CITY OF Vancouver WASHINGTON

CITY COUNCIL MEETING MINUTES
Vancouver City Hall | Council Chambers | 415 W. 6th St.
PO Box 1995 | Vancouver, WA 98668-1995
www.cityofvancouver.us

April 1, 2019

WORKSHOPS

Vancouver City Hall - 415 W 6th Street, Vancouver WA

Councilmembers Paulsen, Turlay and Mayor McEnerny-Ogle were absent from workshops. Mayor Pro Tem Hansen presided.

5:00-6:00 p.m. Housing Options Code Changes

Presenters: Danell Norby, Community Development Coordinator, 487-7953; Bryan Snodgrass, Planner, 487-7946; Sree Thirunagari, Building Official,487-7838

Summary
Staff provided Council with an overview of initial staff work on the development of potential code changes to increase housing options in Vancouver in accordance with recommendations from the 2016 Affordable Housing Task Force report.

COUNCIL DINNER/ADMINISTRATIVE UPDATES (6PM)

COUNCIL REGULAR MEETING

Pledge of Allegiance

Call to Order and Roll Call

The regular meeting of the Vancouver City Council was called to order at 6:31 p.m. by Mayor Pro Tem Bart Hansen in the Council Chambers of City Hall, 415 W. 6th Street, Vancouver, Washington.

Present: Councilmembers Lebowsky, Glover, Stober, Hansen

Absent: Councilmembers Paulsen, Turlay, Mayor McEnerny-Ogle

Motion by Councilmember Glover, seconded by Councilmember Lebowsky, and carried unanimously to excuse Councilmembers Paulsen and Turlay and Mayor McEnerny-Ogle.

Approval of Minutes

Minutes - March 18, 2019

Motion by Councilmember Glover, seconded by Councilmember Stober, and carried unanimously to approve the meeting minutes of March 18, 2019.

Proclamations: Arbor Month

Mayor Pro Tem Hansen read and presented a proclamation to Ben Joner, Urban Forestry Commissioner, proclaiming April 2019 as Arbor Month and April 10, 2019, as Arbor Day in Vancouver.

Citizen Communication (Items 1-2)

Mayor Pro Tem Hansen opened Citizen Communication and, receiving no testimony, closed Citizen Communication.

Consent Agenda (Items 1-2)

Motion by Councilmember Stober, seconded by Councilmember Lebowsky, and carried unanimously to approve the Consent Agenda.

1. Appointment to Parking Advisory Committee

Request: Appoint Kurt Stonex for a mid-term appointment to the Parking Advisory Committee, term beginning immediately, and expiring January 1, 2022.

Councilmembers Hansen, Glover and Paulsen

Motion approved the request.

2. Approval of Claim Vouchers

Request: Approve claim vouchers for April 1, 2019.

(Copy available upon request.)

Motion approved claim vouchers for April 1, 2019, in the amount of $7,465,145.50.

Public Hearings (Item 3)

3. Four Seasons South Planned Unit Development

Staff Report 041-19

AN ORDINANCE approving the concept development plan for the Four Seasons South Planned Unit Development; and providing for severability and an effective date.

The applicant requests approval of a proposed planned development for a 70-lot single family subdivision totaling 8.47 acres in R-9 Low Density Residential & R-22 Higher Density Residential zoning. The proposal also includes a boundary line adjustment.

On February 19, 2019, a public hearing was conducted before the Hearings Examiner. On March 5, 2019, the Hearings Examiner issued findings, conclusions and recommendations. Her findings recommend that the planned development, boundary line adjustment and subdivision ordinance be approved by City Council.

Request: On April 1, 2019, subject to second reading and public hearing, approve ordinance.

Kristian Corbin, Associate Planner, 487-7818

Mayor Pro Tem Hansen read the title of the ordinance into the record.

Kristian Corbin, Associate Planner, and Ryan Lopossa, Streets & Transportation Manager, provided staff comments. Phil Wuest, representing the applicant, also provided comments.

Mr. Corbin provided an overview of the proposed unit development and the request for approval. He also noted there was a typo on page 4, Section 5 of the ordinance regarding the effective date where both thirty and fifteen days had been included. He explained the effective date is intended to be fifteen days after passage of the ordinance.

Councilmember Stober asked how the project is intended to be marketed to a maturing population. Mr. Wuest explained the community was originally intended to be strictly a 55-plus community, but changes to the traffic circulation through the development prompted the developer to open that up; however, many of the design elements of the homes are intended to be marketable to aging residents, such as single-level homes, barrier-free entry, and other such elements.

Councilmember Glover expressed concerns that so much of the site is being taken up by garages, and noted that many seniors or younger people moving into the community will be less likely to drive or own cars in the future. She asked how the developer considered multi-modal transportation options in the design. Mr. Wuest stated that all of the roads running through the development will be public roadways and as such are proposed to meet all City standards. Mr. Lopossa explained that the new connection from 115th north to 18th Street was a City recommendation, and it will be a neighborhood circulator, which should have bike lanes included. Mr. Lopossa explained that in the broader context of the City's update to its Transportation System Plan, staff has been looking at ways to address multi-modal options throughout City standards.

Councilmember Lebowsky asked what impact the through street had on the developer's decision to not make this a community strictly for senior citizens. Mr. Wuest explained that the through street adds more traffic that will make the development harder to market to a 55-plus population.

Mayor Pro Tem Hansen asked what street parking requirements are included and what the curb design will be, noting that rolled curbs result in more people parking on sidewalks. Mr. Corbin stated street parking would be required on one side of the street. Mr. Lopossa stated that the main roads would have standard curbs, and the alleys may have the rolled curbs.

Councilmember Stober asked City staff to engage C-TRAN to discuss options for planning future transit services near this development.

Mayor Pro Tem Hansen opened the public hearing and, receiving no testimony, closed the public hearing.

Motion by Councilmember Stober, seconded by Councilmember Lebowsky, and carried unanimously to Motion.

Communications

A. From the Council

B. From the Mayor

C. From the City Manager

Adjournment

6:59 p.m.

Anne McEnerny-Ogle, Mayor

Attest:

Natasha Ramras, City Clerk
By: Carrie Lewellen, Deputy City Clerk

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March 25, 2019

WORKSHOPS

Vancouver City Hall - 415 W 6th Street, Vancouver WA

Councilmembers Paulsen and Glover were absent from workshops.

4:00-4:30 p.m. Multifamily Tax Exemption Proposals: Waterfront Block 20 & Nicholson Duplexes

Presenter: Peggy Sheehan, Community Development Programs Manager, 487-7952

Summary
Staff provided Council with an overview of two multi-family housing projects proposing to utilize the City's multi-family tax exemption program.

4:30-5:30 p.m. Westside Bike Mobility Project Update

Presenters: Chad Eiken, Community & Economic Development Director, 487-7882; Rebecca Kennedy, Long Range Planning Manager, 487-7896; Anna Dearman, Senior Planner, 487-7738

Summary
Staff provided Council with an update on the Westside Bike Mobility project and a recommendation to delay implementation of the project for a year in order to complete a more thorough outreach and engagement process.

COUNCIL DINNER/ADMINISTRATIVE UPDATES (5:30 PM)

COUNCIL CONSENT AGENDA MEETING

Pledge of Allegiance

Call to Order and Roll Call

The regular meeting of the Vancouver City Council was called to order at 7 p.m. by Mayor McEnerny-Ogle in the Council Chambers of City Hall, 415 W. 6th Street, Vancouver, Washington.

Present: Councilmembers Lebowsky, Stober, Turlay, Hansen, Mayor McEnerny-Ogle

Absent: Councilmembers Paulsen, Glover

Motion by Councilmember Hansen, seconded by Councilmember Turlay, and carried unanimously to excuse Councilmembers Paulsen and Glover.

Citizen Communication (Items 1-5)

Mayor McEnerny-Ogle opened Citizen Communication and received the following testimony:

- Dr. Gordon Fulks, Troutdale, Oregon, urged the City to not adopt any policies addressing climate change.
- Stephanie Turlay, Vancouver, concurred with Dr. Fulks and stated the City has more pressing matters it needs to address.

There being no further testimony, Mayor McEnerny-Ogle closed Citizen Communication.

Consent Agenda (Items 1-5)

Motion by Councilmember Stober, seconded by Councilmember Turlay, and carried unanimously to approve the Consent Agenda.

1. **Evergreen Airpark Sanitary Sewer Improvements - Construction Acceptance**

   Staff Report 039-19

   Summary
   Advanced Excavating Specialist of Longview, Washington, has completed construction of the Evergreen Airpark Sewer Connection Incentive Program (SCIP) project. The project provided reliable sewer service to 29 parcels by installing over 1,975 linear feet of 8-inch gravity sewer mains in the following Avenues: NE 139th Avenue between NE 9th Street and NE 18th Street in the North Hearthwood neighborhood.

The work was completed satisfactorily in accordance with the plans and specifications. Contract costs are summarized below:

TOTAL CONTRACT COSTS

Labor, Equipment and Material	*$348,328.73*
Sales Tax	*29,259.61*
Total	*$377,588.34*
Retainage	*Bond*

The original contract amount, including sales tax, was $350,199.21. The final project cost was $377,588.34, which was $27,389.13 (under 8%) greater than the original contracted amount. The difference between original contract amount and final contract amount can be attributed to extra street restoration required, as well as the typical variances in unit prices and/or quantities commonly encountered during construction.

The contract amount fell below the $500,000.00 contract value threshold that would require an apprenticeship utilization goal.

Request: On March 25, 2019, accept the facilities as constructed by Advanced Excavation Specialists of Longview, Washington, and authorize release of the retainage bond subject to receipt of all documentation required by law.

Sheryl Hale, Senior Engineering Supervisor, 487-7151

Motion approved the request.

2. Bid Award for 2019 West Curb Ramps

Staff Report 040-19

Summary

The City is issuing three separate curb ramp contracts this year as part of its 2019 pavement management program. A total of 151 ramps are to be constructed under those three contracts. These contracts include the "2019 Resurfacing Curb Ramps" which includes 42 curb ramps, the "2019 East Curb Ramps", which includes 70 curb ramps, and the "2019 West Curb Ramps" which includes 39 ramps. The purpose of splitting the work into multiple contracts is to reduce each contract to a manageable size, which helps expedite ramp construction. From a construction sequencing standpoint, it is far more efficient to construct the new curb ramps in advance of the on-street pavement management resurfacing work.

This staff report and recommended action is to award the 2019 West Curb Ramps contract only. The 2019 Resurfacing Curb Ramps and 2019 East

Curb Ramps contracts were both awarded on March 18, 2019.

On March 12, 2019, the City received four bids for the subject project. The responsive bids ranged between $327,450.00 to $375,580.00. The low bidder was nonresponsive. The second lowest bidder was responsive. The bids are as follows:

SUMMARY OF BIDS	
BIDDER	**AMOUNT**
Lee Contractors LLC, Battle Ground, WA	*$327,450.00*
Advanced Excavating Specialists (AES), LLC, Longview, WA	*$361,785.00*
Clark and Sons Excavating, Inc., Battle Ground, WA	*$375,580.00*
MJ Hughes Construction, Vancouver, WA	*Nonresponsive*
Engineers' Estimate	*$400,000.00 to $500,000.00*

The bid amount of $327,450.00, which covers the City's portion of the cost, is below the $500,000.00 threshold requirement set for apprenticeship utilization goals. No apprenticeship utilization goals are required for this project.

Request: On March 25, 2019, award a construction contract for the 2019 West Curb Ramps project to the lowest responsive and responsible bidder, and authorize the City Manager or his designee to sign a contract with Lee Contractors LLC from Battle Ground, Washington, at their bid price of $327,450.00, which includes Washington State sales tax.

Chris Sneider, Senior Civil Engineer, 487-8239

Motion approved the request.

3. **Four Seasons South Planned Unit Development**

Staff Report 041-19

AN ORDINANCE approving the concept development plan for the Four Seasons South Planned Unit Development; and providing for severability and an effective date.

Summary

The applicant requests approval of a proposed planned development for a 70-lot single family subdivision totaling 8.47 acres in R-9 Low Density

Residential & R-22 Higher Density Residential zoning. The proposal also includes a boundary line adjustment.

On February 19, 2019, a public hearing was conducted before the Hearings Examiner. On March 5, 2019, the Hearings Examiner issued findings, conclusions and recommendations. Her findings recommend that the planned development, boundary line adjustment and subdivision ordinance be approved by City Council.

Request: On March 25, 2019, approve the ordinance on the first reading, setting the date of second reading and public hearing for April 1, 2019.

Kristian Corbin, Associate Planner, 487-7818

Mayor McEnerny-Ogle read the title of the ordinance into the record.

Motion approved the request.

4. Approval of Council Retreat Report - March 1, 2019

Request: Approve the summary report for the March 1, 2019, City Council Retreat.

Amanda Delapena, Assistant to the City Council, 487-8605

Motion approved the request.

5. Approval of Claim Vouchers

Request: Approve claim vouchers for March 25, 2019.

(Copy available upon request.)

Motion approved claim vouchers for March 25, 2019, in the amount of $8,955,733.25.

Citizen Forum

Mayor McEnerny-Ogle opened the Citizen Forum at 6:41 p.m. and received the following testimony:

- Nancy McCarter, Vancouver, thanked the Council for the opportunity to testify.

- Christine Dickensen, Vancouver, representing the Carter Park Neighborhood Association, read a statement on behalf of the neighborhood in opposition to the Westside Bike Mobility Project as currently planned.

- Glen Yung, Vancouver, spoke in opposition to the Westside Bike Mobility Project as currently planned.

- Julie Glasgow, Vancouver, spoke in opposition to the Westside Bike Mobility Project as currently planned.

- Jennifer Hatcher, Vancouver, spoke in opposition to the Westside Bike Mobility Project as currently planned and expressed concerns about the public outreach process.

- Allen Frame, Vancouver, spoke in opposition to the Westside Bike Mobility Project as currently planned.

- Madeleine von Laue, Vancouver, expressed concerns that the City intends to delay the Westside Bike Mobility Project.

- Scott Weston, Vancouver, expressed concerns about parking as a whole on the west side of the city.

- Nick Hershey, Vancouver, expressed concerns about the lack of services and amenities available to people who are experiencing homelessness in Vancouver.

- Roger Lyngholm, Vancouver, spoke in opposition to the Westside Bike Mobility Project as currently planned.

- Gary Jochim, Vancouver, stated people should be required to license bicycles like motorized vehicles.

- Jim Thomas, Vancouver, expressed concerns that the City intends to delay the Westside Bike Mobility Project.

- John Myers, Vancouver, spoke in opposition to the Westside Bike Mobility Project as currently planned.

- Elizabeth Hovde, Vancouver, spoke in opposition to the Westside Bike Mobility Project as currently planned.

- Bruno Amicci, Vancouver, spoke in opposition to the Westside Bike Mobility Project as currently planned and expressed concerns that the City's Parking Advisory Committee had not had an opportunity to evaluate and weigh in on the project.

- Devin Bowen, Ridgefield, spoke in support of the Westside Bike Mobility

Project as the City's first opportunity to implement its Complete Streets policy.

- Dean Irvin, Vancouver, expressed concerns about parking as a whole on the west side of the city.

- Susan Courtney, Vancouver, spoke in opposition to the Westside Bike Mobility Project as currently planned and expressed concerns about the public outreach process.

- Teresa Cardon, Washougal, Washington, spoke in opposition to the Westside Bike Mobility Project as currently planned.

- Xuan To, Vancouver, asked why no protected bike lanes had been included at the Waterfront.

- Joseph Newsome, Vancouver, expressed concerns about activity surrounding the Share House.

- David Cast, Vancouver, expressed concerns about activity surrounding the Share House.

- Adam Kravitz, Vancouver, representing Outsiders Inn, expressed concerns about expressed concerns about the lack of services and amenities available to people who are experiencing homelessness in Vancouver.

- Danielle Jokela, Vancouver, expressed concerns about recent officer-involved shootings in Vancouver and urged the Vancouver Police Department (VPD) to evaluate its policies and officer training.

- Betty McGraw, Vancouver, expressed concerns about a recent officer-involved shooting and VPD protocol for administering medical aid after someone is shot by police.

- Ashley Giha, Vancouver, expressed concerns about recent officer-involved shootings in Vancouver and urged the Vancouver Police Department (VPD) to evaluate its policies and officer training and utilize dash and body-worn cameras.

- Joe Lawson, Vancouver, expressed concerns about a recent officer-involved shooting and VPD protocol for administering medical aid after someone is shot by police.

- Karen Morrison, representing Odyssey World International Education Services, expressed concerns about recent officer-involved shootings in Vancouver and urged the Vancouver Police Department (VPD) to evaluate its policies and officer training and utilize dash and body-worn cameras.

- Josephine Funes Wentzel, Vancouver, expressed concerns about officer-involved shootings, the impact on the community and the police department, and expressed support for police officers and transparency related to such incidents.

- Carmen McKibbon, representing Southwest Washington Communities United for Change, stated she had originally come to testify regarding some concerns with the Stronger Vancouver initiative, but wanted to relinquish her time to family members of Carlos Hunter, who had been killed in a recent officer-involved shooting in Vancouver.

- Dale Chambers, Vancouver, expressed concerns about police interactions with people experiencing homelessness near the Share House.

- David Carpenter, Vancouver, expressed concerns about police interactions with people experiencing homelessness.

- Chelsea B., Vancouver, expressed concerns about recent officer-involved shootings in Vancouver and urged the Vancouver Police Department (VPD) to evaluate its policies and officer training and utilize dash and body-worn cameras.

- Marcellous Boswen, Vancouver, expressed concerns about a recent officer-involved shooting and VPD protocol for administering medical aid after someone is shot by police.

Mayor McEnerny-Ogle noted that the scheduled 90 minutes for the Citizen Forum had expired at 8:11 p.m. and asked if Council would approve extending testimony. Council agreed.

Council recessed for a break at 8:13.

Council reconvened at 8:19 p.m. to hear the remainder of the citizen testimony.

- Dale Robertson, Vancouver, expressed concerns about recent officer-involved shootings in Vancouver and the deaths of three people of color as a result. He recommended the City establish a funeral fund for the families of anyone who is killed by police.

- Crystal Aldana, Vancouver, expressed concerns about police interactions with people experiencing homelessness and about recent officer-involved shootings.

- Promise King, Portland, Oregon, president of the League of Minority Voters, expressed concerns about recent officer-involved shootings in Vancouver and the deaths of three people of color as a result. He urged the City and VPD to change how such incidents are responded to in the future and take steps to implement reform.

- Pam Hunter, Vancouver, stated she is the sister of Carlos Hunter, who had been killed in a recent officer-involved shooting in Vancouver. She urged the Council to do all it could to ensure a third-party investigation is conducted by an entity from outside of Southwest Washington.

- Robert West, Portland, Oregon, stated police officers need to look for a higher standard in neutralizing situations rather than using their weapons, and stated the Council should fire the police chief and the officers involved in recent shootings.

- Deborah Gottlieb, Vancouver, expressed concerns about recent interactions she has had with police officers.

- Cheryl Aichele, Vancouver, stated she would like to work with the Council to find more opportunities for citizen engagement with the Council.

- Michael Mitchell, Vancouver, spoke in support of VPD and stated officers should be allowed to use deadly force when they feel threatened.

- John Polos, Battle Ground, Washington, stated he had done engineering studies on the current I-5 bridge and determined it should not be torn down, and presented a plan for adding light rail transit to the bridge and building a new bridge connecting Ridgefield to Highway 30 near Scappoose, Oregon.

There being no further testimony, Mayor McEnerny-Ogle closed the Citizen Forum.

Adjournment

8:49 p.m.

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Anne McEnerny-Ogle, Mayor

Attest:

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Natasha Ramras, City Clerk
By: Carrie Lewellen, Deputy City Clerk

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A Stronger Vancouver

Executive Sponsors Council Recommendation

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April 15, 2019

Vancouver City Council Workshop

Jennifer Rhoads, Tim Schauer, Holly Williams, Casey Wyckoff

Presentation Overview

- Introduction
- Vision
- Problem Statement
- Key Findings
- Community Feedback
- Service Package Recommendations
- Adoption & Implementation
- Questions/Discussion

Introduction: Executive Sponsors Council

- **Tim Schauer**, President & CEO, Mackay Sposito (Co-Chair)
- **Tim Leavitt**, Director, SW Operations, Otak; Former Mayor of City of Vancouver (Co-Chair)
- **Heidi Johnson Bixby**, President, Johnson Bixby & Associates
- **Mark Mantei,** CEO, The Vancouver Clinic
- **Diana Perez**, Past President, SW Washington League of United Latin American Citizens (LULAC)
- **Jennifer Rhoads**, President, Community Foundation for SW Washington
- **Holly Williams**, Chair, Vancouver Parks & Recreation Advisory Commission
- **Casey Wyckoff**, President, LSW Architects
- **Eric Holmes**, Vancouver City Manager (ad hoc, non-voting member)
- **Linda Glover**, Vancouver City Councilmember (ad hoc, non-voting Council liaison)

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Introduction

- May 2017 to February 2019: 17 Executive Sponsors Council meetings
- Develop a comprehensive service and funding package to support the City's long-term vision to serve the community

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2030 Vision for A Stronger Vancouver

- A city that is welcoming to all people
- Improved affordability
- Employment opportunities
- Safe streets and infrastructure
- An exceptional park system
- Proactive public safety programs
- Inclusive services and opportunities
- Arts, culture and heritage programs
- Vibrant neighborhoods

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Problem Statement

- Growing population and demand for City services
- Residents want amenities and employment opportunities
- City revenues do not keep pace with growing demand, costs or inflation
- Growing backlog of service and capital needs
- City services will continue to decline

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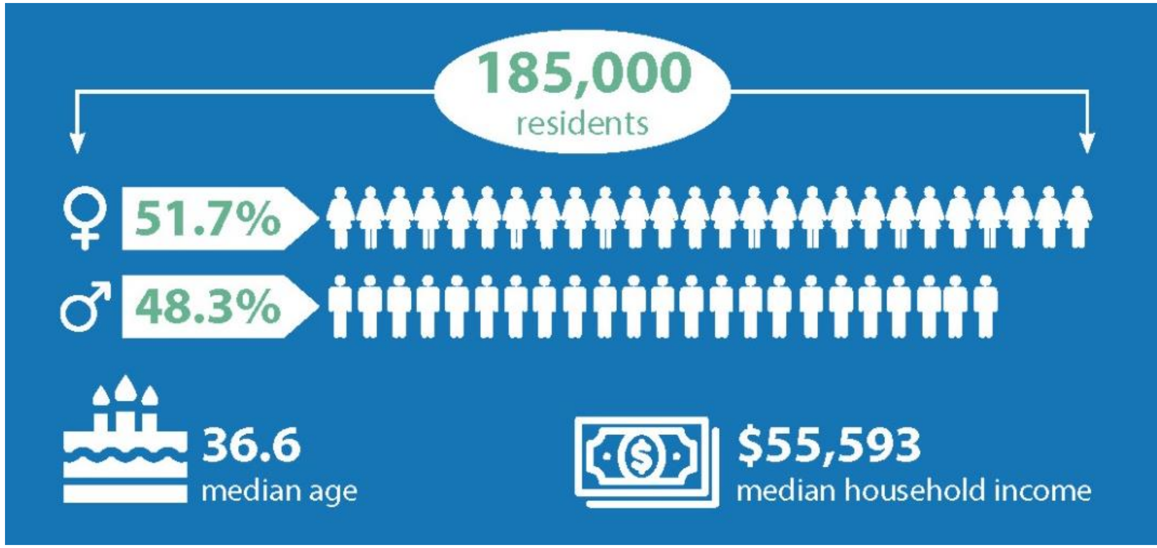
Key Findings

1. Vancouver's population is growing.
2. Service levels will continue to decline, even with continued efficiencies and innovation in service delivery.
3. The City has built a strong financial foundation.



Key Findings

4. Substantial work is underway on priority issues:

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Key Findings

5. Backlog of needs can't be fixed all at once.
6. Critical buildings not prepared for a large-scale disaster.
7. Benefits of past investments not spread evenly throughout the city.
8. Investments now will help enhance long-term economic vitality.

Key Findings

9. Compared to other Pacific Northwest cities:
   - Vancouver has a competitive tax environment.
   - The City has the lowest direct service expense per capita and staffing per 1,000 of population.

Most Important Business Location Criteria

1. Workforce skills
2. Transportation infrastructure
3. Utilities (cost, reliability)
4. State and local tax scheme
5. Land/building prices and supply
6. Quality of life
7. Workforce development
8. Cost of permitting
9. Incentives
10. Higher education resources

Source: Site Selection survey of corporate real estate executives, 10/17

Key Findings

10. The City's revenue toolbox is limited and does not keep pace with growth or inflation.

    - Rising costs and demand
    - 1% annual property tax increase cap
    - Elimination of the motor vehicle excise tax
    - Lower sales tax collections due to proximity to Oregon
    - Elimination of the City's B&O tax

Key Findings

11. A City Business & Occupation (B&O) tax raises concern among many local businesses

Key Findings

12. There is no easy solution

13. We must take action soon.

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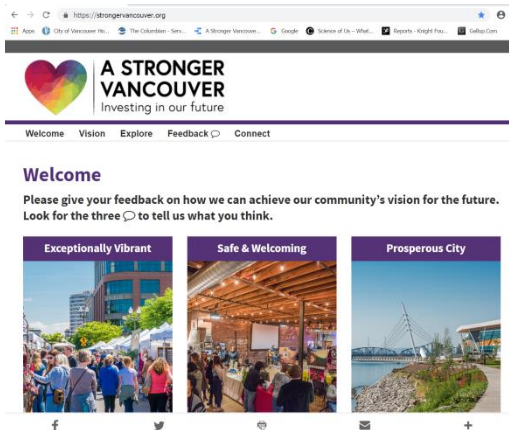
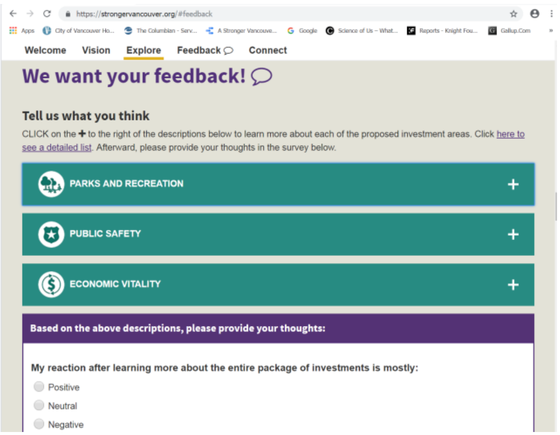
Public Outreach Activities

- Small group meetings with businesses
- Community Leaders Roundtable
- Website, online survey
- Phone survey, Stakeholder interviews
- Community, neighborhood and business organization meetings
- Placed–based outreach
- Focus groups
- Social Media, Newsletters, Videos
- TV screens in community centers
- Printed materials





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Community Feedback: Key Themes

- Appreciation for need for future investment
- A desire for emphasis on economic development and homeless services
- Concern about effect of higher utility rates/ taxes on low-income residents, especially renters
- Concern about impact of business taxes on small businesses
- Balance/“fairness” in who pays
- A combination of revenue tools should be used

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Service Package Development Considerations

A Stronger Vancouver is a shared investment in our community.

- Provides tangible services to residents
- Serves as a catalyst to lead and promote private investment
- Promotes social and geographic equity of services
- Stewardship of what we already have

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Service Package Development Considerations

Revenue development guiding principles:

- Fair
- Sustainable
- Simple
- Scalable
- Stable
- Equitable

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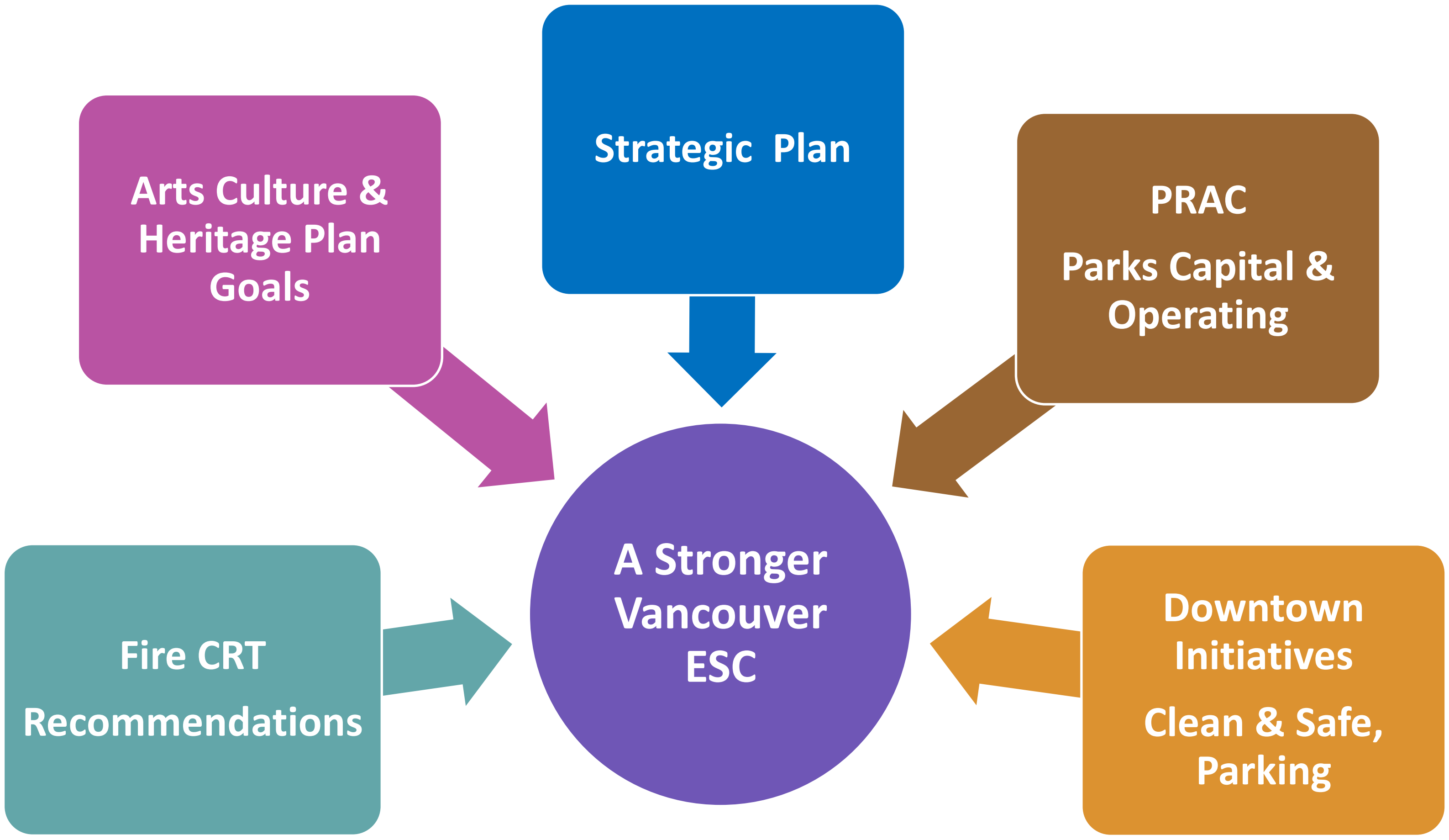
Service Package Recommendation Overview



Service Package Recommendation: Capital Projects

- Commercial district infrastructure improvements (i.e., 4th Plain, the Heights)
- Replace the Operations Center
- Replace two, renovate three fire stations
- Enhance the parks system

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Service Package Recommendation: Outcomes

- Enhanced public spaces
- Improved transportation, mobility and connectivity
- Increased business growth and new private investment
- Improved preparedness and operational efficiency
- Increased access to parks, parks safety, and neighborhood vitality

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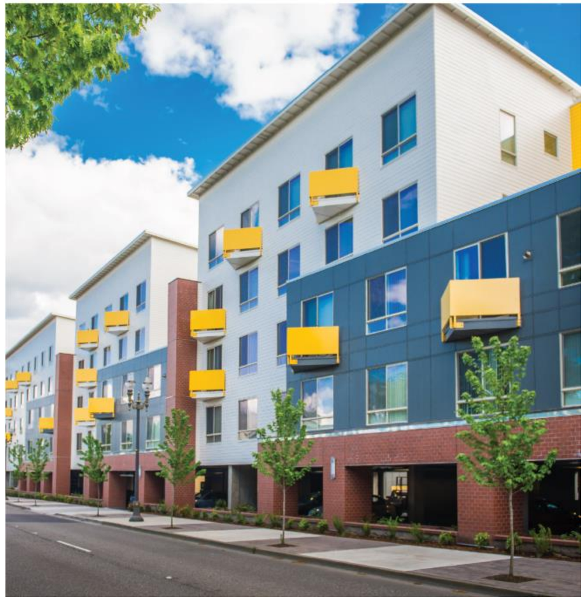
CAPITAL PROJECTS
Vancouver Lake
Columbia River
5
205
503
500
14
LINCOLN PARK
FRUIT VALLEY PARK
JOHN BALL PARK
ARNADA PARK
ROSE VILLAGE PARK
QUARNBERG PARK
BAGLEY PARK
COLUMBIA LANCASTER PARK
RAYMOND E. SHAFFER PARK
JAGGY ROAD PARK
KEVANNA PARK
OAKBROOK PARK
PETER S. OGDEN PARK
LAUREN PARK
FENTON PARK
BURNT BRIDGE CREEK SCHOOL PARK
MEADOWBROOK MARSH PARK
LANDOVER-SHARMEL PARK
DAVID DOUGLAS PARK
GEORGE & HAZEL STEIN PARK
FATHER BLANCHET PARK
MARINE PARK
WINTLER PARK
HOMESTEAD PARK
HAMBLETON PARK
New park designed & constructed
Existing park redesigned & reconstructed
Existing park improved with new/additional amenities
Economic vitality project
Fire station renovation project
Public Works Operation Center project
www.strongervancouver.org

Service Package Recommendation: Capital Projects

Modifications to original draft service package based on community feedback:

- Economic Development – increased capital investments funding to support economic development investments.
- Affordable housing and homelessness – Consider making the Affordable Housing Fund property tax levy permanent (currently expiring in 2023).



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Service Package Recommendation: Operating Programs

Economic Development

- Subarea/district plans
- Homelessness services and response
- Downtown Improvement Area
- Culture, arts & heritage program
- Neighborhoods program

Public Safety

- Traffic safety improvement
- Rapid response EMS rescue units
- Proactive crime and fire prevention programs

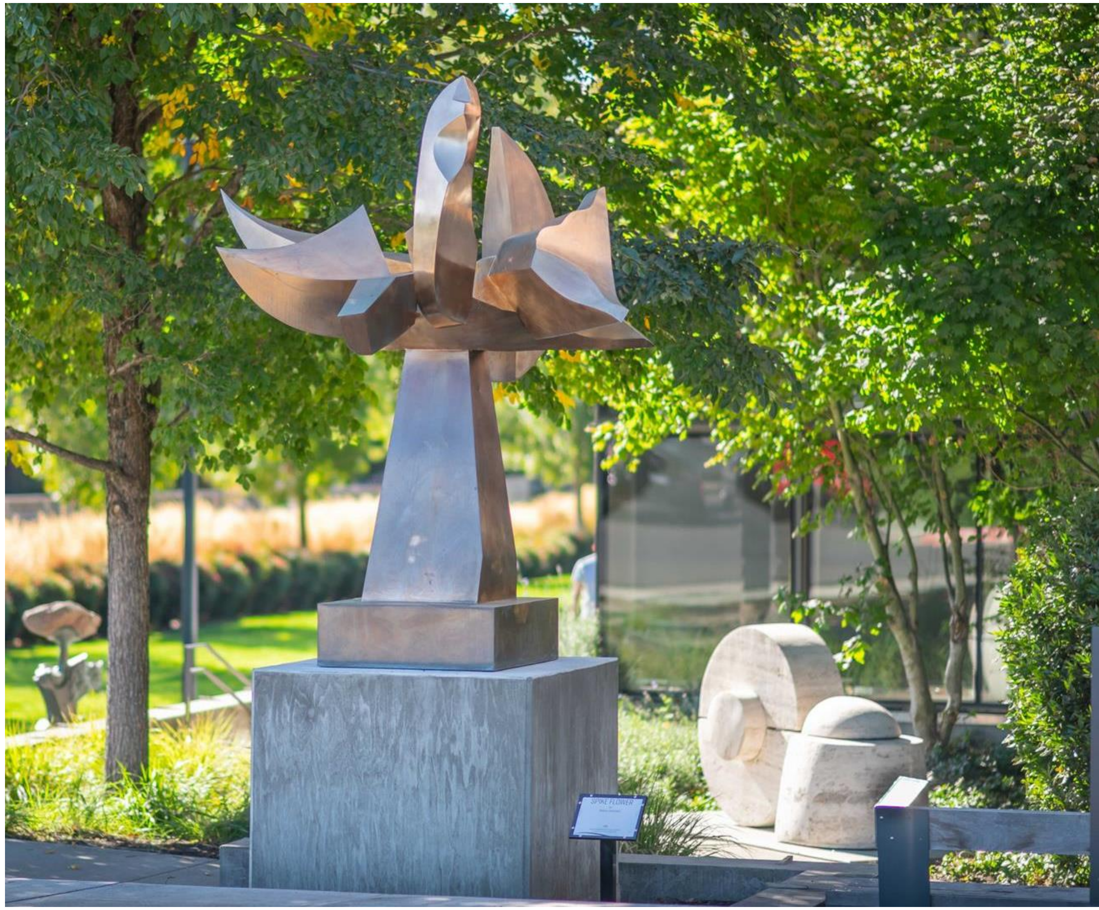
Parks & Recreation

- Reduce financial barriers to recreation programs
- Underserved youth, multi-lingual outreach, and summer playground programs
- Operating funds for new parks
- Community events program

Service Package Recommendation: Service & Operating Programs

Outcomes:

- Economic investment in subareas/district
- Increased homeless services
- Increased pedestrian safety
- Reduced overall EMS system response times
- Increased engagement with diverse communities
- Culture, arts & heritage program
- A dedicated funding source for programs to address downtown needs



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Service Package Recommendation: Revenue Considerations

- Engaging voters is key
- Balance in who pays is important
- Risk in over-reliance on certain revenue tools
- Diversity in revenues is important
- Impact on Vancouver’s competitiveness

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Service Package Recommendation: Revenue

Recommended Revenue Package
$30.1 million per year

PROPERTY TAX
$9.7 million

BUSINESS TAXES
$9.7 million

OTHER FEES/TAXES
$10.7 million

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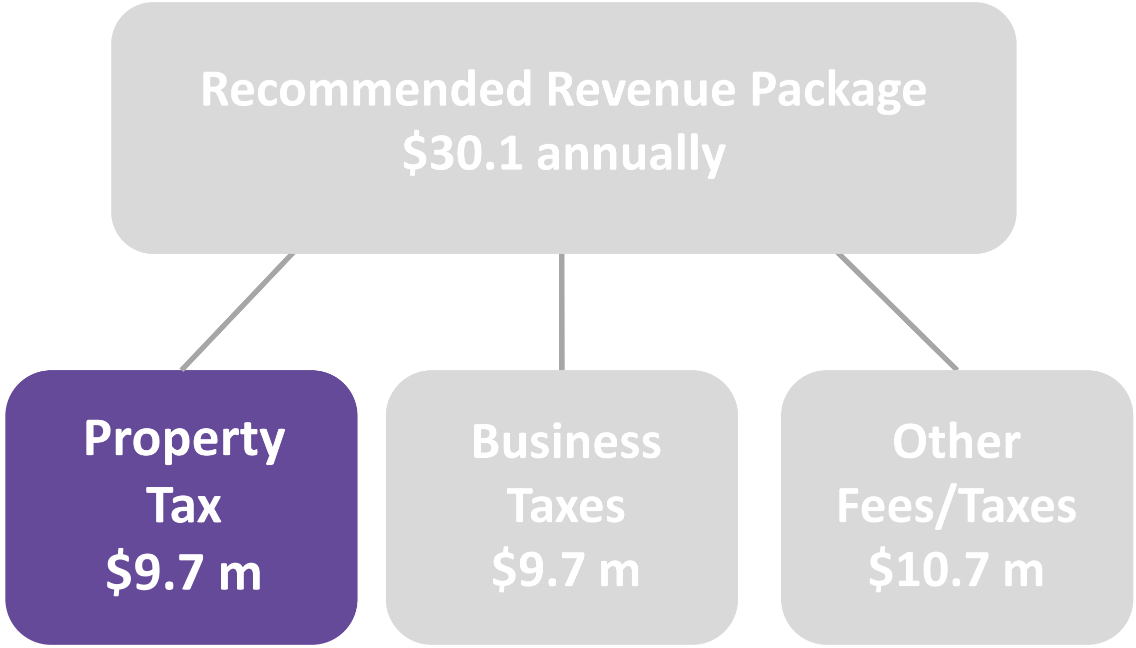
Service Package Recommendation: Property Tax

- Voter-approved ballot measure
- Multi-year permanent levy lid lift
- $0.44 per $1,000 of assessed value
  - *Approximately $154.00 per year for a property assessed at $350,000*
- Affordable Housing Fund extension



Service Package Recommendation: Property Tax

Property Tax	Rate	Annual Revenue	Use
Multi-year permanent levy lid lift	$0.44 per $1,000 of assessed property value	$9.7	• Commercial district infrastructure improvements • Fire stations replacement and renovations • Parks improvements • Rapid response rescue units
TOTAL: $9.7 million			

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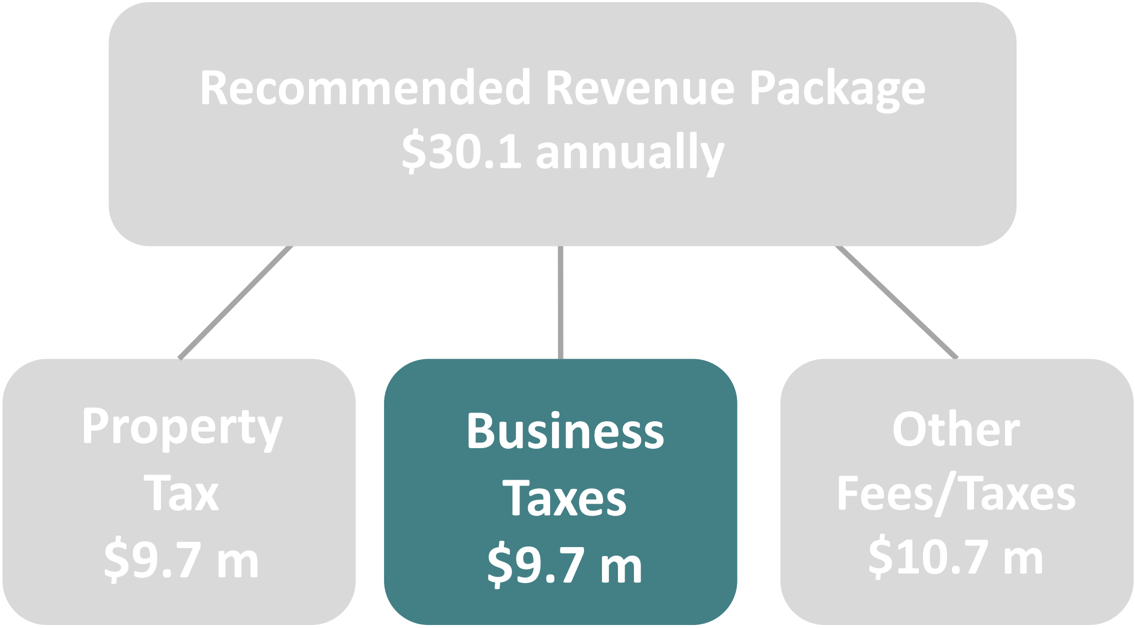
Service Package Recommendation: Business Taxes

- B&O rate of $0.55 per $1,000 of annual gross business revenue
- $70 increase to per full-time employee business license surcharge



Service Package Recommendation: Business Taxes

Business Taxes	Rate	Annual Revenue	Use
Business & Occupancy (B&O)	$0.55 per $1,000 of annual gross revenue	$5.5 m	• **Commercial district improvements** • **Subarea/district plans** • **Problem-Oriented Police Unit** • **Homelessness services and response**
Per Full-Time Equivalent (FTE) employee surcharge	$70 increase to current rate	$4.2 m	• **Commercial district improvements** • **Traffic/bike/pedestrian safety programs** • **Fire prevention program** • **Summer Playground Program expansion** • **Multi-lingual outreach program** • **Expanded community events program** • **Underserved youth program** • **Expanded neighborhoods program**
Total: $9.7 million			

Service Package Recommendation: Business Tax

Business Tax considerations

- Competitiveness
- Shift in property tax burden
- Diversification of tax payer base

Service Package Recommendation: Business Tax

B&O considerations:

- Gather data from years 2 and 3 stabilize rate going forward
- Raise gross revenue floor to $100,000

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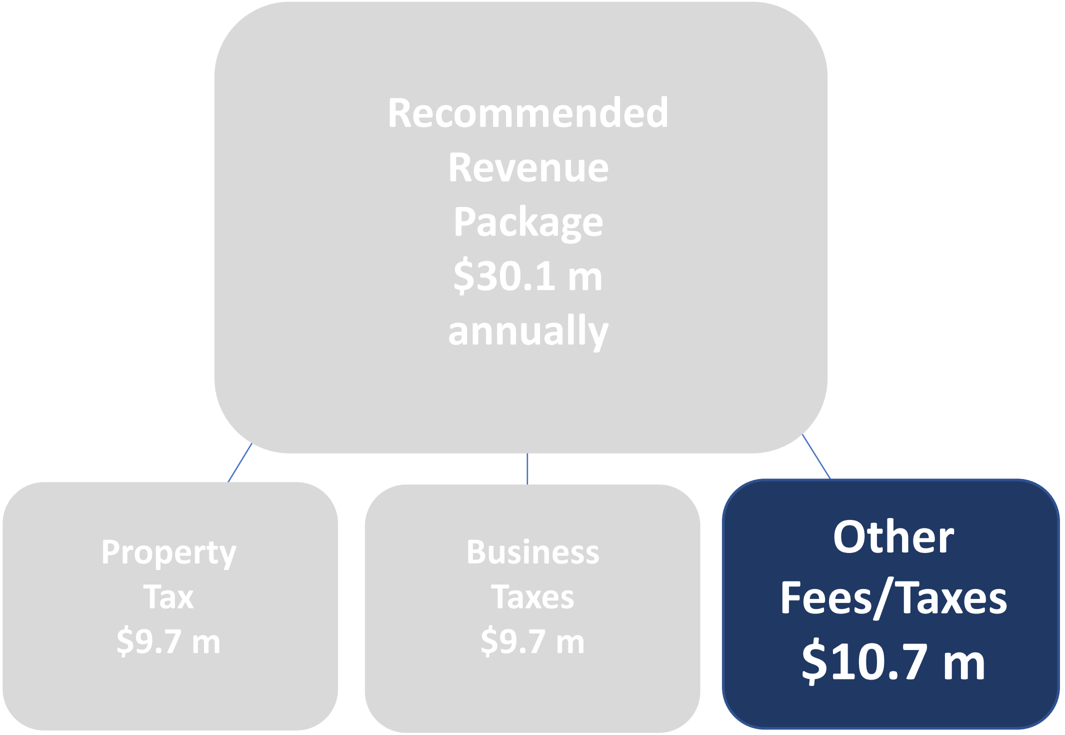
Service Package Recommendation: Other taxes/fees

- Utility tax
- Internet sales tax revenue
- Park Impact Fees
- Downtown Improvement Area
- Admissions tax
- Vehicle license tab



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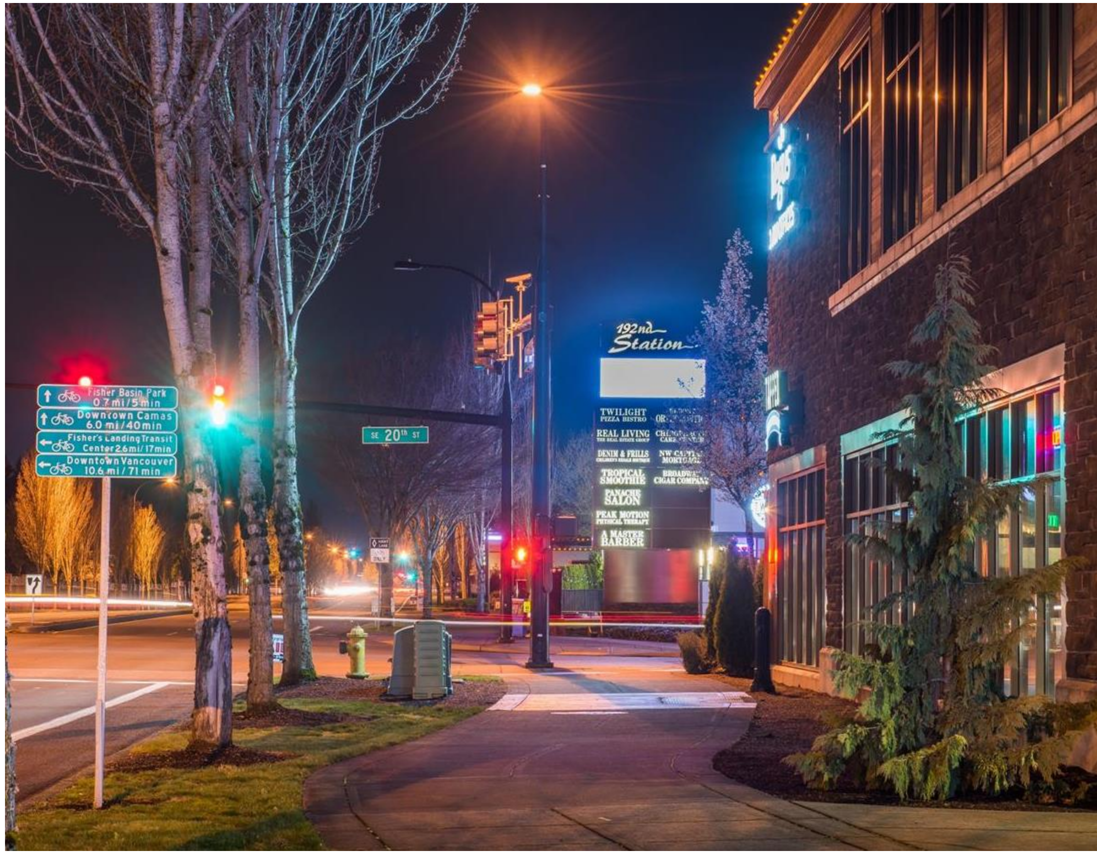
Service Package Recommendation: Other Taxes/Fees

Other Taxes/Fees	Rate	Annual Revenue	Use
Utility tax/rate	2.50% increase to current rate	$2.7 m	• **Fire sprinkler program** • **Recreation program fee reductions** • **Operations Center replacement**
Sales tax/internet sales	n/a	$3.0 m	• **Operations Center replacement**
Park Impact Fees	Increase PIFs to reflect current real estate and construction costs	$2.6 m	• **Parks renovations**
Downtown Improvement Area	$0.42 per $1000 assessed value of business property downtown	$0.70 m	• **Programs to address downtown needs**
Admissions tax	5% of ticket price	$0.50 m	• **Culture, Arts & Heritage Program**
Vehicle license tab	$10 increase to current rate	$1.2 m	• **Commercial district infrastructure improvements**
Total: $10.7 m			

Adoption and Implementation

- Multiple individual but coordinated actions
- Project implementation schedule considerations
- Equity considerations
- Reconvene ESC annually



Questions and Discussion

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www.strongervancouver.org

EXECUTIVE SPONSORS COUNCIL REPORT & RECOMMENDATION TO CITY COUNCIL

April 2019

A STRONGER VANCOUVER
Investing in our future

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Signature Page

We, the below signed members of the Stronger Vancouver Executive Sponsors Council, do hereby endorse this recommendation to the Vancouver City Council.

Executive Sponsors Council Member	Signature
Tim Leavitt, ESC Co-Chair Director, SW Operations, Otak	DocuSigned by: A25AD29218C0493...
Tim Schauer, ESC Co-Chair President/CEO, Mackay Sposito	DocuSigned by: Tim Schauer 8DE953EA046543D...
Heidi M. Johnson Bixby President, Johnson Bixby & Associates	DocuSigned by: Heidi M Johnson Bixby E126CB9456A448A...
Mark Mantei CEO, The Vancouver Clinic	DocuSigned by: Mark Mantei C893CF114324462...
Diana Perez Past President, SW Washington League of United Latin American Citizens	DocuSigned by: Diana Perez 8CBD32D401BC447...
Jennifer Rhoads President, Community Foundation for SW Washington	DocuSigned by: Jennifer Rhoads 5735D8396E2C4AC...
Holly Williams Chair, Vancouver Parks & Recreation Advisory Commission	DocuSigned by: Holly J Williams 0D13AC95A2FD471...
Casey Wyckoff President, LSW Architects	DocuSigned by: Casey Wyckoff 60C6F5FBD38C483...

Executive Summary

In May 2017, the Vancouver City Council convened an Executive Sponsors Council (ESC) to work with the community to develop a service and funding package recommendation for a range of City services and capital investments to ensure a strong future for our city and achieve our community's vision and goals.

KEY FINDINGS

- The city's population is growing rapidly and City revenues do not keep pace with growth or inflation.
- Funding strategies have recently been implemented for streets, affordable housing and police staffing and two fire stations have been replaced, but there is still a tremendous backlog of service and capital needs.
- City service levels will decline within the next five years, even with continued efficiencies and innovation in service delivery.
- The City's revenue toolbox is very limited.
- The City has no dedicated tools to support economic development and job growth.
- Half of the City's fire stations and the Public Works Operations Center are functionally obsolete and seismically unsound. This renders the City unprepared for a large-scale natural disaster.
- There is a marked increase in individuals and families experiencing homelessness, adding demand on City services, from public works to public safety.

FOCUS AREAS

The recommendations developed by the Executive Sponsors Council focus on economic development, parks and public safety centered on Vancouver becoming a safer and more resilient community, growing a stronger economy, and creating more vibrant neighborhoods and business districts.

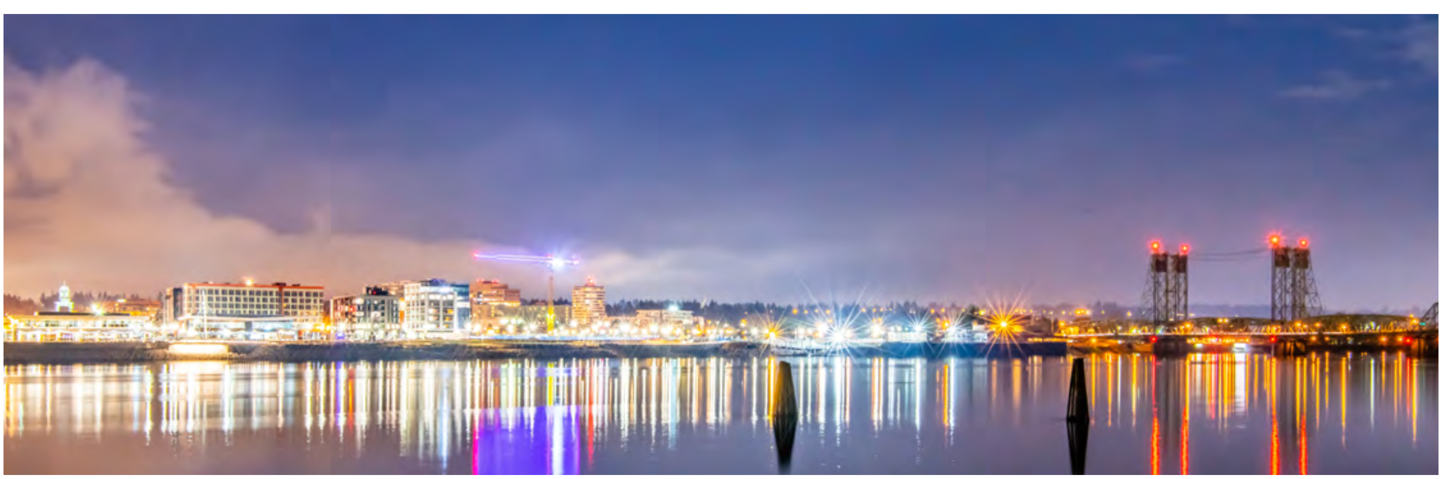
OUTCOMES

The ESC believes the investments identified in the recommendation will provide tangible benefits and outcomes for Vancouver's residents and businesses and take into consideration community priorities and the city's greatest needs:

- Increased business growth and private investment that leads to job growth
- Improved transportation, mobility and connectivity in priority areas
- Enhanced public spaces and parks improvements throughout the city
- Decreased incidents of pedestrian-vehicle collisions
- Reduced incidence of crime by proactively addressing trends/causes
- Increased connections with at-risk youth through the City's recreation programs
- Increased number of children engaged in supervised activities over summer
- Increased capacity to address the needs of citizens experiencing homelessness

COMMUNITY FEEDBACK

- Broad appreciation of the need for future investment especially in the areas of Public Safety and Economic Development and replacment of the Operations Center.
- A desire for emphasis on issues surrounding homelessness
- Concern about the effect of higher utility rates/taxes on low-income residents, especially renters
- Concern about the impact of higher business taxes on small businesses
- A need for balance and fairness in who pays
- A combination of revenue tools should be used



Executive Summary

SERVICE PACKAGE RECOMMENDATION	Invest-ment	Annual Cost
CAPITAL PROJECTS • Invest in commercial district improvements citywide • Replace the Public Works Operations Center • Replace two fire stations; renovate/upgrade three fire stations • Enhance the parks system to increase safety, increase access and attract private development around key community parks	$278 million	$14.9 million
SERVICES AND PROGRAMS • Develop and implement subarea plans to catalyze private investment • Citywide bicycle and pedestrian safety improvement program • Increase support for homeless services • Support programming that helps at-risk youth, increases access for children to attend the summer playground program, activates public spaces with events, and reduces financial barriers to recreational programs • Downtown Improvement Area • Proactive crime and fire prevention programs • Re-institute an arts, culture and heritage program	--	$15.2 million

Revenue Source	Rate	Annual Revenue	Use
BUSINESS TAXES			
Business and Occupation Tax *Businesses with annual gross revenue of $50,000 or less are exempt in year 2020, and with annual gross revenue of $100,000 or less are exempt in year 2021 and thereafter.*[1]	Retail, Wholesale, Manufacturing, and Services = $0.55 per $1,000 of annual gross receipts	$5.5 m	Operating
Per full-time equivalent (FTE) employee Business License Surcharge	$70 per FTE increase to current rate	$4.2 m	Capital and operating for public infrastructure to attract employers and jobs
Total Business Taxes		**$9.7 m**	
PROPERTY TAX			
Multi-year property tax levy lid lift (voted)	$0.44 per $1,000 of assessed value	$9.7 m	Capital and operating
Total Property Tax		**$9.7 m**	
OTHER TAXES/FEES			
Utility tax/rate	2.50% increase to current rate	$2.7 m	Operating
Sales tax newly applied to internet sales	n/a	$3.0 m	Capital
Park Impact Fees (PIFs)	Increase PIFs to reflect current real estate and construction costs	$2.6 m	Capital for parks development
Downtown Improvement Area (DIA)	$0.42 per $1,000 assessed value of business property downtown	$0.70 m	Operating for DIA
Admissions tax	5% of ticket price (movie theaters)	$0.50 m	Operating for arts, culture, heritage programs
Vehicle license tab	$10 increase to current rate	$1.2 m	Capital for public infrastructure to attract employers and jobs
Total other taxes/fees		**$10.7 m**	
TOTAL		**$30.1 m**	

1 *The purpose of a phase-in of the exemption threshold is to ultimately establish a data-supported exemption level that results in generating the target amount of revenue. The approach to phasing could take other forms, and the ultimate level of exemption may be different than reflected here. The first year of data gathered as a result of re-establishing the B&O would be used to inform the ultimate exemption threshold for this revenue source.*

2030 Vision for a Stronger Vancouver

Vancouver is the heart of southwest Washington, connecting people and places throughout the region. We are a safe and welcoming city for all ages, incomes, abilities and backgrounds, with unique and vibrant neighborhoods. We are the most livable city in the Pacific Northwest. Residents and businesses across our city are passionate about building a thriving, prosperous and sustainable community together.

Consistent with this vision, we have created A Stronger Vancouver by the year 2030.

We are a much more urban city. Through growth and annexation, nearly a third of a million people now call Vancouver home. Vancouver is a top tier city in the nation, ranking in the top 0.5 percent of all cities nationwide by population but more importantly, in the quality of the community.

While it is a much denser city, Vancouver has focused on growing in a way that puts people first, making us the most livable city in the Pacific Northwest. Vancouver's projects, investments and partnerships are built on policies and initiatives that result in:

- *A city that is welcoming to all people.*
- *Strong corporate citizenship and many opportunities for civic engagement through events and volunteerism.*
- *Improved affordability and inclusive services and opportunities that help reduce poverty and homelessness.*
- *An exceptional, expanded park system that equitably serves the entire city.*
- *Programs that grow, steward and celebrate a diverse array of arts, culture and heritage.*
- *Vibrant neighborhoods and business districts throughout the city that offer a range of housing choices and unique day- and nightlife options.*
- *A diverse, resilient economy that offers a range of employment opportunities, the ability to earn a living wage, and the potential for economic mobility.*
- *A community that is well connected via a safe system of streets, sidewalks, trails, transit and technology that efficiently connect neighborhoods to each other, to services and to business districts.*
- *A community that is exceptionally safe, through proactive public safety programs and improved infrastructure, and well prepared for natural and man-made disasters.*

Introduction

It is an exciting time for Vancouver. In the years following the Great Recession, our community has seen economic growth and population growth; has advanced transformative projects such as the Vancouver Waterfront; has begun to address the challenges of homelessness and affordable housing; and has invested in improving Vancouver's safety. Initiatives in recent years – such as a comprehensive street funding program, additional staffing for police and funding for affordable housing – have been markers of progress; however, challenges remain: gaps in basic City services persist resulting in disparities, and the basic revenue structure for local government does not keep pace with the pressures of growth and inflation.

In early 2017, the Vancouver City Council, in response to a call from business and community leaders, committed to initiating a broad-based engagement with the community to develop a long-term, comprehensive, structural solution to fund a full range of City services. To this end, former Mayor Tim Leavitt invited us to serve on an Executive Sponsors Council (ESC) to design and oversee the process for engaging the community in this conversation and recommend a comprehensive service and funding package to support the long-term vision of our community.

As a group of business, nonprofit and community leaders, we came to the table united in our pride of community and the belief that we must act now to ensure a strong future for Vancouver. As the ESC, we spent many hours together discussing the community's current needs and the importance of planning for the future Vancouver. We did not always agree, but through our conversations we gained a greater understanding of the breadth of perspectives in our community.

We have met a total of 17 times over the past 22 months. In May 2017, at the first ESC meeting, we began our work by developing an understanding of City services, programs, budget, and revenue constraints. Throughout the months of meetings, we began to develop a draft service and revenue package to recommend for consideration and further action by City Council.

Equity considerations were an important part of our discussions. We understand that many in our community have not benefited from recent economic growth and lack access to resources. The results of past development investments and economic downturns have led to areas of the city where parks are too far away from homes, streets lack sidewalks or crosswalks and residents face barriers to prosperity due to income, mobility, language or other challenges.

We will continue to apply an equity lens to policies and projects to ensure the results of our work not only avoid exacerbating existing problems, but also promote investment citywide, so all residents will benefit from having access to parks and greenspaces, increased public safety, and the opportunities for prosperity.

Throughout this process, ESC members participated in community organization meetings and talked with stakeholders to share our learning and to hear feedback directly from those who could be affected by the proposed changes. We also took into consideration the community feedback gained from the City's public engagement when developing the service and funding packages.

MAY 2017

ESC convened

MAY 2017 - FEBRUARY 2019

ESC meetings

OCTOBER 2018 - FEBRUARY 2019

Public outreach and feedback on draft service package

APRIL 2019

ESC report and recommendation to City Council

APR IL - JUNE 2019

City Council workshops

Public outreach and feedback on report and revommendation

JUNE 2019

City Council tentatively scheduled to take action on a program & funding package

Key Findings

The ESC makes the following key findings, which are foundational to our work over the last 22 months:

1. **THE CITY'S POPULATION IS GROWING RAPIDLY.** The city of Vancouver's population has grown to more than 185,000 residents, and continues to increase by approximately 3,000 per year. All around us, the city is urbanizing at the fastest pace in a generation.

2. **SERVICE LEVELS WILL CONTINUE TO DECLINE, EVEN WITH CONTINUED EFFICIENCIES AND INNOVATION IN SERVICE DELIVERY.** The City provides services to nearly 25,000 more citizens and 3,000 more businesses than it did just 10 years ago – with 110 fewer employees. Despite incremental adjustments to the City's revenue structure and an ongoing focus on efficiencies and fiscal discipline, gaps persist in key service areas:

   - The Public Works Operations Center is functionally obsolete, seismically unsound and does not meet basic codes, such as ADA accessibility.
   - The City's parks system does not equitably serve our residents, is insufficient to meet service standard levels, falls short of national benchmarks and has accumulated deferred maintenance that creates safety and operational hazards for the system.
   - The City has no dedicated tools to support economic development and job growth.
   - Nearly half of the City's fire stations are functionally obsolete, are seismically deficient or have exceeded their useful life.

   - The City's street system reflects safety deficiencies for a full range of users, from pedestrians to cyclists to motorists.
   - There is a marked increase in the population of individuals and families experiencing homelessness, adding demand on the City's response services, from public works to public safety.
   - The current population of Vancouver is more diverse than ever – and is projected to become more so over the next decade – changing the demands of how the City provides services.

While the City remains committed to a philosophy of continuous improvement and seeking efficiencies, these gaps are forecasted to continue to widen each year due to ongoing demand from a growing population paired with constraints in the City's basic revenue structure.

3. **THE CITY HAS BUILT A STRONG FINANCIAL FOUNDATION.** The City has been disciplined in establishing a strong and resilient financial foundation and delivering services efficiently, setting a stage for forward-thinking investments and long-term success. During the Great Recession, the City cut back on investments and services, increased efficiencies and reduced staffing. Over the last decade, the City maintained fiscal discipline to reduce overall debt load, fully fund reserves, and maintain competitive utility rates. Due to its strong fiscal policies and a pay-as-you go approach, the City has been able to invest in prolonging the life of water and sewer systems, preserve our heritage on the Historic Reserve, and see a long-term vision become reality with the opening of the new Waterfront development and park.

Key Findings

4. **SUBSTANTIAL WORK IS UNDERWAY ON PRIORITY ISSUES.** We learned from stakeholder feedback that Vancouver residents believe more should be done surrounding economic development, providing assistance to those experiencing homelessness, improving streets and public safety, and replacing the I-5 Bridge. The City has been making forward movement in all of these areas:

   - **Streets.** A Streets Funding Strategy package, adopted in 2015, provides new, long-term revenues from multiple sources to invest in the City's street system and ramps up over time to produce annual revenues of approximately $10.5 million by 2021.
   - **Affordable housing.** The Affordable Housing Fund, approved by voters in 2016, raises $6 million annually for 7 years (through 2023, $42 million total), dedicated to buying, building and preserving low-income rental housing and preventing homelessness through housing assistance.
   - **Police staffing.** A funding package adopted in 2017 raised new revenues dedicated to police services. On full implementation, the package supports the hiring of 42 commissioned officers and 19 civilians for the police department.
   - **Fire response.** Two new fire stations began operations in 2018, along with new peak period quick response "rescue" vehicles that more cost effectively address the emergency medical response needs in the community.
   - **Homeless services.** A new day center for people experiencing homelessness opened in the Navigation Center in 2018 through partnerships with Clark County, the Vancouver Housing Authority, the State of Washington, and multiple philanthropic donors.
   - **Economic development.** Recent outcomes from past City planning and infrastructure investments to catalyze business and job growth can be seen at Riverview Gateway, Lower Grand, and the Waterfront development and park.
   - **I-5 Bridge**. While the City does not own or maintain the I-5 Bridge, the Mayor and City Council have taken a leadership role to communicate with other local and state elected leaders on this important issue.

More work is needed to continue moving forward in addressing issues raised by our residents, which is one of the objectives of the Stronger Vancouver iniative.

Key Findings

5. **THE BACKLOG OF NEEDS CAN'T BE FIXED ALL AT ONCE.** We learned about current service levels and efficiency initiatives for the City's five direct service departments: Police, Fire, Public Works, Parks, and the City Manager's Office. Department directors presented a range of potential investments reflecting "good" (baseline), "better" (enhanced), "best" (optimal), and "stellar" (exceptional) service levels and outcomes. Collectively, the menu of prospective investments totaled more than $650 million in new capital projects and programs.

While we would like to see the full range of "stellar" options implemented, the magnitude of the cost was far beyond the realm of possibility for what the community would realistically be willing to fund. Additionally, there were other forecasted needs identified by City staff in the context of this effort that were ultimately not included in our recommendation. The options included in the recommended service package have been narrowed down from the full range of options to include those that could realistically be funded at this time and implemented within the 10-year timeframe.

It should also be noted that a key area that was not included in our recommendation is long-term resourcing for the Vancouver Police Department (VPD) beyond 2021. This was not included for a few reasons:

- **Staffing.** The recently adopted multi-year resourcing package for VPD staffing has not yet been fully implemented, and is not expected to be until 2021 or shortly thereafter. This staffing program focuses on four primary serivce areas: property crimes, traffic enforcement, crime analysis and community engagement, with an emphasis on improving service levels and community safety outcomes as well as nurturing a positive relationship with the community we serve. Once the department has filled all authorized commissioned and civilian positions, the City should complete a data-driven review of the outcomes of the new staffing levels, deployment options for stabilized staffing levels, and refresh a forecast of the policing needs of the community and operational needs of the department at that time.

- **Facility needs.** VPD identified a near-future need for additional facilities to house patrol and specialty units, as well as training. During our deliberations, there was insufficient data and analysis available for us to include this item in our recommendations, but we recognize it as something the City will need to address within the next several years.

We also recognize that while our charge was to craft a long-term solution for all City services, many changes will come in the next decade: There will be five City Council election cycles by the end of 2030, as well as the likelihood for multiple economic cycles and dramatic changes in technology that influence how the City and our economy work.

The City is also subject to the dynamics of the statewide political and policy-making environment, which is likely to be seen in actions by the Legislature or voted initiatives that either mandate action or disrupt revenue streams for the City. For example, as we finalize this report, a new initiative has been certified for the November ballot that, if passed, would reset vehicle license tabs down to $30, eliminating nearly $5 million in dedicated funding for the City's street system. In addition, the state Legislature is considering a bill that could limit the business license surcharge as a revenue tool for cities. Though we acknowledge these dynamics, we encourage the City Council (and future City Councils) to honor the spirit of the Stronger Vancouver initiative.

Key Findings

6. **CRITICAL CITY BUILDINGS ARE NOT PREPARED FOR A LARGE-SCALE NATURAL DISASTER.** The City's Operations Center, the 24/7 hub for essential public works services and disaster response, is outdated and seismically vulnerable. Five of the City's 10 fire stations are also seismically vulnerable and in need of renovation. These facilities support the entire city population and much of the Vancouver urban area (Vancouver Fire serves more than half of Clark County's total population) and are critical to the City's ability to provide emergency response and to ensure continuation of streets, drinking water, sewer, and other services after a seismic/disaster event.

7. **BENEFITS FROM PAST INVESTMENTS ARE NOT SPREAD EVENLY THROUGHOUT THE CITY.** The City has had success with focused planning and infrastructure investments that have attracted private development, businesses and jobs in areas such as Esther Short Park, the Waterfront, Grand Central and the Columbia Tech Center; however, there are many areas throughout the city that have not benefited from such investments, such as the Heights District, the Fourth Plain Boulevard commercial district and other parts of Vancouver.

   The Fourth Plain commercial district (an area with many renters, diverse small businesses and a major transit corridor) has some of the highest pedestrian-vehicle collision rates in the entire state due to its lack of sidewalks, pedestrian crossings and bike routes. In one northeast section of Vancouver (a lower-income area with a high population of young children) there are no developed parks, and parks in several other areas of the city have run down or broken equipment. The Heights District is currently undergoing a master planning process, but without investment from the City spurring private development in the district, it will remain just that, a plan.

8. **INVESTMENTS NOW WILL HELP PREVENT FUTURE PROBLEMS AND ENHANCE LONG-TERM ECONOMIC VITALITY.** Urban amenities such as parks, bike- and pedestrian-friendly roadways, public art, restaurants, bars, coffee shops, community festivals and events attract residents, businesses and talent to cities. Compared to cities of similar size, Vancouver has less than half of the median parks acreage, half the number of parks employees and more than twice the population served by our community centers. Active and inclusive programming of parks and public spaces helps to deter activity and behaviors that can reduce safety and livability and that further strain police and emergency services.

9. **THE CITY'S BUSINESS CLIMATE IS COMPETITIVE.** Based on two analyses conducted by consultants for the ESC, we found Vancouver's current revenue and taxing structure to be competitive in the region. Compared to other Pacific Northwest cities, Vancouver has the lowest direct service expense per capita and staffing per 1,000 of population. Our tax rates generally do not exceed those in neighboring communities; however, the effect of increased taxes on business competiveness is difficult to quantify because the taxing and regulatory environment is just one of many considerations for businesses when making location or expansion decisions.

Key Findings

10. **THE CITY'S REVENUE TOOLBOX IS SHALLOW AND DOES NOT KEEP PACE WITH GROWTH OR INFLATION.** Nearly three-quarters of the City's general fund revenue comes from three sources: property tax, sales tax, and utility tax. Revenues from these sources lag behind the rate of inflation. Combined with greater demands for service due to population growth and the lingering effects of the Great Recession, this lag has led to declining service levels, deferred maintenance, and increased safety risks. Some of the reasons City revenue sources do not keep pace include:
    - Economic impacts of the Great Recession.
    - Statewide tax initiative to cap property tax at 1% annual growth plus new construction.
    - Lower sales tax collections due to our proximity to Oregon, estimated at a $10 million per year loss.
    - Rising costs and demand for services due to ongoing population growth
    - Statewide tax initiative to eliminate the motor vehicle excise tax (MVET)
    - Elimination of the City's B&O tax in 2002 at a time when other revenue tools were still available

11. **A CITY BUSINESS & OCCUPATION (B&O) TAX RAISES CONCERN AMONG MANY LOCAL BUSINESSES.** A City B&O tax could be utilized as a revenue tool to finance both the capital and operations needs in the service package. A City B&O tax (a tax on business gross receipts) is used throughout Washington by local jurisdictions. (Note: a City B&O tax is separate from the State B&O tax, which all businesses currently pay). Vancouver phased out its local B&O tax approximately 20 years ago, prior to the passage of the statewide initiatives to limit property tax and the MVET. Local businesses are unsure about, and express concern over, the effect a City B&O tax would have on their profitability. Several business stakeholders have said that elimination of the City B&O was part of an agreement that should be maintained. Not all businesses pay a B&O because it is based on gross receipts or sales that are apportioned to Vancouver. While our recommendation includes implementation of just more than one quarter of the City's capacity for a local B & O as part of a comprehensive package, it was clear during our deliberations as the ESC that our membership is conflicted on the use of a City B&O. Therefore we have not solely relied on the B&O as the business contribution to this package.

12. **THERE IS NO EASY SOLUTION.** There are multiple ways to address and fund City services, but in an attempt to recommend the most equitable and least impactful strategy possible, our approach must be multi-pronged. Businesses, property owners and residents must all share the cost of services and investments needed to build a strong foundation and future for our city.

13. **WE MUST TAKE ACTION SOON.** On this, we do not hear disagreement. In our community discussions we did not hear questions on "if" we take action, but "how." We came to understand that the near-term forecast for the City indicates financial stability for the next few years, but the impact of the structural imbalance in how core City services are funded will become challenging very soon. If not proactively addressed now, we will start experiencing a greater decline in service levels across all general City services in the very near future.

Community Feedback

Our work was informed by a multi-faceted community outreach, education and engagement program that was intended to raise awareness of the initiative and gather feedback through a variety of channels on both the service package as well as methods for funding its implementation.

Phase 1 of outreach for the Stronger Vancouver initiative ran from October 2018 to February 2019, with the goal of creating awareness of and gathering feedback on the Stronger Vancouver draft service package (investment areas and revenue scenarios). City staff and ESC members spoke with targeted stakeholder groups and several hundred community members. In addition, the City hosted a website throughout the outreach process where visitors could learn about the initiative, complete a survey and leave comments. Throughout this process the complexity of the topic and time required to fully grasp the issues and potential solutions has been widely acknowledged.

Efforts were made to reach as many stakeholders as possible using online and in-person methods. During the phase 1 outreach period, we were able to reach approximately 4,000 individuals, including residents, business owners, and employees. Below is a high-level overview of the community feedback; detailed outreach reports are available in Appendix E.

OUTREACH ACTIVITIES

- Community Leaders Roundtable
- Website (and online survey)
- Phone survey
- Stakeholder interviews
- Community/business organizations meetings
- Placed–based outreach
- Focus groups
- Social media
- Newsletters
- Videos
- TV screens in community center lobbies
- Printed materials

KEY THEMES AND TAKEAWAYS

Consistent themes were heard throughout the outreach activities:

- Broad appreciation of the need for future investment especially in the areas of Public Safety and Economic Development and replacement of the Operations Center.
- A desire for emphasis on issues surrounding homelessness
- Concern about the effect of higher utility rates/taxes on low-income residents, especially renters
- Concern about the impact of higher business taxes on small businesses
- A need for balance and fairness in who pays
- A combination of revenue tools should be used

Community Leaders Roundtable. In October 2018 more than 50 participants (elected officials, residents, neighborhood association representatives, business owners, business organizations, school districts, non-profits, and service organizations/agencies) convened for a four-hour workshop to provide input and response to the draft service package and revenue options.

- Broad appreciation of the need for future investment in the Operations Center and for public safety
- Desire for investments that increase economic vitality and generate employment
- Recognition of the need for more homeless services.

Community Feedback

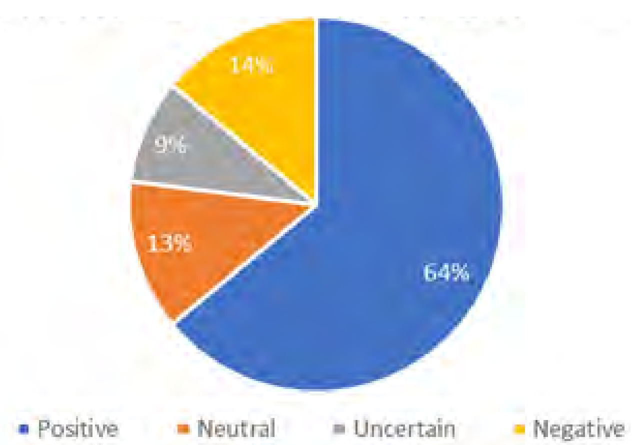
Website & Online Survey. Strongervancouver.org contained detailed information on the initiative, draft investment package and revenue options, info-sheets and a survey. The website also included a calculator that allowed users to explore what the proposed revenue scenarios could mean for their household or business.

From November to February 2,400 users visited the website more than 3,300 times. Visitors to the website spent a noticeably longer than normal duration of time on the site (compared to similar sites) reading information and completing the surveys.

334 users completed the service package survey and 134 users completed the revenue options survey and nearly 300 comments were submitted. The survey gathered feedback on the draft investments and revenue scenarios.

Survey findings. A majority of survey respondents indicated a positive reaction to the investments in the service package.

Q: My reaction after learning more about the entire package of investments is mostly:



Top concerns mentioned in open-ended comments:

- Homelessness
- Affordable housing
- Impact of rising taxes
- Employment and jobs

Three top areas indicated as "very important/important":

- Public Safety
- Parks & Recreation
- Economic Development

Q: For each of the service improvement areas described, please indicate its importance to you in achieving the vision for A Stronger Vancouver:

	% of respondents answering Very Important/Important:
Public safety:	92%
Parks & Recreation	85%
Economic development	84%
Traffic/bike/pedestrian safety	82%
Homeless services	77%
Arts, culture & heritage	68%

The survey asked respondents to indicate their preference for which revenue tools should be utilized more than others for the new invesments. Resondents indicated a preferrence for less utilization of utility and property taxes and a greater preference toward business taxes as the preferred tool.

Phone Survey. In Oct. 2018, a random phone survey was conducted. Of the 300 survey respondents, the following areas were indicated as the top three most important investment areas:

- Fire Station rebuilding/renovations
- Operations Center replacement
- Investments in commercial districts

Stakeholder Interviews. Also in Oct. 2018, interviews were conducted with 17 business community stakeholders. No dominant investment priority emerged but the following areas were indicated as the highest priorities/ areas of concern:

- Homelessness
- Downtown parking & transportation issues

Community Feedback

Community, Neighborhood, Business Organization Meetings. From November to February ESC members and City staff attended community, neighborhood and business organization meetings speaking to several hundred individuals. Key feedback themes:

- Overall broad support for the investment service package. However, more specific details on the projects and outcomes is desired.
- Excitement about the Waterfront development and its positive impact on the city.
- Broad acknowledgement and support for economic development investments, especially ones that bring employers and high-paying jobs.
- Neighborhood associations placed a high priority on parks.
- Business organizations expressed concerns over the possibility of a local B&O tax.
- Widespread concern over the impact higher utility rates and property taxes would have on households, especially low-income families, renters and seniors.
- Broad support for small businesses across audiences and concern that they would be adversely impacted by higher business taxes.
- Importance of fairness and balance in who pays.

Place-Based Outreach. City staff spoke with approximately 250 people and collected 156 surveys at the Firstenburg, Marshall and Luepke centers, as well as the Habitat ReTails Thrift Store, Vancouver Community Library and the City's Community Resources Fair. Key feedback themes:

- Overall reaction to the service investment package was positive.
- Feedback on the revenue scenarios favored the use of business taxes; use of utility taxes was split; and use of property taxes was the least preferred option.
- Areas indicated as highest priorities/highest concern were: homeless services, parks & recreation and public safety.

Focus Groups. Four, 12-person focus groups were conducted in February 2019. The participants were randomly recruited by Consumer Opinion Services (a marketing research company) and included business owners, renters, and home owners, representing a range of age and income levels. Thirty-seven percent of the participants represented communities of color. Participants who had not previously engaged with the City or heard details about A Stronger Vancouver were chosen. The range of findings and insights varied significantly from other outreach conversations, due to the limited time the participants had to hear about the initiative with no previous exposure, the diversity of audience, and limited knowledge of city government. Key feedack themes:

- The package did not resonate with about half of the participants; the other half felt they could get behind it after receiving more specific details.
- Most participants felt there were more pressing issues than those in the service package and worried about the threats to their quality of life (housing affordability, higher cost of living).
- The scope of capital projects and operating costs felt excessive to them, particularly in the parks category. All groups challenged the need for investments in parks and developing new parks as they felt neighborhood parks are underutilized by residents and a magnet for homelessness.

Community Feedback

- Funding for a new Operations Center and fire stations were supported as core City services.
- Many felt that more emphasis should be placed on: homeless services and protecting small businesses
- Most expressed strong sentiment about the need for fairness in who pays.
- Top priorities areas were public safety and economic development (especially attracting large employers and high-paying jobs).

Newsletters. The initiative was featured in articles in several neighborhood association newsletters, the City's monthly Vancouver Connects e-newsletter, and the Messenger newspaper.

Printed Materials. Investment and revenue option sheets were provided at in-person meetings and online. More than 5,000 Stronger Vancouver postcards were distributed containing a call to action to learn more/ leave feedback on the website. The fact sheets were also translated into Spanish.

TV Screens. TV screens were set up in the lobbies of the Firstenburg and Marshall centers running a series of rotating slides containing information on the investment areas and encouraging viewers to go to the website.

Social Media. The City has 30,000+ followers across its social media channels (Facebook, Twitter, Instagram) and an additional 34,000+ on NextDoor. The Stronger Vancouver informational campaign reached approximately 70,000 people through these channels.

Videos. An informational video and short videos with details on various investments were also produced for use on the website and social media. The video was also translated into Spanish.

Continued Public Outreach. Phase 2 of public outreach will gather feedback on the ESC's recommendation to City Council. Plans include:

- A revised website
- Expanding the target audience with attention to balancing participation across all demographic groups.
- Continuing in-person outreach to community, neighborhood and business organizations.
- Continuing in-person outreach at various locations and events citywide.
- Finalizing an outreach summary report in June.

Service & Revenue Package Considerations

Based on the information provided by City staff, feedback through the range of community engagement channels and the considerations and perspectives brought to the table by individual ESC members, we crafted an overall service package and funding approach that would address the needs of our growing community over the next decade.

The capital and operational investments selected for the service package represent areas of the greatest need and are consistent with goals outlined in the City's Strategic Plan. They encompass three primary focus areas: Public Safety, Parks and Economic Vitality.

We developed the following guidelines to consider when choosing the capital and operating areas to be included in the service package:

- Helps retain and/or attract diverse talent to the local community and economy
- Serves as a catalyst to lead and promote private investment
- Prevents problems or proactively addresses causes
- Provides tangible services to residents, especially those who are underserved
- Enhances relationships and connections among residents
- Promotes social and geographic equity of service delivery
- Focuses on services or responsibilities that rest solely or primarily with the City
- Provides opportunities for positive financial or community return-on-investment
- Reflects stewardship of what we already have
- Has potential to increase City revenue base
- Focuses toward the long term (sustainability and prevention)

We developed the following principles to consider when developing the revenue recommendation framework:

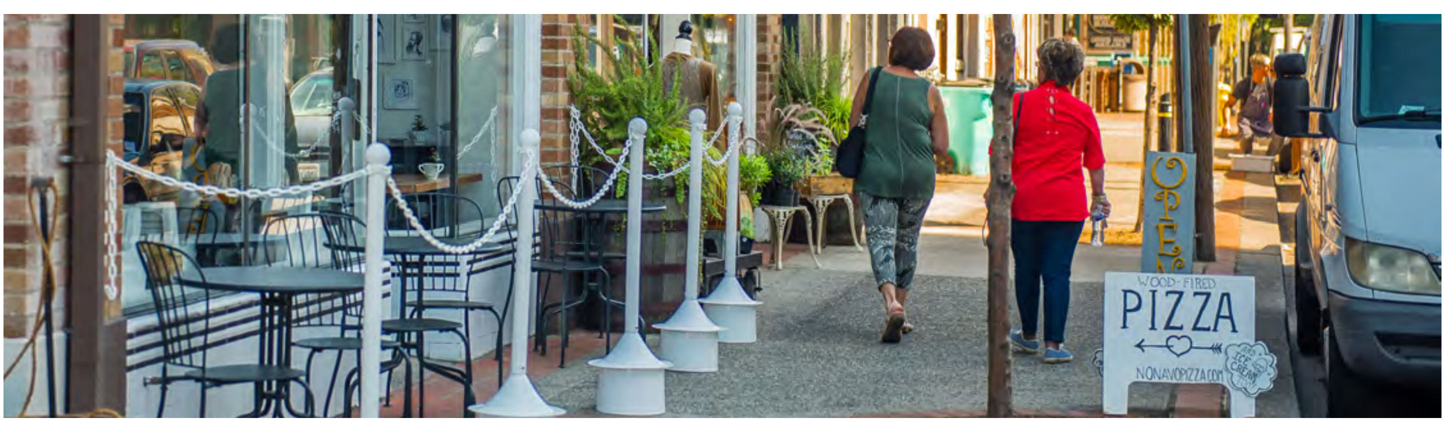
- **Fair:** Attempts to raise dollars across sectors, users and customers in an effort to not impact one particular group over another
- **Sustainable:** Keeps pace with inflation over time
- **Simple:** Helps to simplify the taxing structure
- **Scalable:** Able to grow with future needs
- **Stable:** Reliable and predictable revenue
- **Equitable:** Attempts to not disproportionately impact any one group or population

From these considerations, we developed three potential revenue scenarios. These three scenarios were then taken to the community for feedback that informed our ultimate recommendation.

Two of the three initial draft scenarios relied on a combination of voted property tax, increased business taxes and a collection of other smaller and more specialized revenue sources to comprise the total annual revenue target. A third scenario relied much more heavily on a combination of business taxes and a collection of other smaller and more specialized revenue sources without any voted component.

We sought a balanced approach where all members of our community help invest in our future. Input received from the public also showed a strong desire for balance.

We recommend that the final revenue package ultimately adopted consider improvements to the long-term sustainability and resilience of the City's revenue system in addition to improving outcomes.



Recommendation

We offer the following comprehensive recommendation, which reflects a complete and integrated package of projects, programs and services, paired with a balanced and sustainable revenue package for City Council's consideration. (Project, program and funding details can be found on pages 25 & 26.)

The ESC is recommending this framework to use for decision-making and continued community outreach and analysis. We believe it important that the Council have flexibility to make adjustments based on additional information, new perspectives and stakeholder input.

CAPITAL & OPERATIONAL INVESTMENTS

The elements included in the service package were selected from a much larger list of possibilities and are intended to deliver the highest impact with the greatest value most equitably across the city.

We developed the recommended service improvements with the assistance of the City Manager, departmental leaders and City staff. In addition, we considered priorities from community surveys, as well as the City's Strategic Plan, Comprehensive Plan, Arts, Culture & Heritage Plan, Parks, Recreation and Open Space Plan, a Community Resource Team's review of fire/emergency medical services, and the unique needs of downtown as identified in the City Center Vision (reviewed by the City Center Redevelopment Authority).

Encompassing three primary focus areas – Public Safety, Economic Vitality and Parks & Recreation – the service package will contribute to Vancouver fulfilling its vision of becoming a safer and more resilient community, growing a stronger economy, and creating more vibrant neighborhoods and business districts throughout.

While the recommendation includes a list of discrete projects and programs that will have measurable outcomes, it is important to recognize that the services the City provides function as a system, where an investment in one area benefits another:

- Improvements to public safety facilities and programs contribute to an environment more conducive to economic development and rising property values,
- Parks improvements support neighborhood vitality and rising property values, private economic investment and improved public safety.
- Investments in economic vitality projects and programs, such as targeted street, utility and park and plaza projects, stimulate private investment and improve property values.

Other facets of the package, such as addressing the impacts of homelessness or serving the community more equitably, are relevant to each focus area and the overall success of Vancouver.

A map of capital investment locations can be found on page 28.

CAPITAL & OPERATIONAL INVESTMENTS	Investment	Annual Cost
CAPITAL PROJECTS • Invest in commercial district improvements citywide • Replace the Public Works Operations Center • Replace two fire stations; renovate/upgrade three fire stations • Enhance the parks system to increase safety, increase access and attract private development around key community parks	$278 million	$14.9 million
SERVICES AND PROGRAMS • Develop and implement subarea plans to catalyze private investment • Citywide bicycle and pedestrian safety improvement program • Increased support for homeless services • Support programming that helps at-risk youth, increases access for children to attend the summer playground program, activates public spaces with events, and reduces financial barriers to recreational programs • Downtown Improvement Area • Proactive crime and fire prevention programs • Re-institute an arts, culture and heritage program	--	$15.2 million

Recommendation

OUTCOMES

The outcomes intended with this service package, include, but are not limited to:

- Increased operational efficiency
- Improved preparedness and resilience for first responders
- Reduced EMS response times during peak hours; reduced overall response times
- Reduced incidence of residential fires, loss of life and property
- Reduced incidence of crime by proactively addressing trends/causes
- Increased access to parks; improved user experience, higher quality equipment, including ADA features
- Increased park safety; decreased vandalism and nuisance behavior in parks
- Increased connections with at-risk youth through the City's recreation programs
- Increased number of children engaged in supervised activities over summer
- Reduced financial barriers to participation in recreation programs
- Increased community engagement through more diverse and greater number of community events
- New and enhanced public spaces that are safe and inclusive, through improvements in targeted areas throughout Vancouver
- Increased neighborhood vitality and property values
- Increased assessed values, business growth and new private investment
- Increase opportunity for new economic investment in subareas
- Improved transportation, mobility and connectivity in targeted areas
- Decreased incidents of pedestrian-vehicle collisions
- Increased number of residents using transportation alternatives
- A dedicated funding source to address downtown's needs
- Increased engagement with and support of neighborhood associations
- A citywide culture, arts & heritage program and support for arts organizations
- Increased engagement with diverse communities
- Increased capacity to address the needs of citizens experiencing homelessness
- Regular, consistent cleanup of areas impacted by homelessness
- Operations support for day and overnight homeless facilities

Based on themes that emerged from community engagement, our final recommendation includes a few key modifications to our original draft service package released for public input in fall 2018. These modifications include:

Economic Vitality: Transportation and economic development were prominent themes emerging from the community outreach. As a result, we have refined the preliminary service package to place more emphasis on capital investments in support of economic development efforts by shifting some resources from subarea planning work to subarea implementation, and through the implementation of the final $10 license tab capacity under the Vancouver Transportation Benefit District's authority. The combined impact of these changes results in a $22 million increase in funding (to a total of $31.2 million) for investments that support economic development, while still assuring capacity to craft additional plans that will serve Vancouver beyond the 2030 horizon. Further, based upon the track record of the City in securing grants, we believe that this $31.2 million in funding will be leveraged to bring greater impact to targeted districts throughout the city.

Affordable Housing & Homelessness: While there are already substantial resources included in the service package to address the impacts of homelessness ($2.25 million to support homeless facility operations, dedicated outreach teams and cleanup efforts), we also understand that one of the roots of homelessness is the lack of affordable housing in the community. In 2016, Vancouver voters approved Proposition 1, a 7-year $42 million commitment to increase the supply and access to affordable housing, provide services aimed at preventing homelessness and to support emergency sheltering. The issues of affordable housing and homelessness remain significant in Vancouver and are projected to continue to grow as the City matures over the next decade. We believe there may be an opportunity to make this funding permanent in the context of this overall package.

Recommendation

REVENUE CONSIDERATIONS

While it was difficult for the ESC to narrow the projects and programs from the full range of possibilities to those contained in this recommendation, it was substantially more difficult to formulate a recommended funding strategy, as the City's revenue toolbox is shallow.

As noted earlier in this report, the ESC worked with the City team, in addition to gathering informal feedback from our individual constituencies, to craft three funding scenarios that relied to varying degrees on a range of revenue tools. Two of the three scenarios relied on voted property tax increases to fund the capital projects; the other relied more heavily on business taxes to fund the entire service package. These three scenarios were the basis for months of community outreach. Based upon this engagement, the ESC reached several conclusions that informed our recommended funding package:

Engaging the voters is key. The community improvement contemplated in the service package is widespread and benefits every area of the city. From improved parks to improved public safety response, to improved emergency readiness, everyone in Vancouver will benefit. Having a component of the overall funding package go to voters is important not just for the Stronger Vancouver effort, but for the long-term relationship between the City and its electorate.

Balance in who pays is important. The single largest revenue stream to the City's general, street and fire funds is property tax. Property tax is the most stable of general fund revenues and also among the most limited due to its restriction to 1% annual revenue growth. In addition, our property assessment and tax system have, over time, shifted a larger portion of the property taxes paid from commercial and industrial properties to residential properties. As a result, the cumulative tax incidence in Vancouver has steadily increased for residential properties but remained relatively stable, or in some cases declined, for non-residential properties.

There is risk in over-reliance on certain revenue tools. Over the last decade, the City has turned to utility taxes as a resource to tap for a range of purposes. Since 2003, the tax on City-owned utilities has been increased four times from 16% to a current tax of 28.9%. Because this is a tax on the revenues of the City's various utilities, not a tax on the consumer, the utility rates must be increased an amount sufficient to pay the tax as well as meet the operating costs of the utilities. Further increased reliance on this revenue stream begins to erode the City's competitiveness for business recruitment and expansion in key sectors, as well as potentially increasing the City's risk if the State Legislature ever takes action to limit this revenue source.

Diversity in revenues is important. To assure balanced tax incidence as well as resilience through economic cycles, relying on a range of revenue sources is key to the success of the Stronger Vancouver initiative, as well as the financial wellbeing of the City as a whole.

Any increase in taxes should contemplate the impact on Vancouver's competitiveness. While it is not the primary consideration, all businesses consider tax incidence when making a decision to locate, expand or leave a particular community. An increase in taxes associated with the Stronger Vancouver effort must take into account the impact on Vancouver's competitiveness in the arena of business retention, growth and attraction.

Recommendation

Central to our deliberations on this point has been the potential impact of restoring a local B&O tax.

In light of these and other considerations discussed in this report, the ESC recommends a revenue package that raises a total of approximately $30.1 million in new revenue annually, with approximately $15.2 million dedicated to capital projects and debt service for capital, and approximately $14.9 million funding the operating costs to maintain new capital as well as establish, expand or sustain service programs.

There are several ingredients to the revenue approach that establish a stable, multi-faceted package with three primary components of new revenues, each contributing about one-third of the total revenue package. We believe that the overall revenue package should be implemented over time, with the councilmanic portions phased in over three years and the property tax increase over six years. This approach will allow residents and the business sector to plan for the change in the environment, and more closely reflects the ramp up period anticipated for project and program delivery.

While we support a longer phase-in, we also recommend City Council considering and adopting the service and revenue recommendations as a complete package, including coordinated adoption of all appropriate ordinances and resolutions for the voted and councilmanic elements. The comprehensive revenue package relies on all facets to achieve the shared vision for A Stronger Vancouver. A piecemeal approach would be susceptible to changes that would erode the likelihood of achieving the desired outcomes, as well as undermine the objective of developing a long-term, comprehensive, structural solution to fund a full range of City services and support the community's aspirations.

REVENUE RECOMMENDATIONS

Property Taxes. We recommend Council approve a ballot measure to raise approximately $9.7 million annually via a property tax levy lid lift. Proceeds from the property tax revenues would generally be used to fund new capital investments in public safety, economic development and parks and recreation, as well as the ongoing operation and maintenance costs for these new facilities.

Property taxes comprise about 33% of the overall recommended new revenues. This is the broadest base revenue tool at the City's disposal and represents the largest single source of revenue in the overall package. While it is the broadest, it is also very restricted over the long term due to statewide property tax limitations. This recommendation assumes a six-year levy, with the initial year estimated to be a levy of $0.44 per $1,000 of assessed value. This would equate to approximately $154.00 in the first year for a typical home valued at $350,000. The levy rate in subsequent years – and consequently the actual tax levied – may be lower as the City's assessed value grows.[2]

Affordable Housing Levy. We also recommend the City Council review the outcomes and consider the possibility of including conversion of the current 7-year Affordable Housing levy to a permanent levy in year 4 of the recommended multi-year lid lift. Including an affordable housing component in the multi-year lid lift could be designed to be "rate-neutral" to property tax payers, but would generate ongoing resources for this purpose. We understand that an important consideration for the Council in this particular element is the representations made to voters in the initial Proposition 1 in 2016, with regards to the levy being permanent or temporary.

Business Taxes. We recommend a diversification of the business tax system through an increase to the existing business license surcharge and the establishment of a local business and occupation (B & O) tax at rates well below the statutorily authorized levels. This two-dimensional business tax system would generate $9.7 million (~32%) of the overall recommended revenues.

2 *For example, the City's general purpose levy was $2.31 in 2018 and is $2.10 in 2019.*

Recommendation

The business tax elements of the overall funding package have been the most challenging element of the Stronger Vancouver initiative for the ESC to bring to ground. There are only two feasible revenue tools available to the City: a further increase in the per FTE business license surcharge (currently set at $90/FTE per year) and a B&O. The B&O tax is a galvanizing topic among the full range of business sectors, with a general sense that it is simply a "bad" tax because it is a regressive tax on a business's top line (gross receipts) rather than a tax on a business's bottom line (net profit); individual businesses pay it whether they are profitable or not. While there are many arguments to be found and made regarding the B&O tax, there is one fact that emerges through all of them: the B&O tax is the main source of business tax revenue statutorily available for state and local governments in Washington State.

In considering the role of business taxes in the context of a comprehensive funding package, the ESC took into account a few key aspects:

Competitiveness. The City arranged for two independent consultants to examine the issue of competitiveness:

- Paul Lewis (financial and management consultant) conducted a fiscal benchmarking analysis to determine where Vancouver ranked on a range of benchmarks among Washington and Portland Metro area cities of comparable size and found that Vancouver ranked among the lowest of similar cities on effective tax burden as a portion of income.[3]
- ECONorthwest conducted a competitiveness analysis to look at the three revenue scenarios the ESC crafted for public feedback. In general, ECONorthwest concluded that Vancouver's current tax environment is competitive for business location, retention and expansion, and that any of the three scenarios would not materially change that. We recognize that the impact of a change in the local tax landscape will have unique impacts on individual businesesses; however, we believe that at a macro level the total new tax expense that would result from these recommended changes is inconsequential to the overall economic and business climate.

Shift in property tax burden. Since 2012, the overall assessed value of the City's property tax base has shifted significantly to be more residential than commercial. Between 2012 and 2018, the value of the total property tax base in Vancouver increased by about 40% while the total valuation of commercial and industrial properties in the city remained essentially flat. This shifted the ratio of residential to commercial property value from 70% residential/30% non-residential to 78% residential/22% non-residential. Over the last seven years, many commercial and industrial properties have seen a significant decline in their property tax bills, while residential properties have generally seen consistent increases.

Broadening and diversification of the business tax payer base. Our recommendation attempts to reach the broadest number of businesses and to diversify the business tax structure. This would be difficult to do via a single dimensional tool (either business license surcharge or B&O). We recommend instituting a combination of a modest increase in the business license surcharge per FTE and implementation of a modest B&O tax.

3 Paul Lewis also confirmed our understanding of Vancouver's efficiency in operations, finding that Vancouver's operating expenses on a per capital basis were at or near the bottom of the comparable set.

Recommendation

In the course of our deliberations and in the outreach we have done individually and as the ESC, we have also come to realize that there are many aspects of the local B&O tax – and business taxes in general – that are misunderstood. This is compounded by the history of the B&O in Vancouver. We encourage business owners and residents to "do the math" regarding the true financial implications of this recommendation. We believe that they will find, as we have, that the value of the community benefits included herein exceeds the dollar costs.

Vancouver's economy is primarily composed of many smaller businesses: about half of all private sector employment within the city is in companies with 50 or fewer employees, while less than 10% of all private employment is in companies with more than 250 employees. Consequently, we recommend that the current "floor" of gross revenues, below which businesses are exempt from paying local taxes, be raised from the current level of $12,000 annually to $100,000 annually for the B&O tax, while maintaining the current floor of $12,000 for the business license surcharge. However, given the lack of highly reliable data in the first year of implementation upon which to base a revenue forecast from the B&O, we recommend that the floor be phased in over the three-year period in a manner that balances an assurance that revenue targets are achieved while reaching revised gross revenue exemption levels.

We believe that this recommended approach will add dimension to the current business tax system in a way that will maintain a competitive business climate, assure that the full spectrum of businesses pay an appropriate share of the overall costs of the service package and avoid disproportionately burdening particular business sectors or sizes.

We recognize that estimating the revenue derived from a B&O is difficult as it relies on an honor system of businesses self-reporting. Due to the proprietary nature of gross revenues by business and even by geography, the available data is opaque at best.

Taking this into consideration, the recommended business taxation approach would include:

- Establishing a revenue target for new revenues derived from changes to business tax rates of $9.7 million annually.
- Increasing the current per full-time employee business license surcharge ("head tax") by $70 to a total of $160, which is projected to generate $4.2 million in new revenue; index the ultimate rate to inflation using the Seattle CPI-U.
- Re-establishing the local business and occupation (B&O) tax at rates that are the same for all types of businesses. The target rates are estimated to result in $5.5 million in new revenue at full implementation. We propose to phase in the rate over a three-year time period.
- Gather data from year one of B&O implementation to:
  - Inform the appropriate B&O rate in years 2 and 3 of the phase-in to reach revenue targets; stabilize the rate structure by the end of year 3.
  - Inform an appropriate phase-in and target for the gross revenue "floor" for business tax exemption. We recommend a target floor of $100,000 annually, where businesses that have lower gross revenues than the threshold would not be required to pay B&O tax but would be required to file for a business license annually and pay the annual business licensing fee. Data collected during the first years of implementation will help assure an approach that business tax revenue targets are achieved and may indicate that a lower floor may ultimately be warranted.
- Considering credits and exemptions that foster growth and expansion of targeted industries as identified in the City's Comprehensive Plan and the regional economic development plan, as well as to meet

Recommendation

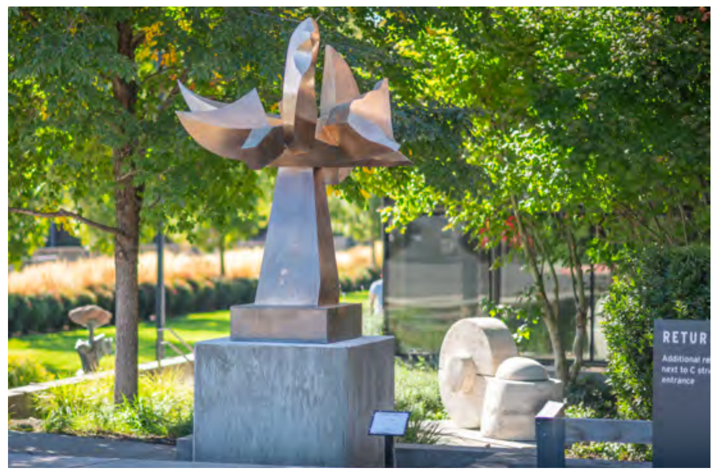
targeted community objectives, such as access to affordable child care or health care.

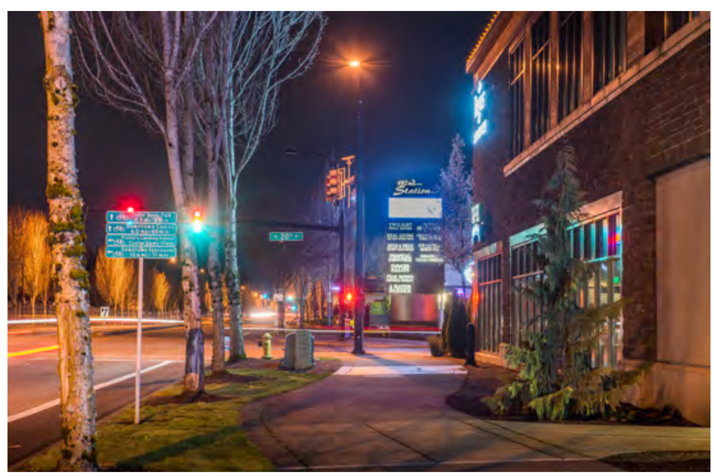
- In considering a local B&O tax, we believe it is critical that the City Council fashion the ultimate structure of the business taxes in a manner that assures both equity in how businesses pay and to continue to foster economic growth.

OTHER REVENUES

We recommend the City also increase certain targeted revenues to raise $10.7 million (~35%) of the overall revenue package, including:

- Dedicate City's revenue from sales tax resulting from the recent change in law that applies sales tax to all internet transactions: $3 million
- Increase the Park Impact Fees to reflect current real estate and construction costs: $2.6 million
- Establish an admissions tax of 5% to provide funding for culture, arts and heritage programs: $0.5 million
- Establish a funding mechanism to assure the unique needs of an urbanizing downtown are met (such as a Business Improvement District): $0.7 million (target)
- Increase the vehicle license tabs to support public infrastructure needs of new companies bringing a large number of living wage jobs to the City: $1.2 million
- Dedicate new utility tax revenue resulting from increases in utility rates needed to fund the utility portion of the Operations Center, currently estimated to be equivalent to a 2.5% utility tax increase to fund the Stronger Vancouver initiatives; additional increases in the utility tax to round out the funding package if necessary.





Recommendation

Revenue Source	Rate	Annual Revenue	Use
BUSINESS TAXES			
Business and Occupation Tax *Businesses with annual gross revenue of $50,000 or less are exempt in year 2020, and with annual gross revenue of $100,000 or less are exempt in year 2021 and thereafter.*[4]	Retail, Wholesale, Manufacturing, and Services: $0.55 per $1,000 of annual gross receipts	$5.5 m	Operating
Per full-time equivalent (FTE) employee Business License Surcharge	$70 per FTE increase to current rate	$4.2 m	Capital and operating for public infrastructure to attract employers and jobs
Total Business Taxes		**$9.7 m**	
PROPERTY TAX			
Multi-year property tax levy lid lift (voted)	$0.44 per $1,000 of assessed value	$9.7 m	Capital and operating
Total Property Tax		**$9.7 m**	
OTHER TAXES/FEES			
Utility tax/rate	2.50% increase to current rate	$2.7 m	Operating
Sales tax newly applied to internet sales	n/a	$3.0 m	Capital
Park Impact Fees (PIFs)	Increase PIFs to reflect current real estate and construction costs	$2.6 m	Capital for parks development
Downtown Improvement Area (DIA)	$0.42 per $1,000 assessed value of business property downtown	$0.70 m	Operating for DIA
Admissions tax	5% of ticket price (movie theaters)	$0.50 m	Operating for arts, culture, heritage programs
Vehicle license tab	$10 increase to current rate	$1.2 m	Capital for public infrastructure to attract employers and jobs
Total other taxes/fees		**$10.7 m**	
TOTAL		**$30.1 m**	

1 *The purpose of a phase-in of the exemption threshold is to ultimately establish a data-supported exemption level that results in generating the target amount of revenue. The approach to phasing could take other forms, and the ultimate level of exemption may be different than reflected here. The first year of data gathered as a result of re-establishing the B&O would be used to inform the ultimate exemption threshold for this revenue source.*


A STRONGER VANCOUVER
Investing in our future
CAPITAL PROJECTS
Vancouver Lake
Columbia River
5
205
503
500
14
FENTON PARK
RAYMOND E. SHAFFER PARK
JAGGY ROAD PARK
KEVANNA PARK
BURNT BRIDGE CREEK SCHOOL PARK
OAKBROOK PARK
PETER S. OGDEN PARK
LAUREN PARK
LINCOLN PARK
FRUIT VALLEY PARK
ROSE VILLAGE PARK
BAGLEY PARK
JOHN BALL PARK
ARNADA PARK
QUARNBERG PARK
COLUMBIA LANCASTER PARK
MEADOWBROOK MARSH PARK
LANDOVER-SHARMEL PARK
DAVID DOUGLAS PARK
GEORGE & HAZEL STEIN PARK
FATHER BLANCHET PARK
MARINE PARK
WINTLER PARK
HOMESTEAD PARK
HAMBLETON PARK
Economic vitality project
Fire station renovation project
Public Works Operations Center project
New park designed & constructed
Existing park redesigned & reconstructed
Existing park improved with new/additional amenities
www.strongervancouver.org

A Stronger Vancouver Service Package Recommendation – Projects & Programs List | April 2019

Total 10-Year Capital Investment:	$278
Total Annual Operating Costs:	$14.9

All dollar amounts expressed in millions

	Property Tax	B&O Tax	Business License Surcharge	Utility Tax	Internet Sales Tax	Park Impact Fees	Business Improvement District	Admissions Tax	Vehicle License Tab	Utility Rates
	Funding Source									
Estimated annual revenues	$9.70	$5.50	$4.20	$2.70	$3.00	$2.60	$0.70	$0.50	$1.20	$5.00
Expenditures:										
Annual PAYGO investment or debt payment*	$5.70	$1.70	$1.00		$3.00	$2.60			$1.20	$5.00
Total annual operating costs	$4.00	$3.80	$3.20	$2.70			$.70	$0.50		
**TOTAL capital supported by PAYGO or over life of 30-year debt term*	*$82.00*	*$17.00*	*$10.00*		*$50.00*	*$32.00*			*$12.00*	*$75.00*

CAPITAL PROJECTS *(*expenditures reflect a 10-year construction program; where debt is used, 30-year bond period is assumed)*

Outcomes	Project	Est. Cost	Property Tax	B&O Tax	Business License Surcharge	Utility Tax	Internet Sales Tax	Park Impact Fees	Business Improvement District	Admissions Tax	Vehicle License Tab	Utility Rates
1. Enhance public spaces in targeted areas throughout the city; 2. Improve transportation, mobility & connectivity in targeted areas 3. Increase assessed values, business growth & private investment	Commercial district infrastructure improvements (streets, sidewalks, lighting, pedestrian crossings, signals, public spaces, landscaping)	$52.00	$13.00	$17.00	$10.00						$12.00	
Improve preparedness & resilience for first responders	– Replace Fire Stations 3 & 6	$20.00	$20.00									
	– Fire Stations 4, 5, & 8 renovation/seismic upgrade	$5.20	$5.20									
1. Improve preparedness and operational efficiency. 2. Compliance with current building codes/laws	Maintenance & Operations Center replacement	$125.00					$50.00					$75.00
Increase park safety, neighborhood vitality & assessed values	– Marine Park (park redesign & development)	$15.00	$10.0					$5.00				
	– Wintler Park (turf, tables, benches, plant beds, signage, ADA features)	$1.50	$1.50									
	– Fenton Park (new community park)	$20.00	$10.00					$10.00				
	– Shaffer Park (park redesign & development)	$10.00	$5.00					$5.00				
	– David Douglas Park (park redesign & development)	$3.00	$3.00									
	– Bagley Park (park redesign & development)	$10.50	$8.00					$2.50				
	– Kevanna Park (park redesign & development) – Father Blanchet Park (park redesign & development) – Fruit Valley Park (playground equipment, signage, plant beds, ADA features) – John Ball Park (playground equipment, paths, drinking foundation, benches, tables, ADA features) – Arnada Park (playground equipment, gazebo maintenance, electrical/irrigation panel, ADA features) – Quarnberg Park (playground equipment, paths, tables, crosswalk improvements, ADA features) – Columbia Lancaster Park (playground equipment, irrigation equipment, ADA features) – Jaggy Road Park (playground equipment, ADA features) – Peter S. Ogden Park (playground equipment, ADA features) – Oakbrook Park (playground equipment, tables, benches, path, irrigation equipment, ADA features) – BBC School Park (playground equipment, benches, tables, paths, signage, ADA features) – Homestead Park (playground equipment, benches, ADA features)	$6.3	$6.3									
Increase access to parks	– Undeveloped Lincoln (new park, design & development) – Undeveloped Rose Village (new park, design & development) – Undeveloped George & Hazel Stein (new park design & development) – Undeveloped Landover Sharmel (new park design & development) – Undeveloped Hambleton (new park design & development) – Undeveloped Lauren (new park design & development) – Undeveloped Meadowbrook Marsh (new park design & development)	$9.50						$9.50				
	Total 10-Year Capital Program	**$278**										

A Stronger Vancouver Service Package Recommendation – Projects & Programs List | April 2019

Total 10-Year Capital Investment:	**$278**
Total Annual Operating Costs:	**$14.9**

All dollar amounts expressed in millions

	Property Tax	B&O Tax	Business License Surcharge	Utility Tax	Internet Sales Tax	Park Impact Fees	Business Improvement District	Admissions Tax	Vehicle License Tab	Utility Rates
	Funding Source									
Estimated annual revenues	$9.70	$5.50	$4.20	$2.70	$3.00	$2.60	$0.70	$0.50	$1.20	$5.00
Expenditures:										
Annual PAYGO investment or debt payment*	$5.70	$1.70	$1.00		$3.00	$2.60			$1.20	$5.00
Total annual operating costs	$4.00	$3.80	$3.20	$2.70			$0.70	$0.50		
**TOTAL capital supported by PAYGO or over life of 30-year debt term*	*$82.00*	*$17.00*	*$10.00*		*$50.00*	*$32.00*			*$12.00*	*$75.00*

OPERATING COSTS FOR SERVICES & PROGRAMS (annual costs)

Outcome(s)	Program	Est. Cost	Property Tax	B&O Tax	Business License Surcharge	Utility Tax	Internet Sales Tax	Park Impact Fees	Business Improvement District	Admissions Tax	Vehicle License Tab	Utility Rates
Increase opportunity for new economic investment in subareas	Subarea/district plans (implement 4th Plan, The Heights, Section 30 plans; develop: Upper Main, 192nd Corridor, Van Mall)	$0.60		$0.60								
Decrease incidents of pedestrian-vehicle collisions	Citywide traffic safety improvement program (one new staff position; public outreach/education)	$0.60			$0.60							
Increase number of residents using transportation alternatives	Citywide pedestrian & bike infrastructure improvements (staff; public outreach/education)	$0.30			$0.30							
1. Reduce overall system response times 2. Reduce EMS response times during peak hours	Rapid response rescue units/Fire Department (add four, 2-person, paramedic staffed units)	$2.30	$2.30									
Reduce incidence of residential fires, loss of life & property	Fire prevention program (implementation; public outreach/education)	$0.60			$0.60							
Reduce loss of life & property from residential fires	Fire sprinkler program (implementation; grant program funding)	$1.00				$1.00						
Reduce incidence of crime by proactively addressing trends/causes	Problem Oriented Policing Unit/Police Department	$1.00		$1.0								
Increase capacity to address the needs of citizens experiencing homelessness	– Homelessness services & response – Homeless/Mental Health Assistance Resource Team – Homelessness clean-up program (regular clean-up program for areas impacted by homelessness) – Homeless facility operations (support operations of day & overnight homeless facilities)	$2.3	$0.10	$2.20								
Reduce financial barriers to participation in recreation programs	Fee reductions for low-income participants in Parks & Recreation programs	$2.00	$0.20		$0.10	$1.70						
Increase number of children engaged in supervised activities over the summer	Summer Playground Program (expand program locations, hours & meals served)	$0.40			$0.40							
Increase engagement with diverse communities	Multi-lingual outreach program (three coordinator positions)	$0.50			$0.50							
Increase community engagement through more frequent & diverse community events	Expand the citywide community events program (three coordinator positions)	$0.30			$0.30							
Increase connections with at-risk youth through City's recreation programs	At-Risk Youth Program (one coordinator position)	$0.10			$0.10							
A citywide public art program & support for arts organizations	Culture, Arts & Heritage Program (one manager position; funding for public art, grants, & cultural programs/events)	$0.50								$0.50		
Increase engagement with and support of neighborhood associations	Neighborhoods Program (one coordinator position; funds for a neighborhood grants program)	$0.30			$0.30							
A dedicated funding source for programs to address downtown needs	Downtown Business Improvement District (develop and implement)	$0.70							$0.70			
Operating funds for new parks	Parks maintenance (parks maintenance support)	$1.40	$1.40									
	Total Annual Operating Program Costs	**$14.90**										

Adoption & Implementation

ADOPTION

This recommendation includes many components, and whatever direction is ultimately taken by the City Council will require multiple individual but coordinated actions. For example, there would be separate ordinances for business taxes, utility rates and admissions taxes, and a separate ballot resolution for the levy lid lift. We strongly encourage the Council to take these actions in unison, and provide for their implementation to occur over time consistent with the phasing approach referenced earlier in this report. We also encourage the Council to act thoughtfully but with urgency; while our work has taken longer than initially anticipated, we look forward to seeing action by the Council that ultimately produces the community benefits contemplated herein.

IMPLEMENTATION

We understand the City will need to establish the apparatus necessary to execute the projects, programs and systems reflected in our recommendation. We encourage the City Manager to work with the City Council and his executive leadership to deliver results as early as possible and sustain those outcomes over the next decade.

EQUITY

As the city of Vancouver grows, equity and inclusion are more pressing. The impact this funding package will have through increased taxes and fees will be felt differently by different members of the community, from differing household configurations and income levels to different business sizes, types and sectors. Our deliberations as an ESC included discussions of community dynamics such as increased housing prices, strains on social services and widespread interest in community safety. Planning for inclusive economic development, infrastructure and public safety can help forecast opportunities and challenges for all members of the community to thrive.

The City is working to incorpoate equity as a core tenet of all services, projects and programs in order to promote outcomes that do not disproprortionatley impact any one group or population. As the ESC, we applaud the City's commitement to actively pursue practices, operations and decisions that improve equitable outcomes. We recommend City leaders begin applying an equity lens to all of the Stronger Vancouver iniatives, from planning to implementation. Below is a thought process template to use for examining decisions, policies, and practices to improve access, equity and inclusion of a citywide level.

Equity Filter:

- **Set Outcomes.** What is the outcome/s we are hoping to create? What assumptions are we bringing into the issue?
- **Engage Multiple Perspectives.** Are you engaging multiple perspectives? Are you engaging key stakeholders who are impacted by this policy, decision, or practice? How will this increase or decrease racial equity?
- **Attend to Unintended Outcomes.** What are the potential unintended outcomes or barriers to more equitable outcomes? How will you address or prevent impacts or unintended outcomes?
- **Communicate.** How will this decision be communicated? How do you ensure communication takes place in in an inclusive, culturally sensitive, and responsible manner?
- **Evaluate.** Raise Racial Awareness. How will you evaluate your decision and who will you share your evaluation with? How will you use evaluation to raise racial awareness and increase competence?

ACOUNTABILITY

As members of the Executive Sponsors Council, we have dedicated time, effort and social capital to this effort. We have a vested interest in seeing that our recommendations – however ultimately adopted by the City Council – are successful. To that end, we recommend a reconvening of the ESC once annually for the first three years following adoption by the City Council to support accountability, transparency and to provide feedback on potential refinements to the phased implementation based on data gathered during early years.

Conclusion

As we conclude our work as the ESC, it is important to remember our current context and how we began in May 2017: Vancouver's population has increased by more than 3,200 new residents per year since the end of the recession and is urbanizing at the fastest pace in a generation. The City's general fund revenues are lagging behind inflation and not keeping pace with the increasing demand for services for several reasons including: the intricacies of the revenue system in Washington State, the compounded impacts of the City's repeal of the local B&O tax in the early 2000s, the statewide tax reform initiatives passed in the late 1990s and early 2000s, and the economic impacts of the Great Recession.

The near-term forecast for the City indicates progress in key areas of need and financial stability; however, the impact of the structural imbalance in how core City services are funded will increasingly challenge City leaders. If not proactively addressed, residents and businesses will experience declining service levels across all general City services in the near future. Recent growth and proactive investments, such as the new Waterfront, will stall as the City focuses on reactive responses to address only the most pressing needs.

As an ESC, we were charged with both designing and leading a process to develop a long-term, comprehensive service and funding package to support the City's long-term vision to serve the community. We met 17 times over 22 months. We embraced our charge and looked at the problem and potential solutions from many angles. We presented to and heard from many residents, businesses and organizations throughout the city, which helped to shape our recommendation to City Council.

We believe that the framework and specific elements of our recommendation are sound. We look forward to continuing to educate and engage with community stakeholders to provide the details of this recommendation along with more specificity on the elements and outcomes.

It has been an honor to serve our community and the City as members of the ESC. We remain committed to staying engaged as we work together to achieve A Stronger Vancouver.

Acknowledgements

Executive Sponsors Council

Tim Leavitt
Tim Schauer
Heidi M. Johnson Bixby
Mark Mantei
Diana Perez
Jennifer Rhoads
Holly Williams
Casey Wyckoff
Linda Glover, non-voting, City Council representative
Eric Holmes, non-voting member
Victoria Bradford, ESC member May-Nov. 2017

City of Vancouver Project Team

Jeanette (Jan) Bader
Carol Bua
Brian Carlson
Lenda Crawford
Amanda Delapena
Chad Eiken
Julie Hannon
James McElvain
Joe Molina
Natasha Ramras
Lloyd Tyler (in memoriam)

Consultant Team

Anne Pressentin, EnviroIssues
Alice Sherring, EnviroIssues
Morgan Shook, ECONorthwest
Tom Eiland, CFM Strategic Communications
Gary Conkling, CFM Strategic Communications
Paul Lewis, Financial & Management Consulting

Appendices for Executive Sponsors Council Final Report & Recommendation to City Council

APPENDIX A – Executive Sponsors Council (ESC) Overview & Background

- ESC Roster
- ESC Charter
- Mid-Point report (Feb. 2018)
- ESC Meeting Summaries:

1. May 9, 2017
2. June 9, 2017
3. August 10, 2017
4. August 31, 2017
5. September 14, 2017
6. October 12, 2017
7. November 15, 2017
8. December 14, 2017
9. February 8, 2018
10. March 8, 2018
11. April 12, 2018
12. May 24, 2018
13. June 21, 2018
14. September 13, 2018
15. October 25, 2018
16. January 30, 2019
17. February 22, 2019

APPENDIX B – City Department Overviews & Good-Better-Best-Stellar (GBBS) spreadsheets

- Key Takeaways from Department Presentations
- Vancouver Police Department: Department Overview | GBBS
- Parks & Recreation Department: Department Overview | GBBS
- Community & Economic Development Department: Department Overview | GBBS
- Public Works: Department Overview | GBBS
- Vancouver Fire Department: Department Overview | GBBS
- City Manager's Office: Department Overview | GBBS

APPENDIX C - ESC Phase 1 Recommendation – VPD Replacement Funding Package

- ESC Memo to City Council re: replacement recommendation – 06.11.18
- Final Recommended Funding Scenario matrix – 05.24.18
- City Manager Memo to ESC – 04.04.18
- Potential Funding Options matrix – 02.08.18
- Funding Scenarios w/ sample impacts

- ESC Co-Chairs Memo with recommendations – 01.29.18
- VPD CRT Revenue Package Details

APPENDIX D - ESC Phase 2 – *PRELIMINARY* Service Package & Funding Scenarios

- Proposed Service Package Investments – Jan. 2019
- Potential Funding Scenarios – Jan. 2019
- ESC Working Group Summary w/ funding scenarios details and matrix – 09.12.18
- Draft Operating programs package – Sept. 2018
- Draft Capital projects package – Sept. 2018
- Capital projects map – Parks & Fire proposals May 2018

APPENDIX E – Public Outreach & Engagement

- Public Outreach and Engagement Overview – 02.21.19
- Community Leaders Roundtable Summary Report – 02.21.19
- Online Survey Summary Report – 02.21.19
- Focus Groups Summary Report – 02.21.19
- 2018 Community Survey, *CFM Strategic Communications* – October 2018
- Stakeholder Interview Findings, *CFM Strategic Communications* **–** October 2018
- Draft Outreach Plan – 09.10.18
- 2017 Community Survey Final Report Executive Summary & Section 1

Appendix F – Correspondence to Date

- Letter: Identity Clark County – 10.25.18
- Letter: Business Leaders Working Group – 09.24.18
- Letter: Identity Clark County – 05.14.18
- Letter: Business Leaders Working Group – 01.22.18
- Letter: Al Angelo Co – 10.10.17
- Letter: Key Accounts contact – 10.05.17

Appendix G - Miscellaneous Reference Materials

- Budget & Financial information
  - Revenue Estimate of Stronger Vancouver Funding Proposal – 02.22.19
  - Typical Estimated Impact of Stronger Vancouver Revenue Scenario on Select Companies/Residents – 02.22.19
  - Estimate of business tax revenues from draft final recommendation – 02.22.19
  - Vancouver 2017 Private Sector Employment (NAICS) – 02.22.19
  - Competitiveness Analysis related to revenue scenarios, *ECONorthwest* – October 2018
  - Revenue options presentation – 06.20.18
  - Residential and business tax analysis memo and presentation – 03.04.18
  - Park Impact Fees 101 & Cost Recovery Memo – 10.06.17

- Municipal revenue tools presentation – 08.10.17
  - General Fund Primary Revenue Sources
  - Vancouver Revenue Options Summary
  - Non-Voted Revenue Options
  - Generic Application of Various Revenue Tools
  - Vancouver Voted & Non-Voted Debt Capacity
  - Street Funding Commission package details
  - VPD Community Resource Team: Revenue Package Details
- Budget and forecasting presentation – 06.09.17
- Fiscal benchmarking presentation – 06.09.17

- Misc. Reports & Handouts
  - VPD Community Resource Team Report
  - Vancouver Culture, Arts & Heritage Plan
  - City of Vancouver 2016-2021 Strategic Plan
  - 2016 CED Annual Report
  - Our Changing City: A demographic snapshot of Vancouver
  - Vancouver Subareas Map
  - Vancouver Sidewalk Infill Prioritization Map
  - Existing and Proposed Bike Connections Map
  - Vancouver Demographic Map – 2012-2016, *EnviroIssues*

A STRONGER VANCOUVER
Investing in our future

Item #1.

Staff Report 047-19

TO: Mayor and City Council

FROM: Eric Holmes, City Manager

DATE: 4/15/2019

SUBJECT 2019 Joint Agency Preservation Project Bid Award

Key Points

- The City maintains approximately 1,900 lane miles of streets in its system.
- The City's annual resurfacing and preservation contracts are the primary way that curb-to-curb work gets done on the streets.
- The project includes approximately 43 lane miles of street preservation.
- City maintenance crews do not have the staffing resources or equipment to do the type of work being done as part of this project.

Strategic Plan Alignment

Goal 1, Objective 1.2: Ensure our infrastructure, including buildings and utilities, is safe, environmentally responsible and well maintained.

Present Situation

The City of Vancouver, City of Washougal and Washington State University, Vancouver have solicited a joint bid for each agency's 2019 preservation project. Each agency will execute a separate contract for their respective part of the work.

On March 19, 2019, the City received two bids for the 2019 Joint Agency Preservation Project. The bids ranged from $2,179,179 to $2,603,175.The low bidder was responsive. The 2019 City of Vancouver part of the work is $2,089,085.

SUMMARY OF BIDS		
BIDDER	**VANCOUVER'S BID**	**COMBINED BIDS**
Intermountain Slurry Seal Inc., Reno, NV	$2,089,084.55	$2,179,179.00

VSS International, W. Sacramento, CA	$2,456,470.96	$2,603,175.00
Engineers' Estimate	*$1,600,000.00 to $1,800,00.00*	*1,700,000 to 1,900,000*

There is a minimum apprenticeship goal of 4% of the utilized labor hours for this project. Intermountain Slurry Seal Inc., Reno, Nevada, has submitted an Apprenticeship Utilization Plan to meet or exceed this goal by using approximately 197 hours of apprentice time out of the estimated total of 4,906.5 applicable labor hours for the project.

Advantage(s)

1. Will result in improved pavement on approximately 43 lane miles of streets in Vancouver, protecting the City's investment in its street network.
2. The City of Vancouver, City of Washougal, and Washington State University, Vancouver are working cooperatively to make the best use of limited funds by reducing construction costs through economies of scales.
3. Will reduce higher maintenance costs on City streets as well as extend the life of the pavement before more costly treatments are required.

Disadvantage(s)

1. Neighborhood residents, businesses and local traffic will be inconvenienced during the construction period at the various locations; however, the construction duration at each location is short, with traffic able to drive over the new surface within a few hours at most, which will minimize the temporary inconvenience.
2. Construction will generate noise in the area; however, the contractor will not be working in one spot the entire time with all work expected to be complete a few days at each location.

Budget Impact

The project is currently funded through the Pavement Management Program in the Street Fund $2,100,000. No additional budget appropriation is required.

Prior Council Review

None

Action Requested

Authorize the City Manager or designee to award a construction contract for the 2019 Joint Agency Preservation Project to the lowest responsive and responsible bidder, Intermountain Slurry Seal Inc., Reno, Nevada, at their bid price of $2,089,084.55, which includes Washington State sales tax.

Chris Sneider, Senior Civil Engineer, 487-8239

ATTACHMENTS:

- 2019 Preservation Contract

CITY OF VANCOUVER

CONTRACT # _______________

ITB #19-10: 2019 JOINT AGENCY PRESERVATION PROJECT

THIS CONTRACT effective this _____ day of ___________, 2019 is entered into by and between Intermountain Slurry Seal, Inc., 1120 Terminal Way, Reno, NV 89502, hereinafter referred to as the Contractor, and the City of Vancouver, a municipal corporation of the State of Washington, hereinafter referred to as the Owner.

1. **Contractor's Obligation**: The Contractor, for and in consideration of the sum to be paid to it by the Owner in the manner and at the times provided, hereinafter and in the Specifications, and in consideration of the covenants and agreements herein contained, which documents are incorporated into and made a part of this contract, hereby agrees to furnish all materials, labor, tools, machinery and implements of every description necessary for construction and installation of the following improvements:

This Contract provides for the improvement of various roads in the City of Vancouver by placing slurry seal, chip seal, microsurfacing, and striping and other work, all in accordance with the attached Contract Plans, these Contract Provisions, and the Standard Specifications.

Slurry seal, micro-surfacing, and AR Chip Seal cannot be started before July 5, 2019 and shall be completed no later than August 23, 2019. Striping shall be completed by September 6, 2019.

The Contractor agrees to perform the work and furnish the materials in a most substantial and workmanlike manner and within the time limits stated in this Contract. The Contractor agrees that it will make all necessary arrangements for the obtaining of permits from the United States, State of Washington, and/or any of its agencies as may be necessary to do the work required and covered by this Contract.

The City intends to award this Contract for an initial period of one (1) year with an option to extend for up to two (2) additional years.

The period of this Contract and its' prices shall be for one (1) year, commencing on the effective date of the Contract. In consideration of market conditions and prevailing wage increases, the City may allow increase/decrease of cost; Contractor shall provide justification for the cost adjustments.

2. **E-Verify Program**: Contractor shall register and enter into a Memorandum of Understanding (MOU) with the Department of Homeland Security E-Verify program within sixty (60) days after execution of this Contract. Contractor shall ensure all Contractor employees and any sub-contractor(s) assigned to perform work under this

Contract are eligible to work in the United States. Contractor shall provide verification of compliance upon City request. Failure by Contractor to comply with this subsection shall be considered a material breach.

3. **Subcontractor Responsibility**: The Contractor shall include the language of this section in each of its first tier subcontracts, and shall require each of its subcontractors to include the same language of this section in each of their subcontracts, adjusting only as necessary the terms used for the contracting parties. The requirements of this section apply to all subcontractors regardless of tier.

At the time of subcontract execution, the Contractor shall verify that each of its first tier subcontractors meets the following bidder responsibility criteria:

1. Have a current certificate of registration in compliance with chapter 18.27 RCW, which must have been in effect at the time of subcontract bid submittal;
2. Have a current Washington Unified Business Identifier (UBI) number;
3. If applicable, have:
    a. Have Industrial Insurance (workers' compensation) coverage for the subcontractor's employees working in Washington, as required in Title 51 RCW;
    b. A Washington Employment Security Department reference number, as required in Title 50 RCW;
    c. A Washington Department of Revenue state excise tax registration number, as required in Title 82 RCW;
    d. An electrical contractor license, if required by Chapter 19.28 RCW;
    e. An elevator contractor license, if required by Chapter 70.87 RCW.
4. Not be disqualified from bidding on any public works contract under RCW 39.06.010 or 39.12.065 (3).

4. **City of Vancouver Business & Occupational License:** Contractors will be required to get a business license when contracting with the City of Vancouver, unless allowable exemptions apply. Businesses/Contractors shall contact the State of Washington Business License Service (BLS) at 800-451-7985, or go to www.bls.dor.wa.gov/cities/vancouver.aspx or www.cityofvancouver.us/businesslicense, to determine whether a business license is required pursuant to VMC Ch. 5.04.

5. **Owner's Obligation**: In consideration of the promises and agreements of the Contractor as set forth herein, and in consideration of the faithful performance and furnishing of the work and materials required by this Contract to the satisfaction of the Vancouver City Council, the Owner agrees to pay to the Contractor in the manner and at the times provided hereinafter and in the Contract Documents, and in accordance with the ordinances of the City of Vancouver and the laws of the State of Washington, the following sum as indicated, which amount does includes 8.4% Washington State Sales Tax (if applicable):

__________$2,089,084.55____

___Two Million Eighty Nine Thousand Eighty Four Dollars 55/100________________

The amount finally to be paid is, however, variable upon the work actually performed and final payment will be made upon the basis of the amount of work performed and the materials furnished, and at the lump sum or unit prices fixed in the Contractor's Bid and as modified by any and all approved Change Orders.

5. **Contractor's Insurance**: The Contractor agrees to procure insurance coverage as required by Section 1-07.18 of the Special Provisions.

6. **Contractor's Bond**: The Contractor agrees that before it undertakes performance of this Contract, it will file with the City of Vancouver a Contract Performance Bond and Payment Bond, in the forms prescribed by the City of Vancouver, in the full amount of the Contract price executed by itself as principal and by a surety company authorized to do business in the State of Washington as surety. The bonds shall comply with the laws of the State of Washington, and especially with the provisions of Chapter 39.08 RCW.

7. **Employment of Labor**: The Contractor agrees that all persons employed by Contractor and by any of its subcontractors and any of their lower tier contractors in work performed pursuant to this Contract shall not be employed in excess of eight (8) hours in any one day, except as provided or allowed by law.

8. **Payment of Labor**: The Contractor agrees that all laborers, workers, or mechanics employed by it or by any subcontractor in the performance of this Contract will be paid not less than the prevailing rate of wage for an hours work, in accordance with the provisions of the Chapter 39.12 RCW, and all rules and regulations promulgated pursuant thereto. The State of Washington prevailing wage rates applicable for this public works project, which is located in Clark County, may be found at the following website address of the Department of Labor and Industries: https://fortress.wa.gov/lni/wagelookup/prvWagelookup.aspx. Based on the Bid submittal

deadline for this project, the applicable effective date for prevailing wages for this project is **March 12, 2019.**

In case any dispute arises as to what the prevailing rates of wages for work of a similar nature are and such dispute cannot be adjusted by the parties involved, the matter shall be referred to the director of the Department of Labor and Industries of the State of Washington for arbitration, and the director's decision shall be final, conclusive and binding on all parties involved in the dispute.

9. **Payment to the Contractor**: Payment to the Contractor of the Contract price by the Owner shall be made in checks drawn on the fund provided therefore. Payment shall be in the manner provided below unless another manner has been specified in the Special Provisions.

Progress payments to the Contractor shall be made within 30 days of receipt of the signed progress payment request, as approved by the Owner, for work completed during the previous month. There will be reserved and retained from monies earned by the Contractor on estimates during the progress of the improvements of work, a sum equal to 5 percent of all such estimates. Said retained amount shall be held in trust in accordance with the Specifications and Chapter 60.28 RCW.

Payment of the retained percentage shall be withheld, by the owner, for a period of 45 days following the completion of all Contract work, as defined by WSDOT Section 1-01.3, and shall be paid the Contractor at the expiration of 60 days per Chapter 39.12 RCW and Chapter 60.28 RCW, in the event no claims, as provided by law, have been filed against such funds; and provided further, that releases or certificates have been obtained from the State Department of Labor and Industries, from the State Department of Revenue, and the Employment Security Department and all other departments and agencies having jurisdiction over the activities of the Contractor. In the event such claims are filed, the Contractor shall be paid such retained percentages less an amount sufficient to pay any such claims, together with a sum sufficient to defray the cost of foreclosure action and to cover attorney fees as determined by the Owner.

Every person performing labor or furnishing supplies toward the completion of said improvement of work shall have a lien upon said monies so reserved; provided, that such notice of the lien of such claimant shall be given in the manner provided in RCW 39.08.030 and within the time provided in Chapter 60.28 RCW as now existing and in accordance with any amendments that may hereafter be made thereto.

No payment shall be made to the Contractor, however, until the Contractor and all subcontractors who have performed work shall have filed, with Procurement Services, the Labor and Industries executed Statement of Intent to Pay Prevailing Wage as required by RCW 39.12.040. Said Contractor and all subcontractors shall also keep accurate payroll records for three years from the date of acceptance as described in WAC 296-127-320 *Payroll*. A Contractor and all subcontractors shall, within ten days after it receives a written request, as defined by RCW 39.12.010(4) file a certified copy of the payroll records with the Owner. A Contractor's noncompliance with this section shall constitute a violation of RCW 39.12.050.

10. **Indemnity**: Contractor agrees to indemnify, defend, save and hold harmless the City, its officials, employees and agents from any and all liability, demands, claims, causes of action, suits or judgments, including costs, attorney fees and expenses incurred in connection therewith, or whatsoever kind or nature, arising out of, or in connection with, or incident to, the performance of services by Contractor pursuant to this Contract.

In the event that any suit based on such a claim, demand, loss, damage, cost, or cause of action is brought against the Contractor, the City retains the right to participate in said suit.

This indemnity and hold harmless shall include any claim made against the City by an employee of Contractor or subcontractor or agent of the Contractor, even if Contractor is thus otherwise immune from liability pursuant to the workers' compensation statute, Title 51 RCW. To the extent that such liability arises from the concurrent negligence of both the City and the Contractor, such cost, fees and expenses shall be shared between the City and the Contractor in proportion to their relative degrees of negligence. This indemnity and hold harmless shall NOT apply in the case where liability arises from the sole negligence of the City. Contractor specifically acknowledges that the provisions contained herein have been mutually negotiated by the parties and it is the intent of the parties that Contractor provide the broadest scope of indemnity permitted by RCW 4.24.115.

11. **Ownership of Records and Documents – Public Disclosure:** All materials, writings and products produced by the Contractor in the course of performing this Contract shall immediately become the property of the City. In consideration of the compensation provided for by this Contract, the Contractor hereby further assigns all copyright interests in such materials, writings and products to the City. A copy may be retained by the Contractor. In the event the City receives a public record request for such materials, writings of products the City may, in its discretion, notify the Contractor of such request and withholds disclosure of such information for not less than five (5) business days to permit the Contractor to seek judicial protection of such information, provided that the Contractor shall be responsible for attorney fees and costs in such action and shall save and hold harmless the City from any costs, attorney feels, or penalty assessment under Chapter 42.56 RCW.

12. **Amendments:** All changes to this Contract, including changes to the statement of work and compensation, must be made by written amendment and signed by all parties to this Contract.

13. **Jurisdiction/Venue**: In the event that any litigation should arise concerning the construction or interpretation of any of the terms of this Contract, the venue of such action of litigation shall be in the Superior Court of the State of Washington in and for the County of Clark. This Contract shall be governed by the law of the State of Washington.

14. **Assignment:** This Contract is binding on each party, its successors, assigns, and legal representatives and may not, under any circumstances, be assigned or transferred by either party without express written authorization.

15. **Termination for Convenience:** The City, at its sole discretion, may terminate this Contract for convenience at any time for any reason deemed appropriate. Termination is effective immediately upon notice of termination given by the City.

16. **Termination for Cause:** In the event the Contractor is, or has been, in violation of the terms of this Contract, including the Invitation to Bid, the Owner reserves the right, upon written notice to the Contractor, to cancel, terminate, or suspend this contract in whole or in part for default. Termination shall be effected by serving a notice of termination on the Contractor setting forth the manner in which the Contractor is in default. The Contractor will be paid only the contract price for services performed in accordance with the manner of performance set forth in the Contract.

If it is later determined by the Owner that the Contractor had an excusable reason for not performing, such as a strike, fire, or flood, or events which are not the fault of or are beyond the control of the Contractor, the City after setting up a new delivery or performance schedule, may allow the Contractor to continue work or treat the termination as a termination for convenience.

17. **Opportunity to Cure:** The Owner at its sole discretion may in lieu of a termination allow the Contractor to cure the defect(s), by providing a "Notice to Cure" to Contractor setting forth the remedies sought by Owner and the deadline to accomplish the remedies. If the Contractor fails to remedy to the Owner's satisfaction the breach or default of any of the terms, covenants, or conditions of this Contract within the time stated time, the Owner shall have the right to terminate the Contract without any further obligation to the Contractor. Any such termination for default shall not in any way operate to preclude the Owner from also pursuing all available remedies against the Contractor and it's sureties for said breach or default, including but not limited to termination of this Contract for convenience.

18. **Contract Documents & Order of Precedence:** The complete Contract includes these parts and any inconsistency in the parts of the contract shall be resolved by following this order of precedence (e.g., 1 presiding over 2, 2 over 3, 3 over 4, and so forth):

1. Amendments to the Contract,
2. This Contract,
3. Addenda to the Solicitation,
4. The Solicitation,
5. Contractor's Bid,
6. Special Provisions,
7. Contract Plan Set,

8. City of Vancouver Amendments to the specified WSDOT Standard Specifications,
9. City of Vancouver Standard Plans,
10. WSDOT Amendments to the WSDOT Standard Specifications,
11. WSDOT Standard Specifications,
12. WSDOT Standard Plans.

19. **<u>Notices</u>**: Whenever in this written Contract written notices are to be given or made, they may be sent by certified mail to the following people at the addresses as shown herein unless a different address is designated in writing or delivered to the respective party hereto:

Owner:	Contractor:
Procurement Services Manager	Intermountain Slurry Seal, Inc.
City of Vancouver	1120 Terminal Way
415 W 6th St.	Reno, NV 89502
P O Box 1995	
Vancouver WA 98668-1995	

Original signed at Vancouver, Washington, on the dates listed below.

CITY OF VANCOUVER	**CONTRACTOR:**
A municipal corporation	
______________________________	______________________________
Eric Holmes, City Manager	Signature:
______________________________	______________________________
DATE	By: Printed Name / Title

Attest:

____

Natasha Ramras, City Clerk

Approved as to form:

____

E. Bronson Potter, City Attorney

LABOR AND MATERIALS PAYMENT BOND

(NOTE: CONTRACTOR MUST USE THIS FORM, NOT A SURETY COMPANY FORM. MUST BE ACCOMPAINED BY A POWER OF ATTORNEY FOR THE SURETY'S OFFICER AUTHORIZED TO SIGN)

KNOW ALL MEN BY THESE PRESENTS:

We the Undersigned ____ as PRINCIPAL (Contractor) and ____ ______a corporation organized and existing under and by virtue of the laws of the state of _____ ______________________, and duly authorized to do surety business in the state of Washington and named on the current list of approved surety companies acceptable on federal bonds and conforming with the underwriting limitations as published in the Authorized Insurance List in the State of Washington published by the Office of the Insurance Commissioner and which carries an "A" rating and is of the appropriate class for the bond amount as determined by Best's Rating System, as SURETY, hereby hold and firmly bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, unto CITY OF VANCOUVER, as OBLIGEE, in the sum of ____ Dollars ($__________) in lawful money of the United States of America, for the payment of that sum for the use and benefit of claimants as defined below.

The condition of this obligation is such that whereas the PRINCIPAL entered into a contract with CITY OF VANCOUVER dated ______________________, 20___, which contract is hereunto annexed and made a part hereof, for accomplishment of the all contract terms for the project described as follows:

ITB #19-10: 2019 JOINT AGENCY PRESERVATION PROJECT

NOW THEREFORE, if the PRINCIPAL shall promptly make payments to all persons, firms, subcontractors, corporations and/or others furnishing materials for or performing labor in the prosecution of the Work provided for in the aforesaid contract, and any authorized extension or modification thereof, including all amounts due for materials, equipment, mechanical repairs, transportation, tools and services consumed or used in connection with the performance of such Work, and for all labor performed in connection with such Work whether by subcontractor or otherwise, and all other requirements imposed by law, then this obligation shall become null and void; otherwise this obligation shall remain in full force and effect, subject, however, to the following condition:

The above-named PRINCIPAL and SURETY hereby jointly and severally agree that every claimant, who has not been paid in full, may sue on this bond for the use of such claimant, prosecute the suit to final judgment in for such sum or sums as may be justly due claimant, and have execution thereon. The OBLIGEE shall not be liable for the payment of any judgment, costs, expenses or attorneys' fees of any such suit.

PROVIDED, FURTHER, that SURETY for the value received, hereby stipulates and agrees that all changes, extensions of time, alterations to the terms of the contract or to Work to be performed thereunder or the Specifications accompanying the same shall be within the scope of the SURETY's undertaking on this bond, and SURETY does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the Work or to the Specifications. Any such change, extension of time, alteration or addition to the terms of the contract or to the Work or to the Specifications shall automatically increase the obligation of the SURETY hereunder in a like amount, provided that the total of such increases shall not exceed twenty-five percent (25%) of the original amount of the obligation without the consent of the SURETY.

This obligation shall continue to bind the PRINCIPAL and SURETY, notwithstanding successive payments made hereunder, until the full amount of the obligation is exhausted, or if the full amount of the obligation is not exhausted and no claim is pending resolution, until such time as no further claims can be made pursuant to law with regard to the above-described project.

SURETY shall indemnify, defend, and protect the CITY OF VANCOUVER against any claim of direct or indirect loss resulting from the failure of the CONTRACTOR (or any of the employees, subcontractors, or lower tier subcontractors of the CONTRACTOR) to pay all laborers, mechanics, subcontractors, lower tier subcontractors, materialpersons, or any other person who provides supplies or provisions for carrying out the work.

If more than one SURETY is on this bond, each SURETY hereby agrees that it is jointly and severally liable for all obligations of this bond.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this _______ day of ________________________, 20___.

______________________________	______________________________
SURETY	CONTRACTOR
By:___________________________	By*:__________________________
Title:_________________________	Title:_________________________
______________________________	______________________________
Street Address	Street Address
______________________________	______________________________
City, State ZIP	City, State ZIP
______________________________	______________________________
Phone Number	Phone Number

* Must be signed by president or vice-president of Contractor.

PERFORMANCE BOND

(NOTE: CONTRACTOR MUST USE THIS FORM, NOT A SURETY COMPANY FORM. MUST BE ACCOMPAINED BY A POWER OF ATTORNEY FOR THE SURETY'S OFFICER AUTHORIZED TO SIGN)

KNOW BY ALL MEN BY THESE PRESENTS:

We the undersigned ____ as PRINCIPAL (hereinafter called CONTRACTOR), and ________________________________ ______ a corporation organized and existing under and by virtue of the laws of the state of _____ _______________________ duly authorized to do surety business in the state of Washington and named on the current list of approved surety companies acceptable on federal bonds and conforming with the underwriting limitations as published in the Authorized Insurance List in the State of Washington published by the Office of the Insurance Commissioner and which carries an "A" rating and is of the appropriate class for the bond amount as determined by Best's Rating System, as SURETY, hereby hold and firmly bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, to pay to CITY OF VANCOUVER as OBLIGEE (hereinafter called CITY OF VANCOUVER), the amount of ____________________________ _______________________ Dollars ($_______________) in lawful money of the United States of America.

WHEREAS, the CONTRACTOR entered into a contract with CITY OF VANCOUVER dated ___________________, 20___, which Contract is hereunto annexed and made a part hereof, for accomplishment of the all contract terms for the project described as follows:

ITB #19-10: 2019 JOINT AGENCY PRESERVATION PROJECT

NOW, THEREFORE, the condition of this obligation is such that if the CONTRACTOR shall promptly, truly and faithfully perform all the undertakings, covenants, terms, conditions, and agreements of the aforesaid contract and having performed its obligations thereunder, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

Whenever CONTRACTOR shall be declared by CITY OF VANCOUVER to be in default under the Contract Documents for the project described herein, the SURETY shall promptly remedy the default by completing the project in accordance with the Contract Documents and the project Specifications with a contractor approved by the CITY OF VANCOUVER. SURETY, for value received, further stipulates and agrees that all changes, extensions of time, alterations, or additions to the terms of the Contract or Specifications for the above described contract are within the scope of the SURETY's undertaking on this bond, and SURETY hereby waives notice of any such change, extension of time, alteration or addition to the terms of the contract or to the Work or to the Specifications. Any such change, extension of time, alteration or addition to the terms of the contract or to the Work or to the Specifications shall automatically increase the obligation of the Surety hereunder in a like amount, provided that such increase shall not exceed twenty-five percent (25%) of the original amount of the obligation without the consent of the Surety.

This obligation shall continue to bind the PRINCIPAL and SURETY, notwithstanding successive payments made hereunder, until the full amount of the obligation is exhausted.

SURETY shall indemnify, defend, and protect the CITY OF VANCOUVER against any claim of direct or indirect loss resulting from the failure of the CONTRACTOR (or any of the employees, subcontractors, or lower tier subcontractors of the CONTRACTOR) to faithfully perform the terms of the contract.

No right of action shall accrue on this bond to or for the use of any person or corporation other than CITY OF VANCOUVER or its heirs, executors, administrators, successors or assigns.

If more than one SURETY is on this bond, each SURETY hereby agrees that it is jointly and severally liable for obligations on this bond.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this _______ day of _______________, 20___.

______________________________	______________________________
SURETY	CONTRACTOR
By:___________________________	By*:__________________________
Title:_________________________	Title:_________________________
______________________________	______________________________
Street Address	Street Address
______________________________	______________________________
City State ZIP	City State ZIP
_________________________	______________________________
Phone Number	Phone Number

* Must be signed by president or vice-president of Contractor.

Item #2.

Staff Report 048-19

TO: Mayor and City Council

FROM: Eric Holmes, City Manager

DATE: 4/15/2019

SUBJECT Amendment to 2018 Joint Agency Slurry Seal Project

Key Points

- The City maintains approximately 1,900 lane miles of streets in its system.
- The City's annual resurfacing and preservation contracts are the primary way that the streets get curb to curb work done on them.
- The project includes approximately 41 lane miles of street preservation.
- City maintenance crews do not have the man power, or equipment to do the type of work being done as part of this project.

Strategic Plan Alignment

Goal 1, Objective 1.2: Ensure our infrastructure, including buildings and utilities, is safe, environmentally responsible and well maintained.

Present Situation

On April 3, 2018 the City received bids for the 2018 Joint Agency Slurry Seal Project, which was awarded to Blackline, Inc, of Vancouver, Washington, with the City of Vancouver's portion of the work being approved for $412,180.00. As part of the bid, the contractor executed a separate contract with each agency. In addition, the participating agencies reserved the right to extend the contract for two one year periods with the same terms and conditions and the option to review unit prices for adjustment due to inflation and amount of work.

At the end of 2018, the City and partnering agencies discussed a contract extension with Blackline for 2019 and decided that it was in our best interests to do so. All 2019 work quantities were sent to Blackline, Inc. and proposed 2019 pricing was agreed upon for the unit bid items. The estimated 2019 City of Vancouver portion of the work is $448,205.00.

Advantage(s)

1. Will result in improved pavement on approximately 41 lane miles of streets in Vancouver, protecting the City's investment in its street network.
2. The City of Vancouver, City of Washougal and City of Camas are working cooperatively to make the best use of limited funds and save administrative costs and time during the bidding process by extending the contract.
3. Will reduce higher maintenance costs on City streets as well as extend the life of the pavement before more costly treatments are required.

Disadvantage(s)

1. Neighborhood residents, businesses and local traffic will be inconvenienced during the construction period at the various locations; however, the construction duration at each location is short, with traffic able to drive over the new surface within a few hours at most, which will minimize the temporary inconvenience.
2. Construction will generate noise in the area; however, the contractor will not be working in one spot the entire time with all work expected to be complete a few days at each location.

Budget Impact

The project is currently funded through the Pavement Management Program in the Street Fund at $500,000. No additional budget appropriation is required.

Prior Council Review

None

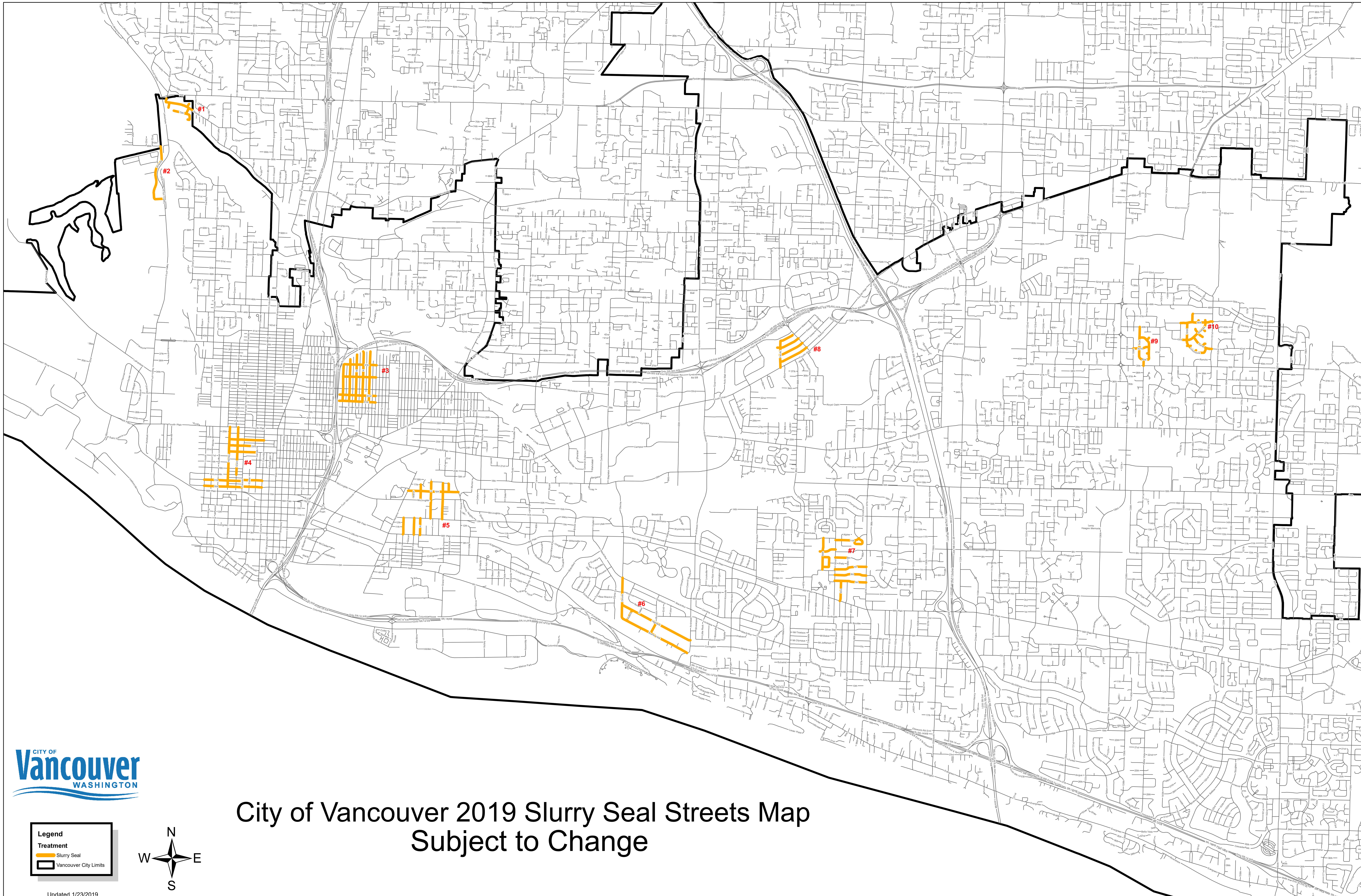
Action Requested

On April 15, 2019, amend the Blackline, Inc, of Vancouver, Washington construction contract for the 2018 Joint Agency Slurry Seal Project for sealing for one additional year for their adjusted bid price of $448,205.00, which includes Washington State sales tax.

Chris Sneider, Senior Civil Engineer, 487-8239

ATTACHMENTS:

- Slurry Seal Map
- Contract Amendment 1



City of Vancouver 2019 Slurry Seal Streets Map
Subject to Change

AMENDMENT No. 1

FORMAL BID AGREEMENT

BID #18-7: JOINT AGENCY SLURRY SEAL PROJECT

This is an Amendment to Contract No.90497 dated July 23, 2018, by and between the City of Vancouver, a municipal corporation, under the laws of the State of Washington, hereinafter referred to as "City" and Blackline, Inc hereinafter referred to as "Contractor", whose address is 13023 NE Hwy 99, Suite 7 – PMB196, Vancouver, WA 98686.

This Amendment provides for the improvement of ***various roads in the City of Vancouver, by placing slurry sealing (per the attached Street Lists and Plans)*** and other work, all in accordance with the Contract Plans, Contract Provisions, Special Provisions and the Standard Specifications contained in BID #18-7: Joint Agency Slurry Seal Project.

1. This work shall be performed on the streets listed in herein attached spreadsheet and by reference made part of this Amendment “City of Vancouver 2019 Slurry Seal Maps” and as shown on herein attached and by reference made part of this Amendment “City of Vancouver 2019 Slurry Seal Maps” and at the direction of City personnel.
2. Compensation for work performed shall be calculated based on updated pricing contained in herein attached document “2019 COV Slurry Project Proposal” and by reference made part of this Amendment.
3. Total compensation to Contractor for work performed shall not exceed Four Hundred Forty Eight Thousand Two Hundred and Five Dollars and 00/100 as detailed in herein attached spreadsheet and by reference made part of this Amendment. Any changes must be approved by written change order on City authorized forms and signed by all parties.
4. The following special conditions shall apply to work performed under this Amendment. In case of conflict these special conditions shall apply.

    a. Work in the City of Vancouver shall begin on or after July 29, 2019. Slurry sealing on City of Vancouver streets shall be completed by August 23, 2019.

    b. Striping may be removed with either a hydroblaster or a grinder. Road surfaces shall be undamaged, clean and dry after striping removal.

    c. The City will complete all striping and will be responsible for its layout.

    d. Speed Bump Clarification – treatment shall cover any speed bumps.

    e. Slurry sealing on City of Vancouver roads shall be done in sequential order as listed in the street lists and maps (e.g., Map #1 before Map #2, Map #2 before Map #3, and so forth), unless adjusted and approved by the City of Vancouver. The City will reserve the right to revise the order of work as listed in order to coordinate work with City forces and other projects.

f. The City of Vancouver will require that the contractor place a cone in all driveways of residents that will be affected by the slurry seal work that day.

5. Ratification: Acts taken pursuant to this Amendment but prior to its effective date are hereby ratified and confirmed.

All other terms and conditions of the Contract shall remain unchanged and in full force and effect.

DATED this ________ day of ______________, 2019

CITY OF VANCOUVER,
A municipal corporation

____
Eric Holmes, City Manager Date

Attest:

____
Natasha Ramras, City Clerk

Approved as to form:

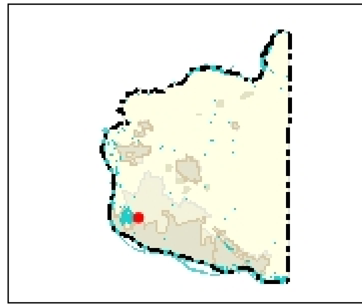
____
E. Bronson Potter, City Attorney

CONTRACTOR:
Blackline, Inc

____
Signed Name Date

____
Printed Name Title

City of Vancouver 2019 **Slurry Seal Map #1**



Legend

Cities Boundaries

Urban Growth Boundaries

Notes:

= Slurry Seal

1. Treatment limits will be marked in the field.

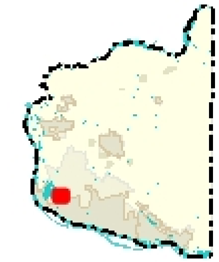
2. Treatments that extend to arterial streets shall begin at the nearside face-of-curb of the intersection unless otherwise noted.

451.9 0 225.95 451.9 Feet

WGS_1984_Web_Mercator_Auxiliary_Sphere
Clark County, WA. GIS - http://gis.clark.wa.gov

This map was generated by Clark County's "MapsOnline" website. Clark County does not warrant the accuracy, reliability or timeliness of any information on this map, and shall not be held liable for losses caused by using this information.

City of Vancouver 2019 **Slurry Seal Map #2**



Legend

Cities Boundaries

Urban Growth Boundaries

Notes:

= Slurry Seal

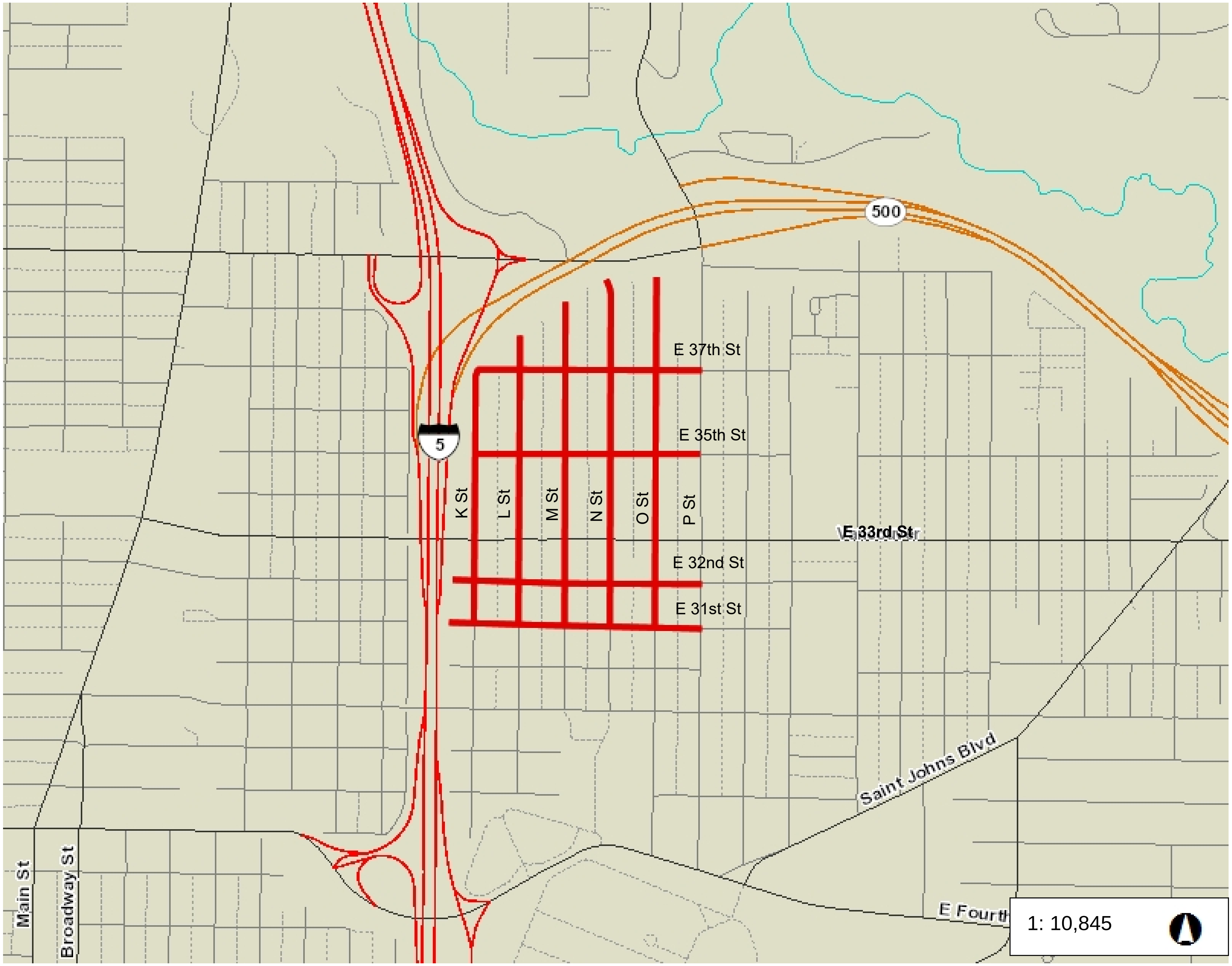
1. Treatment limits will be marked in the field.

2. Treatments that extend to arterial streets shall begin at the nearside face-of-curb of the intersection unless otherwise noted.

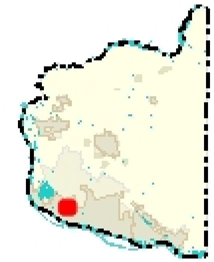
1,807.6 0 903.78 1,807.6 Feet

WGS_1984_Web_Mercator_Auxiliary_Sphere
Clark County, WA. GIS - http://gis.clark.wa.gov

City of Vancouver 2019 **Slurry Seal Map #3**



1: 10,845



Legend

- Cities Boundaries
- Urban Growth Boundaries

Notes:

= Slurry Seal

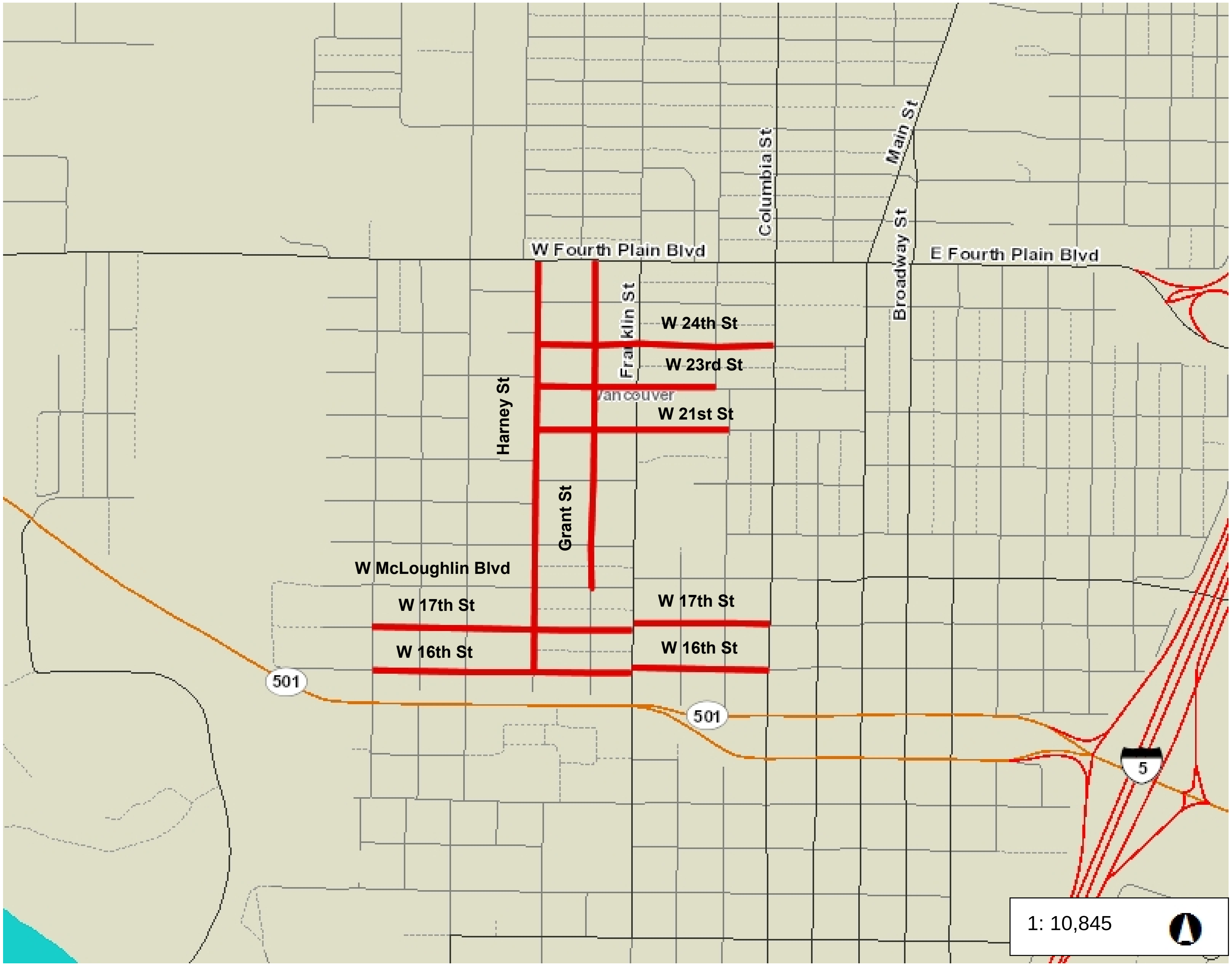
1. Treatment limits will be marked in the field.

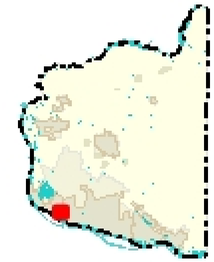
2. Treatments that extend to arterial streets shall begin at the nearside face-of-curb of the intersection unless otherwise noted.

1,807.6 0 903.78 1,807.6 Feet

WGS_1984_Web_Mercator_Auxiliary_Sphere
Clark County, WA. GIS - http://gis.clark.wa.gov

City of Vancouver 2019 Slurry Seal Map #4





Legend

- Cities Boundaries
- Urban Growth Boundaries

Notes:

1. Treatment limits will be marked in the field. No treatment shall be applied on Franklin St or W McLoughlin Blvd.

2. Treatments that extend to arterial streets shall begin at the nearside face-of-curb of the intersection unless otherwise noted.

1,807.6 0 903.78 1,807.6 Feet

WGS_1984_Web_Mercator_Auxiliary_Sphere
Clark County, WA. GIS - http://gis.clark.wa.gov

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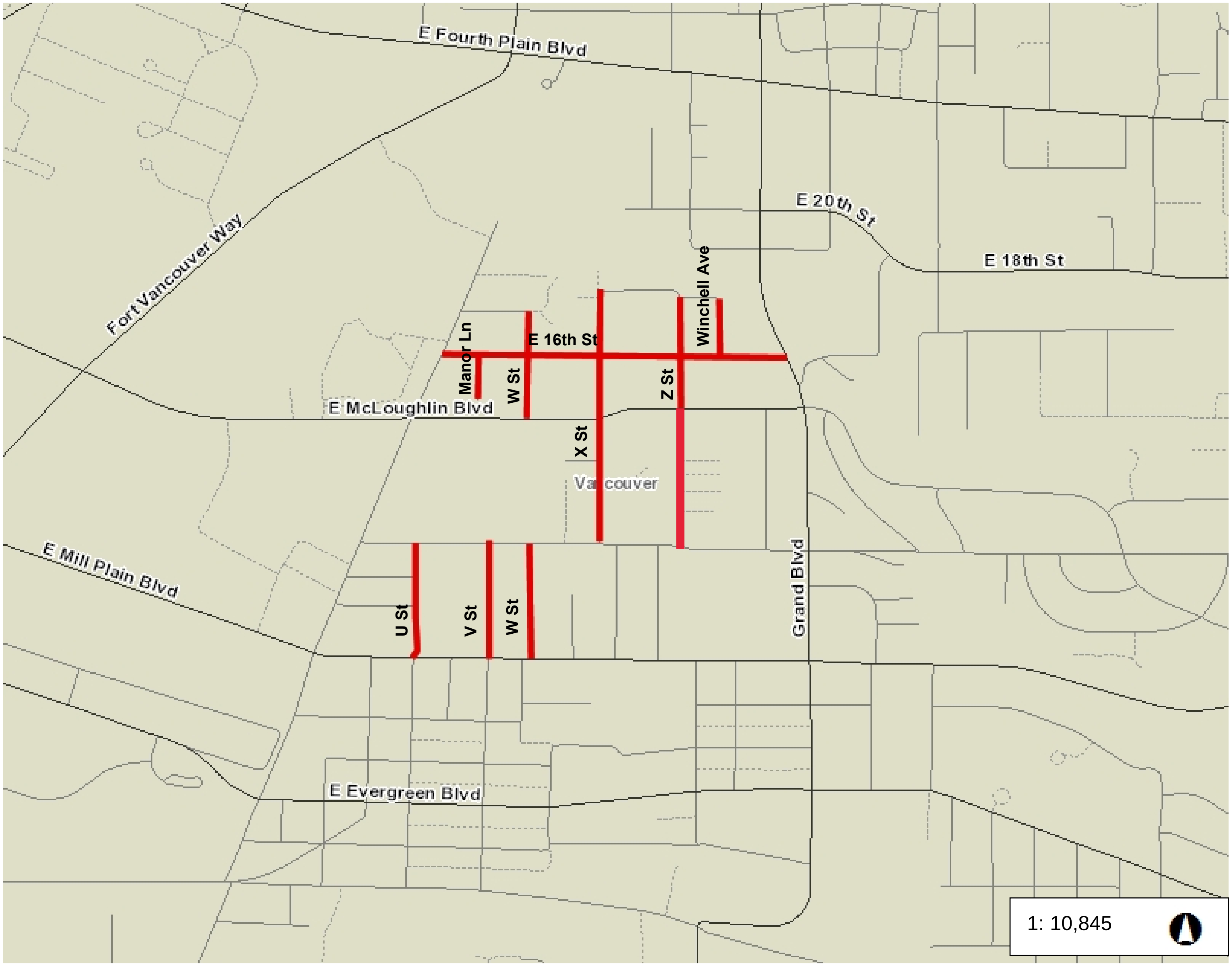
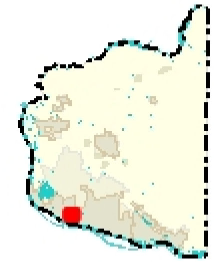
City of Vancouver 2019 **Slurry Seal Map #5**





Legend

- Cities Boundaries
- Urban Growth Boundaries

1,807.6 0 903.78 1,807.6 Feet

WGS_1984_Web_Mercator_Auxiliary_Sphere
Clark County, WA. GIS - http://gis.clark.wa.gov

This map was generated by Clark County's "MapsOnline" website. Clark County does not warrant the accuracy, reliability or timeliness of any information on this map, and shall not be held liable for losses caused by using this information.

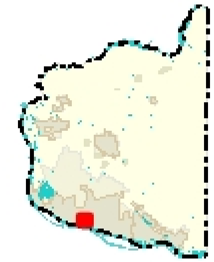
Notes:

= Slurry Seal

1. Treatment limits will be marked in the field.

2. Treatments that extend to arterial streets shall begin at the nearside face-of-curb of the intersection unless otherwise noted.

City of Vancouver 2019 **Slurry Seal Map #6**



Legend

- Cities Boundaries
- Urban Growth Boundaries

1: 10,845

1,807.6 0 903.78 1,807.6 Feet

WGS_1984_Web_Mercator_Auxiliary_Sphere
Clark County, WA. GIS - http://gis.clark.wa.gov

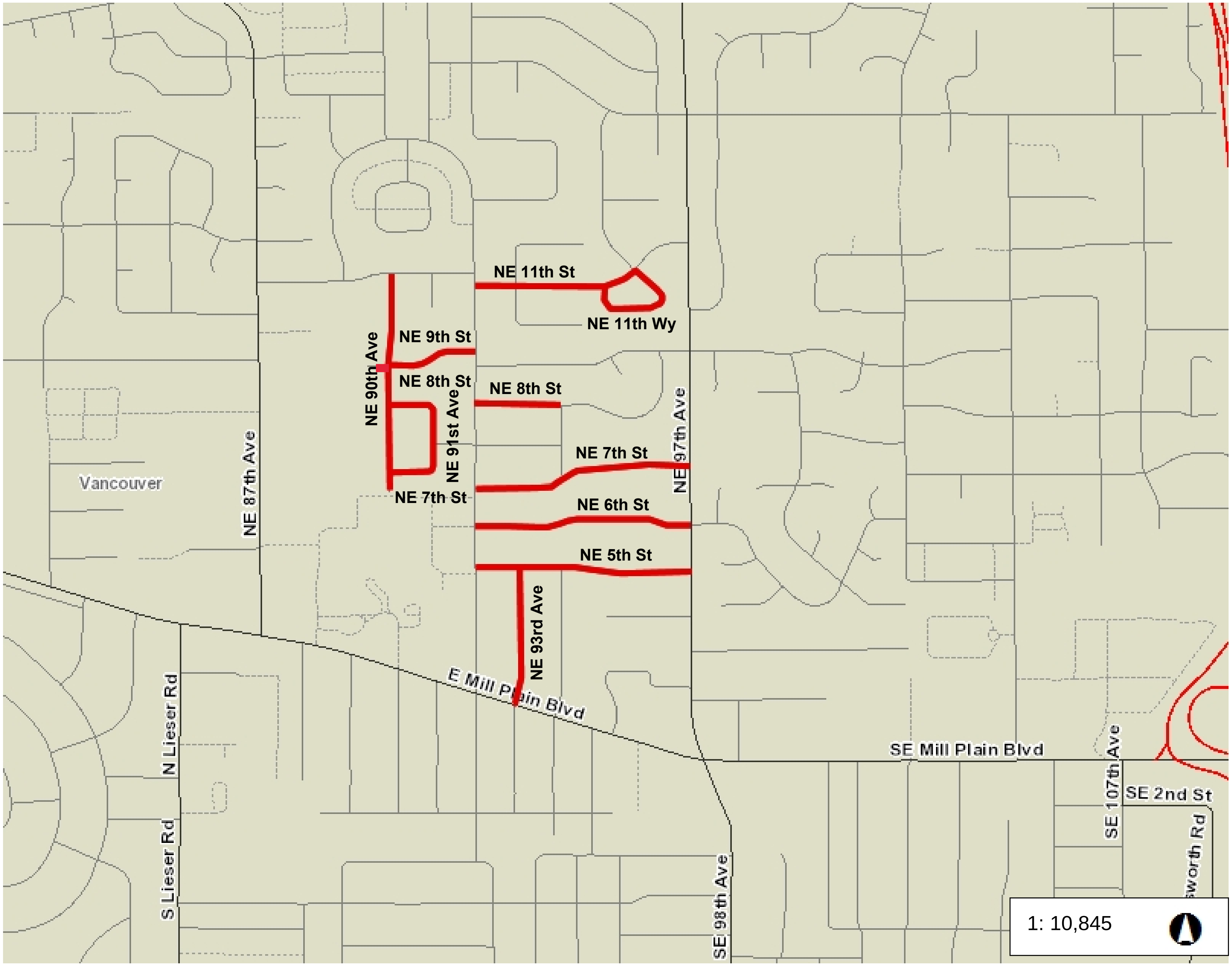
Notes:

= Slurry Seal

1. Treatment limits will be marked in the field.

2. Treatments that extend to arterial streets shall begin at the nearside face-of-curb of the intersection unless otherwise noted.

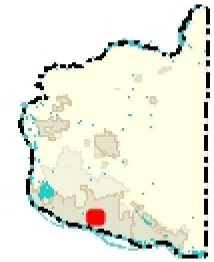
City of Vancouver 2019 **Slurry Seal** Map **#7**



1: 10,845

1,807.6 | 0 | 903.78 | 1,807.6 Feet

WGS_1984_Web_Mercator_Auxiliary_Sphere
Clark County, WA. GIS - http://gis.clark.wa.gov



Legend

- Cities Boundaries
- Urban Growth Boundaries

Notes:

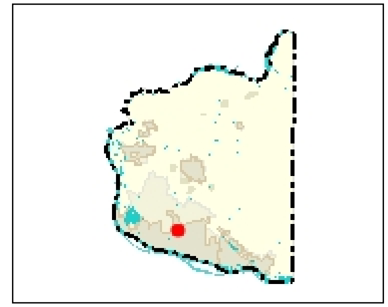
= Slurry Seal

1. Treatment limits will be marked in the field.

2. Treatments that extend to arterial streets shall begin at the nearside face-of-curb of the intersection unless otherwise noted.

City of Vancouver 2019 **Slurry Seal Map #8**

1: 5,423



Legend

- Cities Boundaries
- Urban Growth Boundaries

Notes:

= Slurry Seal

1. Treatment limits will be marked in the field.

2. Treatments that extend to arterial streets shall begin at the nearside face-of-curb of the intersection unless otherwise noted.

903.8 0 451.89 903.8 Feet

WGS_1984_Web_Mercator_Auxiliary_Sphere
Clark County, WA. GIS - http://gis.clark.wa.gov

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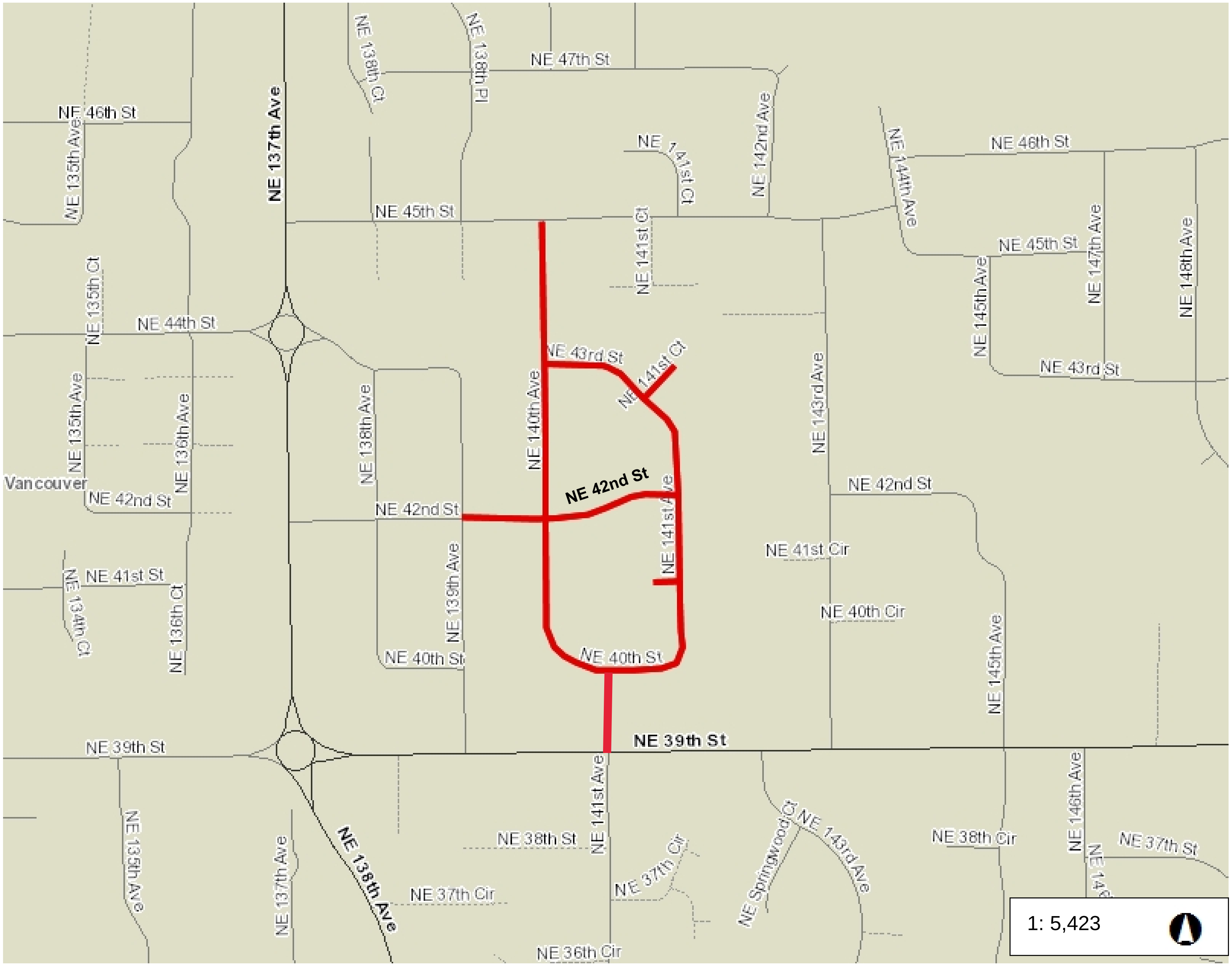
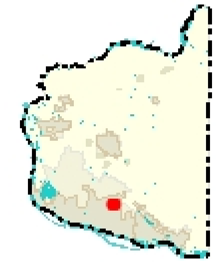
City of Vancouver 2019 **Slurry Seal** Map **#9**





Legend

Cities Boundaries

Urban Growth Boundaries

Notes:

= Slurry Seal

1. Treatment limits will be marked in the field.

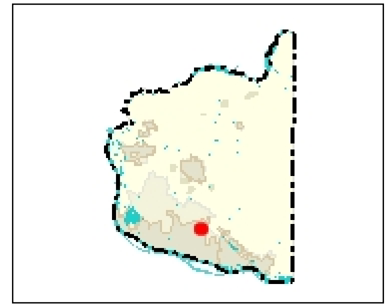
2. Treatments that extend to arterial streets shall begin at the nearside face-of-curb of the intersection unless otherwise noted.

903.8 0 451.89 903.8 Feet

WGS_1984_Web_Mercator_Auxiliary_Sphere
Clark County, WA. GIS - http://gis.clark.wa.gov

This map was generated by Clark County's "MapsOnline" website. Clark County does not warrant the accuracy, reliability or timeliness of any information on this map, and shall not be held liable for losses caused by using this information.

City of Vancouver 2019 **Slurry Seal Map #10**



Legend

- Cities Boundaries
- Urban Growth Boundaries

903.8 0 451.89 903.8 Feet

WGS_1984_Web_Mercator_Auxiliary_Sphere
Clark County, WA. GIS - http://gis.clark.wa.gov

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Notes:

= Slurry Seal

1. Treatment limits will be marked in the field.

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	2019 COV Slurry Project Propsal

SCHEDULE "A" - CITY OF VANCOUVER

Item No.	DESCRIPTION	QUANTITY	UNIT	COST	TOTAL
1A	Flaggers and Spotters	200	HR	$50.00	$10,000
2A	Portable Changeable Messsage Sign	2	EA	$1,250.00	$2,500
3A	Latex Modified Slurry Seal, Type II	281,100	SY	$1.55	$435,705
			Total Schedule "A":		**$448,205**

Item #3.

Staff Report 049-19

TO: Mayor and City Council

FROM: Eric Holmes, City Manager

DATE: 4/15/2019

SUBJECT LED Roadway Luminaire Materials Purchase

Key Points

- The LED Street Light Conversion project will convert approximately 13,500 HPS (High Pressure Sodium) lights to LED (Light Emitting Diode).
- The LED street lights will be a soft white light with a color temperature of 3000 Kelvin, which is similar to a standard household LED light bulb.
- The new street lights are projected to save $470,000 per year in electricity costs compared to the existing HPS lights.
- Primary funding for the project is provided through a Public Works Trust Fund Loan.
- Clark Public Utilities will also contribute an estimated $1,300,000 towards the construction of the project.

Strategic Plan Alignment

Goal 1, Objective 1.2: Ensure our infrastructure, including buildings and utilities, is safe, environmentally responsible and well maintained.

Action 1.2.4: Convert the City's streetlight system to LED.

Present Situation

The City currently uses High Pressure Sodium (HPS) lights for the majority of its street lights. Action item 1.2.4 in the City's Strategic Plan is to convert the City's street light system to more energy efficient LED (Light Emitting Diode) street lights. The LED Street Light Conversion project will convert approximately 13,500 of the City's HPS to LED street lights. The scope of this project includes converting all of the cobra head style street lights within City limits.

The new LED fixtures will replace the existing fixtures on the top of the existing street light poles. The new LED fixtures will provide an equivalent light output to the existing street lights and will match the aesthetics of the existing HPS lights, which are a slight yellowish color although the

LED lights will be a softer white light with a color temperature of 3000 Kelvin, which is similar to a standard household LED light bulb. This project does not include installation of new street light poles. A good example of similar LED street lights within the City are the new LED street lights on the new section of the NE 18th Street project between NE 118th and NE 138th Avenues.

The City's other decorative style street lights, including the acorn lights downtown, will be replaced with LED fixtures at a later date. The decorative style LED lights are currently more expensive to purchase and do not yet have desirable pay back savings. City staff will continue to look for cost effective alternatives for replacing the decorative style fixtures.

LED lights are the new standard for street lighting and provide a substantial savings in electricity costs. The approximate current yearly electrical power cost for the cobra head style street lights being replaced with this project is $900,000. This project is projected to save $470,000 per year in electricity costs compared to the existing HPS lights.

The City released a request for qualifications/proposals (RFQ/P #13-18) to select a primary material supplier for the City's upcoming LED Streetlight Conversion Project as well as to qualify other suppliers for use on future projects within the City. The material purchase is for up to 13,500 street lights. The street light materials will be purchased by the City and delivered to a contractor for installation. The installation of the street lights is being advertised for bid in May 2019 under a separate contract. The entire conversion project is anticipated to be complete by December 2020.

The City received eight proposals for the purchase of LED street lights for the LED Street Light Conversion Project. The proposals from Platt Electric Supply, Northern Illumination Company and Leotek Electronics USA, LLC met the minimum requirements of the RFP. The highest scoring proposal was from Leotek Electronics USA, LLC and Leotek was chosen to be the primary supplier for the LED Conversion Project.

Contractor	***Luminaire***	***Minimum Requirements Met?***
Platt Electric	AEL ATBMicro/ATB0/ATB2	yes
Northern Illumination Company	Philips RoadFocus	yes
Leotek Electronics USA, LLC	Leotek GC	yes
Tacoma Electric Supply	AEL ATBMicro/ATBS/ATBM/ATBL	no
Eaton Lighting	Archeon	no
Crescent Electric Supply	Cree XSCP	no
Graybar electric	GE ERL	no
North Coast Electric	AEL ATBMicro/ATBS/ATBM/ATBL	no

In addition to Leotek Electronics USA, LLC, AEL ATBMicro/ATB0/ATB2 and Philips RoadFocus also met the minimum requirements of the proposal. Both AEL ATBMicro/ATB0/ATB2 and Philips RoadFocus will be approved for use on future projects within the City of Vancouver.

Advantage(s)

- Aging street lights will be replaced with new state of the art LED lights.

- The new lights are project to save $470,000 per year in electricity costs.
- New LED lights will reduce the amount of maintenance needed and are projected to last up to 20 years.

Disadvantage(s)

None.

Budget Impact

The primary source of funding for the project is being provided by a Public Works Trust Fund Loan (PWTF). The City has been approved for a PWTF loan for the project up to $4,815,500 at an interest rate of 1.66%. The most current cost estimate for the project is $4,000,000 ($2,000,000 for materials and $2,000,000 for installation and construction management). Over the last few years the cost of the LED lights has dropped significantly. Clark Public Utilities will also contribute an estimated $1,300,000 towards the construction of the project. The yearly savings from the electricity costs will be applied to paying back the PWTF loan each year. It is estimated that the PWTF loan will be paid back in approximately 6 years. In addition, if the project is completed before May 2021, the PWTF loan interest rate will be reduced by 0.50% resulting in a shorter payback period.

Prior Council Review

The LED street light conversion project has been discussed as part of prior Council discussions associated with adoption of the City's Transportation Improvement Plan as well as is contained as a specific action (Item 1.2.4) in the City's adopted 2016-2021 Strategic Plan.

Action Requested

Authorize the City Manager or his designee to sign a contract and any required contract amendments with Leotek Electronics USA, LLC, the most qualified proposer for LED roadway luminaires, for the LED Street Light Conversion project in an amount not to exceed $2,000,000.

Chris Christofferson, Traffic Engineering Manager, 487-7716

ATTACHMENTS:

- LED material purchase contract

AGREEMENT # ________________

SUPPLY AND DELIVERY OF LED ROADWAY LUMINAIRES

This Agreement made and entered into this _____ day of __________________, 2019, by and between the City of Vancouver, a municipal corporation, under the laws of the State of Washington, hereinafter referred to as "City" and Leotek Electronics USA LLC hereinafter referred to as "Supplier," whose address is 1955 Lundy Ave, San Jose CA 95131.

WHEREAS, the City desires to engage the Supplier to supply and deliver LED Roadway Luminaires and associated products and services, in accordance with the terms of this Agreement. Supplier has agreed to provide afore-mentioned products per its response to City issued RFP 13-18.

WHEREAS, the Supplier has represented by entering into this Agreement that it is fully qualified to provide and deliver quality products, to the standards set forth herein.

NOW, THEREFORE, IT IS MUTUALLY AGREED BETWEEN THE PARTIES:

The City hereby agrees to engage the Supplier and the Supplier hereby agrees to supply and deliver LED Roadway Luminaires and associated products and services in accordance with the specifications hereafter set forth in connection with this Agreement:

1. Supply and Delivery of LED Roadway Luminaires:

Supplier agrees to provide the City of Vancouver with LED Roadway Luminaires and associated products and services as set forth in this Agreement, and in accordance with RFP 13-18 (and its addenda, if any). The Supplier's submitted response to RFP 13-18, and City prepared written Orders issued under this Agreement are hereby incorporated into this Agreement as if fully set forth herein.

During the fulfillment of this Contract, the City may allow the Supplier to provide substitute product/s, upon confirmation that the ordered product has been discontinued. Pricing for such a product replacement or substitute shall not exceed the current price of substituted item.

The City of Vancouver reserves its right to seek alternative products if the project managers deem such action is in the City's best interest. This may include, but is not limited to special circumstances or needs of the City.

2. General Requirement:

The Supplier, at its sole cost and expense, shall perform and comply with all applicable laws of the United States and the State of Washington; the Vancouver City Charter, the Vancouver Municipal Code ("VMC"), and ordinances of the City of Vancouver; and rules, regulations, orders, and directives of their respective administrative agencies and officers.

3. Order of Precedence:

Where there is a conflict among or between any of these documents, the controlling documents shall be the first listed in the following sequence: Amendments to this Agreement; this Agreement; Purchase Orders; Supplier's submitted response to RFP 13-18, and RFP 13-18.

4. Luminaire Orders:

Luminaire purchases (Orders) will be authorized in writing by the City and transmitted electronically to the Supplier. The Supplier agrees to fulfill, as specified, one of more Orders for up to four thousand (4000) luminaires in any given thirty (30) calendar day period. When specifically requested and by mutual agreement between the City and the Supplier, The Supplier will agree to fulfill, as specified, Orders placed by the City for more than four thousand (4000) luminaires in a given thirty (30) calendar day period. Within the limits identified, the number of Orders, quantity of luminaires ordered, scheduling of Orders, and delivery details of materials ordered shall be at the sole discretion of the City. Any unauthorized advance or excess luminaires delivered are returnable at Supplier's expense.

5. Schedule:

Delivery of the initial order made by the City shall be according to instructions included with the Order. Delivery to the designated location shall take place no later than seventy (70) calendar days from the date the Order was forwarded to the Supplier.

Delivery of additional Orders shall be coordinated with the City and the installation contractor retained by the City through a separate solicitation process.

In the event that the products are not delivered and accepted in the timelines specified in the Order, the City of Vancouver reserves the right to reject the products and cancel this Contract in its entirety. The City shall bear zero expense due to this breach.

6. Delivery:

All costs referenced must be F.O.B. Vancouver, Washington, Prepaid and Allowed (freight included in the unit cost), prepaid with all transportation and handling charges paid by the Supplier. Responsibility and risk of loss or damage shall remain with the Supplier until final inspection and acceptance when responsibility shall pass to the City except as to latent defects, fraud, and the Supplier's warranty obligations (including without limitation latent defects).

7. Payment:

Invoices will be paid at net thirty (30) days after the City's receipt and acceptance of the goods, provided that all appropriate information has been listed on the invoice and necessary forms have been submitted. No payment shall be due prior to the City's receipt and acceptance of the items identified in the invoice thereof.

8. Adjustments:

The City at any time may make reasonable changes in the place of delivery, installation or inspection; the method of shipment or packing; labeling and identification; and ancillary matters that Supplier may accommodate without substantial additional expense to the City.

9. Assignment:

This Agreement is binding on each party, its successors, assigns, and legal representatives and may not, under any circumstances, be assigned or transferred by either party without express written authorization.

10. Waiver:

The City's failure to insist on performance of any of the terms or conditions herein or to exercise any right or privilege or the City's waiver of any breach hereunder shall not thereafter waive any other term, condition, or privilege, whether of the same or similar type.

11. Binding Effect:

The provisions, covenants, and conditions in this Agreement apply to bind the parties, their legal heirs, representatives, successors, and assigns. It will be at the City's sole discretion as to which terms may or may not apply to the Agreement.

12. Remedies Cumulative:

Remedies under this Agreement are cumulative; the use of one remedy shall not be taken to exclude or waive the right to use another.

13. Severability:

Any invalidity, in whole or in part, of any provision of this Agreement shall not affect the validity of any other of its provisions, unless the result of same would clearly be contrary to the overall intent of the parties in entering into this Agreement.

14. Taxes:

The Supplier shall pay, before delinquency, all taxes, levies, and assessments arising from its activities and undertakings under this Agreement; taxes levied on its property, equipment and improvements; and taxes on the Supplier's interest in this Agreement, provided, however, that any taxes that apply directly to the sale, such as a state or local sales tax, shall be added to the purchase price set forth in the Purchase Order.

15. Relation of Parties:

The Suppliers, its agents, and employees are independent operators performing services for City and are not employees of City. The Supplier, its agents and employees, shall not, as a result of this Agreement, accrue leave, retirement, insurance, bonding or any other benefits afforded to City employees. The Supplier, agents and employees shall not have the authority to bind City any way except as may be specifically provided herein.

16. Ownership of Materials, Writings and Products:

All materials, writings, and products produced by Supplier in the course of performing this Agreement shall immediately become the property of the City. In consideration of the compensation provided for by this Agreement, the Supplier hereby further assigns all copyright interests in such materials, writing and products to the City; provided, however, that this clause does not apply to materials, writings, or products in which Supplier has a copyright interest prior to the date of this Agreement. A copy may be retained by the Supplier.

17. Proprietary and Confidential Information:

The parties acknowledge that the City is an “agency” within the meaning of the Washington Public Records Act, Chapter 42.56 of the Revised Code of Washington (“RCW”), and that materials submitted by the Supplier to the City become public record. Such records may be subject to public disclosure, in whole or part and may be required to be released by the City in the event of a request for disclosure. In the event the City receives a public record request for information that Supplier has marked as “Proprietary and Confidential,” the City shall notify the Supplier of such request and withhold disclosure of such information for not less than FIVE (5) business days, to permit the Supplier to seek judicial protection of such information, provided that the Supplier shall be responsible for attorney fees and costs in such action and shall save and hold harmless the City from any costs, attorney fees or penalty assessment under Ch.42.56 RCW for withholding or delaying public disclosure of such information.

18. Warranties:

All products shall be warranted against defects or faulty workmanship and materials by the Supplier for one (1) year following inspection and acceptance of the products by the City.

Warranty shall include all costs incurred, including shipping, for repair or replacement except that which is damaged by misuse or abuse. Details of such shipments shall be at the discretion of the Supplier. Supplier shall provide the City with written policies and procedures setting out how they will manage the shipments and how the City should prepare faulty luminaires for shipping. This one-(1) year warranty shall in no way affect normal extended or manufacturer's warranty exceeding this one (1) year period. Supplier warrants that all goods and services furnished under this Agreement are new, conform strictly to the specifications herein, are merchantable, good workmanship, free from defect, comply with all applicable safety and health standards established for such products, all goods are properly packaged, and all appropriate instructions or warnings are supplied. If a defect is found, a component failure occurs, or workmanship is found to cause failure, the Vendor shall replace the product at their own expense, including shipping charges. Supplier is not responsible for expenses incurred for the removal of failed luminaires. Any replacement product will be warrantied for one (1) year from the date it is delivered. All implied and expressed warranty provisions of the Uniform Commercial Code are incorporated into this Agreement.

19. Non-Discrimination and Equal Employment Opportunity:

During the term of this Agreement, the Supplier agrees as follows: The Supplier will not discriminate against any employee or applicant for employment because of creed, religion, race, color, sex, marital status, sexual orientation, political ideology, ancestry, national origin, or the presence of any sensory, mental or physical handicap, unless based upon a bona fide occupational qualification. The Supplier will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their creed, religion, race, color, sex, national origin, or the presence of any sensory, mental or physical handicap. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

20. Indemnification:

Supplier agrees to indemnify, defend, save and hold harmless the City, its officials, employees and agents from any and all liability, demands, claims, causes of action, suits or judgments, including costs, attorney fees and expenses incurred in connection therewith, or whatsoever kind or nature (including patent infringement or copyright claims) arising out of, or in connection with, or incident to, the performance of services pursuant to this Agreement. This indemnity and hold harmless shall include any claim made against the City by an employee of Supplier, agent even if Supplier is thus otherwise immune from liability pursuant to the workers' compensation statute, Title 51 RCW, except to the extent that such liability arises from the sole negligence of the City. Supplier specifically acknowledges that the provisions contained herein have been mutually negotiated by the parties and it is the intent of the parties that Supplier provide the broadest scope of indemnity permitted by law. Supplier is an independent entity and responsible for the safety of employees.

21. Order Quantity:

This is a needs based Agreement. Orders will be placed with Supplier in writing per Section 4. Luminaire Orders. The City anticipates that approximately thirteen thousand five hundred (13,500) luminaires will be purchased under this Contract, however, the City is not obligated to any minimum or maximum quantities Ordered under this Agreement.

22. Termination:

The City intends to award this Contract for an initial period of one (1) year with an option to extend for four (4) more years. The maximum term of this contract is five (5) years.

The City, at its sole discretion, may terminate this Agreement for convenience at any time for any reason deemed appropriate. Termination is effective immediately upon notice of termination given by the City.

23. Prices:

Proposed prices outlined below must be valid for one year from the effective date of this Agreement. Price adjustments may be requested for consideration each year thereafter; the City, at its sole discretion, may approve that request. Request for price increases shall be supported by the applicable Consumer Price Index- All Urban Consumers (Portland-Salem, OR_WA) area for the immediate, previous four (4) quarters.

SCHEDULE A LED ROADWAY LUMINAIRES

Item No.	Item Description	Unit Cost
1	Luminaire 100 Watt Replacement GCJ0-15H-MV-WW-XX-GY-XXX-BBL-PCR7-WL	$93.00
2	Luminaire 100 Watt Replacement CV1-H-MV-30K-XX-GY-XXX-BBL-PCR7-WL	$123.00
3	Luminaire 150 Watt Replacement GCM2-40H-MV-WW-XX-GY-XXX-BBL-PCR7-WL	$149.00
4	Luminaire 200 Watt Replacement GCM2-30H-MV-WW-XX-GY-XXX-BBL-PCR7-WL	$132.00
5	Luminaire 250 Watt Replacement GCM2-40H-MV-WW-XX-GY-XXX-BBL-PCR7-WL	$149.00

Item No.	Item Description	Unit Cost
6	Luminaire 400 Watt Replacement GCL2-60G-MV-NW-XX-GY-XXX-BBL-PCR7-WL	$243.00
7	Photocell - RIPLEY 6390LL-BK	$24.00

All optic types and drive currents available for specified models may be ordered at specified pricing.

Supplier warrants that prices of materials set forth herein do not exceed those charged by the Supplier to any other customer purchasing the same under similar conditions and in like or similar quantities.

Unless otherwise specified herein, no additional charges by the Supplier will be allowed including, but not limited to: handling charges such as packing, wrapping, bags, containers; return and re-stocking fees due to vendor error.

24. Commercial and General Liability Insurance:

The Supplier agrees to furnish the City with a current Certificate of Insurance on the standard "ACORD" with the coverage's listed below:

$1,000,000.00 minimum/general liability per occurrence
$2,000,000.00 minimum/general aggregate
$1,000,000.00 minimum/automobile combined single limit (each accident)

City of Vancouver named as additional insured on the commercial general liability policy and an "additional insured" policy endorsement CG2012, CG2026 or equivalent must be included with the certificate of insurance

The certificate shall be made out to the City and be an original; no photocopies shall be accepted. The Certificate of Insurance shall provide the City be given 30 days advance notice of cancellation, non-renewal, or material change in coverage.

25. Other Liabilities:

Supplier agrees to indemnify, defend, save, and hold harmless the City, its officials, employees and agents from all claims, suits, and actions of any nature arising out of or related to the products and activities of the Supplier, its officers, agents, or employers under this Agreement.

Supplier will not indemnify any action that arises out of the control application or operation of their software that was created by a third party vendor.

26. Worker's Compensation:

The Supplier shall comply with the State Washington, Department of Labor and Industries Industrial Insurance program, for all of its employees who are required to be so covered by the laws of the State of Washington and in case any work is subcontracted, the Supplier shall require any agents to provide worker's compensation insurance for all of its employees unless or to the extent that such employees are covered by the protection provided by the Supplier.

27. Employment Security:

The Supplier shall comply with all employment security laws of the State of Washington, and shall timely make all required payments in connection therewith.

28. Compliance with the Law:

The Supplier shall have the authority to control and direct the performance and details of the work described herein. The Supplier agrees to comply with all relevant, federal, state and municipal laws, rules and regulations.

29. Licenses and Similar Authorizations:

The Supplier, at no expense to the City, shall be responsible to obtain all necessary licenses, permits, and similar legal authorizations required to perform the work associated with this Agreement.

In most cases, Suppliers will be required to get a business license when contracting with the City of Vancouver, unless allowable exemptions apply. Businesses/contractors shall contact the State of Washington Business License Service (BLS) at: http://bls.dor.wa.gov/file.aspx, telephone 800-451-7985, or www.cityofvancouver.us/businesslicense, to determine whether a business license is required pursuant to VMC Ch. 5.04.

30. Notices:

All notices which are given or required to be given pursuant to this Agreement shall be hand delivered or mailed postage paid as follows:

City of Vancouver	Supplier:
Anna Vogel	Nora Schultz
City of Vancouver	Leotek Electronics USA LLC
P O Box 1995	1955 Lundy Ave

Vancouver WA 98668-1995 San Jose CA 95131

31. Amendments:

This Agreement shall not be altered, changed, or amended except by an instrument in writing executed by the parties hereto. Any changes in the scope of work or compensation shall be mutually agreed upon between City and the Supplier and shall be incorporated in written amendments to this Agreement.

32. Entire Agreement:

This Agreement incorporates all the agreements, covenants, and understanding between the parties hereto and are merged into this written agreement. No prior agreement or prior understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless set forth in this Agreement.

33. Cooperative Purchasing:

The Washington State Inter-local Cooperation Act, Ch. 39.34 RCW, authorizes public agencies to cooperatively purchase goods and services if all parties agree. By having responded to Request for Quotations #2018-12 and executing this Agreement, the Supplier agrees that other public agencies may purchase goods and services under this solicitation or Agreement at their own cost and without the City of Vancouver incurring any financial or legal liability for such purchases. The City of Vancouver agrees to allow other public agencies to purchase goods and services under this solicitation or Agreement, provided that the City of Vancouver is not held financially or legally liable for purchases and that any public agency purchasing under such solicitation or Agreement file a copy of this invitation and such agreement in accordance with RCW 39.34.040.

34. Ratification:

Acts taken pursuant to this Agreement but prior to its effective date are hereby ratified and confirmed.

35. Governing Law/Venue:

This Agreement shall be deemed to have been executed and delivered within the State of Washington, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of Washington without regard to the principles of conflict of laws. Any action or suit brought in connection with this Agreement shall be brought in the Superior Court of Clark County, Washington.

36. Authority to Execute:

The Supplier warrants that it has legal authority to enter into this agreement and the signatory below is authorized to execute this Agreement on behalf of the Supplier and is at least 18 years of age.

CITY OF VANCOUVER, A municipal corporation	SUPPLIER: Leotek Electronics USA LLC
______________________________ Eric Holmes, City Manager	____________________________________ By:
Attest:	
______________________________ Natasha Ramras, City Clerk	____________________________________ Printed Name Date

Approved as to form:

____

E. Bronson Potter, City Attorney

Item #4.

Staff Report 050-19

TO: Mayor and City Council

FROM: Eric Holmes, City Manager

DATE: 4/15/2019

SUBJECT Block 10 Lease Agreement for Vancouvercenter Construction Staging

Key Points

- Block 10 is a vacant city-owned block located east of Columbia Street and north of W. 8th Street.
- Holland Partners have requested that they be allowed to temporarily lease the south half of Block 10 for a fenced construction staging area during construction of the fourth tower at Vancouvercenter, one block to the south.
- The Vancouvercenter Disposition and Development Agreement, last amended in December of 2017, states that the city will agree to lease the south half of Block 10 for construction staging, subject to certain conditions.
- The 12-month lease would be based on a market rate and paid in monthly installments, and subject to future monthly extensions at the City's discretion.

Strategic Plan Alignment

Goal 8: Strengthen commercial, retail and community districts throughout the city.

Goal 8, Objective 8.1: Make downtown Vancouver a vibrant destination for the community and the region.

Present Situation

In 2018, Holland Partners purchased a portion of the Vancouvercenter mixed use project, including the existing southwest residential tower and the rights to build a six-story residential apartment building in the southeast quadrant of the property. The City had indicated in the Vancouvercenter Disposition and Development Agreement that it would be receptive to leasing the south half of Block 10 to Holland Partners for a construction staging area when the fourth tower construction begins. Holland Partners is now requesting to enter into a formal lease agreement with the City for the use of the south half of Block 10 for such purpose, beginning May

1, 2019. The lease would be for an initial twelve–month period, and may be extended at the City's discretion on a month-to-month basis if requested. The City also would have the option to terminate the lease early if a construction project is ready to begin on Block 10 before the lease term expires.The monthly lease rate will be $3,429.40, including leasehold tax.

Advantage(s)

1. The use of Block 10 for construction staging will help to facilitate the construction of the fourth tower at Vancouvercenter, which has been a long term goal of the City's.
2. The north half of the block will remain available for use by special event staging.
3. Block 10 is the most readily accessible and available location for construction staging of the fourth tower.

Disadvantage(s)

None

Budget Impact

The City will receive monthly lease payments for the use of the south half of the block, totaling $36,470.04 over the 12-month lease period, excluding leasehold tax that will be paid to the state.

Prior Council Review

- November 20, 2017 (Hearing, Vancouvercenter DDA Amendment #8)
- September 24, 2018 (Workshop, Block 10 Update)

Action Requested

Authorize the City Manager or designee to sign the lease agreement with Holland Partners to lease the south half of Block 10 for construction staging.

Chad Eiken, Community Development Director, 487-7882

ATTACHMENTS:

- Vancouvercenter DDA 8th Amendment
- Lease

5475774 AMD
Total Pages: 26 Rec Fee: $99.00
eRecorded in Clark County, WA 01/02/2018 01:08 PM
HORENSTEIN LAW GROUP PLLC
SIMPLIFILE LC E-RECORDING

AFTER RECORDING, RETURN TO:

Horenstein Law Group PLLC
500 Broadway Street, Suite 120
Vàncouver, WA 98660

RECORDING COVER PAGE

DOCUMENT TITLE:

EIGHTH AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT

REFERENCE NUMBER OF RELATED DOCUMENTS:

3155637; 3622069; 4297177; 4297178; 4297179; 4677467; 5236779; and 5298291

GRANTOR:

Vandevco Residential LLC, a Washington limited liability company, as to Unit 1A
Vandevco Residential II LLC, a Washington limited liability company, as to Unit 1B
Vandevco Office Tower LLC, a Delaware limited liability company, as to Unit 1C
Vancouvercenter Development II, LLC, a Washington limited liability company, as to Unit 1D
Vandevco Limited, a Washington corporation

GRANTEE:

City of Vancouver, Washington, a State of Washington municipality

ABBREVIATED LEGAL DESCRIPTION:

Units 1A, 1B, 1C and 1D of Vancouvercenter, a condominium

ASSESSOR'S TAX PARCEL NUMBERS:

048170.006; 048170.008; 048170.010, and 048170.012

AFTER RECORDING, RETURN TO:

Horenstein Law Group PLLC
500 Broadway Street, Suite 120
Vancouver, WA 98660

RECORDING COVER PAGE

DOCUMENT TITLE:

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REFERENCE NUMBER OF RELATED DOCUMENTS:

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GRANTOR:

Vandevco Residential LLC, a Washington limited liability company, as to Unit 1A
Vandevco Residential II LLC, a Washington limited liability company, as to Unit 1B
Vandevco Office Tower LLC, a Delaware limited liability company, as to Unit 1C
Vancouvercenter Development II, LLC, a Washington limited liability company, as to Unit 1D
Vandevco Limited, a Washington corporation

GRANTEE:

City of Vancouver, Washington, a State of Washington municipality

ABBREVIATED LEGAL DESCRIPTION:

Units 1A, 1B, 1C and 1D of Vancouvercenter, a condominium

ASSESSOR'S TAX PARCEL NUMBERS:

048170.006; 048170.008; 048170.010, and 048170.012

EIGHTH AMENDMENT TO

DISPOSITION AND DEVELOPMENT AGREEMENT

between

Vandevco Residential LLC, as owner of Unit 1A
Vandevco Residential II LLC, as owner of Unit 1B
Vandevco Office Tower LLC, as owner of Unit 1C
Vancouvercenter Development II, LLC, as owner of Unit 1D
Vandevco Limited

And

City of Vancouver

And

Holland Acquisition Co., LLC, as purchaser of Unit 1B and Unit 1D

for the Redevelopment of

Two City Blocks

bordered by Washington Street, Columbia Street, 6th Street, and 8th Street

Execution Date: December 21 **, 2017**

EIGHTH AMENDMENT TO
DISPOSITION AND DEVELOPMENT AGREEMENT

This Eighth Amendment to Disposition and Development Agreement ("Eighth Amendment") is entered into on December 21, 2017, by and among Vandevco Residential LLC, a Washington limited liability company, as owner of Unit 1A; and Vandevco Residential II LLC, a Washington limited liability company, as owner of Unit 1B; and Vandevco Office Tower LLC, a Delaware limited liability company, as owner of Unit 1C; and Vancouvercenter Development II, LLC, a Washington limited liability company, as owner of Unit 1D (hereinafter collectively referred to as "Developer"), Vandevco Limited, a Washington corporation ("Vandevco"), Holland Acquisition Co., LLC, a Washington limited liability company ("HE"), as purchaser of Unit 1B and Unit 1D, and the City of Vancouver, a State of Washington municipality ("City").

RECITALS

A. **Agreement.** Vandevco and City previously enter into that certain Disposition and Development Agreement dated as of June 21, 1999 (the "Original Agreement"), as amended by the First Amendment to Disposition and Development Agreement dated as of June 5, 2000 (the "First Amendment'), as further amended by the Second Amendment to Disposition and Development Agreement dated as of April 3, 2006 (the "Second Amendment"), as further amended by the Third Amendment to Disposition And Development Agreement dated as of May 1, 2006 (the "Third Amendment"), as further amended by the Fourth Amendment to the Disposition and Development Agreement dated as of July 10, 2006 (the "Fourth Amendment"), as further amended by the Fifth Amendment to Disposition and Development Agreement dated as of March 15, 2010 (the "Fifth Amendment"), as further amended by the Sixth Amendment to the Disposition and Development Agreement dated as of January 26, 2015 ("Sixth Amendment"), and as further amended by the Seventh Amendment to Disposition and Development Agreement dated June 20, 2016 (hereinafter collectively referred to as the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Agreement.

B. **Current Ownership.**

1. Vandevco conveyed Unit 1A and Unit 1B of Vancouvercenter Condominium to Vandevco Residential LLC, by Quit Claim Deed dated April 4, 2006, and recorded April 28, 2006 with the Auditor of Clark County, Washington, under Auditor's File No. 4159392.

2. Vandevco Residential LLC conveyed Unit 1B of Vancouvercenter Condominium to Vandevco Residential II LLC, by Quit Claim Deed dated December 23, 2015, and recorded December 23, 2015, with the Auditor of Clark County, Washington, under Auditor's File No. 5243128.

3. Vandevco conveyed Unit 1C to Vancouvercenter Development LLC, a Washington limited liability company, by Statutory Bargain and Sale Deed dated March 22, 2004, and recorded March 31, 2004 with the Auditor of Clark County, Washington, under Auditor's File No. 3808083. Vancouvercenter Development LLC then conveyed Unit 1C to Vandevco Office Tower LLC by Quit Claim Deed dated March 23, 2016, and recorded June 8, 2016, with the Auditor of Clark County, Washington, under Auditor's File No. 5291299.

4. Vandevco conveyed Unit 1D to Vancouvercenter Development II, LLC by Statutory Bargain and Sale Deed dated October 17, 2006, and recorded November 8, 2006, with the Auditor of Clark County, Washington, under Auditor's File No. 4245739.

C. **Purchase Agreement; HE Development.** Vandevco Residential II LLC and Vancouvercenter Development II LLC, as the owner of Unit 1B and 1D, respectively, have entered into a Purchase and Sale Agreement with HE, with an effective date of August 9, 2017, which Purchase and Sale Agreement contemplates this Eighth Amendment (the "HE Purchase Agreement"). HE has entered into the HE Purchase Agreement with the desire to construct a ten story tower on Unit 1D, subject to the terms and conditions of this Eighth Amendment.

D. **Purpose.** The purpose of this Eighth Amendment is to amend certain provisions of the Agreement pursuant to and in accordance with Section 10.26 thereof. The parties acknowledge that these amendments are consistent with and further the goals in the Redevelopment Plan.

AGREEMENTS

1. **Recitals.** Each of the above Recitals is hereby made a part of this Eighth Amendment.

2. **Effectiveness**. The parties hereto agree that, notwithstanding their execution of this Eighth Amendment, this Eighth Amendment shall not be effective unless and until the transactions contemplated by the HE Purchase Agreement described in Recital C above has been completed and fee title to Unit 1B and 1D has vested in HE ("Closing"). In this regard, closing under the HE Purchase Agreement and Amendments, thereto, is to be no later than March 31, 2018. Correspondingly, the termination date for the Disposition and Development Agreement and its eight amendments is hereby extended from December 31, 2017 to no later than March 31, 2018, accordingly. Notwithstanding any other terms or conditions in this Eighth Amendment or the Agreement to the contrary, HE's execution hereof shall bind and obligate HE and Unit 1B and Unit 1D only to the extent that this Eighth Amendment and the Agreement are applicable to Unit 1B or Unit 1D.

3. **Defined Terms**. The term "Developer" shall be defined to mean HE only when used with respect to Unit 1B and Unit 1D. Otherwise, all capitalized but undefined terms in this Eighth Amendment shall have the meaning ascribed to them in the Agreement.

4. **Description of Project.** All references to the number of floors in the building to be constructed on Unit 1D of Phase Two of the Project are hereby superseded and replaced with the following language:

"Unit 1D of Phase Two of the Project shall consist of a tower containing either (a) ten (10) full floors with approximately 194 residential units and no less than 2,200 square feet of retail on the ground floor or (b) six (6) full floors with approximately 116 residential units and no less than 2,200 square feet of retail on the ground floor. Permitted use on the second floor and above shall include residential units and supporting uses. Unit 1D shall be designed and constructed substantially as shown on the architectural elevations attached to this Eighth Amendment as Exhibit A-1, in the case of a six story tower, or Exhibit A-2, in the case of a ten story tower. The determination of whether to construct a ten story tower on Unit 1D or a six story tower on Unit 1D shall be at HE's sole and absolute discretion. Subject to the foregoing limitation, HE will exercise its reasonable best efforts to obtain building permits, seismic certifications and determine the economic feasibility of constructing a ten story tower on Unit 1D. HE will provide updates to the City from time to time regarding the status of HE's evaluation of the economic feasibility of constructing a ten story tower on Unit 1D."

5. **Escrowed Funds**. All provisions in the Agreement requiring the Developer to deliver funds into an escrow account to be controlled by the City to cover development fees and system development charges which have not heretofore been funded including, without limitation, any such provisions in the Seventh Amendment, are hereby deleted and are void and of no effect.

6. **Construction Dates.** The construction schedule set forth in Exhibit B of the Seventh Amendment is deleted in its entirety. If HE constructs a ten story tower on Unit 1D, HE shall Substantially complete the construction of such tower thirty (30) months after the issuance of permits for the construction of the improvements to be placed on Unit 1D. If HE constructs a six story tower on Unit 1D, HE shall Substantially complete the construction of such tower twenty four (24) months after the issuance of permits for the construction of the improvements to be placed on Unit 1D. Following the closing of the transactions contemplated by the HE Purchase Agreement, HE shall exercise commercially reasonable best efforts to obtain building permits as soon as practicable and, in any case, no later than January 1, 2020 (subject to extension (i) for the duration of any Force Majeure Event or (ii) at the reasonable discretion of the Director). The applicable date for Substantial completion of the tower HE constructs shall be referred to as the "Completion Deadline". The Completion Deadline shall be automatically extended for a period equal to the period of delays arising as a result of any Force Majeure Event or at the reasonable discretion of the Director.

For the purpose of this Eighth Amendment, "Force Majeure" means any of the following events or circumstances: (a) acts of God, including wind, ice and other storms, lightning, floods, earthquakes, volcanic eruptions and landslides; (b) strikes, lockouts, picketing and other labor disturbances, disputes or work stoppages; (c) epidemics, war (whether or not declared), blockades, acts of public enemies, acts of sabotage, civil insurrection, riots and civil disobedience; (d) explosions and fires; (e) extraordinary mechanical breakdowns, transportation disruptions, or lack or shortage of raw materials or supplies; (f) delays caused by federal authorities in issuing permits; (g) the failure of the Department of Community and Economic Development to process applications for development in the timelines set forth in the Vancouver Municipal Code; or (h) substantial disruptions to the global economy or to the economy of the United States. "Force Majeure Event" means an event caused in whole or in material part, directly or indirectly, by the occurrence of an event or circumstance of Force Majeure.

For the purpose of this Eighth Amendment, "Substantially complete" shall have the same meaning as set forth in the Agreement, including the Seventh Amendment.

7. **Extension Fee.** All references to any extension fee payable to City contained in the Agreement including, without limitation, the obligation described in the Seventh Amendment, are hereby deleted and, instead, the parties agree that, as a condition to the City's agreement to this Eighth Amendment, an extension fee in the aggregate amount of $25,000.00 shall be paid to City within three (3) business days after this Eighth Amendment is approved by City (the "Extension Fee").

8. **Block 10 Construction Staging.** The second paragraph in Section 2.3 of the Seventh Amendment, which modifies Section 2.5 of the Sixth Amendment, is hereby deleted and, in its place, the following is substituted:

"City agrees to lease the south one-half of Block 10 to HE for a fenced construction staging area for Unit 1D as available. A copy of the lease for the staging area on the south half of Block 10 shall be in a form reasonably acceptable to HE. The lease shall be signed by the parties thereto no later than thirty (30) days following the effective date of this Eighth Amendment. Any and all improvements installed by Vancouver's Downtown Association ("VDA") shall be avoided to the extent reasonably possible. Where such improvements cannot be avoided to accommodate the staging area, HE agrees to provide written notice to the VDA at least thirty (30) days prior to such removal and shall deliver the improvements that can reasonably be moved to a location reasonably designated by the VDA."

9. **Nonperformance Penalty.** All provisions in the Agreement requiring Developer to pay a penalty for failure to start or complete construction of improvements including, without limitation, all such provisions in Section 2.4 in the Seventh Amendment, Section 2.6 in the Sixth Amendment, Section 3.2 in the Fifth Amendment, and Section 2.3 in the Fourth Amendment, are hereby amended to provide that Developer shall pay to the City the sum of $3,000.00 per day for each day after the Completion Deadline (as extended as provided in Section 6 of this Eighth Amendment) that construction is not Substantially complete.

10. **Landscaping**. Notwithstanding any provisions in the Agreement, including those in Section 2.4 of the Seventh Amendment, to the contrary, in the event HE does not commence construction of the improvements to be placed on Unit 1D by January 1, 2019, then HE shall

install landscaping, including at least eight (8) deciduous trees that are not less than 1.5 inches in diameter (along the perimeter of the property/within the boundary of Unit 1D) to provide screening of the property. Such landscaping shall be maintained by HE until construction on Unit 1D commences.

11. Engineering Analysis. HE shall submit to the City a structural engineering analysis of the parking structure's ability to support the building proposed for construction on Unit 1D prepared by Cary Kopczynski & Company (or such other engineering firm licensed to do business in the State of Washington as HE shall select in its sole discretion). The structural analysis shall include an evaluation of both the design and the physical condition of the structure, along with recommendations for strengthening the structure, as necessary. Where structural modifications are needed to support Unit 1D, HE shall complete recommended improvements to the garage at their sole expense prior to commencing construction on Unit 1D.

12. Term. Section 2.5 of the Seventh Amendment, describing a termination date, is amended to provide that if the terms of the Agreement as modified by this Eighth Amendment are not satisfied by the date that is six months after the date on which the building constructed on Unit 1D is Substantially complete, the entire Agreement including all amendments shall expire without further notice.

13. Parking Option Agreement. The parties agree that rights of Vandevco under the Amended Option to Purchase Agreement for Parking Garage, dated June 21, 1999, between the City and Vandevco may be assigned to HE pursuant to an assignment agreement to be entered into between HE and Vandevco with the consent of the City. The City's consent to the assignment pursuant to such agreement will not be unreasonably withheld.

14. Parking Spaces. The parties agree Section 2.3 in the Sixth Amendment is deleted and the following is hereby made a part of the Agreement:

"City agrees to enter into a long-term license agreement(s) with HE for the use of parking spaces on levels P2 and P3 of the Parking Garage by tenants of the buildings on Unit 1B and Unit 1D. The license agreement(s) shall provide one parking space per unit for the building constructed on Unit 1D and a total of eighty-four parking spaces for the building constructed on Unit 1B. The license fee under the license agreement shall be paid by HE on a monthly basis at such rates as are charged by the City from time to time. HE may license such parking spaces at one time or in phases of not less than 25 spaces through multiple license agreements; provided that HE must provide the City with at least 60 days' advance notice of its intention to lease additional spaces. The City shall have the right to lease any of the spaces not leased by HE subject to HE's right to license in phases. HE shall be responsible for sublicensing such parking spaces to tenants of the buildings on Unit 1B and Unit 1D and shall use a parking decal different than that used by the City."

15. Property Tax Exemption. Subject to HE submitting the application and information reasonably required, the parties hereby confirm and agree that the City's conditional approval of the twelve (12) year property tax exemption for the multi-family building to be constructed on Unit 1D (the "Property Tax Exemption Approval") shall be applicable to (i) a six story multi-family building with approximately 116 units constructed substantially in accordance with the architectural elevations attached hereto as Exhibit A-1 and (ii) a ten story multi-family building with approximately 194 units to be constructed on Unit 1D substantially in accordance with the architectural elevations attached hereto as Exhibit A-2; provided, however, that clause (i) shall only be applicable if HE has used reasonable best efforts to obtain building permits, seismic certifications and to determine the economic feasibility of constructing a ten story tower on Unit 1D and (x) HE has not obtained the required building permits or seismic certifications or (y) HE has determined in its sole discretion that the construction of a ten story building is not economically feasible. Notwithstanding any terms to the contrary in the Property Tax Exemption Approval, the deadline for Developer to achieve Substantial completion of the building to be constructed on Unit 1D shall be extended to January 5, 2021. To the extent necessary, the City shall submit an amendment to the Vancouver Municipal Code to the Vancouver City Council for approval by no later than the Vancouver City Council's last meeting in February, 2018 to permit the extension of the deadline described in the immediately preceding sentence.

16. Lost City Revenue. The parties agree Section 2.10 in the Fourth Amendment is hereby revised as described in this Section 15.

A. All references to "Developer" are deleted and, in their place, "HE" is substituted.

B. Section 2.10.C is deleted and the following is substituted in its place:

"The City's daily revenue loss due to construction of the South Tower shall be determined by multiplying the actual number of parking spaces which are not available for use each day by the amount of the parking fee charge for each such space calculated on a per diem basis."

C. The following is hereby added as new Section 2.10.F:

"HE will work with the City regarding a mutually agreeable plan for reasonable management of vehicular and pedestrian traffic during construction, including keeping the 7th Street public walkway easement between Columbia Street and Washington Street open and available to the public to the extent it is safe and reasonable to do so, including using covered walkways in accordance with generally accepted industry practice."

17. City Deed of Trust. City hereby confirms and reaffirms that, at such time as Developer or HE execute and record documents in favor of any lender(s) that is making loans to finance construction and installation of improvements on Unit 1D, City will simultaneously execute and record such documents as are reasonably required to subordinate any mortgage or deed of trust lien it holds as beneficiary which has been recorded against Unit 1D including, without limitation, that certain Deed of Trust dated August 18, 2000, and recorded August 22, 2000, with the Auditor of Clark County, Washington, as Auditor's File No. 3245590. City further confirms that, upon payment and performance of all obligations owed to the City by Developer or HE under the Agreement, if any, and final completion of the improvements on Unit 1D and the issuance of a final certificate of occupancy by authorities having jurisdiction therefor, City shall direct the release or reconveyance of any mortgage or deed of trust lien it then holds against Unit 1D and any other property within the Project.

18. **Notice**. All earlier requirements for delivery of notices and other communications set out in the Agreement are hereby deleted and are replaced with the following:

"Formal notices, demands and communications by and among City, Developer, and HE shall be not be deemed given or effective unless dispatched by certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal office of City, Developer and HE as follows:

All notices, requests, demands, consents, approvals, declarations and other communications required by this Agreement shall be in writing, shall be in English and shall be deemed delivered (a) if given by facsimile or electronic transmission when transmitted and the appropriate telephonic or electronic confirmation received, (b) if given by first-class air mail (certified and return receipt requested), when delivered, or (c) if given by an internationally recognized overnight courier when received or personally delivered (or upon refusal to accept such delivery), with, in each case, all charges prepaid, and addressed as follows (or to such other address as any party shall specify in a notice delivered to all other parties in accordance with the terms of this Section:

<u>If to City</u>:

City Manager
City of Vancouver
P. O. Box 1995
Vancouver, WA 98668-1995
Email: eric.holmes@cityofvancouver.us

With a copy to: (which alone shall not constitute notice)

City Attorney
City of Vancouver
P. O. Box 1995
Vancouver, WA 98668-1995
Email: bronson.potter@cityofvancouver.us

If to Developer:

____
c/o Nawzad Othman
700 Washington Street, Suite 608
Vancouver, WA 98660
Email: nawzad@theothmangroup.com

With a copy to:

Nawzad Othman
The Othman Group
1118 SW Myrtle Drive
Portland, OR 97201
Email: nawzad@theothmangroup.com

And with a copy to: (which alone shall not constitute notice)

Horenstein Law Group PLLC
Attn: Stephen W. Horenstein
500 Broadway, Suite 120
Vancouver, WA 98660
Email: steve@horensteinlawgroup.com

If to HE:

Holland Acquisition Co., LLC
c/o Holland Partner Group
Attn: Principal Staff Officer/Notices
1211 Daniels Street, #61708
Vancouver, WA 98660
Email: notices@hollandpartnergroup.com

With a copy to:

c/o Holland Partner Group
Attn: Brenner Daniels
1111 Main Street, Suite 700
Vancouver, WA 98660
Email: bdaniels@holllandpartnergroup.com

And with a copy to: (which alone shall not constitute notice)

Oregon Law Group, P.C.
Attn: Joel Kaplan
1675 SW Marlow Avenue, Suite 404
Portland, OR 97225
Email: notices@oregonlawgroup.com"

19. Severability. If any provision of this Eighth Amendment or the application thereof to any person or circumstance is or shall be deemed illegal, invalid, or unenforceable, the remaining provisions hereof shall remain in full force and effect and this Eighth Amendment shall be interpreted as if such illegal, invalid, or unenforceable provision did not exist herein.

20. Counterparts. This Eighth Amendment may be executed in counterparts and such counterparts taken together shall constitute one and the same document.

21. Ratification; Consents.

A. By its execution hereof, City retroactively confirms its approval of the Transfers of property within the Project described in Section B.1 through B.4, inclusive, and agrees that none of such Transfers were and shall not be deemed to be a breach of Section 6.5 of the Agreement or any other provision of the Agreement which could be deemed to prohibit such Transfer.

B. By its execution hereof, City consents to the "Transfer" within the meaning of Section 6.1 of the Agreement that will occur as a result of the closing of the transactions contemplated by the HE Purchase Agreement, and acknowledges and agrees that the Developer, Vandevco and HE have satisfied the requirements of Section 6.5 of the Agreement with respect to such Transfers. City specifically acknowledges that following the closing of the transactions contemplated by the HE Purchase Agreement, Unit 1B and Unit 1D will be wholly owned by affiliates of HE without any beneficial ownership or control in favor of Vandevco or any of its affiliates and City agrees that the provisions of Section 6.3 of the Agreement shall not apply to any transfers permitted by Section 6.4(d) of the Agreement.

C. Section 6.4 of the Agreement is hereby amended by adding the following language as new paragraphs (c), (d) and (e):

"(c) Any Transfer consented to in writing in advance by City's Manager of Economic Development pursuant to Section 6.5."

"(d) Any Transfer of either of Unit 1B or Unit 1D after such unit is Substantially complete.

"(e) Any Transfer to an affiliate of HE including any joint venture or partnership of which HE or an affiliate of HE is a member."

22. Conflicting Terms. To the extent that any provision of this Eighth Amendment conflicts with any provision in the Agreement, the terms of this Eighth Amendment shall control and constitute an amendment of the Agreement. The Agreement is otherwise unmodified except as expressly set forth in this Eighth Amendment and the Agreement, as modified by this Eighth Amendment, remains in full force and effect.

23. Binding Effect. The provisions of this Amendment shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

24. City Approval. By its execution hereof, City approves the Transfer of Unit 1B and Unit 1D to HE and Developer's and Vandevco's assignment of its rights and obligations under the Agreement to HE to the extent applicable to Unit 1B or Unit 1D or as otherwise set forth herein.

25. Waivers and Releases.

A. By its execution of this Amendment, City certifies to HE and Developer as follows: (i) the City hereby irrevocably waives any known or disclosed defaults or other known or disclosed failures by Vandevco in the performance by Vandevco of its obligations under the Agreement which accrued prior to the Execution Date of this Eighth Amendment (including without limitation the defaults identified in the estoppel certificate from the City to HE and Vandevco substantially in the form of Exhibit B (the "Estoppel Certificate"); (ii) HE does not assume, and will not be held responsible or accountable for the performance of any of Developer's obligations under the Agreement which accrued prior to the date of this Eighth Amendment, and HE will never be held responsible or accountable for breaches or defaults of the same; (iii) except as set forth in the Estoppel Certificate, as of the date of this Eighth Amendment, neither City nor Developer is in default of any of its obligations under the Agreement; and (iv) as of the date of this Eighth Amendment, there is no defense, offset, claim or counterclaim by or in favor of City against Developer and/or HE under the Agreement.

B. Each of City, Vandevco and HE, for itself and on behalf of its respective affiliates (each a "Releasor"), knowingly and voluntarily releases and forever discharges each other party and its respective successors and assigns, and their current and former employees, attorneys, officers, directors and agents thereof, both individually and in their business capacities, and their employee benefit plans and programs and their administrators and fiduciaries (collectively the "Releasees"), of and from any and all claims, known (and, only with respect to HE, unknown), asserted or unasserted, which the Releasor has or may have against Releasees as of the effective date of this Eighth Amendment. Notwithstanding the foregoing, neither City nor Holland is waiving any rights to enforce the other party's obligations under the Agreement which accrue after the effective date of this Eighth Amendment.

[Remainder of this page intentionally left blank; signatures on following pages.]

IN WITNESS WHEREOF, City has caused this Eighth Amendment to be executed by its duly authorized agent.

CITY OF VANCOUVER, a municipal corporation

By: ______________________
Print Name: ERIC J HOLMES
Its: City Manager

Attest:

By: ______________________
Print Name: Carrie Lewellen
Its: Deputy City Clerk

Approved as to form:

____
Print Name: E Bronson Potter
Its: City Attorney

STATE OF WASHINGTON)
: ss.
County of Clark)

I certify that Eric Holmes appeared personally before me and that I know or have satisfactory evidence that he/she signed this instrument as the City Manager of the City of Vancouver, and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 21 day of December, 2017

____
NOTARY PUBLIC FOR WASHINGTON
My Commission Expires: 11/15/18

E. BRONSON POTTER
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES NOVEMBER 15, 2018

IN WITNESS WHEREOF, the below Developer entity has caused this Eighth Amendment to be executed by its duly authorized agent.

VANDEVCO RESIDENTIAL LLC, a
Washington limited liability company

By: ____________________
Print Name: Nawzad Othman
Its: Auth. Rep.

STATE OF WASHINGTON)
: ss.
County of Clark)

I certify that Nawzad Othman appeared personally before me and that I know or have satisfactory evidence that he/she signed this instrument as the Auth. Rep. of Vandevco Residential LLC, and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 21 day of December, 2017.

HOLLY Y SWOFFORD
COMMISSION EXPIRES
NOTARY PUBLIC
AUG. 26, 2019
STATE OF WASHINGTON

Holly Y Swofford
NOTARY PUBLIC FOR WASHINGTON
My Commission Expires: 8-26-19

IN WITNESS WHEREOF, the below Developer entity has caused this Eighth Amendment to be executed by its duly authorized agent.

VANDEVCO RESIDENTIAL II LLC, a
Washington limited liability company

By: [signature]
Print Name: Nawzad Othman
Its: Auth. Rep.

STATE OF WASHINGTON)
: ss.
County of Clark)

I certify that Nawzad Othman appeared personally before me and that I know or have satisfactory evidence that he/she signed this instrument as the Auth. Rep. of Vandevco Residential II LLC, and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 21 day of December, 2017.

HOLLY Y SWOFFORD
COMMISSION EXPIRES
NOTARY
PUBLIC
AUG. 26, 2019
STATE OF WASHINGTON

Holly Y Swofford
NOTARY PUBLIC FOR WASHINGTON
My Commission Expires: 8-26-19

IN WITNESS WHEREOF, the below Developer entity has caused this Eighth Amendment to be executed by its duly authorized agent.

VANDEVCO OFFICE TOWER LLC, a
Delaware limited liability company

By: ____________________
Print Name: Nawzad Othman
Its: Auth. Rep.

STATE OF WASHINGTON)
: ss.
County of Clark)

I certify that Nawzad Othman appeared personally before me and that I know or have satisfactory evidence that he/she signed this instrument as the Auth. Rep. of Vandevco Office Tower LLC, and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 21 day of December, 2017

HOLLY Y SWOFFORD
COMMISSION EXPIRES
NOTARY
PUBLIC
AUG. 26, 2019
STATE OF WASHINGTON

Holly Y Swofford
NOTARY PUBLIC FOR WASHINGTON
My Commission Expires: 8-26-19

IN WITNESS WHEREOF, the below Developer entity has caused this Eighth Amendment to be executed by its duly authorized agent.

VANCOUVERCENTER DEVELOPMENT II LLC,
a Washington limited liability company

By: ______________________
Print Name: Nawzad Othman
Its: Auth. Rep.

STATE OF WASHINGTON)
: ss.
County of Clark)

I certify that Nawzad Othman appeared personally before me and that I know or have satisfactory evidence that he/she signed this instrument as the Auth. Rep. of Vancouvercenter Development II LLC, and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 21 day of December, 2017

HOLLY Y SWOFFORD
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES AUG. 26, 2019

Holly Y Swofford
NOTARY PUBLIC FOR WASHINGTON
My Commission Expires: 8-26-19

IN WITNESS WHEREOF, Vandevco has caused this Eighth Amendment to be executed by its duly authorized agent.

VANDEVCO LIMITED,
a Washington corporation

By: ______________________
Print Name: Nawzad Othman
Its: Auth. Rep.

STATE OF WASHINGTON)
: ss.
County of Clark)

I certify that Nawzad Othman appeared personally before me and that I know or have satisfactory evidence that he/she signed this instrument as the Auth. Rep. of Vandevco Limited, and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 21 day of December, 2017

HOLLY Y SWOFFORD
COMMISSION EXPIRES
NOTARY
PUBLIC
AUG. 26, 2019
STATE OF WASHINGTON

Holly Y Swofford
NOTARY PUBLIC FOR WASHINGTON
My Commission Expires: 8-26-19

IN WITNESS WHEREOF, HE has caused this Eighth Amendment to be executed by its duly authorized agent.

HOLLAND ACQUISITION CO., LLC
a Washington limited liability company

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By:________________________________
Mark Bates, Executive Managing Director

STATE OF OREGON)
: ss.
County of Multnomah)

I certify that Mark Bates appeared personally before me and that I know or have satisfactory evidence that he signed this instrument as the Executive Managing Director of Holland Partner Group Management, Inc., the Manager of Holland Acquisition Co., LLC, and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 19th day of December, 2017.

NOTARY PUBLIC FOR OREGON
My Commission Expires: 9/07/2018

OREGON LAW GROUP
Approved for Signature
By:

OFFICIAL STAMP
CHRISTINA ALWERT
NOTARY PUBLIC-OREGON
COMMISSION NO. 932034
MY COMMISSION EXPIRES SEPTEMBER 07, 2018

EXHIBIT A-1

SIX STORY CONCEPTUAL ARCHITECTURAL RENDERING

EXHIBIT A-2

TEN STORY CONCEPTUAL ARCHITECTURAL RENDERING

EXHIBIT B

ESTOPPEL CERTIFICATE

TO: [____________]
[____________]
[____________]
[____________]

THIS ESTOPPEL CERTIFICATE (this "Certificate") is executed this _____ day of November, 2017, by the undersigned City of Vancouver, State of Washington ("City"), with respect to the following:

A. As of the date hereof, City, Vandevco Residential LLC, a Washington limited liability company, Vandevco Residential II LLC, a Washington limited liability company, Vandevco Office Tower LLC, a Delaware limited liability company, Vancouvercenter Development II, LLC, a Washington limited liability company (collectively, "Developer"), Vandevco Limited, a Washington corporation ("Vandevco") and Holland Acquisition Co., LLC, a Washington limited liability company ("Holland") are entering into that certain Eighth Amendment to Disposition and Development Agreement ("Eighth Amendment"). The Eighth Amendment amends that certain Disposition and Development Agreement, dated as of June 21 199, between City and Vandevco (as amended, the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Eighth Amendment or the Agreement, as applicable.

NOW, THEREFORE, City acknowledges, agrees and certifies as of the date hereof to Holland, its successors and assigns, except as set forth on Schedule A, the following:

1. The Agreement is in full effect and has not been amended or modified other than the seven amendments identified in the recitals to the Eighth Amendment.

2. As of the date hereof, the Project is not in default under any provision of the Agreement. City knows of no event that has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default under the Agreement.

3. There are no assessments currently pending against the Project.

4. As of the date hereof, all improvements required to be built under the Agreement have been constructed, and all improvements located Project are in compliance with the Agreement.

5. City acknowledges and agrees that City has consented to the Transfer contemplated by the HE Purchase Agreement and that such Transfer shall not constitute a default under the Agreement.

6. City acknowledges and agrees that HE and its successors and assigns are relying upon the contents of this Certificate and City's execution hereof, and that in consideration of such material reliance City shall now and forever be estopped from denying the validity of this Certificate and City knowingly and expressly waives any such claim or defense.

IN WITNESS WHEREOF, City has caused this Estoppel Certificate to be executed by its duly authorized agent.

CITY OF VANCOUVER, a municipal corporation

By: ______________________________
Print Name: ________________________
Its: _______________________________

Attest:

By: ______________________________
Print Name: ________________________
Its: _______________________________

Approved as to form:

____
Print Name: ________________________
Its: _______________________________

STATE OF WASHINGTON)
: ss.
County of Clark)

I certify that ______________________ appeared personally before me and that I know or have satisfactory evidence that he/she signed this instrument as the ____________________ of the City of Vancouver, and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this ____ day of ____________________, 20__.

____
NOTARY PUBLIC FOR WASHINGTON
My Commission Expires: ____________________

Schedule A to Estoppel Certificate

1. Any and all rights and remedies of the City set forth in Sections 7.3, 7.4 and 7.5 of the Disposition and Development Agreement recorded on September 30, 1999 under auditor's recording number 3155637.

2. A payment of $800,000 to the City for to offset overall project delay and loss of anticipated tax revenues and net parking revenues pursuant to Section 2.3 of the Fourth Amendment to Disposition and Development Agreement recorded on March 14, 2007 under auditor's recording number 4297179, and Section 2.6 of the Sixth Amendment to Disposition and Development Agreement recorded on December 1, 2015 under auditor's recording number 5236779. This obligation was superseded by Section 2.4 of the Seventh Amendment to Disposition Development Agreement described below.

3. A payment of $3,000 per day for any day after October 31, 2017 for which construction is not substantially complete pursuant to Section 2.4 of the Seventh Amendment to Disposition Development Agreement recorded June 28, 2016 under auditor's recording number 5298291.

4. A payment of $430,000.00 into an escrow account by no later than June 30, 2016 as called for in Section 2.1 of the Seventh Amendment to the Disposition Development Agreement recorded June 28, 2016 under auditor's recording number 5298291.

CONSTRUCTION PARKING BULK LEASE
(the "Lease")

1. **Effective Date.** May 1, 2019

2. **Lessor.** City of Vancouver, a municipal corporation of the State of Washington, hereinafter referred to as "Lessor"
PO Box 1995
Vancouver, WA 98668-1995

3. **Lessee.** NASH – Holland Washington & Sixth, LLC, a Delaware limited liability company, hereinafter referred to as "Lessee"
1111 Main Street, Suite 700
Vancouver, WA 98660

4. **Premises.** The Lessor hereby leases to the Lessee, upon the terms and conditions herein set forth, certain real property known as the South ½ of City Block #10, located in Vancouver, Washington and outlined in red on Exhibit "A" attached hereto and by this reference made a part hereof (the "Premises").

5. **Term.** This Lease is for a period of twelve months beginning June 1, 2019 and ending May 31, 2020. Either party may terminate this agreement with 120 days written notice.

6. **Extension.** Both parties may agree to extend on a month-to-month basis at end of above term.

7. **Rent.** The monthly rental amount to be paid by Lessee to Lessor in advance on the first day of each month shall be in the sum of $3,039.17 per month plus leasehold excise tax of $390.23 for a total of $3,429.40 per month.

   Current leasehold excise tax rate is 12.84%

8. **Services.** Lessee shall pay for all services used in connection with the Premises during the term of this Lease, but excluding services related to landscaping along the northern portion of the Premises and the right of way surrounding the Premises.

9. **Late Fees.** Rent shall be delinquent after the tenth (10^{th}) day of each month and the rent not paid on or before the tenth day of each month shall be subject to a late payment penalty of FIFTY AND NO/100 DOLLARS ($50.00) and shall further be cause for termination of this Lease.

10. **Right to Sell.** Lessor shall at all times during the period of this Lease and any extension hereof have the right to sell the Premises hereunder and/or pledge the Premises as security for financing for any purpose whatsoever subject to the terms and provision of this Lease.

11. **Improvements.** Any alterations, additions or improvements to or upon the Premises, by the Lessee, shall be the sole financial responsibility of the Lessee and no adjustment will be made in the rent. Any alterations, additions or improvements to or upon the Premises, by the Lessee, shall be approved in writing by the Lessor, which written approval shall not be unreasonably withheld.

12. **Liens.** The Lessee will not permit any lien of any kind to be placed upon the Premises.

13. **Release and Hold Harmless.** The Lessee agrees that the Lessor shall in no event be liable for any accident or injury to any goods or person whatsoever occurring on or about the Premises, which accident or injury is caused by or arises out of the failure of the Lessee to observe any covenant, agreement or condition of this Lease, or any statute or municipal ordinance, or which is caused by or arises out of any negligence on the part of any officers, agents, servants, employees or invitees of the Lessee, or of any agents, servants, employees or invitees of the Lessee, or of any person doing work under contract or otherwise for the Lessee, and the Lessor shall not be responsible nor liable in any way for the injury or death of any person or damage to any property caused on or about the Premises; nor shall the Lessor be liable for any damage or loss suffered by tenants of the Lessee arising or resulting from any such accident or injury to any goods or person happening on or about the Premises. Lessee shall defend, indemnify and hold harmless the Lessor from and against any and all claims, demands, causes or action, suits or judgments (including costs and expenses incurred in connection therewith) for deaths or injuries to persons or for loss of or damage to property arising out of or in connection with the use of the Premises by Lessee, its officers, agents, servants, employees, tenants or invitees. In the event of any claims made or suits filed, Lessor shall give Lessee prompt written notice thereof and Lessee shall have the right to defend or settle the same to extent of its interest hereunder. Lessee shall be responsible for its own liability insurance coverage on the Premises and provide proof of coverage to Lessor.

14. **Condition of Premises.** At the commencement of the term, the Lessee agrees it has examined the Premises and accepts the Premises “as is” in its existing condition and Lessee agrees that no representations, statement or warranties, express or implied, have been made by or on behalf of Lessor in respect thereto and Lessor shall in no event be liable for any latent defects.

15. **Hazardous Waste.** Lessee represents and warrants to Lessor that hazardous substances will not be generated, stored or disposed of on the Premises by Lessee nor will the same be transported to or over the Premises by Lessee. “Hazardous substance” shall be interpreted broadly to mean any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, hazardous or toxic or radioactive substances, or other similar term by any federal, state or local environmental law, regulation or rule

presently in effect or promulgated in the future, as such laws, regulations or rules may be amended from time to time, including, but not limited to, any substance which after release into the environment and upon exposure, ingestion, inhalation or ingestion through food chains or otherwise, will or may reasonably be anticipated to cause sickness, death, disease, behavior abnormalities, cancer or genetic abnormalities. Lessee shall defend, indemnify and hold Lessor harmless from and against any and all damage, loss, expense, fine or liability resulting from Lessee's use of the Premises including the introduction of any hazardous substance thereon.

16. **Lessor's Right of Entry and Remedy.** It shall be lawful for the Lessor, Lessor's officers, agents and representatives, at any time after reasonable written notice to Lessee, to enter upon the Premises for the purpose of examining the condition thereof, or any other lawful purpose.

17. **Authorized Use.** Lessee's use of the Premises is limited to the staging of construction material and temporary parking, queuing, and office facilities for the construction of the tower at the southeast quadrant of the Vancouver Center.

18. **Insurance.** Lessee shall, at its own expense, procure and maintain, throughout the term of this Lease, insurance described in this section from insurers approved by the State Insurance Commissioner pursuant to RCW Title 48. Lessee's insurance coverage shall be primary and non-contributory insurance as respects Lessor's insurance, self- insurance, or insurance pool coverage. Lessee, its agents, representatives, officers, directors, officials, and employees must be named as an additional insured on the Commercial General Liability policy and shown on the certificate as an additional insured.

    The insurance shall provide the minimum coverage and limits set forth below:

    Lessee shall maintain Commercial General Liability insurance with limits of not less than One Million Dollars ($1,000,000) for each occurrence and Two Million Dollars ($2,000,000) products/completed operations and aggregate. All liability insurance required herein shall be under comprehensive or commercial General Liability and business, policies. The insurance must be written on an "occurrence" basis, which must be evidenced on the certificate.

    Lessee shall maintain Contractor's All Risk insurance with limits of not less than One Million Dollars ($1,000,000) per occurrence and aggregate.

    Lessee may utilize primary and umbrella liability policies to satisfy the preceding per occurrence and aggregate insurance policy limit requirements.

    Lessee shall ensure that adequate notice of termination, of no more than thirty (30) days before the effective date of the termination, of any of the insurance policies required as a condition of this Agreement.

    Lessee shall provide evidence of all insurance required, and this shall be provided upon renewal of all insurance policies. Failure of the Lessor to obtain the Certificate of

Insurance shall not relieve the Lessee from the obligation to purchase such coverage. Evidence shall be provided to the City on a standard “ACORD” or comparable form.

19. **Attorney Fees and Court Costs.** In case suit or action is instituted to enforce compliance with any of the terms of this lease, the losing party agrees to pay the prevailing party a reasonable attorney’s fee, together with all costs and expenses incurred in connection with such actions, including the reasonable cost of searching records to determine the condition of title at the time suit is commenced.

20. **Waiver.** Any waiver by the Lessor of any breach of any covenant therein contained to be performed by the Lessee shall not be deemed as a continuing waiver, and shall not operate to bar or prevent the Lessor from declaring a forfeiture for any succeeding breach, either of the same condition or covenant or otherwise.

21. **Notices.** Any notices required or permitted under the terms of this lease shall be given when actually delivered or when deposited in the United States mail as certified mail with postage prepaid, addressed to the Lessor or Lessee at the addresses as noted in paragraphs 2 and 3 herein.

22. **Heirs and Assigns.** All rights, remedies and liabilities herein given to or imposed upon either of the parties hereto shall inure to the benefit of and bind the heirs, executors, administrators, successors and, so far as this lease is assignable by the terms hereof, to the assigns of such parties. Lessee may assign this Lease to an affiliate under common control with Lessee without prior approval of Lessor.

23. **Number, Gender and Captions.** In construing this lease, it is understood that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine, and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply generally to one or more individuals and/or corporations and partnerships. All captions and paragraph headings used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this lease.

24. **Total Agreement.** This lease contains the entire agreement between the parties and cannot be changed or terminated except by a written instrument subsequently executed by the parties hereto.

25. **Applicable Law and Venue.** This Lease shall be governed by and construed in accordance with the laws of the State of Washington and in the event of any litigation arising out of this lease, the parties hereto stipulate ad agree that the venue of any such action shall be laid in Clark County, Washington.

[Signature Pages Follow]

IN WITNESS WHEREOF, the respective parties have executed this instrument this ____ day of _________________, 2019.

NASH – Holland Washington & Sixth, LLC,
a Delaware limited liability company

By: NASH – Holland Vancouvercenter Investors, LLC,
a Delaware limited liability company,
its sole Member and Manager

By: HPG Vancouvercenter, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By:_________________________________
Name:_______________________________
Title:________________________________

Date:____________________, 2019

STATE OF WASHINGTON)
) ss.
County of Clark)

I certify that I know or have satisfactory evidence that ____________________ signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the ____________________ of Holland Partner Group Management, Inc. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this ____ day of _________________, 2019.

____
NOTARY PUBLIC for Washington
My Commission Expires:_______________

CITY OF VANCOUVER, a municipal corporation of the State of Washington

________________________________ ________________________________
Eric J. Holmes, City Manager Date

Approved as to form:

____
E. Bronson Potter, City Attorney

Attest:

____
Natasha Ramras, City Clerk
By: Carrie Lewellen, Deputy City Clerk

STATE OF WASHINGTON)
) ss.
County of Clark)

I certify that I know or have satisfactory evidence that Eric J. Holmes signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the City Manager of the City of Vancouver to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this _______ day of __________________________, 2019.

____
NOTARY PUBLIC for Washington
My Commission Expires:______________________

EXHIBIT "A"

PREMISES

VOUCHER APPROVAL

We, the undersigned council members of the City of Vancouver, Clark County, Washington, do hereby certify that the merchandise or services hereinafter specified have been received and that the vouchers listed below are approved for payment in the amount of:

$ 883,819.84	**this 15th day of April 2019.**

MAYOR

COUNCILMEMBER

AUDITING OFFICER

COUNCILMEMBER

DATE	INCLUSIVE CHECK NUMBERS	CHECK TOTAL
April 2 - April 8	Accounts Payable Checks (see attached)	$ 880,255.53
April 2 - April 8	Visa Refunds (see attached)	$ 3,564.31
April 2 - April 8	Payroll Checks (see attached)	$ -
TOTAL		$ **883,819.84**

INVOICE PAYMENTS REPORT

Payment Type	Check Number	Payment Date	Payment Amount		Payment Payee	Description from: Spend Category / Supplier Invoice Memo
Manual Wire	1_WIRE	4/1/2019	113,465.71		Blue Cross Blue Shield of Oregon	**WIRE-Blue Cross/Self-insured Claims**
Manual Wire	1_WIRE	4/1/2019	9,536.53		Washington Dental Service	**WIRE-WDS Claims**
Manual Wire	1_WIRE	4/2/2019	8,500.00		Mark Brown	**WIRE-Gov Relations/Legislative Affairs Advice**
Manual Wire	1_WIRE	4/4/2019	21,872.64		Bank Of America N.A.	**WIRE-Services-Postage Replacement**
Manual Wire	1_WIRE	4/4/2019	144.00		State of Washington Department of Licensing	**WIRE- CPL Permits**
Manual Wire	1_WIRE	4/8/2019	142,268.65		Blue Cross Blue Shield of Oregon	**WIRE-19MAR - City 10034258 VHA 10034259**
Manual Wire	1_WIRE	4/8/2019	26,462.85		Washington Dental Service	**WIRE-19APR Delta Dental 4/8/19**
Check	1001	4/2/2019	4,878.00		AAA Septic Service LLC	SCIP Program
Check	1002	4/3/2019	50.00		Albertsons LLC	Records Search Fee
Check	1003	4/3/2019	531.45		Record Reproduction Services	Copy Charges/Retrieval Fees - RISK
Check	1004	4/3/2019	50.00		West Family Clinic	Medical Records Request/Copies
Customer Refund	1005	4/2/2019	83.74		ALLEN,ROGER AND CAROL	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds
Customer Refund	1006	4/3/2019	1,043.90		EVERGREEN QUARRY LLC	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds
Customer Refund	1007	4/3/2019	2,842.72		EVERGREEN QUARRY LLC	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds
Customer Refund	1008	4/3/2019	3,293.90		EVERGREEN QUARRY LLC	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds
Customer Refund	1009	4/3/2019	463.98		EVERGREEN QUARRY LLC	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds
Customer Refund	1010	4/3/2019	889.20		EVERGREEN QUARRY LLC	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds
Customer Refund	1011	4/3/2019	25.01		KELSCH,JAMES AND NANCY	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds
Customer Refund	1012	4/2/2019	150.66		Mackenzie / Monolith development	SC0349 SC to Ledger 213110 AP Refunds - Refund for overpayment
Check	1013	4/3/2019	84.06		Magnuson,Russ and Peggie	Refund: Check was cut, but was cancelled in Workday
Customer Refund	1014	4/1/2019	203.32		MARLOW,LORI	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds
Customer Refund	1015	4/3/2019	25.58		SCHAUER,DAVID	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds
Customer Refund	1016	4/1/2019	30.94		SULLIVAN,MYRTIE C	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds
Customer Refund	1017	4/1/2019	22.22		SULLIVAN,MYRTIE C	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds
Customer Refund	1018	4/2/2019	90.81		SUMMERFIELD HOMES LLC	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds

*Please contact Procurement Services if you would like to review the justification for EMERGENCY procurement.

INVOICE PAYMENTS REPORT

Payment Type	Check Number	Payment Date	Payment Amount		Payment Payee	Description from: Spend Category / Supplier Invoice Memo
Customer Refund	1019	4/2/2019	62.99		TYREE,MELODY	SC0340 SC to Ledger 213110 AP Refunds (Hansen) Utility Refunds
Check	1020	4/5/2019	288.00		Accurate Corporate Svcs Inc	Holiday Decoration pickup & storage 19JAN
Check	1021	4/5/2019	584.46		Aramark Uniform Services	Summary: Coverall, Mat Cleaning Service 3/18 to 4/1/19
Check	1022	4/5/2019	5,942.96		Archaeological Services of Clark County LLC	Land use review
Check	1023	4/5/2019	86.46		AT & T Mobility II LLC	ACCT 287238238360 2/17-3/16/19
Check	1024	4/5/2019	496.25		Cellco Partnership	ACCT 723202384-00001 3/23/19
Check	1025	4/5/2019	53,171.25		Clark County	Summary: 2Q19 CRESA & Mental Health Ct
Check	1026	4/5/2019	25,000.00		Columbia River Economic Development Council Inc	2019 CREDC APRIL INV
Check	1027	4/5/2019	193.27		Comcast Cable Communications LLC	3/24-4/23/19 601 W EVERGREEN BLVD-VPD
Check	1028	4/5/2019	108.27		Comcast Cable Communications LLC	3/25-4/24/19 1013 FRANKLIN ST
Check	1029	4/5/2019	151.11		Comcast Cable Communications LLC	COV VPD WEST 3/25 - 4/24/19
Check	1030	4/5/2019	382.07		Corwin Beverage	ACCT 15624 3/29/19
Check	1031	4/5/2019	36.18		Databar Inc	CUST 8911 ORDER 50820
Check	1032	4/5/2019	1,009.84		Ferguson Enterprises Inc	CUST 51216 3/18/19 JOB 92009
Check	1033	4/5/2019	8,081.75		Genuine Parts Company	Summary: Parts for Vehicle/Equip Maintenance
Check	1034	4/5/2019	7,108.91		Gordon Truck Centers	Summary: Parts for Vehicle/Equip Maintenance
Check	1035	4/5/2019	13,474.00		Halbert Construction Services LLC	Services - Repair & Maint - Multiple locations
Check	1036	4/5/2019	2,139.26		Herrera Environmental Consultants Inc	On call stormwater retrofit plan & design
Check	1037	4/5/2019	200.00		John R Cannon	50+ activity reimbursement
Check	1038	4/5/2019	107.50		Judy Adams	Transcription services
Check	1039	4/5/2019	200.00		Lee Nicholas	50+ activity reimbursement
Check	1040	4/5/2019	232.70		Linguava Interpreters Inc	Interpretive services
Check	1041	4/5/2019	23,190.10		Metereaders LLC	Prof & Contracted services
Check	1042	4/5/2019	3,882.89		Mobes Business Forms	3/27/19 180 M UTILITY FORMS
Check	1043	4/5/2019	3,366.45		Net Transcripts Inc	Transcription services
Check	1044	4/5/2019	97,580.96		Northeast Electric LLC	Capital - Construction Services (St James & 42nd)
Check	1045	4/5/2019	773.98		Oldcastle Precast Inc	CUST 020001137 O#S145121
Check	1046	4/5/2019	1,781.78		Pacific Furnishings	Office chairs (2)
Check	1047	4/5/2019	1,755.00		Paul Lewis	Conduct Financial & other data collection, analysis, summary & recommendations
Check	1048	4/5/2019	2,208.96		Potter Webster Co	Summary: Parts for Vehicle/Equip Maintenance
Check	1049	4/5/2019	1,395.00		PPC Solutions Inc	Security services - multiple locations
Check	1050	4/5/2019	474.68		Praxair Distribution Inc	Prof Services for MCC/FCC
Check	1051	4/5/2019	92.14		Riverside Containers LLC	Services - Other rentals (storage)
Check	1052	4/5/2019	586.72		SME Solutions LLC	Services - Repair & Maint - Multiple locations

*Please contact Procurement Services if you would like to review the justification for EMERGENCY procurement.

INVOICE PAYMENTS REPORT

Payment Type	Check Number	Payment Date	Payment Amount		Payment Payee	Description from: Spend Category / Supplier Invoice Memo
Check	1053	4/5/2019	1,769.00		Southwest Officials Services Inc	Referees for Youth Basketball recreation leagues
Check	1054	4/5/2019	10.36		Stericycle Inc	MCC - Pool operations
Check	1055	4/5/2019	7,000.00		Sympro Inc	Software maintenance
Check	1056	4/5/2019	892.83		The Pape Group Inc	Cust 101272 Parts for vehicle repairs/maintenance
Check	1057	4/5/2019	905.14		Towing & Recovering Svcs Inc	General Towing Services
Check	1058	4/5/2019	859.35		Triple J Enterprises	General Towing Services
Check	1059	4/5/2019	17,062.50		Two Rivers Terminal LLC	Operating supplies / odor control
Check	1060	4/5/2019	10,715.00		Vancouver Downtown Association	Services - professional & contracted - enhance downtown appeal
Check	1061	4/5/2019	300.00		W Todd Pascoe	Secondary Public Defender & related servcies
Check	1062	4/5/2019	5,629.68		Allegiance Benefit Plan Management Inc	GRP: 0010552 & 0010553 LEOFF
Check	1063	4/5/2019	4,020.68		Broadway Investors LLC	JAN 19 COLUMBIA BANK PARKING
Check	1064	4/5/2019	114,096.21		Clark County	2Q19 CRESA & Mental Health Court Service
Check	1065	4/5/2019	32,207.19		Life Insurance Company of North America	19MAR FLX966264 / OK967803
Check	1066	4/5/2019	588.00		Rotschy Inc	CLIENT 59 3/26/19
Check	1067	4/5/2019	3,162.00		Willis of Seattle Inc	Insurance
Direct Dep		4/5/2019	342.00		Andrew Reule	Employee Reimbursement
Direct Dep		4/5/2019	357.00		Carole Boswell	Employee Reimbursement
Direct Dep		4/5/2019	302.50		Eric Becker	Employee Reimbursement
Direct Dep		4/5/2019	152.50		Greg Catton	Employee Reimbursement
Direct Dep		4/5/2019	342.00		Greg Turner	Employee Reimbursement
Direct Dep		4/5/2019	114.00		Jill Brown	Employee Reimbursement
Direct Dep		4/5/2019	357.00		Joshua Sand	Employee Reimbursement
Direct Dep		4/5/2019	357.00		Julie Ballou	Employee Reimbursement
Direct Dep		4/5/2019	357.00		Justin Materne	Employee Reimbursement
Direct Dep		4/5/2019	342.00		Keith Jones	Employee Reimbursement
Direct Dep		4/5/2019	240.75		Logan Cannon	Employee Reimbursement
Direct Dep		4/5/2019	152.50		Mark Brinski	Employee Reimbursement
Direct Dep		4/5/2019	302.50		Michael McHugh	Employee Reimbursement
Direct Dep		4/5/2019	357.00		Miranda Skeeter	Employee Reimbursement
Direct Dep		4/5/2019	261.75		Monica Hernandez Moya	Employee Reimbursement
Direct Dep		4/5/2019	357.00		Neil Martin	Employee Reimbursement
Direct Dep		4/5/2019	274.50		Patric Tandy	Employee Reimbursement
Direct Dep		4/5/2019	152.50		Richard Rich	Employee Reimbursement
Direct Dep		4/5/2019	57.00		Richard Rich	Employee Reimbursement
Direct Dep		4/3/2019	26.49		Andrea Pastor	Employee Reimbursement
Direct Dep		4/3/2019	92.86		Anna Dearman	Employee Reimbursement
Direct Dep		4/3/2019	5.00		Chris Malone	Employee Reimbursement
Direct Dep		4/3/2019	150.00		Dade Pettinger	Employee Reimbursement

*Please contact Procurement Services if you would like to review the justification for EMERGENCY procurement.

INVOICE PAYMENTS REPORT

Payment Type	Check Number	Payment Date	Payment Amount		Payment Payee	Description from: Spend Category / Supplier Invoice Memo
Direct Dep		4/3/2019	30.00		David King	Employee Reimbursement
Direct Dep		4/5/2019	10.00		Deborah Hartsoch	Employee Reimbursement
Direct Dep		4/3/2019	16.00		Duane Boynton	Employee Reimbursement
Direct Dep		4/3/2019	86.70		Jacob Mahan	Employee Reimbursement
Direct Dep		4/5/2019	8.62		James Demmon	Employee Reimbursement
Direct Dep		4/3/2019	211.33		Jason Oldham	Employee Reimbursement
Direct Dep		4/5/2019	48.00		Kyle Peters	Employee Reimbursement
Direct Dep		4/3/2019	209.00		Melissa Szyplinski	Employee Reimbursement
Direct Dep		4/3/2019	102.00		Nicholas Brodaczynski	Employee Reimbursement
EFT		4/5/2019	80,243.20		Clark and Sons Excavating Inc	Capital - Construction Contractors (4th Plain & Norris)
EFT		4/1 to 4/8	1,464.13		MISCELLANEOUS	Hansen City Payments 4/2 - 4/8/19
SubTotal			**880,255.53**			
VISA		9-Apr-19	1,760.00		MISCELLANEOUS	PARKS CLASS REFUNDS - FCC 4-2-19 thru 4-8-19
VISA		9-Apr-19	1,612.41		MISCELLANEOUS	PARKS CLASS REFUNDS - MCC 4-2-19 thru 4-8-19
VISA		9-Apr-19	0.00		MISCELLANEOUS	PARKS CLASS REFUNDS - SPEC EVENTS 4-2-19 thru 4-8-19
VISA		9-Apr-19	191.90		MISCELLANEOUS	PARKS CLASS REFUNDS - WREC 4-2-19 thru 4-8-19
VISA	**SUBTOTAL**		**3,564.31**			
	TOTAL		**883,819.84**			

EXCEPTIONS: There are no exceptions on this report

*Please contact Procurement Services if you would like to review the justification for EMERGENCY procurement.

City of Vancouver
Payroll Council Report
April 2, 2019 - April 8, 2019

Check No.	Date	Explanation	Amount
		No payroll this period	

$ -

Item #6.

Staff Report 052-19

TO: Mayor and City Council

FROM: Eric Holmes, City Manager

DATE: 4/15/2019

SUBJECT Multifamily Tax Exemption: Waterfront Block 20

Key Points

- The Multifamily Tax Exemption Program, authorized by VMC 3.22, is designed to incentivize for new private multi-family development in targeted areas of the City.
- The requested exemption facilitates an estimated $60 million in new construction on the Waterfront that may not occur otherwise, including direct and indirect employment associated with construction
- The exemption accelerates a project that will be on the tax rolls for decades beyond the end of the 8 year exemption period
- The exemption is for 8 years, following which the project will return to the tax rolls at the then assessed value as if it were new construction.
- Over the 20 year period following construction, the project – with the exemption - will generate nearly $10 million in taxes benefitting all taxing districts (ports, schools, county, city, etc.) and a total of $3.1 million for the City of Vancouver ($2.6 million in new tax revenue *plus* the contribution of $0.5 million toward improvements at Esther Short Park.)

Strategic Plan Alignment

Goal 3, Objective 3.2: Improve services available to underserved or vulnerable residents.

Goal 7, Objective 7.1: Support redevelopment of the Columbia River waterfront.

Goal 8, Objective 8.1: Make downtown Vancouver a vibrant destination for the community and the region.

Present Situation

The multi-family property tax exemption program in general is designed to incentivize new private multi-family development in targeted areas in the City. The program is a tool to assist cities in accommodating future population growth in designated centers, close to employment, shopping, and transit services and to encourage affordable housing where appropriate.

The applicant for development of Waterfront Block 20 is proposing an eight year market-rate exemption for 248 residential units. The development is a seven story residential building with 257 on-site structured parking spaces. Market rate units require an additional negotiated "public benefit" to be memorialized in a development agreement.

For this project, the City negotiated a $0.5 million contribution by the developer to fund off-site improvements in Esther Short Park as the public benefit. Specifically, the contribution would replace aging playground equipment with a new and fully accessible playground which will benefit the project and surrounding area. The amount of the contribution was negotiated by city staff, and is anticipated to be sufficient to cover the cost of the new playground equipment.

The proposed exemption request was reviewed by the City Center Redevelopment Authority (CCRA) on March 21, 2019, and they found that the proposed public amenity was sufficient to satisfy the requirement of VMC 3.22, and unanimously recommended approval of the requested tax exemption and development agreement.

The municipal code authorizes the tax exemption generally establishes as a “pass/fail” program (either an applicant meets the program requirements or they don’t) with the exception of the market rate exemption, which provides for discretionary decision making through a negotiation of public benefit and approval of a development agreement by the City Council.

The tax impact of the project is estimated as follows:

	Total – all taxing districts	**City of Vancouver**
Current property taxes	$29,672	$6,343
Net Present value of future tax revenue* (20 year)	$9,953,000	$2,646,000
Value of “Public Benefit”		$500,000
Subtotal	$9,953,000	$3,146,000
Net present value of “foregone” tax revenue (8 years)	($2,778,000)	($862,000)
NET PRESENT 20 YEAR BENEFIT	**$7,175,000**	**$2,284,000**

*Estimated discounted present value of construction sales tax, utility tax and property tax over 20 years

The current property tax for land only is $29,672 for 2019 (all taxing districts), and is not included in the above analysis because it is not impacted by the exemption.

In addition to the above considerations, the exemption accelerates a project that will be on the tax rolls for decades beyond the end of the 8 year exemption period.

Advantage(s)

- Facilitates construction of 248 apartment units (studios and 1-2 bedrooms) within the Waterfront development, one of the City's primary economic development priority areas;

- Would result in approximately $60 million in new construction investment that might not occur without the exemption;
- Over the 20-year period following construction, the project will generate nearly $10 million in taxes benefitting all taxing districts, $3.1 million to the City of Vancouver;
- The aging playground equipment in Esther Short Park will be replaced with modern equipment through funding by the developer;
- 248 new apartment units will bring new residents and add vitality to the growing Waterfront district.

Disadvantage(s)

Although the requested property tax exemption will defer the collection of property taxes on the residential units for eight years (for a total of $2.77 million in foregone revenue), taxes on the land will continue to be collected during the exemption period and construction sales tax and utility taxes will also be generated. Additionally, it is possible that the project would not be developed without the tax exemption, in which case the future tax benefits would not be realized.

Budget Impact

None.

Prior Council Review

Council Workshop held on March 25, 2019

Action Requested

Adopt a resolution approving the Development Agreement and conditional tax exemption certificate for Block 20.

Peggy Sheehan, Community Development Programs Manager, 487-7952

ATTACHMENTS:

- block 20 agreement
- block 20 Resolution
- Block 20 Presentation

DEVELOPMENT AGREEMENT
for
MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION

THIS AGREEMENT is entered into this _____ day of __________, 2019, by and between [an affiliate of Jackson Square Properties LLC] a ____________ (hereinafter referred to as "Applicant"), and the CITY OF VANCOUVER, a Washington Charter City of the First Class (hereinafter referred to as "City").

WITNESSETH:

WHEREAS, the City desires to stimulate new construction of multi-family rental housing in certain designated urban areas in order to reduce development pressure on single-family residential neighborhoods, to increase and improve housing opportunities, and to encourage development densities supportive of transit use, and

WHEREAS, the City is interested in promoting new rental housing in the downtown area of the City of Vancouver, and

WHEREAS, the City has, pursuant to authority granted to it under the Revised Code of Washington (RCW), designated various Residential Target Areas for the provision of limited property tax exemptions for new multi-family residential housing, and

WHEREAS, the City has, as set forth at Chapter 3.22 of the Vancouver Municipal Code ("VMC"), enacted a program whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the Clark County Assessor and Treasurer that the Applicant is eligible to receive a limited property tax exemption, and

WHEREAS, the Applicant is interested in receiving a limited property tax exemption for constructing units of new multi-family rental housing within the Vancouver City Center Vision Subarea, which is a Designated Residential Target Area identified in Chapter 3.22 VMC, and

WHEREAS, the Applicant has submitted to the City a complete application for the City's limited tax exemption program outlining the proposed development of new multi-family residential rental to be constructed on property described in the legal description in Exhibit A (Property) for an 8 year market rate tax abatement.

WHEREAS, the City has determined that the improvements to the Property will, if completed as provided for in this Agreement, satisfy the requirements for a Final Certificate of Tax Exemption.

NOW THEREFORE, the City and Applicant mutually agree as follows:

1. The City agrees to issue the Applicant a Conditional Certificate of Acceptance of Tax Exemption.

2. The City has determined that the Development provides significant public benefits on the Property and in the Vancouver City Center Vision Subarea generally and agrees to issue the Applicant a Conditional Certificate of Acceptance of Tax Exemption for a period of eight (8) years in accordance with VMC 3.22.040 (the "Conditional Certificate"). The public benefits provided by the applicant for this project include but are not limited to those set forth on Exhibit B attached hereto (the "Public Benefits").

3. All work performed by Jackson Square, LLC shall comply with requirements of Washington State law pertaining to public bidding (Chapter 39.04 RCW) and prevailing wage (Chapter 39.12 RCW). The parties agree to work together reasonably to develop a protocol for compliance with both Chapters and to follow such protocol.

4. The Applicant agrees to construct on the site multi-family residential rental housing substantially as described in the most recent site plans, floor plans, and elevations on file with the City as of the date of City Council approval of this agreement. In no event shall such construction provide fewer than 248 new permanent multi-family residential units.

5. The Applicant agrees to complete construction of the agreed upon improvements within three years from the date the City issues the Conditional Certificate of Acceptance of Tax Exemption, or within any extension thereof granted by the City. Notwithstanding the foregoing, the City shall grant extensions if any delays are caused by (i) the City's review or approval of the proposed development improvements or (ii) a force majure.

6. In the event the protocol cannot be developed, the City will perform the work provided for in Exhibit B. City shall invoice to Jackson Square, LLC its reasonable costs for such work. Jackson Square, LLC shall pay to the City the full amount of the invoiced costs within thirty days of presentment of such invoice up to a maximum of $500,000.00.

7. The Applicant agrees, upon completion of the improvements and upon issuance by the City of a temporary or permanent certificate of occupancy, to file with the City's Director of Community Development ("Director") the following:
   (a) A statement of expenditures made with respect to each multi-family rental unit and the total expenditures made with respect to the entire property;

(b) A description of the completed work and a statement of qualifications for the exemption; and

(c) A statement that the work was completed within the required three-year period or any authorized extension.

8. The City agrees, conditioned on the Applicant's successful completion of the improvements in accordance with the terms of this Agreement and on the Applicant's filing of the materials described in Paragraph 4 above, to file a Final Certificate of Tax Exemption with the Clark County Treasurer and Assessor within ten days.

9. The Applicant agrees, within 30 days following the first anniversary of the City's filing of the Final Certificate of Tax Exemption, and each year thereafter for a period of eight years, to file a notarized declaration with the Director indicating the following:

   (a) A statement identifying the total number of occupied and vacant multi-family units receiving a property tax exemption;

   (b) A certification that the property continues to be in compliance with this Agreement, Chapter 3.22 VMC, and Chapter 84.14 RCW;

   (c) A description of any material improvements or changes to the property constructed after the issuance of the certificate of tax exemption; and

   (d) The total monthly rent for each unit.

10. The applicant agrees to maintain the property including all improvements in compliance with all applicable City codes and requirements.

11. The Applicant agrees to maintain records supporting all information provided to the City and to make those records and the multi-family rental units available for inspection by the City. Failure to submit the annual declaration identified in Paragraph 6 within thirty (30) days' of written request or to maintain adequate records may result in the tax exemption being canceled.

12. If the Applicant converts to another use any of the new multi-family rental housing units constructed under this Agreement, the Applicant shall notify the Clark County Assessor and Treasurer and the Director within 60 days of such change in use.

13. The Applicant agrees to notify the Director promptly of any transfer of the Applicant's ownership interest in the site or in the improvements made to the site under this Agreement.

14. The City reserves the right to cancel the Final Certificate of Tax Exemption should the Applicant, its successors and assigns, fail to comply with any of the terms and conditions of this Agreement within thirty (30)

days' of written request. Cancellation of the Final Certificate of Tax Exemption may subject the Applicant to potential tax liability as further described in RCW 84.14;

15. No modifications of this Agreement shall be made unless mutually agreed upon by the parties in writing.

16. In the event that any term or clause of this Agreement conflicts with applicable law, such conflict shall not affect other terms of this Agreement which can be given effect without the conflicting term or clause, and to this end, the terms of this Agreement are declared to be severable.

17. Applicant agrees that this Agreement is subject to the Vancouver Multi-Family Housing Tax Exemption set forth at Vancouver Municipal Code, Chapter 3.22.

CITY OF VANCOUVER	AN AFFILIATE OF JACKSON SQUARE PROPERTIES
______________________________	______________________________
Eric Holmes, City Manager	Chad Bungcayao- Vice President Acquisitions

Attest:

____
Natasha Ramras, City Clerk
By: Carrie Lewellen, Deputy City Clerk

Approved as to form:

____
Bronson Potter, City Attorney

EXHIBIT A
LEGAL DESCRIPTION

Proposed Block 20
Legal Description

Being a portion of that tract of land described in Auditor's File Number 5248883, Clark County Deed Records, located in the Southwest Quarter of Section 27, Township 2 North, Range 1 East, Willamette Meridian, City of Vancouver, Clark County, Washington, being more particularly described as follows:

BEGINNING AT the Northwest corner of Block 18 of the Plat "Vancouver Waterfront" as recorded in Book 311, Page 865, Clark County Plat Records;

Thence South 02°18'53" West, along the Westerly line of said Block 18, for a distance of 147.90 feet to an angle point;

Thence South 24°46'10" West, continuing along said Westerly line, for a distance of 68.13 feet to the Southwest corner of said Block 18 and the beginning of a 579.50 foot radius non-tangent curve to the left,

Thence along the North line of Revised Tideland Tract 17 as conveyed to the City of Vancouver in Auditor's File Number 5208751, Clark County Deed Records and the arc of said 579.50 foot curve to the left, through a central angle of 23°36'22" (the chord of which bears North 77°01'13" West, 237.07') for a distance of 238.76 feet to a point of non-tangency

Thence North 02°18'53" East, continuing along said North line, for a distance of 138.60 feet to the beginning of a 57.00 foot radius non-tangent curve to the left;

Thence leaving said North line along the arc of said 57.00 foot curve to the left, through a central angle of 43°28'29" (the chord of which bears North 50°02'11" East, 42.22') for a distance of 43.25 feet to a point on the projected Westerly extension of the Southerly right-of-way line of Columbia Way and a point of non-tangency.

Thence South 87°41'07" East, for a distance of 195.76 feet to the Westerly line of said Plat "Vancouver Waterfront", being a point on the Southerly right-of-way line of Columbia Way;

Thence continuing South 87°41'07" East, along said Southerly right-of-way line, for a distance of 32.00 feet to the **TRUE POINT OF BEGINNING;**

Contains in all 46,178 square feet or 1.060 acres, more or less.

See Exhibit Map attached hereto.

Together with and/or subject to easements of record as applicable

10.5.18

EXHIBIT B
DEVELOPMENT AGREEMENT
BLOCK 20 PUBLIC BENEFIT

Public Play Ground and Restroom Improvements- to be installed at Esther Short Park in Vancouver WA

The Applicant will be responsible for:

- Up to $500,000, including any change orders for removing the old Esther Short playground equipment and restroom facilities per City issued plans and specification.
- Managing project construction, in coordination with the City parks team.
- Compliance with Washington State prevailing wage requirements set forth at Chapter 39.04 RCW.
- Compliance with Washington State public works bidding requirements set forth at Chapter 39.12 RCW.

In no event shall the Applicant be responsible for any expenses in excess of $500,000 related to the improvements described herein. Furthermore, in no event shall the Applicant be required to make any improvements not specifically set forth herein.

The City will be responsible for:

- Costs for the master plan, construction drawings, and specification for two future phases of Esther Short improvements including replacement and development of new playground and replacement of restrooms with future Portland Loos.
- City will have design, plans and permits to Applicant no later than September 1, 2020. The Applicant shall not be liable for any delays caused by the City.

[Meeting Date]

RESOLUTION NO. M- [Resolution Number]

A RESOLUTION of the City Council of the City of Vancouver approving an agreement with Jackson Square LLC for an 8 year property tax exemption with public improvements for the abutting property located at 1111 W. Columbia Way (Exhibit A) in Vancouver, Washington.

WHEREAS, the City of Vancouver desires to stimulate new construction of multi-family rental housing in specifically designated urban areas in order to reduce development pressure on single-family residential neighborhoods, to increase and improve housing opportunities, and encourage development densities supportive of tenant use, and

WHEREAS, the City is interested in promoting new rental housing in the VCCV subarea in the City of Vancouver; and

WHEREAS, the City has, pursuant to authority granted under the Revised Code of Washington (RCW), designated various "Residential Target Areas" for the provision of limited property tax exemptions for new multi-family residential housing; and

WHEREAS, the City has set forth in Chapter 3.22 of the Vancouver Municipal Code (VMC) a program whereby property owners may qualify for a "Final Certificate of Tax Exemption," which certifies to the Clark County Assessor and Treasurer that a property is eligible to receive a limited property tax exemption; and

WHEREAS, Jackson Square LLC (Applicant) is interested in receiving a limited property tax exemption for constructing units of new multi-family rental housing within the VCCV subarea, which is a designated "Residential Target Area" identified in Chapter 3.22 VMC; and, WHEREAS, the Applicant has submitted to the City a complete application for the City's limited tax exemption program outlining the proposed development of new multi-family rental housing to be constructed on property located at 1111 W. Columbia Way (Property); and

WHEREAS, the City has determined that the improvements to the Property including those outlined in the Agreement (Exhibit B) will, if completed, satisfy the requirements for a Final Certificate of Tax Exemption.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY OF VANCOUVER:

Section 1. Agreement attached hereto as Exhibit B between Jackson Square LLC and the City of Vancouver, a Washington Municipal Corporation, is approved.

Section 2. The City Manager of the City of Vancouver or his designee is authorized to execute the Agreement attached hereto as Exhibit B.

ADOPTED at a regular session of the Vancouver City Council this 15th day of April, 2019.

____
Anne McEnerny-Ogle, Mayor

Attest:

____
Natasha Ramras, City Clerk
By: Carrie Lewellen, Deputy City Clerk

Approved as to form:

____
E. Bronson Potter, City Attorney

Resolution
Exhibit A

Proposed Block 20
Legal Description

Being a portion of that tract of land described in Auditor's File Number 5248883, Clark County Deed Records, located in the Southwest Quarter of Section 27, Township 2 North, Range 1 East, Willamette Meridian, City of Vancouver, Clark County, Washington, being more particularly described as follows:

BEGINNING AT the Northwest corner of Block 18 of the Plat "Vancouver Waterfront" as recorded in Book 311, Page 865, Clark County Plat Records;

Thence South 02°18'53" West, along the Westerly line of said Block 18, for a distance of 147.90 feet to an angle point;

Thence South 24°46'10' West, continuing along said Westerly line, for a distance of 68.13 feet to the Southwest corner of said Block 18 and the beginning of a 579.50 foot radius non-tangent curve to the left,

Thence along the North line of Revised Tideland Tract 17 as conveyed to the City of Vancouver in Auditor's File Number 5208751, Clark County Deed Records and the arc of said 579.50 foot curve to the left, through a central angle of 23"36'22' (the chord of which bears North 77°01'13' West, 237.07') for a distance of 238.76 feet to a point of non-tangency

Thence North 02°18'53" East, continuing along said North line, for a distance of 138.60 feet to the beginning of a 57.00 foot radius non-tangent curve to the left;

Thence leaving said North line along the arc of said 57.00 foot curve to the left, through a central angle of 43°28'29" (the chord of which bears North 50°02'11" East, 42.22') for a distance of 43.25 feet to a point on the projected Westerly extension of the Southerly right-of-way line of Columbia Way and a point of non-tangency.

Thence South 87°41'07" East, for a distance of 195.76 feet to the Westerly line of said Plat "Vancouver Waterfront", being a point on the Southerly right-of-way line of Columbia Way;

Thence continuing South 87°41'07" East, along said Southerly right-of-way line, for a distance of 32.00 feet to the **TRUE POINT OF BEGINNING**;

Contains in all 46,178 square feet or 1.060 acres, more or less.

See Exhibit Map attached hereto.

Together with and/or subject to easements of record as applicable

REGAN F. SCHALLER
STATE OF WASHINGTON
54471
REGISTERED
PROFESSIONAL LAND SURVEYOR

10.5.18

RESOLUTION - 3

Resolution
Exhibit B

DEVELOPMENT AGREEMENT
for
MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION

THIS AGREEMENT is entered into this _____ day of __________, 2019, by and between [an affiliate of Jackson Square Properties LLC] a ____________ (hereinafter referred to as "Applicant"), and the CITY OF VANCOUVER, a Washington Charter City of the First Class (hereinafter referred to as "City").

WITNESSETH:

WHEREAS, the City desires to stimulate new construction of multi-family rental housing in certain designated urban areas in order to reduce development pressure on single-family residential neighborhoods, to increase and improve housing opportunities, and to encourage development densities supportive of transit use, and

WHEREAS, the City is interested in promoting new rental housing in the downtown area of the City of Vancouver, and

WHEREAS, the City has, pursuant to authority granted to it under the Revised Code of Washington (RCW), designated various Residential Target Areas for the provision of limited property tax exemptions for new multi-family residential housing, and

WHEREAS, the City has, as set forth at Chapter 3.22 of the Vancouver Municipal Code ("VMC"), enacted a program whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the Clark County Assessor and Treasurer that the Applicant is eligible to receive a limited property tax exemption, and

WHEREAS, the Applicant is interested in receiving a limited property tax exemption for constructing units of new multi-family rental housing within the Vancouver City Center Vision Subarea, which is a Designated Residential Target Area identified in Chapter 3.22 VMC, and

WHEREAS, the Applicant has submitted to the City a complete application for the City's limited tax exemption program outlining the proposed development of new multi-family residential rental to be constructed on property described in the legal description in Exhibit A (Property) for an 8 year market rate tax abatement.

WHEREAS, the City has determined that the improvements to the Property will, if completed as provided for in this Agreement, satisfy the requirements for a Final Certificate of Tax Exemption.

NOW THEREFORE, the City and Applicant mutually agree as follows:

1. The City agrees to issue the Applicant a Conditional Certificate of Acceptance of Tax Exemption.

2. The City has determined that the Development provides significant public benefits on the Property and in the Vancouver City Center Vision Subarea generally and agrees to issue the Applicant a Conditional Certificate of Acceptance of Tax Exemption for a period of eight (8) years in accordance with VMC 3.22.040 (the "Conditional Certificate"). The public benefits provided by the applicant for this project include but are not limited to those set forth on Exhibit B attached hereto (the "Public Benefits").

3. All work performed by Jackson Square, LLC shall comply with requirements of Washington State law pertaining to public bidding (Chapter 39.04 RCW) and prevailing wage (Chapter 39.12 RCW). The parties agree to work together reasonably to develop a protocol for compliance with both Chapters and to follow such protocol.

4. The Applicant agrees to construct on the site multi-family residential rental housing substantially as described in the most recent site plans, floor plans, and elevations on file with the City as of the date of City Council approval of this agreement. In no event shall such construction provide fewer than 248 new permanent multi-family residential units.

5. The Applicant agrees to complete construction of the agreed upon improvements within three years from the date the City issues the Conditional Certificate of Acceptance of Tax Exemption, or within any extension thereof granted by the City. Notwithstanding the foregoing, the City shall grant extensions if any delays are caused by (i) the City's review or approval of the proposed development improvements or (ii) a force majure.

6. In the event the protocol cannot be developed, the City will perform the work provided for in Exhibit B. City shall invoice to Jackson Square, LLC its reasonable costs for such work. Jackson Square, LLC shall pay to the City the full amount of the invoiced costs within thirty days of presentment of such invoice up to a maximum of $500,000.00.

7. The Applicant agrees, upon completion of the improvements and upon issuance by the City of a temporary or permanent certificate of occupancy, to file with the City's Director of Community Development ("Director") the following:
   (a) A statement of expenditures made with respect to each multi-family rental unit and the total expenditures made with respect to the entire property;
   (b) A description of the completed work and a statement of qualifications for the exemption; and
   (c) A statement that the work was completed within the required three-year period or any authorized extension.

8. The City agrees, conditioned on the Applicant's successful completion of the improvements in accordance with the terms of this Agreement and on the Applicant's filing of the materials described in Paragraph 4 above, to file a Final Certificate of Tax Exemption with the Clark County Treasurer and Assessor within ten days.

9. The Applicant agrees, within 30 days following the first anniversary of the City's filing of the Final Certificate of Tax Exemption, and each year thereafter for a period of eight years, to file a notarized declaration with the Director indicating the following:
   (a) A statement identifying the total number of occupied and vacant multi-family units receiving a property tax exemption;
   (b) A certification that the property continues to be in compliance with this Agreement, Chapter 3.22 VMC, and Chapter 84.14 RCW;
   (c) A description of any material improvements or changes to the property constructed after the issuance of the certificate of tax exemption; and
   (d) The total monthly rent for each unit.

10. The applicant agrees to maintain the property including all improvements in compliance with all applicable City codes and requirements.

11. The Applicant agrees to maintain records supporting all information provided to the City and to make those records and the multi-family rental units available for inspection by the City. Failure to submit the annual declaration identified in Paragraph 6 within thirty (30) days' of written request or to maintain adequate records may result in the tax exemption being canceled.

12. If the Applicant converts to another use any of the new multi-family rental housing units constructed under this Agreement, the Applicant shall notify the Clark County Assessor and Treasurer and the Director within 60 days of such change in use.

13. The Applicant agrees to notify the Director promptly of any transfer of the Applicant's ownership interest in the site or in the improvements made to the site under this Agreement.

14. The City reserves the right to cancel the Final Certificate of Tax Exemption should the Applicant, its successors and assigns, fail to comply with any of the terms and conditions of this Agreement within thirty (30) days' of written request. Cancellation of the Final Certificate of Tax Exemption may subject the Applicant to potential tax liability as further described in RCW 84.14;

15. No modifications of this Agreement shall be made unless mutually agreed upon by the parties in writing.

16. In the event that any term or clause of this Agreement conflicts with applicable law, such conflict shall not affect other terms of this Agreement which can be given effect without the conflicting term or clause, and to this end, the terms of this Agreement are declared to be severable.

17. Applicant agrees that this Agreement is subject to the Vancouver Multi-Family Housing Tax Exemption set forth at Vancouver Municipal Code, Chapter 3.22.

CITY OF VANCOUVER	AN AFFILIATE OF JACKSON SQUARE PROPERTIES
______________________________	______________________________
Eric Holmes, City Manager	Chad Bungcayao- Vice President Acquisitions

Attest:

____
Natasha Ramras, City Clerk
By: Carrie Lewellen, Deputy City Clerk

Approved as to form:

____
Bronson Potter, City Attorney

RESOLUTION - 7

DEVELOPMENT AGREEMENT
EXHIBIT A
LEGAL DESCRIPTION

Proposed Block 20
Legal Description

Being a portion of that tract of land described in Auditor's File Number 5248883, Clark County Deed Records, located in the Southwest Quarter of Section 27, Township 2 North, Range 1 East, Willamette Meridian, City of Vancouver, Clark County, Washington, being more particularly described as follows:

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Thence South 02°18'53" West, along the Westerly line of said Block 18, for a distance of 147.90 feet to an angle point;

Thence South 24°46'10" West, continuing along said Westerly line, for a distance of 68.13 feet to the Southwest corner of said Block 18 and the beginning of a 579.50 foot radius non-tangent curve to the left,

Thence along the North line of Revised Tideland Tract 17 as conveyed to the City of Vancouver in Auditor's File Number 5208751, Clark County Deed Records and the arc of said 579.50 foot curve to the left, through a central angle of 23°36'22" (the chord of which bears North 77°01'13" West, 237.07') for a distance of 238.76 feet to a point of non-tangency

Thence North 02°18'53" East, continuing along said North line, for a distance of 138.60 feet to the beginning of a 57.00 foot radius non-tangent curve to the left;

Thence leaving said North line along the arc of said 57.00 foot curve to the left, through a central angle of 43°28'29" (the chord of which bears North 50°02'11" East, 42.22') for a distance of 43.25 feet to a point on the projected Westerly extension of the Southerly right-of-way line of Columbia Way and a point of non-tangency,

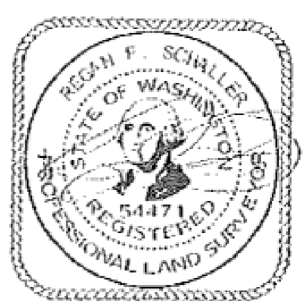
Thence South 87°41'07" East, for a distance of 195.76 feet to the Westerly line of said Plat "Vancouver Waterfront", being a point on the Southerly right-of-way line of Columbia Way;

Thence continuing South 87°41'07" East, along said Southerly right-of-way line, for a distance of 32.00 feet to the **TRUE POINT OF BEGINNING;**

Contains in all 46,178 square feet or 1.060 acres, more or less.

See Exhibit Map attached hereto.

Together with and/or subject to easements of record as applicable



10.5.18

RESOLUTION - 8

DEVELOPMENT AGREEMENT
EXHIBIT B
BLOCK 20 PUBLIC BENEFIT

Public Play Ground and Restroom Improvements- to be installed at Esther Short Park in Vancouver WA

The Applicant will be responsible for:

- Up to $500,000, including any change orders for removing the old Esther Short playground equipment and restroom facilities per City issued plans and specification.
- Managing project construction, in coordination with the City parks team.
- Compliance with Washington State prevailing wage requirements set forth at Chapter 39.04 RCW.
- Compliance with Washington State public works bidding requirements set forth at Chapter 39.12 RCW.

In no event shall the Applicant be responsible for any expenses in excess of $500,000 related to the improvements described herein. Furthermore, in no event shall the Applicant be required to make any improvements not specifically set forth herein.

The City will be responsible for:

- Costs for the master plan, construction drawings, and specification for two future phases of Esther Short improvements including replacement and development of new playground and replacement of restrooms with future Portland Loos.
- City will have design, plans and permits to Applicant no later than September 1, 2020. The Applicant shall not be liable for any delays caused by the City.

Multifamily Tax Exemption Request

Waterfront Block 20

City Council Public Hearing

April 15, 2019

Peggy Sheehan, Community Development Programs Manager

Presentation Overview

- Multifamily Tax Exemption (MFTE) Program overview
- Proposed project – Waterfront Block 20
- Public Amenity: New Playground at Esther Short Park
- Process and Next Steps

Purpose of MFTE Program

- MFTE program is authorized by VMC 3.22
- Program is designed to incentivize new private multi-family development in targeted areas in the City to:
  - accommodate future population growth;
  - provide places to live close to employment, shopping, entertainment, and transit services; and
  - encourage affordable housing where appropriate
- Currently, the program applies only to the City Center Vision Area and the Fourth Plain Corridor Subarea, two priority areas that the City desires to see growth.

Purpose of MFTE Program

- In 2017, the City Council amended the program to change the criteria for affordability add a requirements for "public benefit" as a condition of authorizing a maximum 8 year tax exemption for market rate housing units
- The ordinance provides general guidance on what "public benefit" is, but is not prescriptive. Each project is negotiated independently

Exemption Options (Applies to residential improvements only)

8 years	• Market-rate properties with approved Development Agreement
8 years	• Properties with 20% of units for tenants earning up to 100% AMI
10 years	• Properties with 20% of units for tenants earning up to 80% AMI
12 years	• Properties with 20% of units for tenants earning up to 60% AMI

Exemption Options (Applies to residential improvements only)

Block 20 Request

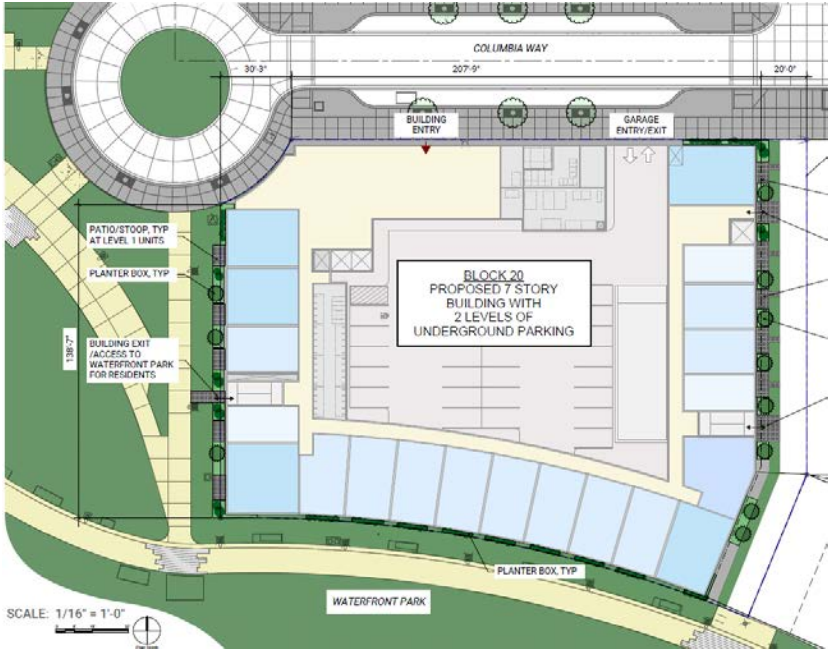
8 years	• Market-rate properties with approved Development Agreement
8 years	• Properties with 20% of units for tenants earning up to 100% AMI
10 years	• Properties with 20% of units for tenants earning up to 80% AMI
12 years	• Properties with 20% of units for tenants earning up to 60% AMI

Proposed Project – Block 20

Developer: An Affiliate of Jackson Square Properties
Project location: Waterfront Block 20 (W Columbia Way)
Requested exemption: 8 year market-rate option (Public Amenity)

Project Overview- Block 20

- 7 story residential development
- 246,700 sq. ft.
- 248 units (studios, 1-BD, 2-BD)
- 257 on-site parking spaces
- $60 million est. development cost



City of Vancouver Washington

Unit Mix and Monthly Rent-Block 20

Unit Type	Projected Monthly Rent	# Units
Studio	$1,600-$1,900	23
1 bed/1 bath	$1,900-$2,200	149
2 bed/2 bath	$2,550-$2,850	76

Tax Summary- Block 20

If exemption granted and project developed:

	Total – all taxing districts	City of Vancouver
Current property taxes (after subdividing)	$29,672	$6,343
Net Present value of future tax revenue** (20 year)	$9,953,000	$2,646,000
Value of "Public Benefit"		$500,000
Subtotal	$9,953,000	$3,146,000
Net present value of "foregone" tax revenue (8 years)	($2,778,000)	($862,000)
NET PRESENT 20 YEAR BENEFIT	$7,175,000	$2,284,000

(Applies to residential improvements only)

CITY OF Vancouver WASHINGTON

**Estimated discounted present value of construction sales tax, utility tax and property tax over 20 years

Market Rate Projects Require Public Amenity

Public Amenity Summary:

- Applicant to provide up to $500,000 for replacement of aging Esther Short playground equipment.
- City will approve and pay for the master plan and construction drawings / specifications.

Nexus to Public Amenity at Esther Short Park

- Esther Short is the closest public park to Block 20 in need of attention
- Esther Short playground built in 2000
- The playground is showing wear from age and heavy use; surfacing is beyond its useful life
- Master planning will include phased improvements for a new accessible playground and future loo-style restrooms
- Waterfront Park improvements are currently fully funded

Public Amenity at Esther Short Park

- City will partner with the non-profit Harper's Playground, to ensure the new playground is an all-inclusive play space for people with all abilities.

Other Benefits of MFTE Program on Block 20

- Facilitates an estimated $60 million in new construction that might not occur without the exemption (including direct and indirect employment)
- Exemption is for 8 years, following which the project comes back on the tax rolls
- Over the 20 years following construction, the project – with the exemption - will generate nearly $10 million in taxes benefitting all taxing districts (ports, schools, county, city, etc.) including a total of $3.1 million for the City of Vancouver ($2.6 million in new tax revenue plus the contribution of $0.5 million toward Esther Short Park)

MFTE Program on Block 20 (cont.)

- Over the same 20 year period, the exemption results in potentially “foregone” revenue of $2.77 million from the project to all taxing districts; considered potential because if the development were to occur at a later date (or not at all) the amount of “foregone” revenue would be smaller
- The exemption accelerates a project that will be on the tax rolls for decades beyond the end of the 8-year exemption period

Staff Recommendation

Staff has reviewed the MFTE request and finds that it meets the requirements of VMC 3.22 “Multi-family Housing Tax Exemption,” and recommends that Council approve the draft Development Agreement

Process

- CCRA reviewed request on March 22, 2019
- Council Workshop held on March 25, 2019
- Upon approval of resolution and development agreement, CED Director will issue preliminary tax exemption certificate
- Parks department working with consultants on the final design for the Esther Short playground
- Developer is working to obtain building permits in 2019

Questions

- Peggy Sheehan, Community Development Programs Manager (360) 487-7952
- Julie Hannon, Director, Parks and Recreation Department (360) 487-8309

CITY OF Vancouver WASHINGTON

Multifamily Tax Exemption

Nicholson Duplexes

City Council Public Hearing
April 15, 2019

Peggy Sheehan, Community Development Programs Manager

CITY OF Vancouver WASHINGTON

Presentation Overview

- Multifamily Tax Exemption (MFTE) Program overview
- Proposed project – Nicholson Duplexes
- Next steps and timeline

Purpose of MFTE Program

- MFTE program is authorized by VMC 3.22
- Program is designed to incentivize new private multi-family development in targeted areas in the City to:
  - accommodate future population growth;
  - provide places to live close to employment, shopping, entertainment, and transit services; and
  - encourage affordable housing where appropriate
- Currently, the program applies only to the City Center Vision Area and the Fourth Plain Corridor Subarea, two priority areas that the City desires to see growth.

Exemption Options (Applies to residential improvements only)

Current Request

8 years	• Market-rate properties with approved Development Agreement
8 years	• Properties with 20% of units for tenants earning up to 100% AMI
10 years	• Properties with 20% of units for tenants earning up to 80% AMI
12 years	• Properties with 20% of units for tenants earning up to 60% AMI

Proposed Project – Nicholson Duplexes

Developer: Ginn Development

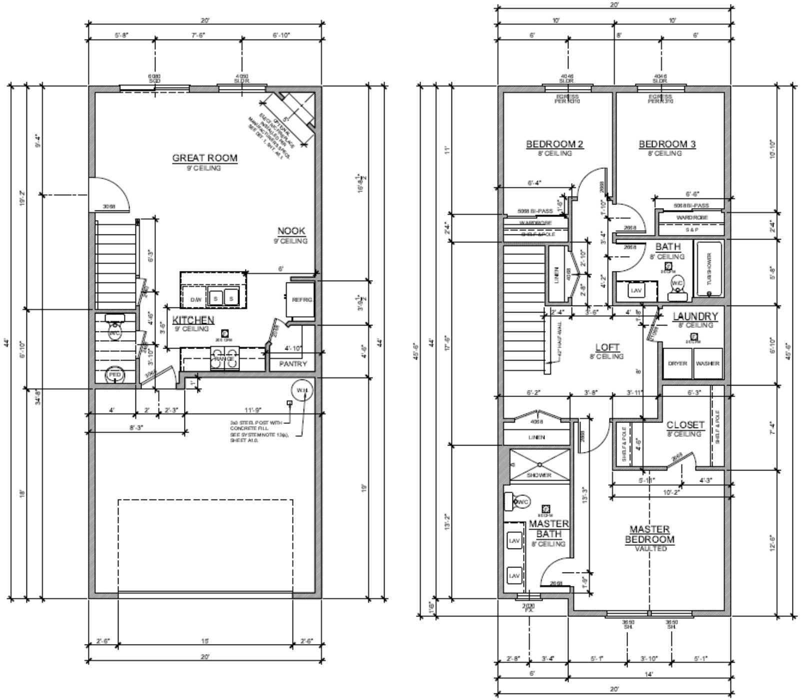
Project location: Tax lot 30790180 (E. 36th Court and Nicholson Road)

Requested exemption: 10 year option with 20% of units assigned for renters at or below 80% of Area Median Income

CITY OF Vancouver WASHINGTON

Project Overview- Nicholson Duplexes

- 13 lot subdivision
- 25 units total (3 bedroom)
- 5 affordable units (80% AMI)
- 2 car garage per unit
- $3.8 million est. construction cost



Unit Mix and Monthly Rent- Nicholson Duplexes

Proposed Unit Type	Projected Monthly Rent	# Units
3 bedroom	$1,550-$1,795	25

Income limits at 80% AMI*

Median Income	Low Income	1 person	2 person	3 person	4 person
$81,400	80% AMI	$45,600	$52,100	$58,600	$65,100

Affordable rent including utilities*

	1 person	2 person	3 person	4 person
Income Level at 80% AMI	$1,140	$1,302	$1,464	$1,624

*Income levels per HUD April 2, 2018

Tax Summary- Nicholson Duplexes

If exemption granted and project developed:

	Total – all taxing districts	City of Vancouver
Current property taxes (subdivided)	$9,392	$2,006
Net present value of future tax revenue** (20 year)	$587,000	$226,000
Net present value of "foregone" tax revenue (10 years)	($242,000)	($79,000)
NET PRESENT 20 YEAR BENEFIT	$345,000	$147,000

(Applies to residential improvements only)

**Estimated discounted present value of construction sales tax, utility tax and property tax over 20 years

Benefits of MFTE Program for Nicholson Duplexes

- Facilitates 25 new units, of which 5 will be affordable 80% AMI
- Exemption is for 10 years, following which the project comes back on the tax rolls
- Over the 20 years following construction, the project – with the exemption - will generate $345,000 in taxes benefitting all taxing districts (ports, county, city, etc.) and a total of $147,000 for the City of Vancouver
- The exemption accelerates a project that will be on the tax rolls for decades beyond the end of the 10-year exemption period

Staff Recommendation

Staff has reviewed the MFTE request and finds that it meets the requirements of VMC 3.22 “Multi-family Housing Tax Exemption,” and recommends that Council approve the draft agreement

Next Steps

- Council workshop held on March 25, 2019
- Upon approval of resolution and agreement, CED Director will issue preliminary tax exemption certificate
- Developer will obtain building permits in 2019

Questions

Peggy Sheehan, Community Development Programs Manager

(360) 487-7952

Item #7.

Staff Report 053-19

TO: Mayor and City Council

FROM: Eric Holmes, City Manager

DATE: 4/15/2019

SUBJECT Multifamily Tax Exemption: Nicholson Duplexes

Key Points

- The Multifamily Tax Exemption Program provides incentives for and spurs residential development in specifically designated areas.
- Program features incentives for providing affordable housing units.

Strategic Plan Alignment

Goal 3, Objective 3.2: Improve services available to underserved or vulnerable residents.

Present Situation

The project will consist of 13 lots containing 25 units. The applicant is proposing to use the 10 year exemption option with 20% of the units designated for renters at or below 80% of the area median income. Projected rents for the 3 bedroom units will range from $1,550 to $1,750.

The undeveloped 2019 property tax for the site is estimated to be $3,149. After development (applying the exemption) the total revenue collected over the 10 year exemption is estimated to be $374,000 (NPV). The total lost revenue during the exemption period is estimated to be $242,000 (NPV). The portion of revenue that the City would forgo directly is estimated at $79,000.

Advantage(s)

The tax exemption will:

- Spur local construction projects in targeted areas of the City.
- Will provide direct and indirect employment related to construction.
- Increase property taxes on currently vacant or underutilized lands.
- New residents should help support local business interests.

- Nicholson Duplexes will provide affordable units throughout its 10 year exemption.

Disadvantage(s)

The City will forgo $242,000 in property taxes during the 10 year exemption.

Budget Impact

None.

Prior Council Review

Workshop March 25, 2019

Action Requested

Adopt a resolution approving the agreement and conditional tax exemption certificate for Nicholson Duplexes project.

Peggy Sheehan, Community Development Programs Manager, 487-7952

ATTACHMENTS:

- Nicholson Duplexes Resolution
- Nicholson Duplexes Agreement
- Nicholson Duplexes Presentation

[Meeting Date]

RESOLUTION NO. M- [Resolution Number]

A RESOLUTION of the City Council of the City of Vancouver approving an agreement with Nicholson Ozone LLC for a 10 year property tax exemption with 20% of the rental units affordable at 80% of AMI for the property legally described in Exhibit A attached hereto.

WHEREAS, the City of Vancouver desires to stimulate new construction of multi-family rental housing in specifically designated urban areas in order to reduce development pressure on single-family residential neighborhoods, to increase and improve housing opportunities, and encourage development densities supportive of transit use, and

WHEREAS, the City is interested in promoting new rental housing in the Fourth Plain subarea in the City of Vancouver; and

WHEREAS, the City has, pursuant to authority granted under the Revised Code of Washington (RCW), designated various "Residential Target Areas" for the provision of limited property tax exemptions for new multi-family residential housing; and

WHEREAS, the City has set forth in Chapter 3.22 of the Vancouver Municipal Code (VMC) a program whereby property owners may qualify for a "Final Certificate of Tax Exemption," which certifies to the Clark County Assessor and Treasurer that a property is eligible to receive a limited property tax exemption; and

WHEREAS, Nicholson Ozone LLC (Applicant) is interested in receiving a limited property tax exemption for constructing units of new multi-family rental housing within the Fourth Plain subarea, which is a designated "Residential Target Area" identified in Chapter 3.22 VMC; and, WHEREAS, the Applicant has submitted to the City a complete application for the City's limited tax exemption program outlining the proposed development of multiple new residential rental housing units to be constructed on property described in Exhibit A attached hereto (Property); and

WHEREAS, the City has determined that the improvements to the Property will, if completed as proposed, satisfy the requirements for a Final Certificate of Tax Exemption.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY OF VANCOUVER:

Section 1. Agreement attached hereto as Exhibit B between Nicholson Ozone LLC and the City of Vancouver, a Washington Municipal Corporation, is approved.

Section 2. The City Manager of the City of Vancouver or his designee is authorized to execute the Agreement attached hereto as Exhibit B.

ADOPTED at a regular session of the Vancouver City Council this 15th day of April, 2019.

____
Anne McEnerny-Ogle, Mayor

Attest:

____
Natasha Ramras, City Clerk
By: Carrie Lewellen, Deputy City Clerk

Approved as to form:

____
E. Bronson Potter City Attorney

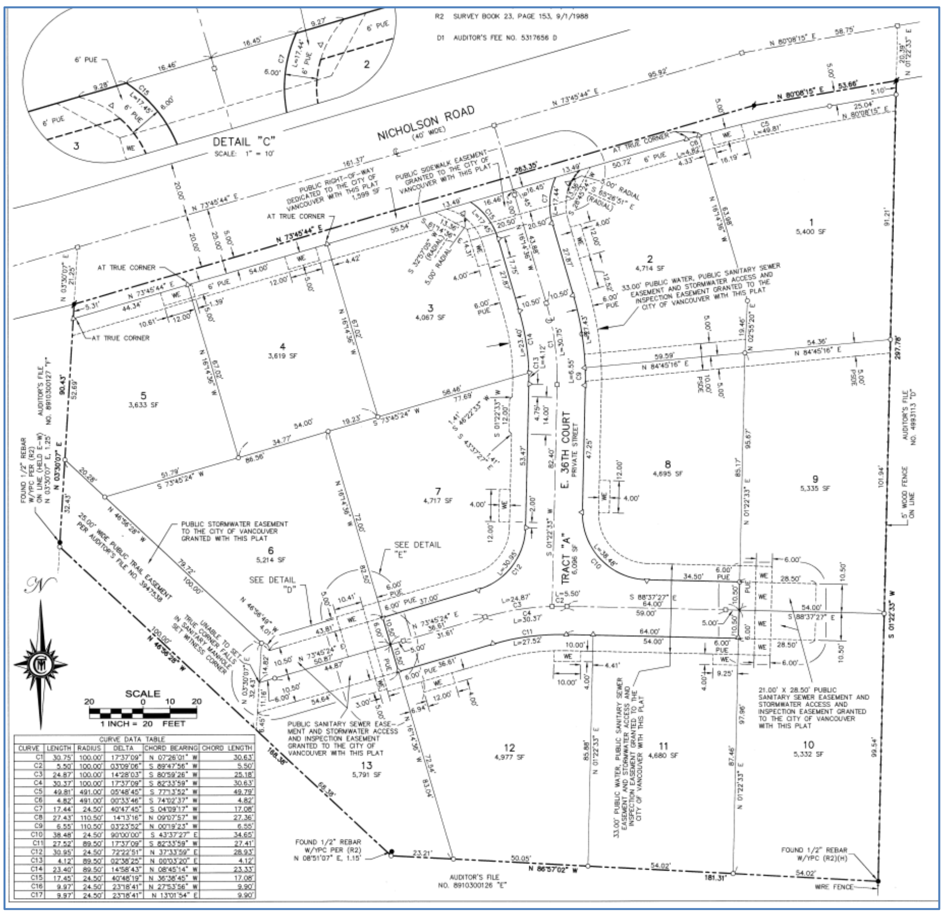
Exhibit A
<u>Legal Description</u>

Project Name: Nicholson Duplexes

Legal Description:

Lots 1 through 13 of the Nicholson Subdivision recorded in Book 312, Page 21, records of Clark County, Washington.

Sketch:



RESOLUTION - 3

Exhibit B
Agreement

MULTI-FAMILY RENTAL HOUSING LMITED PROPERTY TAX EXEMPTION AGREEMENT

THIS AGREEMENT is entered into this _____ day of __________, 2019, by and between Nicholson Ozone LLC, (hereinafter referred to as "Applicant"), and the CITY OF VANCOUVER, a Washington Charter City of the First Class (hereinafter referred to as "City").

WITNESSETH:

WHEREAS, the City desires to stimulate new construction of multi-family rental housing in certain designated urban areas in order to reduce development pressure on single-family residential neighborhoods, to increase and improve housing opportunities, and to encourage development densities supportive of transit use, and

WHEREAS, the City is interested in promoting new rental housing in the Fourth Plain area of the City of Vancouver, and

WHEREAS, the City has, pursuant to authority granted to it under the Revised Code of Washington (RCW), designated various Residential Target Areas for the provision of limited property tax exemptions for new multi-family residential housing, and

WHEREAS, the City has, as set forth at Chapter 3.22 of the Vancouver Municipal Code ("VMC"), enacted a program whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the Clark County Assessor and Treasurer that the Applicant is eligible to receive a limited property tax exemption, and

WHEREAS, the Applicant is interested in receiving a limited property tax exemption for constructing units of new multi-family rental housing within the Fourth Plain area, which is a Designated Residential Target Area identified in Chapter 3.22 VMC, and

WHEREAS, the Applicant has submitted to the City a complete application for the City's limited tax exemption program (the "Application") outlining the proposed development of new multi-family rental housing ("Development") for a 10 year exemption with 20% of the units affordable at 80% AMI to be constructed on property located at the intersection of Nicholson Road and E 36th Court more specifically described on Exhibit A attached hereto ("Property"), and

WHEREAS, the City has determined that the improvements to the Property will, if completed as proposed, satisfy the requirements for a Final Certificate of Tax Exemption.

NOW THEREFORE, the City and Applicant mutually agree as follows:

1. The City agrees to issue the Applicant a Conditional Certificate of Acceptance of Tax Exemption.

2. The Applicant agrees to construct on the Property residential rental housing as described in the most recent site plans, floor plans, and elevations on file with the City as of the date of City Council approval of this agreement. In no event shall such construction provide fewer than 25 new permanent residential units.

3. The Applicant commits to renting at least twenty percent of the housing units as affordable housing units to low and moderate-income households as defined at RCW 84.14.010, and agrees that the property must satisfy that commitment and any additional affordability and income eligibility conditions contained in Chapter 3.22 VMC for the duration of the tax exemption.

4. The Applicant agrees to complete construction of the agreed upon improvements within three years from the date the City issues the Conditional Certificate of Acceptance of Tax Exemption, or within any extension thereof granted by the City.

5. The Applicant agrees, upon completion of the improvements and upon issuance by the City of a temporary or permanent certificate of occupancy, to file with the City's Director of Community Development ("Director") the following:
   (a) A statement of expenditures made with respect to each multi-family unit and the total expenditures made with respect to the entire property;
   (b) A description of the completed work and a statement of qualifications for the exemption;
   (c) A statement that the project meets the affordable housing requirements as described in RCW 84.14.020 including a statement committing to renting or selling at least twenty percent of the housing units as affordable housing units to low and moderate-income households at 80% AMI; and
   (d) A statement that the work was completed within the required three-year period or any authorized extension.

6. The City agrees, conditioned on the Applicant's successful completion of the improvements in accordance with the terms of this Agreement and on the Applicant's filing of the materials described in Paragraph 5 above, to file a Final Certificate of Tax Exemption with the Clark County Treasurer and Assessor within ten (10) days.

7. The Applicant agrees, within 30 days following the first anniversary of the City's filing of the Final Certificate of Tax Exemption, and each year thereafter for a

period of 10 years, to file a notarized declaration with the Director indicating the following:

(a) A statement identifying the total number of occupied and vacant multi-family rental units receiving a property tax exemption;

(b) A certification that the property continues to be in compliance with this Agreement, Chapter 3.22 VMC, and Chapter 84.14 RCW;

(c) A description of any improvements or changes to the property constructed after the issuance of the certificate of tax exemption;

(d) The total monthly rent for each unit;

(e) Documentation of the income of each renter household at the time of initial occupancy; and

(f) Documentation showing that twenty percent of the units were rented as affordable housing units to low and moderate-income households as defined at RCW 84.14.010 and VMC 3.22.

8. The applicant agrees to maintain the property including all improvements in compliance with all applicable City codes and requirements.

9. The Applicant agrees to maintain records supporting all information provided to the City and to make those records and the multi-family units available for inspection by the City. Failure to submit the annual declaration or to maintain adequate records may result in the tax exemption being canceled.

10. If the Applicant converts to another use any of the new multi-family residential housing units constructed under this Agreement, the Applicant shall notify the Clark County Assessor and Treasurer and the Director within 60 days of such change in use.

11. The Applicant agrees to notify the Director promptly of any transfer of the Applicant’s ownership interest in the site or in the improvements made to the site under this Agreement.

12. The City reserves the right to cancel the Final Certificate of Tax Exemption should the Applicant, its successors and assigns, fail to comply with any of the terms and conditions of this Agreement. Cancellation of the Final Certificate of Tax Exemption may subject the Applicant to potential tax liability as further described in RCW 84.14; The Applicant shall have the right to appeal such cancellation pursuant to VMC 3.22.040(N).

13. No modifications of this Agreement shall be made unless mutually agreed upon by the parties in writing.

14. In the event that any term or clause of this Agreement conflicts with applicable law, such conflict shall not affect other terms of this Agreement which can be

given effect without the conflicting term or clause, and to this end, the terms of this Agreement are declared to be severable.

15. Applicant agrees that this Agreement is subject to the Vancouver Multi-Family Housing Tax Exemption set forth at Vancouver Municipal Code, Chapter 3.22.

CITY OF VANCOUVER	NICHOLSON OZONE LLC
______________________________	______________________________
Eric Holmes, City Manager	Patrick Ginn-Manager

Attest:

____
Natasha Ramas, City Clerk
By: Carrie Lewellen, Deputy City Clerk

Approved as to form:

____
E. Bronson Potter, City Attorney

MULTI-FAMILY RENTAL HOUSING LMITED PROPERTY TAX EXEMPTION AGREEMENT

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WITNESSETH:

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WHEREAS, the City has, pursuant to authority granted to it under the Revised Code of Washington (RCW), designated various Residential Target Areas for the provision of limited property tax exemptions for new multi-family residential housing, and

WHEREAS, the City has, as set forth at Chapter 3.22 of the Vancouver Municipal Code ("VMC"), enacted a program whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the Clark County Assessor and Treasurer that the Applicant is eligible to receive a limited property tax exemption, and

WHEREAS, the Applicant is interested in receiving a limited property tax exemption for constructing units of new multi-family rental housing within the Fourth Plain area, which is a Designated Residential Target Area identified in Chapter 3.22 VMC, and

WHEREAS, the Applicant has submitted to the City a complete application for the City's limited tax exemption program (the "Application") outlining the proposed development of new multi-family rental housing ("Development") for a 10 year exemption with 20% of the units affordable at 80% AMI to be constructed on property located at the intersection of Nicholson Road and E 36th Court more specifically described on Exhibit A attached hereto ("Property"), and

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5. The Applicant agrees, upon completion of the improvements and upon issuance by the City of a temporary or permanent certificate of occupancy, to file with the City's Director of Community Development ("Director") the following:
   (a) A statement of expenditures made with respect to each multi-family unit and the total expenditures made with respect to the entire property;
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   (c) A statement that the project meets the affordable housing requirements as described in RCW 84.14.020 including a statement committing to renting or selling at least twenty percent of the housing units as affordable housing units to low and moderate-income households at 80% AMI; and
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7. The Applicant agrees, within 30 days following the first anniversary of the City's filing of the Final Certificate of Tax Exemption, and each year thereafter for a period of 10 years, to file a notarized declaration with the Director indicating the following:
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   (b) A certification that the property continues to be in compliance with this Agreement, Chapter 3.22 VMC, and Chapter 84.14 RCW;
   (c) A description of any improvements or changes to the property constructed after the issuance of the certificate of tax exemption;
   (d) The total monthly rent for each unit;
   (e) Documentation of the income of each renter household at the time of initial occupancy; and
   (f) Documentation showing that twenty percent of the units were rented as affordable housing units to low and moderate-income households as defined at RCW 84.14.010 and VMC 3.22.

8. The applicant agrees to maintain the property including all improvements in compliance with all applicable City codes and requirements.

9. The Applicant agrees to maintain records supporting all information provided to the City and to make those records and the multi-family units available for inspection by the City. Failure to submit the annual declaration or to maintain adequate records may result in the tax exemption being canceled.

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15. Applicant agrees that this Agreement is subject to the Vancouver Multi-Family Housing Tax Exemption set forth at Vancouver Municipal Code, Chapter 3.22.

CITY OF VANCOUVER	NICHOLSON OZONE LLC
______________________________	______________________________
Eric Holmes, City Manager	Patrick Ginn-Manager

Attest:

____
Natasha Ramas, City Clerk
By: Carrie Lewellen, Deputy City Clerk

Approved as to form:

____
E. Bronson Potter, City Attorney

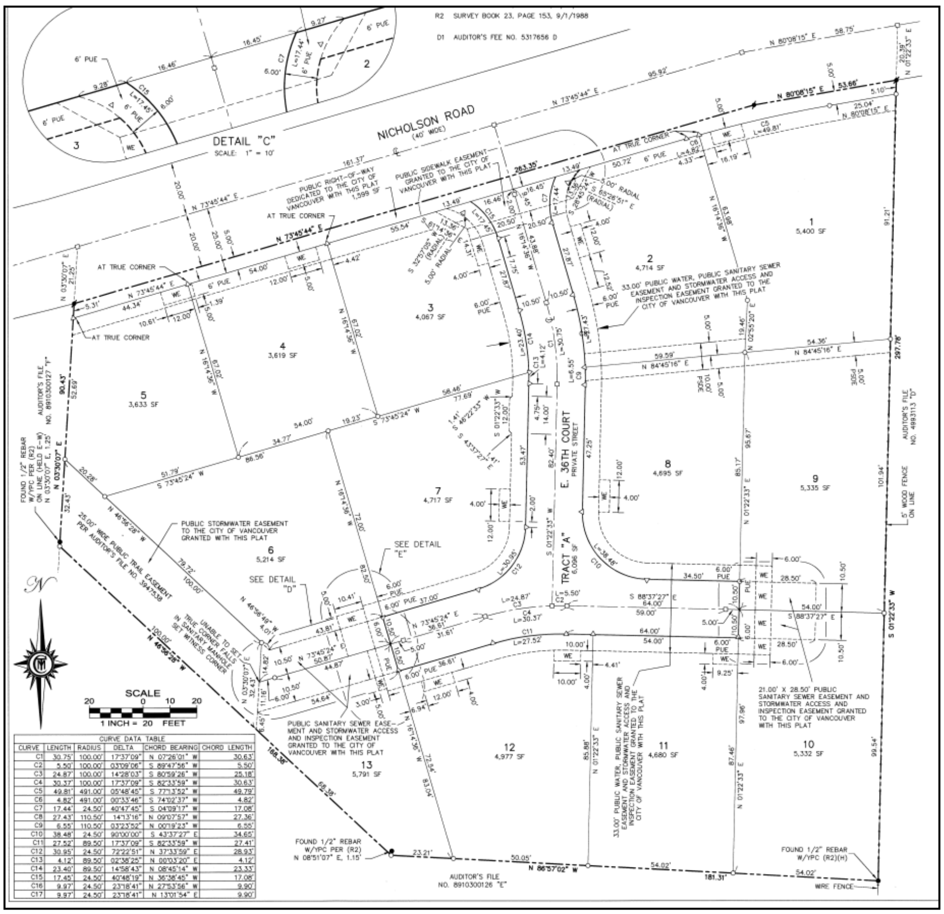
Exhibit A
Legal Description

Project Name: Nicholson Duplexes

Legal Description:

Lots 1 through 13 of the Nicholson Subdivision recorded in Book 312, Page 21, records of Clark County, Washington.

Sketch:



Item #8.

Staff Report 046-19

TO: Mayor and City Council

FROM: Eric Holmes, City Manager

DATE: 4/15/2019

SUBJECT Continuation of a temporary moratorium on the acceptance and processing of applications for permits for the development of new structures; the expansion of existing structures; or subdivisions in the Tower Mall area

Key Points

- State law allows cities and counties to place temporary moratoria on particular uses for up to six months while studies are conducted related to such uses and how they should be regulated. State law allows cities to extend existing moratoria for the same reasons.
- On June 5, 2017, City Council adopted Ordinance M-4201 placing an emergency 6-month moratorium on the acceptance and processing of applications for permits for the development of new structures; the expansion of existing structures; or subdivisions in the Tower Mall area.
- On November 20, 2017, City Council adopted Ordinance M-4221 continuing the temporary moratorium on the acceptance and processing of applications for permits for the development of new structures; the expansion of existing structures; or subdivisions in the Tower Mall area.
- On May 14, 2018, City Council adopted Ordinance M-4230 continuing the temporary moratorium on the acceptance and processing of applications for permits for the development of new structures; the expansion of existing structures; or subdivisions in the Tower Mall area.
- On November 5, 2018, City Council adopted Ordinance M-4243 continuing the temporary moratorium on the acceptance and processing of applications for permits for the development of new structures; the expansion of existing structures; or subdivisions in the Tower Mall area.
- Staff has initiated a subarea planning process for the Heights District, which includes the Tower Mall area. Extension of the moratorium will ensure that future development aligns with the vision articulated in the forthcoming plan.

Strategic Plan Alignment

Goal 8: Strengthen commercial, retail and community districts throughout the city.

Goal 8, Objective 8.2: Strengthen neighborhood business districts.

Present Situation

The Heights District Subarea is identified as a future urban center in the City of Vancouver Comprehensive Plan. In order to establish a vision for the area and guide its future growth and development, the City of Vancouver is undertaking a subarea planning process for the Heights District. In June 2017, the Vancouver City Council approved the purchase of an 11.83-acre parcel known as the Tower Mall site. Following the purchase of the property, Council adopted a six-month development moratorium for the site and adjacent properties in the Tower Mall area, and has adopted three subsequent ordinances continuing the temporary moratorium, in November 2017, May 2018 and November 2018. This temporary moratorium prohibits the acceptance and processing of applications for permits for the development of new structures, the expansion of existing structures, or subdivisions in the Tower Mall area.

After purchase of the Tower Mall site in May 2017, the City initiated a subarea planning process for the 228-acre Heights District. Over the last nearly two years, City staff and a consultant team have conducted extensive public outreach on the future of the Heights District, including one-on-one meetings, focus groups, group presentations, large public open houses, and online surveys. Staff have heard from a variety of stakeholders, including neighborhood associations, property owners, residents, Vancouver Public Schools, C-TRAN, the faith community, social service providers, non-profit organizations, and a 20-member Community Advisory Committee that meets monthly and helps guide project decision-making.

In addition to public outreach, the project team has completed a detailed technical analysis of existing land use, transportation, and environmental conditions, as well as a feasibility study to determine what future uses and development typologies the market will support. Information gathered through the public outreach process, technical analysis, and market study informed the development of conceptual redevelopment alternatives for the Tower Mall Area, which were presented to the public in fall 2018 for input and feedback. Based on this public engagement and guided by the project goals, a draft Heights District Plan and redevelopment concept for the Tower Mall area is being developed, and will be available for public review starting in April 2019. The draft plan responds to public input that highlights the need for programmable open space, safer mobility and increased connectivity, a variety of housing types, and amenities that encourage community integration and support health, equity and wellness.

Continuation of the moratorium allows staff the time to complete the subarea planning process for the area that is currently underway and is anticipated to be completed in Fall of 2019. A continuation of the temporary moratorium is necessary to ensure that future development aligns with the vision articulated in the forthcoming plan.

Advantage(s)

1. Allows the City time to develop a subarea plan for the Tower Mall area; amendments to Title 20; and conduct the required environmental review process.
2. Allows time for a public process to participate in the subarea plan development and review

on and comment on any proposed changes to land use regulations and environmental review.
3. Avoids applications for uses that would conflict with the achievement of the long-range vision for this area that will be defined by the subarea plan.

Disadvantage(s)

Prohibits the acceptance and processing of applications for permits for the development of new structures; the expansion of existing structures; or subdivisions in the Tower Mall area.

Budget Impact

None.

Prior Council Review

1. June 5, 2017 Adoption of moratorium
2. July 10, 2017 First reading, Review of moratorium ordinance and additional findings of fact in support of the ordinance
3. July 17, 2017 Public Hearing, Adoption of moratorium with additional findings of fact
4. Nov. 13, 2017 First reading, Review of ordinance to continue moratorium
5. Nov. 20, 2017 Adoption of ordinance to continue moratorium
6. May 7, 2018 First reading, Review of ordinance to continue moratorium
7. May 14, 2018 Adoption of ordinance to continue moratorium
8. Oct. 22, 2018 First reading, Review of ordinance to continue moratorium
9. Nov. 5, 2018, Adoption of ordinance to continue moratorium
10. April 8, 2019 First reading, Review of ordinance to continue moratorium

Action Requested

On April 15, 2019, subject to second reading and public hearing, approve ordinance.

Rebecca Kennedy, Long Range Planning Manager, 487-7896; Bronson Potter, City Attorney, 487-8521

ATTACHMENTS:

- Ordinance

04/08/19
04/15/19

ORDINANCE NO._______

AN ORDINANCE declaring an emergency and continuing a temporary moratorium for the duration of six months upon the acceptance and processing of applications for permits for the development of new structures; the expansion of existing structures; or subdivisions in the Tower Mall area as defined herein; establishing six months as the tentative effective period of this ordinance; and establishing an immediate effective date.

WHEREAS, the City of Vancouver has the authority to adopt temporary moratoria pursuant to RCW 36.70A.390 and 35.63.200; and

WHEREAS, the City is developing a subarea plan for the Heights District, which is identified in the 2011-2030 Comprehensive Plan. The Tower Mall area is within the Heights District and is bordered by East Mill Plain Blvd. on the north, North Devine Rd. on the east, and MacArthur Blvd. on the west and is depicted on the map attached hereto as Exhibit A; and

WHEREAS, the City Council finds that in order to preserve the ability to prepare a subarea plan, that includes the Tower Mall area, with the widest range of choices and alternatives for future development, it is necessary to temporarily restrict development of new structures; the expansion of existing structures; and subdivisions within the Tower Mall area until a subarea plan is developed; and

WHEREAS, without a temporary moratorium the City could, in the near future, receive applications for development that would conflict with the achievement of the long-range vision for this area that will be defined by the subarea plan; and

WHEREAS, the enactment of this ordinance constitutes an emergency, due to potential land use impacts that may result from continued development in the Tower Mall area without the implementation of a subarea plan; and

WHEREAS, current land use regulations in this area do not adequately address long-term planning strategies, or aesthetic congruity with the community; and

WHEREAS, continuing a temporary moratorium as proposed herein will allow the City additional time to research and develop a subarea plan for the area, implement additional new regulation elements, and amend existing zoning ordinances if necessary.

WHEREAS, continuing a temporary moratorium will enable the City to hold public hearings and maximize public input in the development of the new subarea plan without jeopardizing any possible land use options that may be precluded by unrestricted development.

WHEREAS, the City Council believes that the continuation of a temporary moratorium promotes the public health, safety, and general welfare and convenience of the people of Vancouver, and will encourage the most desirable and productive use of land and properties in Tower Mall area;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF VANCOUVER:

Section 1. Temporary Moratorium. As authorized by RCW 36.70A.390 and RCW 35.63.200, the City Council hereby continues the temporary moratorium on the acceptance, processing, and granting of applications for permits for the development of new structures; the expansion of existing structures; and subdivisions within the Tower Mall area.

Section 2. Exemptions. The moratorium established in Section 1 of this ordinance shall not apply to permits required for upkeep, repair, or maintenance of existing buildings or properties, or work mandated by the City to maintain public health and safety.

Section 3.   Duration. This moratorium shall be in effect for six months following the effective date of this ordinance.

Section 4.   Vested Rights. The moratorium created by this ordinance does not apply to properties with vested rights existing on June 5, 2017 which was the date of the enactment of the initial moratorium ordinance. "Vested Rights" shall be defined in accordance with VMC 20.210.110.

Section 5.   Effective date. The City Council hereby finds and declares that an emergency exists which necessitates that this ordinance become effective immediately in order to preserve the public health, safety and welfare. This ordinance shall become effective immediately upon passage. The City Clerk is directed to publish a summary hereof including the title at the earliest possible publication date.

Read the first time:

Ayes: Councilmembers

Nays: Councilmembers

Absent: Councilmembers

Read the second time:

Passed by the following vote:

Ayes: Councilmembers

Nays: Councilmembers

Absent: Councilmembers

SIGNED this ________ day of ________________________, 2019.

____
Anne McEnerny-Ogle, Mayor

Attest:

____
Natasha Ramras, City Clerk
By: Carrie Lewellen, Deputy City Clerk

Approved as to form:

____
E. Bronson Potter, City Attorney

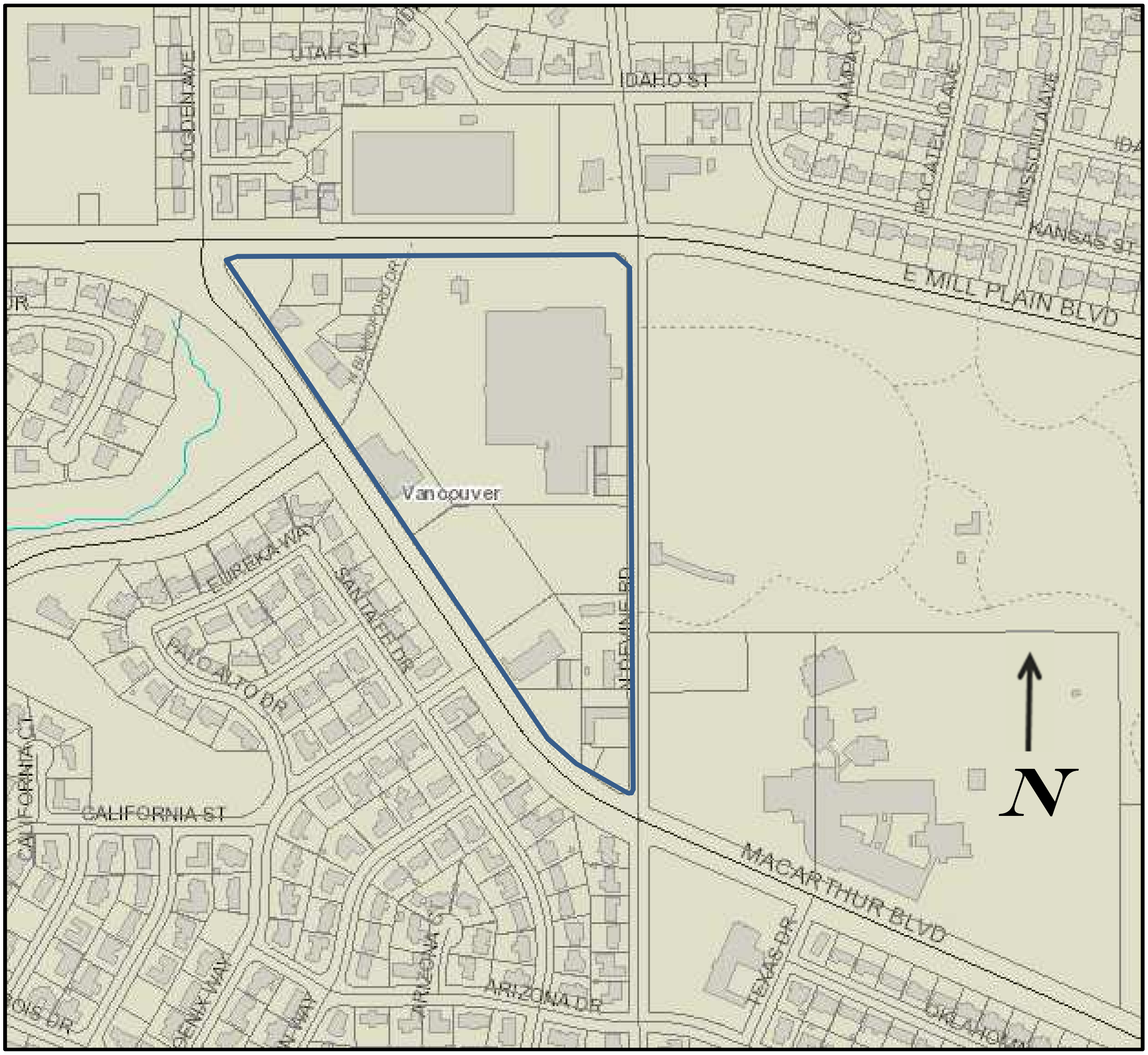
SUMMARY

ORDINANCE NO. __________

AN ORDINANCE declaring an emergency and imposing a temporary moratorium for the duration of six months upon the acceptance and processing of applications for permits for the development of new or the expansion of existing structures and subdivisions in the Tower Mall area as defined herein; establishing six months as the tentative effective period of this ordinance; and establishing an immediate effective date.

The full text of this ordinance will be mailed upon request. Contact Raelyn McJilton, Records Officer at 487-8711, or via www.cityofvancouver.us (Go to City Government and Public Records).

EXHIBIT A: PROPERTIES SUBJECT TO DEVELOPMENT MORATORIUM



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