2 of King County Short Plan No. 485025, according to the plat thereof recorded under Recording 8602050714 subject to easements and restrictions of record.

EXHIBIT B

Description of Telecommunications Facilities

Existing

Tenant	Quantity	Description
AT&T	1	Standby generator, with self contained fuel tank
AT&T	1	ATS equipment
AT&T		Antennas attached to existing monopole
DISH		
DISH		
T-Mobile	4	Cabinets inside Crown fenced area
T-Mobile	9	Antennas attached to existing monopole
VERIZON		
VERIZON		
Crown Castle	1	Concrete pad and secure fenced compound
Crown Castle	1	Monopole

EXHIBIT C

Site Plan of Telecommunications Facilities

Pages T-1, A-1, A-2, and E-1 from the DISH Wireless approved Construction Plans set (total 4 pages) Survey signed and sealed 6/18/2021.

AMENDMENT NO. 2 – VERIZON LEASE AT EDUCATION HILL

DATED: [___________________________], 20__ ("Effective Date")

BETWEEN: CITY OF REDMOND, a Washington municipal corporation

AND: Seattle SMSA Limited Partnership d/b/a Verizon Wireless

By written Lease dated **January 14, 2016,** and Amendment 1, dated May 31, 2022, City of Redmond (hereinafter referred to as "City"), and **Seattle SMSA Limited Partnership d/b/a Verizon Wireless** ("Lessee"), executed a lease for wireless telecommunication facilities on and adjacent to the Education Hill Water Storage Facility located at **17100-104th Street, 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 ("**Amendment**") as follows.

RECITALS

WHEREAS, Lease expires on May 31, 2026; and

WHEREAS, Lessee desires to extend its lease term for additional five-year periods; 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. References.

Except as otherwise expressly set forth in this Second Amendment, all references to Sections and/or Exhibits are the Section and/or Exhibits as set forth in the Lease.

b. Amendment to Section 12 – Term.

Section 12 is deleted and replaced by the following:

The revised lease commencement date will be January 1, 2026. The term of the Lease ("Term") is hereby amended and extended for two 5-year periods, commencing January 1, 2026, and ending December 31, 2035.

At the end of the second five-year period, Landlord hereby grants the Tenant the option ("Option") to extend the Term of the Lease for up to four (4) additional periods of five (5) years each ("Option Periods").

Tenant shall make a request at least one hundred twenty (120) days in advance of the end of the current term to exercise an option. The Landlord shall be deemed to have accepted the request, and the Lease shall be automatically extended without further action of the parties unless the Landlord shall give written notice to the Tenant at least ninety (90) days prior to the end of the Term stating that the Landlord elects not to accept the Option.

c. **<u>Amendment to Section 23 – Insurance.</u>**

Section 23 – Insurance is deleted and replaced by the following:

Section 23 – Insurance.

Lessee shall procure and maintain for so long as Lessee has its Telecommunication Facilities on the Property, 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 require that every subcontractor maintain substantially similar insurance coverage with substantially similar policy limits as required of Lessee. Lessee shall provide an insurance certificate from insurers with a current A.M. Best rating of not less than A:XII, together with an endorsement copy listing the City, its officers, elected and appointed officials, agents, employees, representatives, engineers, consultants and volunteers as additional insureds, under the Commercial General Liability, Automobile Liability and Comprehensive Form 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, inclusive of umbrella, written on an occurrence basis with limits not less than:

i. $5,000,000.00 for bodily injury or death to each person;

ii. $2,000,000.00 for property damage resulting from any one accident; and

iii. $2,000,000.00 for all other types of liability

B. Automobile liability for owned, non-owned and hired vehicles with a limit of $2,000,000.00 for each person and $2,000,000.00 for each accident;

C. Worker's compensation within statutory limits and employer's liability insurance with limits of not less than $1,000,000.00; and

D. Comprehensive Form premises-operations, explosions and collapse hazard, and products completed hazard with limits of not less than $2,000,000.00.

E. Umbrella or excess liability insurance in the amount of $10,000,000.00.

F. 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 and must be declared to and approved by the City. The insurance certificate required by this Section shall contain a clause stating that coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. Lessee's insurance shall be primary insurance with respect to 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. Lessee's maintenance of insurance shall not be construed to limit the liability of Lessee to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or equity. Further, Lessees' maintenance of insurance policies required by this Lease shall not be construed to excuse unfaithful performance by Grantee.

G. In addition to the coverage requirements set forth in this Section, Lessee must notify the City of any cancellation or reduction in said coverage. 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, Lessee shall obtain and furnish to the City a replacement insurance certificate meeting the requirements of this Section.

d. **Amendment to Section 39 – Notice.**

Any notice or information required or permitted to be given to the parties under this Lease may be sent to the following addresses unless otherwise specified:

For City:
City of Redmond
Real Property – Finance Dept.
MS 3NFN
PO Box 97010
Redmond, Washington 98073-9710

Email: realproperty@redmond.gov

For Lessee:
Seattle SMSA Limited Partnership
DBA Verizon Wireless
Attn: Network Real Estate
180 Washington Valley Rd
Bedminster NJ 07921

Email:

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.

CITY OF REDMOND	Seattle SMSA Limited Partnership d/b/a Verizon Wireless, _________ a limited liability company
By:______________________________	By: ___________________________
Name: Angela Birney	Name: _________________________
Title: Mayor	Title: ___________________________
Date: ____________________________	Date: ____________________________

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 MAYOR 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 ________________________, 20__.

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 _____________________________to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _________ day of ________________________, 20__.

Notary Signature: __________________________

Printed Name: _____________________________

Notary Public for the State of Washington

Residing In: _______________________________

My Commission Expires: ____________________

15670 NE 85th Street
Redmond, WA

City of Redmond

Memorandum

Date: 11/12/2025
Meeting of: Committee of the Whole - Finance, Administration, and Communications
File No. CM 25-599
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 Manager

TITLE:
Approval of Lease Amendment for Northwest Restaurants, Inc.

OVERVIEW STATEMENT:
The City owns the parcel at 15802 Bear Creek Parkway and leases the property to Northwest Restaurants, Inc. (NWR), which operates a Kentucky Fried Chicken (KFC) restaurant at the location. The lease is currently operating on a year-to-year basis and will expire on June 30, 2026, if no additional 1-year options are exercised. NWR's franchise agreement with KFC requires NWR plan and perform capital improvements on the property; however, NWR will forego improvements without a long-term lease. The proposed lease amendment revises the terms to two five-year periods, along with four five-year options. The profit-sharing portion of the original lease is maintained.

☒ **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:**
  The lease amendment switches from a CPI-U based rate escalator to a fixed rate, providing more predictable revenues and expenses for both parties. Prior lease terms are kept, including the annual 6% profit share after deduction of annual rent expenses.

OUTCOMES:

Upon amending the lease, the property will remain occupied, and the City will continue to receive revenue from the lease and the profit-sharing agreement. NWR will also move forward with capital improvement planning to upgrade the building and property.

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:
N/A

Other budget impacts or additional costs: ☒ Yes ☐ No ☐ N/A
If yes, explain:
Lease Revenue Forecast, per five-year period:

- Period 1: 2026-2030 $528,000
- Period 2: 2031-2035 $580,000
- Option Period 1: 2036-2040 $639,000
- Option Period 2: 2041-2045 $703,200
- Option Period 3: 2046-2050 $773,400
- Option Period 4: 2051-2055 $850,800

Profit sharing (6%) is based on sales figures after deduction for rent.

Funding source(s):
N/A

Budget/Funding Constraints:
N/A

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

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

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
11/18/2025	Business Meeting	Approve

Time Constraints:
The current lease will expire June 30, 2026, unless another 1-year option is exercised. The lease should be amended as soon as possible to ensure long-term revenue for the City and facilitate NWR's capital planning.

ANTICIPATED RESULT IF NOT APPROVED:
If the lease is not amended, NWR will lose its franchise and vacate the building. The City will not receive any rental income from the property until a new tenant leases the space.

ATTACHMENTS:
Attachment A: Draft Lease Amendment for Northwest Restaurants, Inc.

City Clerk Contract ________

AMENDMENT TO LEASE

DATE: _________________, 20__

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, Redmond, Washington 98052 (hereinafter referred to as the "**Premises**").

By Lease Amendments dated April 20, 1971, August 15, 1979, October 12, 1984, June 8, 1998, July 1, 2016, July 1, 2018, and June 26, 2023, Landlord and Tenant (together hereinafter referred to as "Parties") 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. Except as expressly amended hereby, the Lease shall remain unchanged and in full force and effect.

NOW, THEREFORE, the parties agree to include the following:

1. Term

The term of the Lease ("Term") is hereby amended and extended for a period of ten (10) years, commencing January 1, 2026, and ending December 31, 2035. The Term will be divided into two 5-year periods. The first five-year period will commence January 1, 2026, and end on December 31, 2030. The second five-year period will commence January 1, 2031, and end on December 31, 2035.

2. Rent

The monthly rent ("Rent") for the first five-year period shall be **Eight Thousand Eight Hundred and no/100 Dollars ($8,800.00).** At the end of the first five-year period, the monthly rent shall be increased by ten percent (10.00%) and rounded to the next ten ($10.00) dollars, equal to $880.00 and for the second 5-year period shall be **Nine Thousand Six Hundred Eighty and no/100 Dollars ($9,680.00)**.

3. Options, Option Periods, and Option Period Rent

At the end of the second five-year period, Landlord hereby grants the Tenant the option (“Option”) to extend the Term of the Lease for up to four (4) additional periods of five (5) years each (“Option Periods”).

Tenant shall make a request at least one hundred twenty (120) days in advance of the end of the current term to exercise an option. The Landlord shall be deemed to have accepted the request, and the Lease shall be automatically extended without further action of the parties unless the Landlord shall give written notice to the Tenant at least ninety (90) days prior to the end of the Term stating that the Landlord elects not to accept the Option.

Following the end of the second 5-year term on December 31, 2025, and for the life of the four option periods, the rent schedule will be based on an annual increase of four percent (4.00%) of the prior year’s monthly rent, rounded to the nearest ten dollars ($10.00).

4. Invoice and Billing

The Landlord will generate and deliver to the Tenant, at the address in Section 5 of this Amendment, an invoice showing prior payments received, and amount due, with breakout of rent, stormwater fees, leasehold taxes, prior credits or past due amounts and late payment fees, discussed herein, from prior billing cycles.

Any payment received more than thirty (30) days after its due date shall be assessed a late payment penalty at the lesser of 5% per month or the highest rate permitted by law; provided, however, the Landlord agrees to provide written notice to Tenant before assessing a late payment penalty and that no late payment penalty shall apply if Lessee makes such payment within five (5) business days after receipt of such notice. Late payment assessments will be documented on monthly invoices.

5. Notices

Section 3 of the Lease Amendment dated July 1, 2016, is modified to provide Landlord and Tenant contact and notification information as follows. All rent inquires, notifications, and payments shall be remitted to same.

Landlord: City of Redmond	**Tenant: Northwest Restaurants, Inc.**
Finance Department, MS:3NFN	18815 139th Avenue NE
Attn: Real Property Manager	Suite C
15670 NE 85th Street	Woodinville, WA 98072
Redmond, WA 98052	
PO Box 97010	
Redmond, WA 98073	
Email: realproperty@redmond.gov	Email: ______________________________

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the respective dates set with their signature below. This Amendment shall be deemed to have been dated as of date first written below.

LANDLORD: **CITY OF REDMOND**	**TENANT:** **NORTHWEST RESTAURANTS, INC.**
By: ______________________________	By: ______________________________
Its: ______________________________	Its: ______________________________
Date: ______________________________	Date: ______________________________

STATE OF WASHINGTON)
) §
COUNTY OF KING)

I certify that I know or have satisfactory evidence that ANGELA BIRNEY is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath state that she was authorized to execute the instrument and acknowledged it as the MAYOR of the CITY OF REDMOND, a municipal corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated this _____ day of _________________, 20__

Notary Signature: _______________________

Print Name: _______________________

Notary Public in and for the State of Washington

Residing in _______________________

My Appointment expires: _______________________

STATE OF WASHINGTON)
) §
COUNTY OF ____________)

I certify that I know or have satisfactory evidence that _________________________ is the person who appeared before me, and said person acknowledged that they was authorized to execute the instrument and acknowledged as the ________________________ of NORTHWEST RESTAURANTS, INC. a State of Washington corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated this _____ day of _________________, 20__

Notary Signature: ________________________

Print Name: ________________________

Notary Public in and for the State of Washington

Residing in ________________________

My Appointment expires: ________________________

Memorandum

Date: 11/12/2025 **File No.** CM 25-600
Meeting of: Committee of the Whole - Finance, Administration, and Communications **Type:** Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Public Works	Aaron Bert	425-556-2786
Finance	Kelley Cochran	425-556-2748

DEPARTMENT STAFF:

Finance	David Amble	Real Property Manager
Public Works	Aaron Noble	Senior Engineer

TITLE:
Approval of Lease with WSDOT for Trail Segment Connecting SR 202 and the Redmond Central Connector

OVERVIEW STATEMENT:
As part of the general construction work near the Marymoor Village Light Rail Station, Sound Transit constructed a segment of trail connecting State Route (SR) 202 to the Redmond Central Connector (RCC) Trail west of the Marymoor Village Station and adjacent to State Route 520. The City is requesting Council's approval to enter into a 20-year lease agreement with the Washington State Department of Transportation (WSDOT) to operate and maintain the trail.

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

REQUESTED ACTION:

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

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
  This trail was constructed as part of the greater Sound Transit phase III program of bringing light rail to Redmond.
- **Required:**
  N/A
- **Council Request:**
  N/A
- **Other Key Facts:**
  N/A

OUTCOMES:
The trail connecting SR 202 to the RCC provides non-motorized traffic a safe connectivity option to the Marymoor Village Station area. It also closes a gap within the City's trail network.

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:
Maintenance costs have been planned for in the current budget within the scope of RCCIII maintenance.

Approved in current biennial budget: ☒ **Yes** ☐ **No** ☐ **N/A**

Budget Offer Number:
344

Budget Priority:
Vibrant and Connected

Other budget impacts or additional costs: ☐ **Yes** ☐ **No** ☒ **N/A**
If yes, explain:
N/A

Funding source(s):
Parks Maintenance

Budget/Funding Constraints:
N/A

☐ **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
11/18/2025	Business Meeting	Approve

Time Constraints:
N/A

ANTICIPATED RESULT IF NOT APPROVED:
Delay in approval impacts the legal support for operating and maintaining the trail on WSDOT property.

ATTACHMENTS:
Attachment A: Draft Lease Agreement
Exhibit A: Depiction of Trail Lease
Exhibit B: Access Breaks
Exhibit C: Standard Title VI / Nondiscrimination Assurances from USDOT Order No. 1050.2A
Exhibit D: Development Agreement for the DRLE Project of 2019 COR and Sound Transit
Exhibit E: As-Built - Redmond 520 Trail Connection Cross Section

TRAIL LEASE

THIS IS A TRAIL LEASE made and entered into by and between the WASHINGTON STATE DEPARTMENT OF TRANSPORTATION (hereinafter WSDOT), and CITY OF REDMOND (hereinafter TENANT).

WHEREAS, the land and premises to be leased are not presently needed by WSDOT exclusively for state highway purposes; and

WHEREAS, the TENANT desires to operate and maintain a trail segment under RCW 47.30 and this Lease as part of the TENANT's local comprehensive trail plan and/or a state or federal comprehensive trail plan, a component of the TENANT's transportation network providing active transportation use as an interim use until the land and premises to be leased are needed for a state highway purpose; and

WHEREAS, for the purpose of this Lease, the term Active Transportation has the same meaning as that term is defined by *the Washington State Active Transportation Plan 2020 and Beyond*, specifically, the use of human-scale and often human-powered means of travel to get from one place to another; includes walking, bicycling, using a mobility assistive or adaptive device such as a wheelchair or walker, using micromobility devices, and using electric-assist devices such as e-bikes and e-foot; and

WHEREAS, the premises to be leased to TENANT, being the trail segment under this Lease (used herein as reference to the trail facilities leased under RCW 47.30), will provide a connection within SR 520 and SR 202 for pedestrians, bicycles, non-motorized vehicles, and other active transportation modes, and thereby materially increase the safety of motorists traveling thereon.

WHEREAS, TENANT and the Central Puget Sound Regional Transit Authority (Sound Transit) entered into the Development Agreement for the Downtown Redmond Link Extension of 2019 attached as Exhibit D, where Sound Transit will construct a pedestrian trail with appurtenances (Trail Facility) on behalf of TENANT for connection to the Lake Sammamish Trail/RCC Connection SR 520 Undercrossing in the area of the SR 202/SR 520 interchange.

WHEREAS, WSDOT is granted authority to lease property under RCW 47.12.120, and WSDOT deems it to be in the public interest to enter into this Lease, NOW, THEREFORE, in consideration of the terms, conditions, covenants, and performances contained herein, IT IS MUTUALLY AGREED AS FOLLOWS:

1. PREMISES

WSDOT leases to TENANT, and TENANT hereby leases from WSDOT, the premises located in the Northwest Quarter of Section 12, Township 25 North, Range 5 East, W.M., in the City of Redmond, King County and known to be a portion of the state highway right of way of **SAMMAMISH RIVER TO JCT. SR 202** highway plan approved April 30, 1993, last modified August 22, 2003 sheet **5** of **15** sheets, and as further described and/or shown hachured on **Exhibit A**, attached hereto and by this reference incorporated herein (the "Premises"). The Trail Facility to be constructed on the Premises shall be approximately 3,138 square feet.

The Trail Facility will be located within the Premises and shall consist of the at-grade portions of the trail as shown on Exhibit A and the Access Breaks attached as Exhibit B.

2. USE OF PREMISES

A. TENANT, its contractors, agents, employees, and permittees, shall have the right to enter the Premises for construction, operation, and maintenance activities as provided herein. No use other than construction, operation, and maintenance of a public pedestrian, bicycle, non-motorized vehicle, and other active transportation trail (the "Trail Facility") is permitted without the prior written approval of WSDOT. TENANT expressly agrees that it will not charge others to use the Premises or Trail Facility. No motorized vehicles will be allowed on the Premises or Trail Facility except for TENANT's maintenance vehicles and emergency vehicles responding to an emergency on the same. In using the Premises, TENANT shall comply with all applicable statutes, policies, and regulations, including, but not limited to the Scenic Vistas Act, RCW 47.42 et seq. and WAC 468-66 et seq., heretofore adopted or hereafter promulgated by WSDOT or the state legislature relative to the location, operation, and maintenance of the Trail Facility located on the Premises. No access to the Premises will be constructed or allowed to be constructed by or for TENANT without WSDOT's prior written approval. Direct access to ramps or traveled lanes of state highways is not permitted. All grading and construction plans and any changes thereof are subject to approval by WSDOT.

B. TENANT will not allow third parties to use the Premises or Trail Facility as access to private property or improvements. Furthermore, in using the Premises, it is expressly agreed that TENANT shall:

(1) comply with all applicable federal, state, and local laws, ordinances, and regulations, including environmental requirements that are in force or which may hereafter be in force; and

(2) secure all necessary permits and licenses for the uses of the Premises authorized in this Lease. TENANT hereby agrees to indemnify, defend and hold harmless WSDOT from all claims or suits resulting from TENANT's failure to comply with such requirements.

C. No signs, other than directional signs or that sign further described herein, are permitted. WSDOT owned fences in place at the time of execution of this Lease or relocated to separate the Premises from the traveled lanes of SR 520 or SR 202 will be maintained by WSDOT. Nothing is to be attached to WSDOT's fence without prior written approval. If any fence is damaged because of the activities authorized by this Lease, TENANT will promptly repair such damage at its cost to WSDOT's satisfaction.

D. Within thirty (30) calendar days of completion of construction of the Trail Facility, TENANT at its sole expense shall erect and maintain a permanent sign at all entrances to the Trail Facility located on WSDOT right of way, stating as follows:

> *"This Trail is located on state highway right of way under a Trail Lease between the City of Redmond and the Washington State Department of Transportation."*

E. WSDOT does not warrant that the unconstructed state highway right of way is suitable for TENANT's purposes.

3. TERM

The term of this Lease is twenty (20) years (Initial Term), COMMENCING ON THE DATE OF EXECUTION OF THIS LEASE BY WSDOT (Commencement Date) and shall have a term of twenty (20) years.

4. RENEWAL

Upon expiration of the Initial Term, this Lease may be renewed by TENANT for two (2) additional ten (10) year periods, (Renewal Period), at the discretion of WSDOT; provided that, (A) TENANT is not in default and has not been in default during the term of this Lease; (B) the Premises are not needed for a priority transportation purpose, as determined by WSDOT; (C) TENANT's continued use under this Lease does not impair the safety or operation of WSDOT's highway or facility, as solely determined by WSDOT; and (D) the terms and conditions of this Lease conform to then-existing applicable state policies or practices, laws, regulations, and contracts, or provided, TENANT is willing to amend this Lease to bring it into compliance with such policies, practices, laws, regulations, and contracts. The Renewal Period(s) shall be on the same terms and conditions as set forth herein, except as modified by any changes in policies, practices, laws, regulations, or contracts and as reflected in a written amendment signed by both parties. TENANT shall give written notice of its intent to renew this Lease for the Renewal Period(s) not less than ninety (90) calendar days, but not more than six (6) months, prior to the expiration of the then current term of the Lease.

5. HOLDING OVER

In the event TENANT shall hold over or remain in possession of the Premises with the consent of WSDOT after the expiration of the stated term of this Lease, such holding over period or continued possession shall create a tenancy from month-to-month only, upon the same terms and conditions as are set forth herein, provided that WSDOT or TENANT may, in addition to other remedies provided elsewhere herein, terminate this Lease for any reason with not less than thirty (30) calendar days prior written notice.

6. TERMINATION BY WSDOT

A. WSDOT may terminate this Lease, without penalty or further liability as follows:

(1) immediately, upon the unauthorized assignment of this Lease by TENANT;

(2) upon not less than thirty (30) calendar days prior written notice, if TENANT defaults on any provision in this Lease and is notified by WSDOT of the default two (2) times within a six (6) month period. The third default shall be deemed "non-curable."

(3) upon not less than thirty (30) calendar days' prior written notice to TENANT, if TENANT defaults, and fails to cure such default within that thirty (30) day period, or such longer period, as may be reasonably determined by WSDOT, if TENANT is diligently working to cure the default. Waiver or acceptance of any default of the terms of this Lease by WSDOT shall not operate as a release of TENANT's responsibilities for any prior or subsequent default;

(5) immediately, if TENANT's insurance coverage as required herein lapses for any reason. In such event, WSDOT may, at its option, barricade access to the Premises at TENANT's cost during any such lapse in coverage. TENANT agrees to reimburse WSDOT for the actual direct and related costs of the work required to barricade access to the Premises. Notwithstanding the foregoing, in the reasonable judgment of WSDOT, the Lease will be reinstated immediately upon TENANT providing evidence of the required insurance coverage within fifteen (15) days of the notice of the lapse in coverage;

(6) immediately, upon issuance of any court order, legislative action, by law, or governmental agency action having jurisdiction to take such action, which would significantly impair or effectively prohibit TENANT's use of the Premises, in the reasonable judgment of WSDOT;

(7) immediately, upon written notice, if a receiver is appointed to take possession of TENANT's assets, TENANT makes a general assignment for the benefit of creditors, or TENANT becomes insolvent or takes or suffers action under the Bankruptcy Act;

(8) upon not less than sixty (60) calendar days' prior written notice, if WSDOT determines that it is in the best interest of WSDOT to terminate this Lease;

(9) upon not less than thirty (30) calendar days' prior written notice if the Premises has been abandoned, in WSDOT's sole judgment, for a continuous period of ninety (90) days (provided that temporary closures required for repairs or maintenance work shall not be deemed an abandonment);

(10) immediately, if a transportation emergency exists as solely determined by WSDOT. At WSDOT's sole discretion, this Lease may be reinstated once WSDOT no longer requires use of the Premises; or

B. WSDOT may terminate the Lease in part upon not less than sixty (60) calendar days' prior written notice, if WSDOT determines that a portion of the Premises may be used for, but not limited to, telecommunications purposes, which in WSDOT's sole determination are reasonably consistent with TENANT's authorized use of the Premises.

C. It is hereby acknowledged and agreed that the state highway use of the Premises is paramount to any other use, including TENANT's use for a pedestrian, bicycle, and other non-motorized vehicle Trail Facility along with other active transportation modes. If this Lease is terminated for highway construction or reconstruction, TENANT hereby agrees to promptly remove the Trail Facility from its current location on SR 520 and SR 202 right of way at no cost to WSDOT, and to indemnify and hold harmless WSDOT from any and all costs.

D. If upon termination or expiration of this Lease, TENANT fails to remove the Trail Facility and WSDOT determines that it is necessary to continue to maintain the Trail Facility in a safe, operable condition, then TENANT hereby agrees that WSDOT may withhold funds sufficient to reimburse WSDOT for all costs associated with the continued maintenance of said Trail Facility from TENANT's share of any Motor Vehicle Funds or any other funds distributed to TENANT by WSDOT to cover ongoing expenses of Trail maintenance and operation.

E. TENANT agrees to pay all costs to barricade or to provide other interim safety measures, as directed by WSDOT, if closure of the Trial Facility becomes necessary to facilitate repair, reconstruction, maintenance, or modifications of the state highway right of way.

7. TERMINATION BY TENANT

TENANT may terminate this Lease without penalty or further liability as follows:

A. upon not less than thirty (30) calendar days' prior written notice for any reason; provided that, TENANT shall surrender the Premises as provided under Section 25;

B. upon not less than thirty (30) calendar days' prior written notice, if WSDOT defaults and fails to cure such default within that thirty (30) day period, or such longer period as may be reasonably determined by TENANT, if WSDOT is diligently working to cure the default; or;

C. immediately, upon written notice, if in TENANT's judgment the Premises is destroyed or damaged so as to substantially and adversely affect TENANT's authorized use of the Premises.

8. CONSIDERATION

In lieu of paying economic rent for the Premises, TENANT agrees to provide other specific consideration, which is deemed to be a state highway benefit, namely, the separation of motor vehicle traffic from pedestrians, bicyclists, and other active transportation modes which will materially increase motor vehicle safety and increase state highway efficiency. The Trail Facility will provide a safe alternative for pedestrians, bicyclists, and other Active Transportation modes who need to cross the SR 202/SR 520 interchange in this area, thereby reducing the number of pedestrian and motor vehicle conflicts and materially increasing the safety of the motoring public and the roadway efficiency of State Routes 520 (SR 520), State Route 202 (SR 202), and the surrounding city streets.

9. MAINTENANCE RESPONSIBILITIES

A. TENANT shall perform or cause to be performed at its sole expense all maintenance of the Premises that shall include, but not be limited to, keeping the Premises in good condition, both as to safety and appearance, to the satisfaction of WSDOT. TENANT shall be responsible for weed control and reconstruction and repair of any or all components of the Trail Facility. In addition, TENANT is responsible for the regular inspection and repair of structures as required by the Code of Federal Regulations 23 CFR 650, subpart C, National Trail Inspection standards (NBIS), EXCEPT any and all work that would require SR 520/SR 202 closure.

B. In addition, TENANT is responsible for the regular inspection and repair of the Trail Facility. TENANT shall be responsible for all Trail Facility inspection costs, including, but not limited to, materials, equipment, labor, overtime, traffic control, and per diem costs. Condition inspections will be conducted on a cycle to be agreed upon by TENANT and WSDOT's Trail Maintenance Engineer.

C. TENANT, as owner of the Trail Facility, shall be responsible for all costs to replace or repair all damage to the Trail Facility and appurtenances and/or associated TENANT improvements on the Premises that might adversely affect the Premises, whether caused by TENANT, its employees, invitees, contractors, third parties, but not if caused by WSDOT or its employees, invitees, agents or contractors. For the purposes of this Lease, TENANT shall not be considered or deemed an employee, invitee, agent or contractor of WSDOT. Any TENANT work, including repair, maintenance, construction or reconstruction, which is related to the safety or structural integrity of the Trail Facility requires WSDOT's prior written approval. WSDOT shall be responsible for first-response activities for damage or impacts to SR 520/SR 202 caused by the location, use, repair, maintenance, construction, reconstruction, and operation of the Trail Facility, including the use of such Trail Facility by pedestrians, bicyclists, non-motorized vehicles, and any other user of whatever kind. TENANT agrees to reimburse WSDOT, in accordance with Section 26 below, for all first-response costs that are a result of TENANT's use of the Premises, including, but not limited to, materials, equipment, labor, overtime, and per diem costs.

D. TENANT shall prevent water draining from the Trail Facility and Premises from affecting SR 520 or SR 202. In the event water from the Premises does affect SR 520 or SR 202, TENANT will promptly perform repairs to stop such leak(s) or water drainage affecting the SR 520 or SR 202 facility. If TENANT fails to perform repairs within 24 hours of receipt of written notice from WSDOT of the leak and/or water drainage, and approval by WSDOT of TENANT's traffic control plan, if traffic control is necessary, or in an emergency as determined solely by WSDOT, WSDOT reserves the right to perform the repairs, and TENANT agrees to reimburse WSDOT, in accordance with Section 26 below, for all costs of said repairs. If WSDOT undertakes any emergency repair, WSDOT shall notify TENANT as soon as reasonably possible under the circumstances.

E. TENANT shall provide WSDOT with traffic control plans for WSDOT review and approval in advance of any proposed work or activity on the Premises which may result in traffic impacts to SR 520 or SR 202. WSDOT will use its best efforts to complete its review and approval of said Traffic Control Plans within twenty-one (21) days after receipt. If WSDOT rejects the plans, WSDOT will cooperatively work with the TENANT to develop acceptable plans.

F. TENANT warrants that any landscaping planted and maintained on the Premises will not damage, threaten to damage, or otherwise adversely affect any part or component of the WSDOT's highway facility or operation thereof, or adversely affect traffic safety. TENANT warrants that any WSDOT-owned vegetation disturbed as a result of the Trail Facility's operation and maintenance shall be replanted or replaced at TENANT's sole cost and expense, and to the satisfaction of WSDOT. Application of pesticides and herbicides upon the Premises shall be performed by, or under the direct supervision of, TENANT's officers, officials, employees, and/or agents who possess a current Public Operator or Commercial Pesticide Operator license(s). The Washington State Department of Agriculture Pesticide Application records shall be kept by the TENANT for each application in accordance with chapter 17.21 RCW and will be made available for review by WSDOT within five (5) calendar days of records' request.

G. TENANT agrees that it is responsible for the following specific maintenance and operational items, at its sole cost and expense, without further liability to WSDOT:

(1) Security and law enforcement for the Premises and Trail Facility including, but not limited to, the prompt notification to the police and request for removal of individuals with their possessions, if such individuals are occupying the Premises or Trail Facility for any reason other than the intended use of the Trail Facility. For the purpose of this Lease, the intended use of

the Trail Facility is to provide an alternative access route under/across SR 520 and/or SR 202 for pedestrians, and bicyclists using non-motorized vehicles and other modes of active transportation. Accordingly, the Parties recognize that the Trail Facility occupies limited access state highway right of way and is not the equivalent of a city street;

(2) Graffiti removal from all real and personal property, including all fixtures and attachments, located on the Premises as well as the WSDOT SR 520 eastbound ramp wall that abuts the leased Premises. TENANT shall in no way interfere with state highway operations or traffic flow on SR 520 or SR 202 when removing graffiti. Inspections for graffiti shall be conducted by TENANT and shall occur no less than once per month;

(3) Litter control on an as-needed basis in accordance with adopted TENANT maintenance standards and practices or upon WSDOT notification and/or inspections;

(4) Sweeping of the Trail Facility on an as-needed basis in accordance with adopted TENANT maintenance standards and practices;

(5) Consistent with applicable federal and state laws, immediate removal from the Premises and disposal of all unauthorized signs, banners, etc., affixed to the Premises, including those related to commercial advertising, political campaigns, and/or protests. If TENANT fails to remove and dispose of said signs, banners, etc., upon receipt of notice from WSDOT, WSDOT reserves the right to perform such work, and TENANT agrees to reimburse WSDOT, in accordance with Section 26 below, for all reasonable costs to remove and dispose of said signs, banners or unauthorized material;

(6) Maintenance of drainage facilities associated with the Trail Facility, provided that TENANT will not be responsible for maintaining drainage facilities beyond the point at which such facilities enter WSDOT drainage structures.

(7) TENANT shall be responsible for all landscaping and weed control on the Premises. TENANT agrees to prevent and/or repair any damage to WSDOT's facilities caused by vegetation and/or trees on the Premises. If TENANT fails to repair said damage within thirty (30) calendar days of receipt of written notice from WSDOT, WSDOT reserves the right to perform such work, and TENANT agrees to reimburse WSDOT for all reasonable costs associated with such work in accordance with Section 26 below.

H. If TENANT fails to maintain the Premises as provided herein, WSDOT may perform such maintenance after providing the TENANT with thirty (30) calendar days' written notice of such maintenance default, and TENANT agrees to reimburse WSDOT for such maintenance costs in accordance with Section 26, below.

10. ENVIRONMENTAL REQUIREMENTS

A. TENANT represents, warrants and agrees that it will conduct its activities on the Premises, and lands adjacent thereto in compliance with all applicable Environmental Laws. As used in this Lease, "Environmental Laws" means all federal, state and local environmental laws, rules, regulations, ordinances, judicial or administrative decrees, orders, decisions, authorizations or permits, including, but not limited to, the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq., the Clean Air Act, 42 U.S.C. § 7401, et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1251, et seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C. § 11001, et seq., the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601, et seq., the Oil Pollution Control Act, 33 U.S.C. § 2701, et seq., the WSDOT National Pollutant Discharge Elimination System, the State Waste Discharge Municipal Stormwater General Permit, and Washington or any other comparable local, state or federal statute or ordinance pertaining to the environment or natural resources and all regulations pertaining thereto, including all amendments and/or revisions to said laws and regulations. It is the responsibility of TENANT to ensure that the functionality of all existing stormwater facilities on the Premises or adjacent lands managed and or owned by TENANT is maintained in accordance with all applicable Environmental Laws.

B. Toxic or hazardous substances are not allowed on the Premises without the express written permission of WSDOT and under the terms and conditions specified by WSDOT. This approval will include WSDOT review and approval of TENANTS's or of any TENANT contractor's spill prevention and control plan along with WSDOT's approval of the storage location of any toxic or hazardous substance on the Premises. In the event such permission is granted, the disposal of such materials must be done in a legal manner by TENANT according to all Environmental Laws and as outlined in Section 10.A. For the purposes of this Lease, "Hazardous Substances" shall include all those substances identified as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 et seq., and the Washington Model Toxics Control Act, RCW 70.105D et seq., and shall include gasoline and other petroleum products. "Existing Hazardous Substances" shall mean those

Hazardous Substances existing on the Premises as of the Commencement Date of this Lease that are not WSDOT Hazardous Substances. "WSDOT Hazardous Substances" shall mean those Hazardous Substances (a) that have been released on the Premises by WSDOT, its employees, contractors, or agents, either before or after the Commencement Date; (b) released or have the potential to be released as a result of WSDOT's activities or operations on the Premises either before or after the Commencement Date; or (c) have been released or have the potential to be released as a result of WSDOT's use, disposal, transportation, generation and/or sale of Hazardous Substances on the Premises, regardless of when they may have been released on the Premises.

C. TENANT agrees to cooperate in any environmental investigations conducted by WSDOT's staff or independent third parties where there is evidence of a release or potential release of Hazardous Substances on the Premises, or where WSDOT is directed to conduct such audit by an agency or agencies having jurisdiction. TENANT will reimburse WSDOT for the cost of such investigations, to the extent the need for said investigation is determined to be caused by TENANT's operations. TENANT will provide WSDOT with notice of any inspections of the Premises, notices of violations, and orders to clean up Hazardous Substances. TENANT will permit WSDOT to participate in all settlement or abatement discussions. In the event TENANT fails to take remedial measures as duly directed by a state, federal, or local regulatory agency within ninety (90) calendar days of such notice, WSDOT may elect to perform such work, and TENANT covenants and agrees to reimburse WSDOT for all direct and indirect costs associated with WSDOT's work where said release of Hazardous Substances is determined to have resulted from TENANT's use of the Premises.

WSDOT's right to implement any required actions pursuant to this subparagraph shall not accrue unless and until:

(1) TENANT's failure to implement remedial measures violates the terms of the direction received from the state, federal, or local regulatory agency.

(2) WSDOT has provided TENANT with written notice of TENANT's failure to implement the subject remedial measures; and

(3) TENANT has failed to cure the breach within ten (10) business days of receipt of such written notice, unless the parties agree to an extended cure period.

D. TENANT agrees the use of the Premises shall be such that no hazardous or objectionable smoke, fumes, vapor, odors, or discharge of any kind shall rise above the grade of the property.

E. For the purposes of this Lease, "Costs" shall include but not be limited to, all response costs, disposal fees, investigatory costs, monitoring costs, civil or criminal penalties, and attorneys' fees and other litigation costs incurred in complying with Environmental Laws.

F. To the extent allowed by law, TENANT agrees to defend, indemnify and hold harmless WSDOT from and against any and all claims, causes of action, demands and liability that are caused by or result from TENANT's activities on the Premises, including but not limited to any Costs, liabilities, damages, expenses, assessments, penalties, fines, losses, judgments and attorneys' fees associated with the removal or remediation of any Hazardous Substances that have been released or have the potential to be released on the Premises, including those that may have migrated from the Premises through water or soil to other properties, including without limitation, the adjacent WSDOT property, as a result of TENANT's activities on the Premises.

G. To the extent allowed by law, TENANT further agrees to defend, indemnify and hold harmless WSDOT from any and all liability arising from the offsite disposal, handling, treatment, storage, or transportation of any Hazardous Substances or Existing Hazardous Substances removed from the Premises by TENANT or at TENANT's direction. This subsection applies to Hazardous Substances that were released onto the Premises as a result of TENANT's activities and the Existing Hazardous Substances that are disposed of offsite pursuant to Subsection I below. This obligation shall not apply with respect to the presence of Hazardous Substances on the Premises that did not result from TENANT's use of the Premises except to the extent that TENANT arranges for the disposal of Existing Hazardous Substances offsite pursuant to Subsection I below.

H. To the extent allowed by law, WSDOT agrees to defend, indemnify, and hold harmless TENANT from and against any and all claims, causes of action, demands, and liability that are caused by or result from the removal or remediation of any WSDOT Hazardous Substances that have been released or have the potential to be released on the Premises, including, but not limited to, any Costs, liabilities, damages, expenses, assessments, penalties, fines, losses, judgments, and attorneys' fees associated with the presence of WSDOT Hazardous Substances on the Premises. WSDOT further agrees to take all remedial measures at the Premises as duly directed by a state, federal, or local regulatory agency, or as required under applicable Environmental Laws, where such obligations result from WSDOT Hazardous Substances. In completing any work required on the Premises in satisfaction of its duties under this Subsection, WSDOT shall not unreasonably interfere with TENANT's use of the Premises. TENANT agrees to cooperate with WSDOT in providing access to the Premises for any such work.

I. Any Costs associated with the investigation, removal, or remediation of Existing Hazardous Substances on the Premises by TENANT, including any increased construction costs, shall be the responsibility of TENANT and not the responsibility of WSDOT. Nothing in this Agreement shall limit the ability of TENANT or WSDOT to pursue cost recovery from third parties responsible for release of Hazardous Substances on the Premises.

J. To the extent allowed by law, WSDOT shall reimburse TENANT for the cost of any environmental investigations, disposal, or cleanup activities conducted by TENANT to the extent the need for said investigation resulted from WSDOT Hazardous Substances. WSDOT will provide TENANT with notices of any inspections of the Premises, notices of violations, and orders to clean-up contamination that WSDOT receives from an agency or agencies with jurisdiction. WSDOT will permit TENANT to participate in all settlement or abatement discussions. In the event that WSDOT fails to take remedial measures as duly directed by a state, federal, or local regulatory agency within ninety (90) calendar days of such notice, TENANT may elect to perform such work, and WSDOT covenants and agrees to reimburse TENANT for the reasonable direct and indirect costs associated with TENANT's work. This reimbursement obligation shall not apply, however, to the extent the contamination is determined to have resulted from TENANT's use of the Premises.

TENANT's right to implement any required actions pursuant to this subparagraph shall not accrue unless and until:

(1) WSDOT's failure to implement remedial measures violates the terms of the direction received from the state, federal, or local regulatory agency.

(2) TENANT has provided WSDOT with written notice of WSDOT's failure to implement the subject remedial measures; and

(3) WSDOT has failed to cure its breach within ten (10) business days of receipt of such written notice unless the parties agree in writing to an extended cure period.

K. WSDOT will obtain TENANT'S consent in instances when a third party seeks to use the Premises, except as otherwise provided in Sections 11 and 20 of this Lease, and WSDOT shall require the third party to indemnify TENANT for any Costs associated with the third party's release of Hazardous Substances from the Premises or use of Hazardous Substances on the Premises. If WSDOT allows a third party to use the Premises, the responsibility for any Costs for Existing Hazardous Substances or WSDOT Hazardous Substances that are not released by TENANT will be determined by applicable law.

L. In the event of any third-party actions related to Existing Hazardous Substances including private party actions or actions brought by public agencies, except as allowed in Sections 10.F. and 10.G., each Party shall bear its own costs of defense and neither shall be entitled to indemnification or defense by the other Party under this section.

M. The provisions of this section shall survive the expiration or termination of this Lease.

11. WSDOT'S RESERVATION OF RIGHT TO MAINTAIN/GRANT UTILITY FRANCHISES/PERMITS AND TO LEASE FOR COMPATIBLE PURPOSES

A. WSDOT reserves the right for utility franchise and permit holders to enter upon the Premises to maintain facilities and, for itself, to grant utility franchises and/or permits within the Premises. Such installation will be accomplished in such a manner as to minimize any disruption to TENANT. The franchise/permit holder will be required to restore paving and grading damaged by the installation. WSDOT also reserves the right to withdraw portions of the Premises for uses such as, but not limited to, telecommunications transmission sites, which WSDOT determines to be reasonably compatible with TENANT's authorized use of Premises.

B. TENANT shall not disturb markers installed by a franchise/permit holder and will contact and provide notice to any franchise/permit holder and all owners of underground facilities prior to any excavation. TENANT shall contact WSDOT and call the Underground Utility Locating Service, or its successor organization, as part of its efforts to ascertain any and all owners of underground utility facilities and to locate the utility. TENANT shall not damage legally installed underground utilities. TENANT shall comply with all applicable provisions of chapter 19.122 RCW relating to underground facilities.

C. WSDOT further reserves the right, to the extent reasonably compatible with TENANT's authorized use of the Premises, to install attachments to the trail structure, including, but not limited to, traffic cameras, state highway signs or notice boards, as well as conduits for fiber optic use. WSDOT and TENANT shall work together in good faith to determine the placement of any such traffic cameras, state highway signs, notice boards and fiber optic conduits to avoid and minimize risk of damage to the operation of the Trail Facility.

D. Should WSDOT determine that a portion of the Premises may be used for telecommunications purposes, which in WSDOT's determination is reasonably compatible with TENANT's authorized use of the Premises, the PARTIES shall agree to amend the Lease to show that portion of the Premises for said use.

12. USE OF STATE HIGHWAY RIGHT OF WAY UNDER/ADJACENT TO STRUCTURE

A. TENANT agrees to provide protection against vehicular hits or other likely causes of damage arising from TENANT's use of the Premises to all retaining walls and to piers exposed to such potential damage under any elevated state highway structure existing on the Premises. Such wall and pier protection shall be provided to the satisfaction of WSDOT prior to occupancy.

B. TENANT shall not weld any metal object to any metal member of any metal structure, nor drill or rivet into nor otherwise fasten anything to any pier or beam on any concrete, metal, or wood structure without WSDOT's specific written approval of detailed drawings for such welding, riveting, drilling, or fastening.

C. TENANT shall at its own expense, and upon prior written approval from WSDOT, make any provisions it deems necessary to protect users of the Trail Facility from any hazards resulting from use and operation of the state highway.

13. TAXES/ASSESSMENTS/UTILITIES

TENANT agrees to promptly pay all bills, fees for utilities, including, but not limited to, surcharges, fuel adjustments, rate adjustments and other services supplied to the Premises in addition to the above consideration provided by TENANT. TENANT further agrees to pay all excise and other taxes owing on TENANT's leasehold interest. All assessments, rates, fees, and charges not specifically assumed by WSDOT and that benefit TENANT'S leasehold interest, are the obligation of and payable by TENANT (Assessments). Foreclosure of a lien on any delinquent Assessments subjects this Lease to termination by WSDOT as set forth in RCW 79.44.080.

14. WSDOT'S APPROVAL OF DESIGN/CONSTRUCTION.

TENANT covenants that any construction on the Premises will not damage, threaten to damage, or otherwise adversely affect any part or element of the state highway facility or its operation. WSDOT shall be furnished with one (1) complete set of plans, details, and specifications and revisions thereto for grading and all improvements proposed to be placed on the Premises, and no work shall be done without prior written approval of such plans by WSDOT, such approval shall not be unreasonably withheld. All construction work shall be done in conformity with the plans and specifications as approved. WSDOT may take any action necessary, including directing that work be temporarily stopped or directing that additional work be done, to ensure compliance with the plans and specifications, protection of all parts and elements of the state highway facility, and compliance with WSDOT's construction and safety standards. The improvements shall be designed and constructed in a manner that will permit WSDOT access to the state highway facility for the purposes of inspection, maintenance, and construction, when necessary.

15. LIMITATIONS

TENANT expressly acknowledges and agrees that WSDOT's rights under this Lease to review, comment on, disapprove, and/or accept designs, plans specifications, work plans, construction, equipment, installation; (a) exist solely for the benefit and protection of WSDOT; (b) do not create or impose upon WSDOT any standard or duty of care toward TENANT, all of which are hereby disclaimed; (c) may not be relied upon by TENANT in determining whether TENANT has satisfied any and all applicable standards and requirements; and (d) may not be asserted, nor may WSDOT's exercise or failure to exercise any such rights be asserted, against WSDOT by TENANT as a defense, legal, or equitable, to TENANT's obligation to fulfill such standards and requirements and regardless of any acceptance of work by WSDOT.

16. NON-COMPLETION OF CONSTRUCTION

TENANT shall obtain WSDOT's approval of construction drawings, complete construction of the project according to the approved plans and open the Trail Facility to the public within thirty-six (36) months of the Commencement Date of this Lease, unless otherwise agreed to by the Parties.

17. "AS BUILT" PLANS

TENANT has provided WSDOT with a complete set of dimensioned "As-Built" drawings attached as Exhibit E.

18. LIENS

A. TENANT shall at all times indemnify and hold harmless WSDOT from all claims for labor or materials in connection with construction, repair, alteration, maintenance, or installation of structures, improvements, equipment, or facilities on or within the Premises, and from the cost of defending against such claims, including attorney fees.

B. In the event a lien is filed upon the Premises, TENANT shall: (a) record a valid Release of Lien; (b) deposit sufficient cash with WSDOT to cover the amount of the claim on the lien in question and authorize payment to the extent of said deposit to any subsequent judgment holder that may arise as a matter of public record from litigation with regard to lienholder claim; or (c) procure and record a bond which releases the Premises from the claim of the lien and from any action brought to foreclose the lien.

C. Should TENANT fail to accomplish Section B.(a), (b), or (c) above within fifteen (15) calendar days after the filing of such a lien, the Lease shall be in default per **Section 6.A.(4)**.

19. ENCUMBRANCES

It is expressly understood that TENANT shall not encumber the Premises.

20. WSDOT'S RIGHT OF ENTRY/INSPECTION

WSDOT, for itself, its agents, and contractors and for the Federal Highway Administration (FHWA), reserves the right to enter upon the Premises at any time without notice to TENANT for the purpose of inspection, maintenance, construction, or reconstruction of the state highway facility or any element thereof, to perform security audits, such as Homeland Security, or to perform environmental reviews. WSDOT shall in no way be responsible for any incidental or consequential damages due to such loss of use, if any, by TENANT. WSDOT and FHWA may enter upon the Premises at any time without prior notice for the purpose of inspecting any excavation, construction, or maintenance work being done by TENANT. In addition, WSDOT and the FHWA may enter the improvements, if any, on the Premises at any time and without prior notice, for the purpose of inspection, maintenance, and repair of said improvements. Further, this right shall not impose any obligation upon WSDOT to make inspections to ascertain the safety of TENANT's improvements or the condition of the Premises.

21. INSURANCE

A. TENANT warrants that it is self-insured and agrees to provide acceptable evidence of its self-insured status to WSDOT. TENANT's self-insurance policy must provide liability coverage for the Premises, including general liability coverage for bodily injury, property damage, and personal injury of not less than Five Million and no/100 Dollars ($5,000,000.00) combined single limit per occurrence, with a general aggregate amount of not less than Five Million and no/100 Dollars ($5,000,000.00) per policy period. All per occurrence and aggregated limits required hereunder shall apply solely to the Premises which are the subject of this Lease. Coverage under policies shall be triggered on an "occurrence basis," not on a "claims made" basis. TENANT shall increase the policy limits at its sole cost, when and if WSDOT deems it necessary due to TENANT's use of the Premises within ten (10) calendar days of WSDOT's written request to do so.

B. TENANT assumes all obligations for premium payment, and in the event of non-payment is obligated to reimburse WSDOT the cost of maintaining the insurance coverage and any legal fees incurred in enforcing such reimbursement in the event TENANT fails to pay the policy premiums.

C. Coverage, if obtained by TENANT in compliance with the Section, shall not be deemed as having relieved TENANT of any liability in excess of such coverage.

D. In the event TENANT, after commencement of this Lease, elects to terminate its self-insured status and secure commercial liability coverage, TENANT will promptly notify WSDOT, promptly secure insurance coverage as designated in Subsection 21.A or as amended by WSDOT, and promptly provide a certificate of insurance from an insurer licensed to conduct business in the state of Washington, to the satisfaction of WSDOT. WSDOT shall be named as an additional insured by endorsement of the liability policy required, utilizing ISO Form 2026 (Additional Insured – Designated Person or Organization) or its equivalent without modification. The endorsement shall require the insurer to provide the WSDOT, Real Estate Services Office, P.O. Box 47338 Olympia, WA 98504-7338, with no less than thirty (30) calendar day's written notice before any cancellation of the coverage required herein.

22. HOLD HARMLESS/INDEMNIFICATION

A. INDEMNIFICATION. To the extent allowed under Washington law, TENANT, its successors, and assigns, will protect, save, and hold harmless WSDOT, its authorized agents, and employees, from all claims, actions, costs, damages, (both to persons and/or property) or expenses of any nature whatsoever by reason of the acts or omissions of TENANT, its assigns, subtenants, agents, contractors, licensees, invitees, employees, or any person whomsoever, arising out of or in connection with any acts or activities related to this Lease, whether those claims, actions, costs, damages, or expenses result from acts or activities occurring on or off the Premises. TENANT further agrees to defend WSDOT, its agents, or employees, in any litigation, including payment of any costs or attorney's fees, for any claims or actions commenced, arising out of, or in connection with acts or activities related to this Lease, whether those claims, actions, costs, damages, or expenses result from acts or activities occurring on or off the Premises. This obligation shall not include such claims, actions, costs, damages, or expenses which may be caused by the sole negligence of WSDOT or its authorized agents or employees; provided that, if the claims or damages are caused by or result from the concurrent negligence of (1) WSDOT, its agents, or employees; and (2) TENANT, its assigns, subtenants, agents, contractors, licensees, invitees, employees, and/or involves those actions covered by RCW 4.24.115, this indemnity provision shall be valid and enforceable only to the extent of the negligence of TENANT or its assigns, subtenants, agents, contractors, licensees, invitees, and employees.

B. WAIVER. TENANT agrees that its obligations under this Section extend to any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or agents while occupying the Premises for any purpose. For this purpose, TENANT, by MUTUAL NEGOTIATION, hereby waives with respect to WSDOT only, any immunity that would otherwise be available to it against such claims under the Industrial Insurance provisions chapter 51.12 RCW.

C. The indemnification and WAIVER provisions contained in this Section shall survive the termination or expiration of this Lease.

23. NONDISCRIMINATION

TENANT, for itself, its successors, and assigns, as part of the consideration hereof, does hereby agree to comply with all applicable civil rights and antidiscrimination requirements including, but not limited to, chapter 49.60 RCW and Title VI of the Federal Civil Rights Act of 1964 and Appendices C and D of The United States Department of Transportation (USDOT)

Standard Title VI/Non-Discrimination Assurances, DOT Order No. 1050.2A, attached hereto as **Exhibit C** and by this reference incorporated herein.

A. Title VI Notice to Public.

It is the Washington State Department of Transportation's (WSDOT) policy to assure that no person shall, on the grounds of race, color, national origin, as provided by Title VI of the Civil Rights Act of 1964, be excluded from participation in, be denied the benefits of, or be otherwisediscriminated against under any of its programs and activities. Any person who believes his/her Title VI protection has been violated, may file a complaint with WSDOT's Office of Equity and Civil Rights (OECR). For additional information regarding Title VI complaint procedures and/or information regarding our non-discrimination obligations, please contact OECR's Title VI Coordinator at (360) 705-7090.

B. Americans with Disabilities Act (ADA) Information.

This material can be made available in an alternate format by emailing the Office of Equity and Civil Rights at wsdotada@wsdot.wa.gov or by calling toll free, 855-362-4ADA (855-362-4232). Persons who are deaf or hard of hearing may make a request by calling the Washington State Relay at 711.24.

24. ASSIGNMENT

Tenant shall not assign, sublet, or transfer this Lease nor any rights created by it without WSDOT's prior written approval.

25. SURRENDER OF PREMISES/REMOVAL OF TENANT'S IMPROVEMENTS/PERSONAL PROPERTY

A. Upon termination of this Lease, TENANT shall cease its operations on and/or use of the Premises. In the event TENANT fails to vacate the Premises on the date of termination, TENANT shall be liable for any and all costs to WSDOT arising from such failure. As used herein, "vacate" shall include preventing use of the Premises by the public.

B. Upon termination of this Lease, TENANT agrees, if so directed by WSDOT, to restore grades and on limited access state highways also to relocate WSDOT's fences, if any, to their configurations prior to TENANT's occupancy. This work is to be done at TENANT's sole expense to the satisfaction of WSDOT.

C. Upon termination of this Lease TENANT agrees, if so requested by WSDOT, to remove the Trail Facility, remove all improvements and personal property, and/or provide erosion control treatment at its own expense and to WSDOT's satisfaction, returning the state highway right of way to its original condition before the construction of the Trail Facility.

D. If requested by WSDOT, TENANT shall accomplish the work under Sections 25.B and 25.C within sixty (60) months of written notice from WSDOT. If TENANT has not removed its improvements and/or personal property and returned the state highway right of way to its original condition, WSDOT may, remove and dispose of said improvements and/or personal property and return the state highway right of way to its original condition at the expense of TENANT, and TENANT shall reimburse WSDOT for any and all expenses incurred by WSDOT in connection with such removal, work or disposal within thirty (30) calendar days of the date of WSDOT's invoice.

26. INVOICE AND PAYMENTS

A. To the extent either Party is entitled to any payment under this Lease, the Party to whom payment is owed shall provide invoices to the owing Party, and the owing Party agrees to pay the invoice within (60) calendar days from the date of such invoice (the "Due Date").

B. Payments to WSDOT shall be made payable to the Washington State Department of Transportation. All payments shall be mailed or delivered to:

DEPARTMENT OF TRANSPORTATION (mailing address)
Attn: Property Management Program Manager
P.O. Box 47339
Olympia, WA 98504-7339

DEPARTMENT OF TRANSPORTATION (Physical Address)
Attn: Property Management Program Manager
7345 Linderson Way SW
Tumwater, WA 98501

C. Payments to TENANT shall be made payable to City of Redmond. All payments shall be mailed or delivered to:

CITY OF REDMOND (mailing and Physical address)
Finance Department, MS: 3NFN

Attn: Accounts Receivable
PO Box 97010
Redmond, WA 98073

D. If a Party objects to all or any portion of an invoice, it shall notify the other Party within thirty (30) calendar days from the date of receipt and shall pay only that portion of the invoice not in dispute. The Parties shall immediately make every effort to settle the disputed portion.

E. All sums due and not paid by the Due Date shall bear interest at the rate of twelve percent (12%) per annum, or the highest rate of interest allowable by law, whichever is greater; provided that, if the highest rate allowable by law is less than twelve percent (12%), interest charged hereunder shall not exceed that amount. Interest shall be calculated from the Due Date to the date of payment; provided, however, that in the event a Party disputes all or any portion of an invoice, interest shall be calculated and paid from the Due Date only on those disputed amounts that such Party is determined to owe following the Parties' resolution of the dispute.

F. TENANT agrees that if payment of any sum due WSDOT for costs recoverable under this Lease is not paid by the Due Date and has not been disputed by TENANT, WSDOT shall be entitled to withhold the total sum due from the TENANT's regular monthly Motor Vehicle Fund payment until such time as the amount due has been paid in full.

27. NO RELATIONSHIP ESTABLISHED

WSDOT shall in no event be construed to be a partner with, associate, or joint venturer of TENANT or any party associated with TENANT. TENANT shall not create any obligation or responsibility on behalf of WSDOT or bind WSDOT in any manner.

28. TRANSPORTATION PURPOSES

A. TENANT and WSDOT hereby affirm that upon termination or expiration of this Lease for any reason and the subsequent use of the Premises for transportation or other purposes, such use will not be considered the use of any publicly owned land from a public park, recreation area, or wildlife and waterfowl refuge within the meaning of 23 U.S.C. 138 and 49 U.S.C. 303 (former 49 U.S.C.1653 (f), Section "4f"). If this Lease is terminated for state highway construction and WSDOT or authorized local, state, or federal official having jurisdiction of the land or a court of competent jurisdiction determines that replacement of the Trail Facility is required under 23

U.S.C. 138 and 49 U.S.C. 303, TENANT agrees that it shall be responsible for and promptly replace the Trail Facility as required and pay all such costs in accordance with Section 6.C. of this Lease.

B. TENANT further acknowledges, agrees, and promises not to use Outdoor Recreation Funds as provided for in the Land and Water Conservation Fund Act, 16 U.S.C. 460-l, Sections 4 - 11 (see Section 8(f)(3) within state owned right of way; such funds may be used outside of the state owned right of way).

C. Prior to TENANT'S application for and expenditure of any funds provided or administered through the Washington State Recreation and Conservation Office (RCO), TENANT must obtain written approval from WSDOT Real Estate Services for use of said funds on the Premises. If TENANT has used any such funds and this Lease is terminated for state highway construction, TENANT agrees that it shall be solely responsible for any impacts to the Trail Facility or grant funding and hereby agrees to acquire any such necessary replacement lands promptly and at no cost to WSDOT, to reconstruct its facility at no cost to WSDOT on said replacement lands, and to indemnify and hold harmless WSDOT from any and all costs in accordance with **Section 6.C.** of this Lease.

29. CONDITION OF THE PROPERTY

WSDOT and TENANT acknowledge that they have jointly examined the Premises identified in **Exhibit A**, attached hereto, and TENANT accepts said Premises in its present condition as of the Commencement Date of this Lease.

30. BINDING CONTRACT

This Lease shall not become binding upon WSDOT unless and until executed for WSDOT by the Secretary of Transportation, or such Secretary's duly authorized representative.

31. ATTORNEYS' FEES

In the event of any controversy, claim, or dispute arising out of this Lease, each party shall be solely responsible for the payment of its own legal expenses, including but not limited to, attorney's fees and costs.

32. MODIFICATIONS

This Lease contains all the agreements and conditions made between the parties hereto and may not be modified orally or in any manner other than by written amendment, signed by all authorized parties thereto.

33. INTERPRETATION

This Lease shall be governed by and interpreted in accordance with the laws of the state of Washington. The titles to paragraphs or sections of this Lease are for convenience only and shall have no effect on the construction or interpretation of any part hereof.

34. SEVERABILITY

In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Lease shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

35. VENUE

TENANT agrees that the venue of any action or suit concerning this Lease shall be in the Thurston County Superior Court and all actions or suits thereon shall be brought therein, unless applicable law requires otherwise

36. TOTALITY OF AGREEMENT

It is understood that no guarantees, representations, promises, or statements expressed or implied have been made by WSDOT except to the extent that the same are expressed in this Lease.

37. MEMORANDUM OF LEASE

The parties hereby agree to execute and record a memorandum of lease, if either party so requests.

38. NOTICES

Wherever in this Lease written notices are to be given or made, they will be sent by certified or overnight mail addressed to the parties at the addresses listed below, unless a different address has been designated in writing and delivered to the other party.

WSDOT: DEPARTMENT OF TRANSPORTATION (Mailing Address)
Attn.: Property Management Program Manager
P. O. Box 47338
Olympia, WA 98504-7338

DEPARTMENT OF TRANSPORTATION (Physical Address)
Attn.: Property Management Program Manager
7345 Linderson Way SW
Tumwater, WA 98501

TENANT: City of Redmond (Mailing Address)
Finance Department, MS: 3NFN
Attn: Real Property Manager
P.O. Box 97010
Redmond, WA 98073-9710

City of Redmond (Physical Address)
Finance Department, MS: 3NFN
Attn: Real Property Manager
15670 NE 85th Street
Redmond, WA 98052

realproperty@redmond.gov (Email address)

39. RECORDS

The Parties acknowledge that they are governmental agencies subject to Washington's Public Records Act, chapter 42.56 RCW, and, as such, this Lease and records arising from the performance of this Lease are public records subject to disclosure unless an exemption applies. The Parties will retain this Lease and all records related to this Lease consistent with the records retention schedule for contracts/agreements issued by the Washington Secretary of State pursuant to chapter 40.14 RCW.

40. COUNTERPART AND ELECTRONIC SIGNATURE

This Lease may be signed in multiple counterparts, each of which constitutes an original and all of which taken together constitute one and same agreement. Electronic signatures or signatures transmitted via email in a "PDF" may be used in place of original signatures on this Lease. Each party intends to be bound by its electronic or "PDF" signature on this Lease, is aware that the other parties are relying on its electronic or "PDF" signature and waives any defenses to the enforcement of this Lease based upon the form of signature.

41. EXHIBITS

A: Depiction of Trail Lease
B: Access Breaks
C. Standard Title VI / Nondiscrimination Assurances from USDOT Order No. 1050.2A
D. Development Agreement for the DRLE Project of 2019 COR and Sound Transit
E. As-Built – Redmond 520 Trail Connection Cross Section

SIGNATURES AND NOTARIZATIONS ON FOLLOWING PAGES

Signatures:

CITY OF REDMOND

By: ________________________________
ANGELA BIRNEY

Title: Mayor__________________

Dated: ______________________________

Accepted and Approved by:

WASHINGTON STATE
DEPARTMENT OF TRANSPORTATION

By: _________________________________
BRIAN NIELSEN

Title: Northwest Region Administrator

Dated: _______________________________

APPROVED AS TO FORM

Any material modification requires additional approval by the Office of the Attorney General.

By: _________________________________
Assistant Attorney General

Date: ________________________________

CITY OF REDMOND ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this ___________________ day of ___________________________, 20____ before me personally appeared ANGELA BIRNEY, to me known to be the duly elected MAYOR of the City of Redmond, and that they executed the within and foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said State of Washington, for the uses and purposes therein set forth, and on oath states that they was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the __________ day of _________________________, 20___.

____
(Signature)

____
(Print or type name)
Notary Public in and for the State of Washington
residing at_________________________________
My commission expires ____________________

WSDOT ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this ___________________ day of ___________________________, 20____ before me personally appeared Brian Nielsen, to me known to be the duly appointed Northwest Region Administrator of the Washington State Department of Transportation (WSDOT), and that they executed the within and foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said State of Washington, for the uses and purposes therein set forth, and on oath states that they was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the __________ day of _________________________, 20____.

____
(Signature)

____
(Print or type name)
Notary Public in and for the State of Washington
residing at_________________________________
My commission expires ____________________

EXHIBIT A – DEPICTION OF TRAIL LEASE

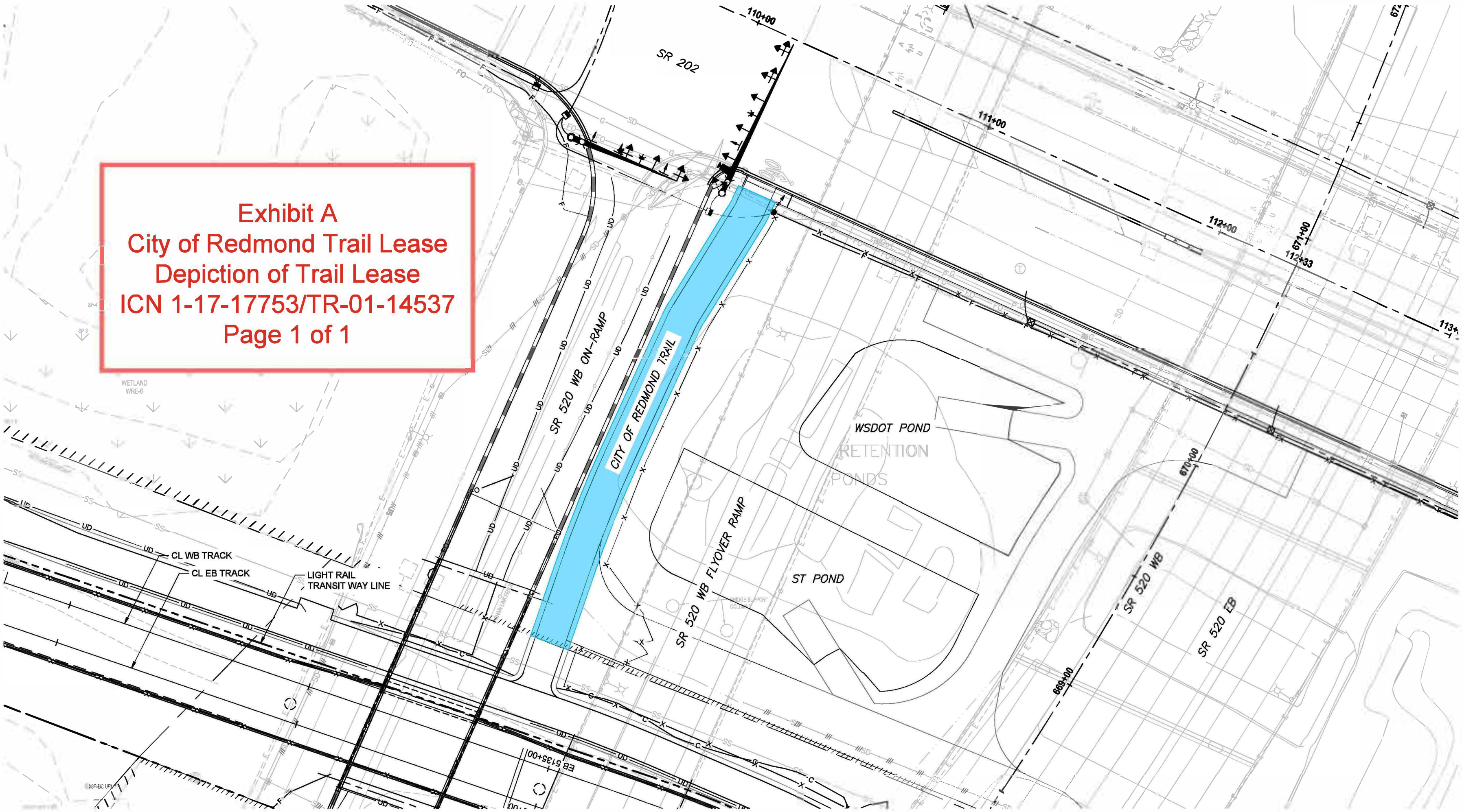
EXHIBIT B – ACCESS BREAKS

EXHIBIT C - Standard Title VI / Nondiscrimination Assurances from USDOT Order No. 1050.2A

EXHIBIT D - DEVELOPMENT AGREEMENT FOR THE DRLE PROJECT OF 2019 COR AND SOUND TRANSIT

EXHIBIT E - As-Built – Redmond 520 Trail Connection Cross Section

Exhibit A
City of Redmond Trail Lease
Depiction of Trail Lease
ICN 1-17-17753/TR-01-14537
Page 1 of 1



LEGEND

PROPOSED TRAIL LEASE

SCALE IN FEET: 20 10 0 20 40

TRAIL LEASE EXHIBIT

No.	DATE	DSN	CHK	APP	REVISION

DESIGNED BY:
DRAWN BY:
CHECKED BY:
APPROVED BY:

Parametrix
ENGINEERING . PLANNING . ENVIRONMENTAL SCIENCES

SUBMITTED BY: DATE: REVIEWED BY: DATE:

LINE IS 1" AT FULL SCALE

SOUND TRANSIT

SCALE: 1" = 20'
FILENAME: DRLE_COR TRAIL EXHIBIT
CONTRACT No.
DATE: 07/2024

DOWNTOWN REDMOND LINK EXTENSION
RTS TO DOWNTOWN REDMOND

CITY OF REDMOND TRAIL LEASE

DRAWING NM: COR Trail Exhibit
LOCATION ID:
SHEET No.: REV:

EXHIBIT B - COR Access Points

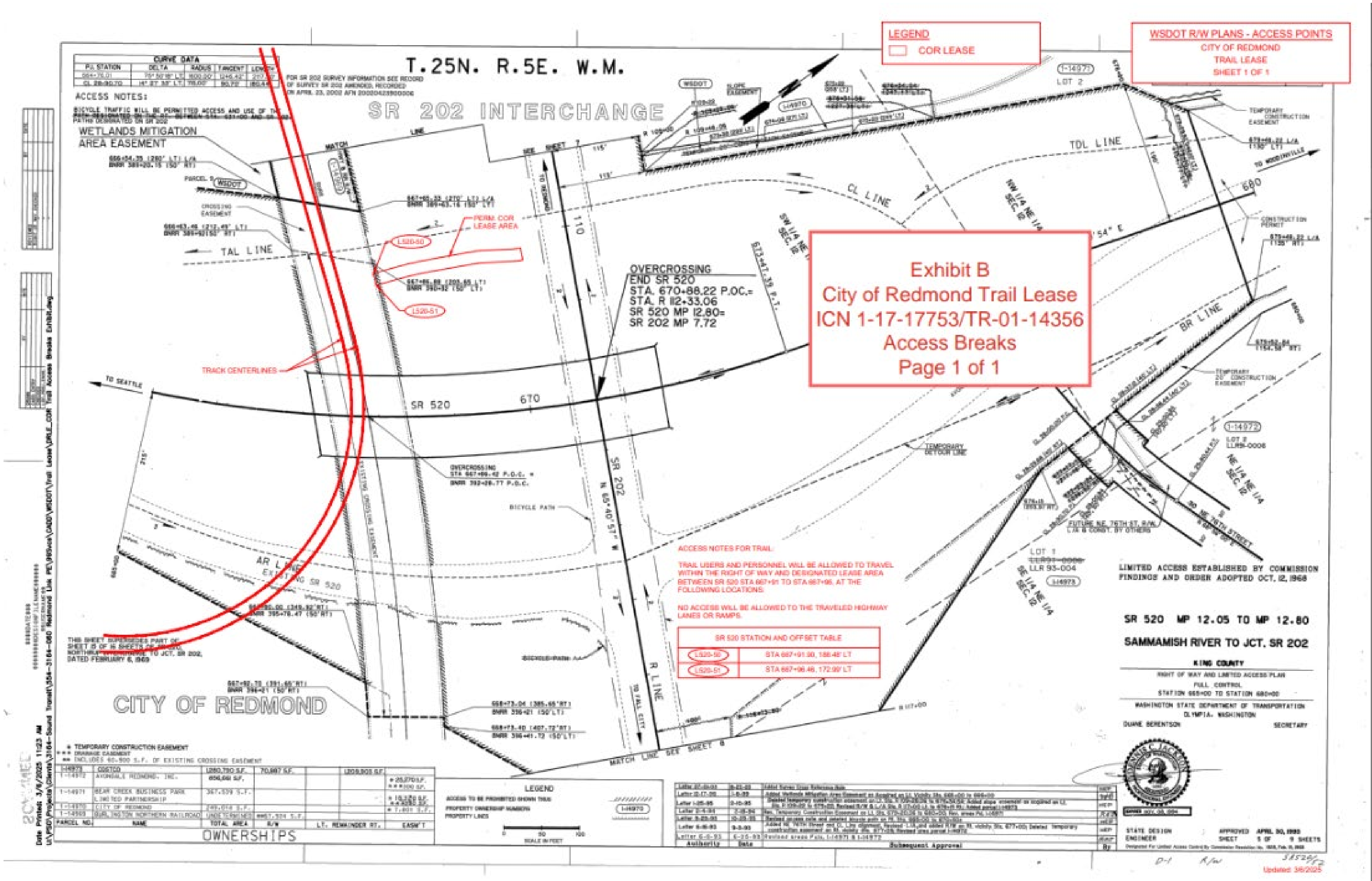


EXHIBIT C - Standard Title VI / Nondiscrimination Assurances From USDOT Order No. 1050.2A

Appendixes A, C, D, and E of Standard Title VI / Nondiscrimination Assurances from USDOT Order No. 1050.2A, signed by WSDOT September 7, 2023.

DO NOT ALTER THE LANGUAGE IN ANY PART OF THIS EXHIBIT.

Appendix A

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

1. **Compliance with Regulations**: The contractor (hereinafter includes consultants) will comply with the Acts and the Regulations relative to Non-discrimination in Federally-assisted programs of the U.S. Department of Transportation, ***Federal Highway Administration (FHWA)***, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. **Non-discrimination**: The contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor will not participate directly or indirectly in the discrimination prohibited by the Acts and the Regulations, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
3. **Solicitations for Subcontracts, Including Procurements of Materials and Equipment**: In all solicitations, either by competitive bidding, or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the contractor of the contractor's obligations under this contract and the Acts and the Regulations relative to Non- discrimination on the grounds of race, color, or national origin.
4. **Information and Reports**: The contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Recipient or the ***FHWA*** to be pertinent to ascertain compliance with such Acts, Regulations, and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the contractor will so certify to the Recipient or the ***FHWA***, as appropriate, and will set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance**: In the event of a contractor's noncompliance with the Non- discrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the ***FHWA*** may determine to be appropriate, including, but not limited to:
    a. withholding payments to the contractor under the contract until the contractor complies; and/or
    b. cancelling, terminating, or suspending a contract, in whole or in part.

6. **Incorporation of Provisions**: The contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The contractor will take action with respect to any subcontract or procurement as the Recipient or the ***FHWA*** may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the contractor may request the Recipient to enter into any litigation to protect the interests of the Recipient. In addition, the contractor may request the United States to enter into the litigation to protect the interests of the United States.

APPENDIX C

CLAUSES FOR TRANSFER OF REAL PROPERTY ACQUIRED OR IMPROVED UNDER THE ACTIVITY, FACILITY, OR PROGRAM

The following clauses will be included in deeds, licenses, leases, permits, or similar instruments entered into by the **Washington State Department of Transportation** pursuant to the provisions of Assurance 7(a):

A. The (grantee, lessee, permittee, etc. as appropriate) for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree [in the case of deeds and leases add "as a covenant running with the land"] that:

1. In the event facilities are constructed, maintained, or otherwise operated on the property described in this (deed, license, lease, permit, etc.) for a purpose for which a U.S. Department of Transportation activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, the (grantee, licensee, lessee, permittee, etc.) will maintain and operate such facilities and services in compliance with all requirements imposed by the Acts and Regulations (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

B. With respect to licenses, leases, permits, etc., in the event of breach of any of the above Non- discrimination covenants, ***Washington State Department of Transportation*** will have the right to terminate the (lease, license, permit, etc.) and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the (lease, license, permit, etc.) had never been made or issued.*

C. With respect to a deed, in the event of breach of any of the above Non-discrimination covenants, the ***Washington State Department of Transportation*** will have the right to enter or re-enter the lands and facilities thereon, and the above described lands and facilities will there upon revert to and vest in and become the absolute property of the ***Washington State Department of Transportation*** and its assigns.*

(*Reverter clause and related language to be used only when it is determined that such a clause is necessary to make clear the purpose of Title VI.)

APPENDIX D

CLAUSES FOR CONSTRUCTION/USE/ACCESS TO REAL PROPERTY ACQUIRED UNDER THE ACTIVITY, FACILITY OR PROGRAM

The following clauses will be included in deeds, licenses, permits, or similar instruments/agreements entered into by **Washington State Department of Transportation** pursuant to the provisions of Assurance 7(b):

A. The (grantee, licensee, permittee, etc., as appropriate) for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add, "as a covenant running with the land") that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the (grantee, licensee, lessee, permittee, etc.) will use the premises in compliance with all other requirements imposed by or pursuant to the Acts and Regulations, as amended, set forth in this Assurance.
B. With respect to (licenses, leases, permits, etc.), in the event of breach of any of the above Non- discrimination covenants, ***Washington State Department of Transportation*** will have the right to terminate the (license, permit, etc., as appropriate) and to enter or re-enter and repossess said land and the facilities thereon, and hold the same as if said (license, permit, etc., as appropriate) had never been made or issued.*
C. With respect to deeds, in the event of breach of any of the above Non-discrimination covenants, ***Washington State Department of Transportation*** will there upon revert to and vest in and become the absolute property of ***Washington State Department of Transportation*** and its assigns.*

(*Reverter clause and related language to be used only when it is determined that such a clause is necessary to make clear the purpose of Title VI.)

APPENDIX E

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "contractor") agrees to comply with the following non- discrimination statutes and authorities; including but not limited to:

Pertinent Non-Discrimination Authorities:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin); and 49 CFR Part 21.
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

- Federal-Aid Highway Act of 1973, (23 U.S.C. § 324 et seq.), (prohibits discrimination on the basis of sex);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189) as implemented by Department of Transportation regulations at 49 C.F.R. parts 37 and 38;
- The Federal Aviation Administration's Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures Non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of Limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

DEVELOPMENT AGREEMENT
FOR THE
DOWNTOWN REDMOND LINK EXTENSION PROJECT
CITY OF REDMOND, WASHINGTON

GA 0191-18

This DEVELOPMENT AGREEMENT ("Agreement") is entered into by and between the CITY OF REDMOND, a Washington optional municipal code city ("City") and the CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY, a regional transit authority organized under the laws of the State of Washington ("Sound Transit").

RECITALS

A. The City is a non-charter optional municipal code city incorporated under the laws of the State of Washington, with authority to enact laws and enter into agreements to promote the health, safety, and welfare of its citizens and for other lawful purposes.

B. Sound Transit is a regional transit authority created pursuant to chapters 81.104 and 81.112 RCW with all powers necessary to implement a high-capacity transit system within its boundaries in King, Pierce, and Snohomish counties.

C. The City is responsible for administering land-use laws and development regulations that will apply to Sound Transit projects located within the City jurisdiction. The City is also responsible for managing streets and municipal utilities within its jurisdiction and for providing municipal services such as public safety.

D. The Sound Transit Regional Transit Long-Range Plan identifies the Downtown Redmond Link Extension Project ("Project") within the City's jurisdiction and was funded as part of the 2016 voter-approved regional transit system plan, Sound Transit 3 Plan ("ST3").

E. The Project will add two new light rail stations beyond the Redmond Technology Station (currently called Overlake Transit Center) with one station and 1,400 parking stalls at Southeast Redmond and the other in Downtown Redmond as shown on the attached **Exhibit A.**

F. This Agreement is authorized by RCW 36.70B.170 through .210. In addition, the City has adopted regulations governing development agreements, as set forth in Redmond Zoning Code (RZC) 21.76.070(L). Those regulations allow a property owner to apply to the City to enter into a development agreement to address project development standards including design standards, mitigation measures, project phasing, review procedures, vesting, and other appropriate development requirements.

G. The Growth Management Act (RCW 36.70A) requires that the City plan for and encourage regional high-capacity transit facilities such as East Link (RCW 36.70A.020) and accommodate within the City such essential public facilities (RCW 36.70A.200). The City has addressed this requirement by classifying light rail as a permitted use throughout the City pursuant to Ordinance 2584 dated April 5, 2011. The Parties agree that the requirements of RCW 36.70A.200 regarding the siting of essential public facilities are applicable to the Project. Sound Transit, as the regional transit authority sponsoring the Project, has the primary authority to make siting and location decisions for the Project; however, the City may impose reasonable permit and mitigation conditions.

H. On September 27, 2018, the Sound Transit Board selected the alignment and station locations for construction of the expansion of the East Link Project from Overlake Transit Center to downtown Redmond as set forth in Sound Transit Resolution R2018-32, incorporated by reference herein.

I. Sound Transit is intending to deliver the Project as a design-build procurement ("Design-Build") and has been coordinating with the City in preparation for Project design and construction. In recognition of the multiple development permits and separate review processes, and the continuing potential for conflict, overlap, and duplication between such processes, the City and Sound Transit desire to consolidate permit and environmental review processes for the benefit of both parties and the public pursuant to the development agreement authority provided in RCW 36.70B.170 *et seq.* and RZC 21.76.070(L). In addition, the City recognizes the public benefits which will accrue to the City and community from development of the property for the Project.

J. Sound Transit has adopted real property acquisition and relocation procedures and guidelines that comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (PL 91-646, 84 Stat. 1894), as amended by the Uniform Relocation Act Amendments of 1987 (PL 100-17, 101 Stat. 246-256), and as implemented by the United States Department of Transportation (49 CFR 24) (hereinafter, the "Federal Regulations"), all of which establish a uniform policy for the expedient and consistent treatment of owners subjected to land-acquisition practices and provide for the fair and equitable treatment of persons displaced as a result of public works programs or projects of a local public body. Pursuant to these policies and its statutory authority, Sound Transit has acquired or will acquire such real property interests as are necessary to construct, maintain and operate the Project.

K. Sound Transit has ownership or control of the real property described in **Exhibit B**, attached hereto (the "Property").

L. Pursuant to RCW 36.70B.200 and RZC 21.76.060(P), the City held a properly-noticed public hearing, and the City Council finds that the proposed Project is consistent with the development agreement decision criteria contained in RZC 21.76.070(L), and that any deviations from development standards facilitate the design, construction, or operation of high-capacity transit facilities in Redmond. The City Council has authorized the Mayor to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises, benefits, and obligations set forth herein, the City and Sound Transit agree as follows regarding the Sound Transit Downtown Redmond Link Light Rail Project.

1. DEFINITIONS

1.1 Agreement. "Agreement" means this Development Agreement approved by appropriate action of the City and Sound Transit.

1.2 Administrative Modification. "Administrative Modification" shall mean the process described in Redmond Zoning Code (RZC) 21.76.090, with deviations as described in this agreement.

1.3 Alteration of Geologic Hazard Areas. "Alteration of Geologic Hazard Areas" shall mean the process described in Redmond Zoning Code (RZC) 21.76.070, with deviations as described in this agreement.

1.4 Approved Building Permit Plans. "Approved Building Permit Plans" means prints showing in detail the proposed construction and specifications of the Project and further described in the building permits approved by the City.

1.5 Betterment. "Betterment" means any improvement to City infrastructure that has been requested or agreed to by the Parties that is not required to execute the construction of Sound Transit's Project. Sound Transit work on any City infrastructure that is part of Sound Transit's basic scope of work shall not constitute Betterment.

1.6 City. "City" means the City of Redmond or any successor or assignee following an assignment that is permitted under this Agreement.

1.7 Design/Build Contractor. "Design/Build Contractor" means the entity or entities that will contract with Sound Transit to complete the design of the Project, to obtain all remaining permits for the Project, and to construct the Project, all based upon a design/build procurement method.

1.8 Design Review Board. "Design Review Board" shall have the meaning described in chapter 4.23 of the Redmond Municipal Code.

1.9 Downtown Redmond Station. "Downtown Redmond Station" means the elevated Light Rail Transit Facility located along the Redmond Central Connector Trail and straddling 166th Avenue NE.

1.10 Letters of Concurrence. "Letters of Concurrence" ("LOC") includes those letters signed by the local official who has the authority to approve specific and limited aspects of the Project.

1.11 Light Rail Transit Facility. "Light Rail Transit Facility" means a structure, rail track, equipment, maintenance base, or other improvement of a Light Rail Transit System, including but not limited to ventilation structures, traction power substations, Light Rail Transit stations and related passenger amenities, bus layover and inter-modal passenger transfer facilities, park-and-ride lots, and transit station access facilities.

1.12 Light Rail Transit System. "Light Rail Transit System" means a public rail transit line that operates at, above, or below grade level and that provides high-capacity regional transit service owned and operated by a regional transit authority authorized under chapter 81.112 RCW. A Light Rail Transit System may be designed to share a street right-of-way although it may also use a separate right-of-way.

1.13 Marymoor Village. That area of the City of Redmond generally bordered by SR 520 on the north, Marymoor Park on the west and south, and the East Lake Sammamish Trail on the east.

1.14 NFPA. National Fire Prevention Association: a global, non-profit organization that promotes safety standards, education, training, and advocacy on fire and electrical-related hazards.

1.15 Project Administration Agreement. "Project Administration Agreement" means that agreement executed between the Parties on January 22, 2019.

1.16 Parties. "Parties" means the City of Redmond and the Central Puget Sound Regional Transit Authority.

1.17 Project. The "Project" as used herein means the light rail system as described in the attached **Exhibit C** and as approved by the City pursuant to the approvals described in this Agreement.

1.18 Request for Proposals. "Request for Proposals" or "RFP" means the Sound Transit Downtown Redmond Link Extension Request for Proposals No. RTA/CN 0148-18.

1.19 Site Plan Entitlement. "Site Plan Entitlement" shall mean the process described in Redmond Zoning Code (RZC) 21.76.070, with deviations as described in this agreement.

1.20 Sound Transit. "Sound Transit" means the Central Puget Sound Regional Transit Authority or any successor or assignee following an assignment that is permitted under this Agreement.

1.21 Southeast Redmond Parking Structure. "Southeast Redmond Parking Structure" means the 1,400-stall parking structure located adjacent to the Southeast Redmond Station.

1.22 Southeast Redmond Station. "Southeast Redmond Station" means the at-grade Light Rail Transit Facility located along SR 520 to the west of SR 202/Redmond Way.

1.23 Technical Committee. "Technical Committee" shall have the meaning described in Redmond Municipal Code 4.50.

1.24 Third Party. "Third Party" means any person other than the City or an employee of the City and any person other than Sound Transit or an employee of Sound Transit.

2. TERM. This Agreement shall be effective as of the date the last Party signs (the "Effective Date") and, unless sooner terminated pursuant to the terms hereof, shall remain in effect until December 31, 2026. The City and Sound Transit may agree to extend the term of this Agreement by mutual agreement of the City Council and Sound Transit Board.

3. COOPERATION AND GOOD-FAITH EFFORTS

3.1 The Parties executed a Project Administration Agreement on January 22, 2019 that addresses cooperation and good-faith efforts.

3.2 The Parties acknowledge that this Agreement contemplates the execution and delivery of a number of future documents, instruments, and permits, the final form and contents of which are not presently determined. The Parties agree to provide the necessary resources and to work in good faith to develop the final form and contents of such documents, instruments and permits, and to execute and deliver the same promptly.

3.3 The City may apply for grants available to local agencies to supplement Sound Transit funds for street, sidewalk, or other improvements contemplated by this Agreement. Upon request, Sound Transit will provide letters of support for grant applications made by the City.

3.4 Sound Transit will exercise its reasonable best efforts to minimize impacts of construction activities on current and future business operations and pending development opportunities in the Project area including, but not limited to, best efforts to minimize duration of both (a) any temporary closures of Redmond businesses, and (b) any temporary construction easements impacting business operations.

3.5 The Parties acknowledge that the scope of work for the Project is identified at the time of issuance of the Request for Proposals ("RFP") for Sound Transit Design Build contract. Because the Project is using the Design Build project delivery method, changes to the scope or adding scope after RFP is discouraged and may have higher costs and impacts. The Parties agree that the scope of the various mitigations, public benefit elements, and Betterments agreed herein will be included in the RFP for the Design Build Contract. If the City requests any change to Project scope after RFP, Sound Transit will determine whether to modify the Design Build Contract to incorporate such requested changes. In making the determination, Sound Transit will consider any potential impacts to the overall project and to the design builder, including but not limited to, impacts to efficiencies, cost, schedule, and long-term operations and maintenance. If agreed, the scope, payment and other terms of such requested change would be memorialized in an agreement signed by both Parties before any such change is incorporated into the Project scope.

4. DEVELOPMENT STANDARDS

4.1 Except as provided in this Agreement, the Project shall be governed by and vested to the City's development regulations or standards as such exist on the Effective Date of this Agreement, or as regulations and standards may be determined inapplicable because of the non-preclusive requirements for essential public facilities provided in RCW 36.70A.200. As provided in RCW 36.70B.170(4), the City shall reserve its authority to adopt new or different regulations to the extent required by a serious threat to public health and safety, after notice and an opportunity to be heard has been provided to Sound Transit, and such regulations shall apply to the Project. As used in this Agreement, "development regulations" shall be deemed to include regulations, policies, procedures and guidelines addressing zoning, environmental review (including SEPA procedures and substantive SEPA policies), building and site design, utilities, stormwater, transportation concurrency and other laws, ordinances, policies, and administrative regulations and guidelines of the City governing land development.

4.1.1 The following are exempt from vesting under this Agreement:

a) Plan review fees, inspection fees, and connection charges;

b) Stormwater and utility connection fees and monthly service charges;

c) Amendments to building, plumbing, fire and other construction codes; and

d) City enactments that are adopted pursuant to State or federal mandates that preempt the City's authority to vest regulations.

4.2 The City regulations or standards contained in the RMC shall prevail unless superseded by the terms of this Agreement. To the extent this Agreement does not establish or define development regulations or standards covering a certain subject, element or condition, the Project shall be governed by the City development standards and regulations in effect as of the Effective Date of this Agreement.

4.3 NFPA 130 "Standard for Fixed Guideway Transit and Passenger Rail Systems" shall be used for determining occupant loads and exiting requirements at stations in lieu of the provision related to buildings defined in the IBC Section 1004, consistent with letter from City Building Official dated July 19, 2018.

4.4 The Project is a permitted use of all affected property and will be generally consistent with current City development standards and regulations. Certain deviations from development standards are allowed consistent with RZC 21.76.070(L)(4). The City hereby allows deviations as follows:

RZC Citation	**Topic**	**Approved Deviation**
21.10.040.C	Setbacks in Anderson Park zone	Setbacks shall be as shown in **Exhibit D**.
21.10.040.D.9	Parking ratio in Anderson Park zone	Project's program will provide 6 parking stalls for light rail operations and maintenance
21.13.070.C.9	Parking ratio in MDD1 zone	Project's program will provide up to 1,400 parking stalls for transit users and 6 parking stalls for light rail operations and maintenance
Table 21.13.120A	Minimum residential component for developments in MDD1 zone; Minimum floor area ratio (FAR) in MMD1; Minimum residential usable space in MDD1 zone	Project is not required to include a residential component and has no minimum floor area.
Table 21.13.070A and Table 21.13.220A	Maximum height in MDD1 zone	The maximum height for the Project parking structure shall not exceed the height shown in **Exhibit D**. No features in the RZC 21.13.220, MDD Incentive Program, are required to be provided in order to build to the maximum height.

RZC Citation	Topic	Approved Deviation
21.13.140A	Upper-story setbacks in MDD1 zone	In lieu of upper story setbacks (see prescriptive language in **Exhibit D**), and the design standards checklist for the garage in the Project Administration Agreement will be used to assess aesthetic intent and requirements.
21.72.030	Tree Removal Permit Exemptions	Light Rail Transit Facility infrastructure along SR 520 from NE 40th St. to West Lake Sammamish Parkway shall be treated the same as a public street in an easement or right-of-way for purposes of tree removal permit exemptions. Consistent with this section, tree replacement requirements still apply and will be required consistent with the Tree Mitigation Plan shown in **Exhibit E**.

4.5 Procedural Modifications. In addition to the construction deviations identified in Section 4.4, the following procedural modifications shall apply to the Project consistent with RZC 21.76.070(L)(4):

(a) RCZ 21.76.070.E Applicability of Alteration of Geologic Hazard Areas Permit. Light rail infrastructure is a permissible use within a Landslide Hazard Area. Sound Transit or its designee may apply for, and the City may issue, an Alteration of Geologic Hazard Area permit as if the infrastructure was a qualifying street or utility.

(b) RCZ 21.76.070.Y Applicability of Site Plan Entitlement ("SPE"). SPE review excludes the elements of light rail that are most similar to linear transportation facilities. Therefore, SPE approval is not required for light rail construction between station areas, or for the linear transportation facility elements at each station as described in the Permitting Framework of the DRLE Project Administration Agreement.

(c) RCZ 21.76.090.D Applicability of Administrative Modifications. Modifications to previously approved site plan entitlements that only involve changes to vegetation or landscaping shall not require an administrative modification. Instead, the Design/Build Contractor will implement the Tree Mitigation Plan shown in **Exhibit E**.

(d) RZC 21.52.030.G Right-of-Way Dedication. The City may accept right-of-way that is encumbered if the City in its sole determination finds that the easement or other right will not interfere with the City's long-term operation of the right-of-way for transportation, utility, or other customary right-of-way purposes.

5. SEWER CONNECTION CHARGE AT SOUTHEAST REDMOND STATION, SOUTHEAST REDMOND PARKING STRUCTURE, AND ASSOCIATED LAND USE RESTRICTIONS

5.1 Pursuant to City Council Resolution 1507, the City Council has imposed additional sewer connection charges to support investment in the public sewer system serving the parcels that will be occupied by portions of the Project. In general, the additional connection charges are based on sewer demand assuming development of parcels to their maximum development potential under zoning regulations in effect at the time this Agreement is executed. In light of the reduced sewer demand from the light rail station and associated parking structure to be located on parcel 22, as that parcel is depicted in Resolution 1507 ("Parcel 22"), compared to the amount of demand that would be expected from a development maximizing its potential under zoning regulations in place at the time this Agreement is executed, the City based its additional sewer connection charge for Parcel 22 on the sewer demand expected from the light rail station and associated parking structure use. The amount of the sewer connection charge for Parcel 22 is reflected in Resolution 1507, including any interest or fee escalation stated in the resolution. The additional sewer connection charge must be paid at the same time as the general connection charge, which is when the parcel applies for a side sewer connection.

5.2 Prior to the City's issuance of a building permit for the Southeast Redmond Station and/or Southeast Redmond Parking Structure, Sound Transit agrees to record a deed restriction limiting development of Parcel 22 to light rail station, associated parking structure, and appurtenant light rail system uses, in a form to be mutually agreed upon by the Parties. The City may withhold issuance of the building permit until such time as the restriction is agreed upon and recorded. If, at some point in the future, Sound Transit or its successors or assigns desires to develop Parcel 22 in a manner that creates sewer demand in excess of that associated with the light rail station and parking structure, the City shall determine whether sufficient sewer capacity exists to accommodate such additional demand. In determining whether sufficient capacity exists, the City shall assume that all other parcels that are subject to the additional sewer connection charge imposed by Resolution 1507 will be fully built out, and sufficient capacity for Sound Transit's additional development will be deemed to exist only if capacity exists beyond that necessary to serve full buildout of the other parcels. If the City determines that such capacity exists or can be provided with the construction of sewer system improvements that are consistent with the City's Sewer Plan, the restriction shall be amended as mutually agreed by the Parties to allow the additional development. Provided, however, that to the extent sufficient sewer capacity does not exist to accommodate the additional demand, Sound Transit or its successors or assigns shall construct any improvements to the City sewer system that are necessary to accommodate such additional demand. Sound Transit shall also pay an additional connection fee based on the increased demand from such development, as determined by the City for comparable development under Resolution 1507, and such additional connection fee shall be paid regardless of whether sufficient capacity is deemed to exist or whether it must be provided with the construction of sewer system improvements by Sound Transit.

6. PROJECT PUBLIC BENEFITS

6.1 The City and Sound Transit have collaborated closely on Project scope details and desire to memorialize agreement on Project scope elements. Certain Project scope elements are of particular interest to or benefit the City and the Redmond community. Those are described below as the Project's public benefits to comply with RZC 21.76.070(L)(3)(e).

(a) 1,400-stall Parking Structure. Sound Transit will construct a 1,400-stall parking structure adjacent to the SE Redmond station, designed consistent with RFP documents. This structure provides direct access to the station platform, includes ground-floor bus facilities to eliminate on-street bus facilities, minimizes commuter traffic circulating in Marymoor Village given its location near Redmond Way, and allows for potential future transit-oriented development elsewhere near the station.

(b) SE Redmond Construction Staging. Sound Transit will acquire property rights to two parcels immediately south of the west end of the SE Redmond station for construction staging or other Project activities. Sound Transit will acquire property rights to two parcels immediately south of the west end of the SE Redmond station, which will be cleared of existing uses for construction staging or other Project activities. Sound Transit will lease or purchase the sites at its sole discretion.

(c) 173rd Ave. NE. Sound Transit will construct an interim section of 173rd Ave. NE, connecting NE 70th St. to NE 67th Ct., consistent with RFP documents and LOC 15.

(d) NE 70th St. Subject to City Council approval of vacating the existing NE 70th St. right-of-way, Sound Transit will realign and construct NE 70th St. consistent with LOC 15. Sound Transit will transfer property rights to the City as described in LOC 22.

(e) NE 70th St./SR 202 Intersection. Sound Transit and the City will share the responsibility for improvements at the NE 70th St./SR 202 intersection, consistent with RFP documents and LOC 17.

(f) Downtown Redmond Bus-Rail Integration. Sound Transit will construct concrete bus pads built for active bays and layover spaces on Cleveland St. and NE 76th St. in Downtown Redmond, consistent with RFP documents, to facilitate bus-rail integration at the Downtown Redmond Station.

(g) Non-Motorized Access Improvements. Sound Transit will construct non-motorized access improvements with the goal of increasing transit ridership and improving convenience and comfort of access. These improvements, as shown in the RFP documents, include: ADA ramps at NE 40th St. to access the Redmond Technology Station; pedestrian and bicycle facilities on NE 70th St. and 173rd Ave NE in Southeast Redmond; a traffic signal with crosswalks at 176th Ave. NE and NE 70th St., which is where the East Lake Sammamish Trail North Extension crosses NE 70th St.; pedestrian facilities along the north side of NE 76th St. near the Downtown Redmond Station; improvements to existing sidewalks on the south side of Cleveland St. near the Downtown Redmond Station; a mid-block crossing of Cleveland St. near the Downtown Redmond Station; and three rectangular rapid flashing beacons: crossing NE 76th St. at 168th Ave. NE, crossing Cleveland St. west of 166th Ave. NE, and crossing NE 70th St. at the SE Redmond Station entrance. Additional non-motorized access improvements are anticipated to include: a pedestrian-bicycle tunnel connecting the Redmond Technology Station to the north side of NE 40th St., if Sound Transit and Microsoft are able to reach an agreement on funding and construction and the extension of the East Lake Sammamish Trail to the Redmond Central Connector, pending a betterment agreement between Sound Transit and King County.

(h) Downtown Redmond Tail Tracks. Sound Transit will construct an architectural "ending" to the tail tracks west of the Downtown Redmond Station, together with buildings under the end of the tail tracks for use by City or Sound Transit staff, consistent with RFP documents.

(i) Redmond Central Connector. Sound Transit will reconstruct the Redmond Central Connector between 164th Ave NE and the Bear Creek Trail to implement the Redmond Central Connector Master Plan, consistent with LOC 11.

(j) Wetland Mitigation/Fee In Lieu. Sound Transit and the City agree that Sound Transit will propose the purchase of mitigation credits from the Keller Farm Mitigation Bank ("the Bank") to mitigate all permanent wetland and wetland buffer impacts within the City of Redmond. This is consistent with Sound Transit's wetland mitigation analysis contained in its shoreline substantial development permit application to the City. The Bank is anticipated to be certified in the summer of 2019, which would meet the timeframe required by Sound Transit to meet environmental permitting requirements. If the Bank is not certified by September 2019, Sound Transit will need to find an alternate method to mitigate those impacts. In the event that the Bank is not certified by September 2019, the City agrees to allow Sound Transit to mitigate permanent wetland and wetland buffer impacts through the purchase of credits from King County's In-Lieu Fee Program for sites within Redmond city limits.

6.2 In addition the public benefits identified above, Sound Transit will contribute funds to the City to facilitate the following public benefits.

(a) East Lake Sammamish Parkway-SR 202 Intersection. Sound Transit will contribute $803,375 to the City's planned intersection improvement project, subject to the City's completion of any necessary environmental review (i.e. SEPA) and on a payment schedule shown in **Exhibit F**. The City will be responsible for completing environmental review, permitting, design, construction, operation and maintenance of the improvements and for any and all costs of the project in excess of $803,375. The City intends to construct this improvement such that it is open to the public when the Southeast Redmond Station begins operation, which is currently anticipated to be December 2024

(b) Erratic Art. Sound Transit will pay the City $576,300 for the City to relocate the Erratic art currently located at the corner of 166th Ave NE and Cleveland St., consistent with LOC 11. Sound Transit's contribution is subject to the City's completion of any necessary environmental review (i.e. SEPA) and will be paid according to the payment schedule shown in Exhibit F. The City will be responsible for permitting, design, construction, operation and maintenance of the improvements and for any and all costs of the project in excess of $576,300.

(c) The City shall submit invoices and supporting progress reports consistent with the payment plan documented in **Exhibit F** for all eligible costs documented in this section. The invoices must include a cover memo including description of the progress made on the public benefits.

i. The City shall submit its invoices with the required documentation via email or mail to AccountsPayable@SoundTransit.org, or Sound Transit, Accounts Payable, 401 S. Jackson St., Seattle, WA 98104-2826. Invoices will be paid within thirty days of Sound Transit's receipt of the invoice and acceptable documentation.

ii. If Sound Transit determines that an invoice lacks sufficient documentation to support payment, Sound Transit will notify the City of its determination and request that the City provide additional documentation. Sound Transit may withhold payment of the invoice until supporting documentation is provided; however, such approval will not be unreasonably withheld.

7. CITY OF REDMOND BETTERMENTS

7.1 The City has identified Betterments that the City believes are desirable to design and construct concurrently with the Project. The Parties have agreed on a preliminary scope of work and a cost estimate of for each of the Betterments described herein, however, notwithstanding any estimate, the City agrees to pay Sound Transit for all costs it incurs related to these Betterments subject to execution of a Construction Services Agreement as described in Section 7.2. Sound Transit agrees to design and construct the Betterments identified below on behalf of the City:

(a) 51st St. Pressure Reduction Valve. See LOC 16. The Parties agree that the City's estimated cost for the referenced scope of work will be $550,000.

(b) NE 76th St./SR 202 Intersection. See LOC 18. The Parties agree that the City's estimated cost for the referenced scope of work will be $980,000.

(c) NE 70th St./SR 202 Intersection. See LOC 17. The Parties agree that the City's estimated cost for the referenced scope of work will be $5,070,000.

(d) Redmond Central Connector ("RCC"). See LOC 11. The Parties agree that the City's estimated cost for the referenced scope of work will be $3,080,000.

(e) East Lake Sammamish Trail North Extension. The City will contribute $40,000 to Sound Transit toward this Betterment, consistent with the City's commitment in the Transportation Alternatives Program grant application. This contribution is fixed and not subject to future negotiation in the Construction Services Agreement.

i. The City will deliver its contribution to the East Lake Sammamish Trail North Extension in a single installment to Sound Transit no more than thirty (30) days after the execution of this Agreement.

7.2 Construction Services Agreement. The Parties intend to enter into a separate agreement(s) to govern completion of the Betterments described in this Section 7. If there is any conflict between this Agreement and any future separate agreement(s) between the Parties regarding the Betterments described in this

Section 7, then that future separate agreement shall control and govern over this Agreement as to the matters addressed in that future agreement.

8. POTENTIAL TRANSIT-ORIENTED DEVELOPMENT ("TOD")

8.1 Sound Transit has acquired or will acquire such real property interests as are necessary to construct, maintain and operate the Project. After the Project is completed, Sound Transit may have surplus property that could be used to support the transit investment by creating TOD. The ST3 Plan established TOD as a programmatic component of implementing Sound Transit's mission to plan, build and operate regional mass transit. The ST3 Plan and Sound Transit's enabling statute also direct the agency to implement a regional equitable TOD strategy for diverse, vibrant, mixed-use and mixed-income communities adjacent to Sound Transit stations and in disposition of surplus property. Sound Transit and the City will work together to define a process for exploring and defining outcomes on any future surplus property.

9. APPLICABILITY OF AGREEMENT

9.1 The Agreement initially applies to the Property described in **Exhibit B**.

9.2 As Sound Transit acquires additional property rights to construct the Project, as generally shown in **Exhibit I**, the Designated Representatives may, by mutual agreement, amend **Exhibit B** to incorporate additional real property, making such property subject to the Agreement. At such times that **Exhibit B** is amended, a Memorandum of this Agreement shall be recorded against such property added to **Exhibit B**.

10. LETTERS OF CONCURRENCE ("LOC")

10.1 The Parties have executed a series of LOCs memorializing certain aspects of the Project, as identified in **Exhibit G** and are incorporated herein by reference. The Designated Representatives shall have the authority, by mutual agreement, to amend **Exhibit G** to add, revise, or revoke any LOC issued after the execution of this Agreement. If there is any conflict between this Agreement and any LOC between the Parties, then this Agreement shall control and govern over the LOC.

11. LIABILITY, INDEMNIFICATION

11.1 Sound Transit hereby agrees to indemnify, defend, and hold the City harmless from any and all claims, demands, suits, actions, damages, recoveries, judgments, costs, or expenses, including, without limitation, reasonable attorney fees, paid by the City and arising or growing out of or in connection with or resulting from, either directly or indirectly, the construction, maintenance, operation, repair, removal, occupancy, and use of the Project by Sound Transit, unless such claims arise from the sole or partial negligence, actions or inaction of the City, its employees, servants, agents, contractors, subcontractors, or persons using the Project with permission of the City.

11.2 The City shall give Sound Transit prompt notice of any claims directly affecting Sound Transit about which it is aware. Sound Transit shall promptly assume responsibility for the claim or undertake the defense of any litigation on behalf of the City. The City shall cooperate fully with Sound Transit in the defense of any claim. The City shall not settle any claim directly affecting Sound Transit without the prior written consent of Sound Transit, which consent shall not be unreasonably withheld.

11.3 Sound Transit expressly assumes potential liability for actions brought by Sound Transit's employees and agents against the City and, solely for the purpose of this indemnification, expressly waives any immunity under the Industrial Insurance Law, Title 51 RCW. Sound Transit acknowledges that this waiver was entered into pursuant to the provisions of RCW 4.24.1 I 5 and was the subject of mutual negotiation.

12. INSURANCE

12.1 Sound Transit shall, at its sole expense, obtain and maintain during the entire term of this Agreement an appropriate program of commercial insurance, self-insurance, or any combination thereof in amounts and types sufficient to satisfy its liabilities. When commercial insurance is utilized, Sound Transit shall name the City as an Additional Insured in accordance with insurer underwriting practices, and Sound Transit insurance policies shall be primary and non-contributory to any coverage maintained by the City. Sound Transit waives all rights of subrogation against the City for claims by third-parties arising under this Agreement, other than for damages, claims or liabilities arising from negligent acts or omissions of the City and its officers, employees, and agents. The limits of Sound Transit's selected coverage program in no way diminish Sound Transit's obligations to the City as set forth in this Agreement. Sound Transit shall maintain this coverage program throughout the term of this Agreement, and for six (6) years after its termination, to protect the City against claims that may arise as a result of the construction, operation, or maintenance of the Project. When commercial insurance is used, coverage shall include: (i) comprehensive general liability insurance; (ii) property damage liability insurance, including coverage for explosion, collapse, and instability; (iii) workers' compensation insurance, to the extent required by law; (iv) employer's liability insurance; and (v) comprehensive auto liability coverage, including owned, hired, and non-owned vehicles.

12.2 When commercial insurance is used, Sound Transit shall carry such commercial insurance with responsible insurers, or self-insure or participate in an insurance pool or pools, at levels of coverage or with reserves adequate, in the reasonable judgment of Sound Transit, to protect Sound Transit and the City against loss, and as are ordinarily carried by municipal or privately-owned entities engaged in the operation of facilities comparable to the Project.

12.3 Sound Transit shall file with the City's Risk Manager a formal letter of self-insured status, or when commercial insurance is used, Certificates of Insurance reflecting evidence of the required insurance and naming the City as an additional insured where appropriate. The coverage maintained by Sound Transit under this Agreement shall not be canceled until at least thirty (30) days' prior written notice has been given to the City.

12.4 If Sound Transit fails to maintain the appropriate program of commercial insurance, self-insurance or any combination thereof in amounts and types sufficient to satisfy its liabilities, the City may order Sound Transit to stop operating the Project until the appropriate insurance coverage program is obtained.

13. LIENS

13.1 The Project Facilities are not subject to a claim of lien. In the event that any City property becomes subject to any claims for mechanics', artisans' or materialmen's liens, or other encumbrances chargeable to or through Sound Transit that Sound Transit does not contest in good faith, Sound Transit shall promptly, and in any event within thirty (30) days, cause such lien claim or encumbrance to be discharged or released of record, by payment, posting of bond, court deposit or other means, without cost to the City, and shall indemnify the City against all costs and expenses, including attorney fees, incurred in discharging and releasing such claim of lien or encumbrance. If any such claim or encumbrance is not so discharged and released, the City may pay or secure the release or discharge thereof at the expense of Sound Transit after first giving Sound Transit five (5) business days' advance notice of its intention to do so. The City shall use its reasonable best efforts to keep Sound Transit's facilities free of all liens that may adversely affect the Project.

13.2 Nothing herein shall preclude Sound Transit's or the City's contest of a claim for lien or other encumbrance chargeable to or through Sound Transit or the City, or of a contract or action upon which the same arose.

13.3 Nothing in this Agreement shall be deemed to give, and the City hereby expressly waives, any claim of ownership in and to any part or the whole of the Project except as may be otherwise provided herein.

14. DISPUTE RESOLUTION

14.1 Any disputes or questions of interpretation of this Agreement that may arise between Sound Transit and the City shall be governed under the Dispute Resolution provisions in this Section. The Parties agree that cooperation and communication are essential to resolving issues efficiently. The Parties agree to exercise their best efforts to resolve any disputes that may arise through this dispute resolution process, rather than in the media or through other external means.

14.2 The Parties agree to use their best efforts to prevent and resolve potential sources of conflict at the lowest level.

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

14.3.1 Level One – Sound Transit's Project Director or equivalent and the City Engineer shall meet to discuss and attempt to resolve the dispute in a timely manner. If they cannot resolve the dispute within fourteen (14) calendar days after referral of that dispute to Level One, either Party may refer the dispute to Level Two.

14.3.2 Level Two – Sound Transit's Executive Director of Design, Engineering, and Construction Management and the City's Public Works Director shall meet to discuss and attempt to resolve the dispute in a timely manner. If they cannot resolve the dispute within fourteen (14) calendar days after referral of that dispute to Level Two, either Party may refer the dispute to Level Three.

14.3.3 Level Three – Sound Transit's Chief Executive Officer or Designee and the Mayor or Designee shall meet to discuss and attempt to resolve the dispute in a timely manner.

14.4 Except as otherwise specified in this Agreement, in the event a dispute is not resolved at Level Three within fourteen (14) calendar days after referral of that dispute to Level Three, the Parties are free to file suit or agree to alternative dispute resolution methods such as mediation. At all times prior to resolution of the dispute, the Parties shall continue to perform and make any required payments under this Agreement in the same manner and under the same terms as existed prior to the dispute.

15. DEFAULT

15.1 No Party shall be in default under this Agreement unless it has failed to perform under this Agreement for a period of thirty (30) calendar days after written notice of default from the other Party. Each notice of default shall specify the nature of the alleged default and the manner in which the default may be cured satisfactorily. If the nature of the alleged default is such that it cannot reasonably be cured within the thirty (30) day period, then commencement of the cure within such time period and the diligent prosecution to completion of the cure shall be deemed a cure. Any Party not in default under this Agreement shall have all rights and remedies provided by law including, without limitations, damages, specific performance or writs to compel performance or require action consistent with this Agreement.

16. REMEDIES; ENFORCEMENT

16.1 The Parties reserve the right to exercise any and all of the following remedies, singly or in combination, in the event the other violates any provision of this Agreement:

14.1.1 Commencing an action at law for monetary damages;

14.1.2 Commencing an action for equitable or other relief; and

14.1.3 Seeking specific performance of any provision that reasonably lends itself to such remedy.

16.2 In determining which remedy or remedies for violation are appropriate, a court may take into consideration the nature and extent of the violation, the remedy needed to prevent such violations in the future, whether the breaching party has a history of previous violations of the same or similar kind, and such other considerations as are appropriate under the circumstances. Remedies are cumulative in that the exercise of one shall not foreclose the exercise of others.

16.3 Neither Party shall be relieved of any of its obligations to promptly comply with any provision of this Agreement by reason of any failure by the other Party to enforce prompt compliance, and such failure to enforce shall not constitute a waiver of rights or acquiescence in the other party's conduct.

17. ASSIGNABILITY; BENEFICIARY

17.1 This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. No assignment hereof or sublease shall be valid for any purpose without the prior written consent of the other Party, and any attempt by one Party to assign or license the rights or obligations hereunder without prior written consent will give the other Party the right, at its written election, immediately to terminate this Agreement or take any other lesser action with respect thereto. The above requirement for consent shall not apply to (i) any disposition of all or substantially all of the assets of a party, (ii) any governmental entity merger, consolidation, or reorganization, whether voluntary or involuntary, (iii) a sublease or assignment of this Agreement, in whole or in part, to a governmental entity, or (iv) a sale, lease, or other conveyance subject to those requirements set forth in this Agreement.

17.2 Neither this Agreement nor any term or provision hereof, or any inclusion by reference, shall be construed as being for the benefit of any party not a signatory hereto.

18. DESIGNATED REPRESENTATIVES

18.1 To promote effective intergovernmental cooperation and efficiencies, the Parties each shall designate a representative (each a "Designated Representative") who shall be responsible for coordinating communication between the Parties and shall act as the point of contact for each Party. The Designated Representative will be responsible for the performance of the objectives of this Agreement.

18.2 Each Designated Representative is also responsible for coordinating the input and work of its agency, consultants, and staff as it relates to the objectives of this Agreement. The Parties reserve the right to change Designated Representatives by written notice to the other Party during the term of this Agreement. Each Party's Designated Representative is set forth in **Exhibit H.**

19. NOTICE

19.1 Unless otherwise provided herein, all notices and communications concerning this Agreement shall be in writing and addressed to the Designated Representative. Either Party may at any time designate by written notice a different address or person to which such notice or communication shall be given, and such notice shall take effect seven (7) days after when it is given.

19.2 Unless otherwise provided herein, all notices shall be (i) delivered in person, (ii) deposited with the U.S. postal service, postage prepaid, certified, return receipt requested, (iii) delivered by a nationally recognized overnight or same-day courier service that obtains receipts, or (iv) delivered electronically to the other Party's Designated Representative.

20. GENERAL PROVISIONS

20.1 All citations and references to the Revised Code of Washington, the Redmond Zoning Code, and the Redmond Municipal Code in this Agreement shall refer to those provisions in force as of the date of this Agreement, unless express reference is made to future amendments.

20.2 This Agreement or a recordable notice hereof will be recorded in the real property records of King County pursuant to the requirements of RCW 36.70B.190. Sound Transit shall pay all transfer taxes, documentary stamps, recording costs or fees, or any similar expenses in connection with the recordings or filing of any permits that may be granted hereunder.

20.3 Any amendment to this Agreement shall require approval by the City Council and the Sound Transit Board of Directors, unless administrative approval is specifically authorized by this Agreement.

20.4 The Parties specifically agree that money damages is not an adequate remedy for breach of this Agreement and the Parties are entitled to compel specific performance of all terms of this Agreement by the Party in default.

20.5 Time is of the essence in every provision of this Agreement. Unless otherwise set forth in this Agreement, the reference to "days" shall mean calendar days. If any time for action occurs on a weekend or legal holiday, then the time period shall be extended automatically to the next business day.

20.6 This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

20.7 No joint venture or partnership is formed as a result of this Agreement. No employees, agents or subcontractors of one party shall be deemed, or represent themselves to be, employees of any other party.

20.8 Section headings are intended as information only, and shall not be construed with the substance of the section they caption.

20.9 In the event of a dispute concerning this Agreement, the substantially prevailing Party shall be entitled to receive its reasonable attorneys' fees and costs at trial, at any alternative dispute resolution, or on appeal.

20.10 In the event that any section, sentence, clause or phrase of this Agreement is determined to be invalid or unconstitutional by any court of competent jurisdiction, the remaining sections, sentences, clauses, and phrases shall remain viable and in full force and effect.

20.11 This Agreement may be signed in counterparts and when fully executed shall be effective as the original document.

20.12 The Parties have participated and have had an equal opportunity to participate in the drafting of this Agreement. No ambiguity shall be construed against any Party based upon a claim that such Party drafted the ambiguous language.

20.13 This Agreement constitutes the final and complete expression of the Parties with respect to the subject matter hereof.

20.14 The design and construction of the Project is subject to a financial assistance contract between Sound Transit and the United States Department of Transportation, and the Federal Transit Administration ("FTA"). Both parties recognize that the FTA may request a change to this Agreement to comply with its funding requirements.

IN WITNESS WHEREOF, each of the Parties have executed this Agreement by its authorized representative as of the later date written below:

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY (SOUND TRANSIT)

By: ______________________
Peter M. Rogoff, Chief Executive Officer

Date: 8-21-19

Authorized by Motion No. M2019-63

APPROVED AS TO FORM:

____
Stephen G. Sheehy
Senior Legal Counsel

THE CITY OF REDMOND

By: ______________________
John Marchione, Mayor

Date: July 16, 2019

Authorized by City Council Resolution on June 18, 2019

ATTEST:

____
City Clerk

APPROVED AS TO FORM:

____
City Attorney

Exhibit List:

Exhibit A – Project Map
Exhibit B – Legal Description of Real Property Subject to Agreement
Exhibit C – ST3 Project Template for Downtown Redmond Link Extension
Exhibit D – Development Standard Deviations
Exhibit E – Tree Mitigation Plan
Exhibit F – Payment Plan for Eligible Costs
Exhibit G – Letters of Concurrence
Exhibit H – Designated Representatives
Exhibit I – General Description of Property Subject to Agreement

EXHIBIT E

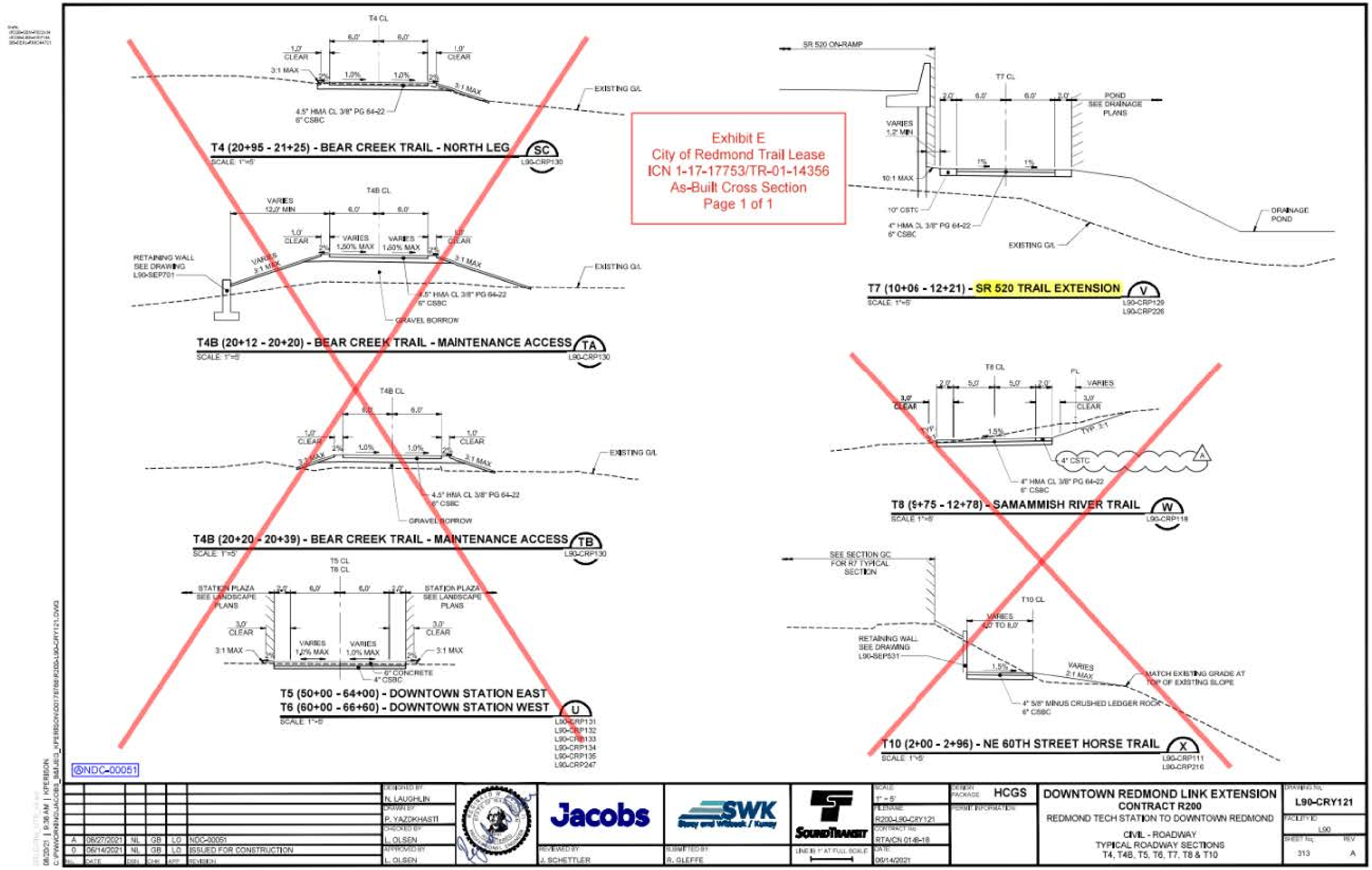


Exhibit E
City of Redmond Trail Lease
ICN 1-17-17753/TR-01-14356
As-Built Cross Section
Page 1 of 1
T4 (20+95 - 21+25) - BEAR CREEK TRAIL - NORTH LEG
T4B (20+12 - 20+20) - BEAR CREEK TRAIL - MAINTENANCE ACCESS
T4B (20+20 - 20+39) - BEAR CREEK TRAIL - MAINTENANCE ACCESS
T5 (50+00 - 64+00) - DOWNTOWN STATION EAST
T6 (60+00 - 66+60) - DOWNTOWN STATION WEST
T7 (10+06 - 12+21) - SR 520 TRAIL EXTENSION
T8 (9+75 - 12+78) - SAMAMMISH RIVER TRAIL
T10 (2+00 - 2+96) - NE 60TH STREET HORSE TRAIL
@NDC-00051
DOWNTOWN REDMOND LINK EXTENSION
CONTRACT R200
REDMOND TECH STATION TO DOWNTOWN REDMOND
CIVIL - ROADWAY
TYPICAL ROADWAY SECTIONS
T4, T4B, T5, T6, T7, T8 & T10
L90-CRY121
Jacobs
SWK
SOUND TRANSIT
HCGS
A 08/27/2021 NL GB LO NDC-00051
0 06/14/2021 NL GB LO ISSUED FOR CONSTRUCTION