



## LAKWOOD CITY COUNCIL STUDY SESSION AGENDA

Monday, May 12, 2014

7:00 P.M.

City of Lakewood  
City Council Chambers  
6000 Main Street SW  
Lakewood, WA 98499

Page No.

### CALL TO ORDER

### ITEMS FOR DISCUSSION:

- ( 4) 1. Joint Human Services Funding Advisory Board meeting.
- ( 9) 2. Review of the City Council 2014 Comprehensive Plan amendments. - (Memorandum)
- (15) 3. Review of a proposed Section 108 loan agreement with Curbside Motors. – (Memorandum)
- (40) 4. Review of a proposed Lodging Tax Advisory Committee guideline. - (Memorandum)

### BRIEFING BY THE CITY MANAGER

### ITEMS TENTATIVELY SCHEDULED FOR THE MAY 19, 2014 REGULAR CITY COUNCIL MEETING:

- 1. Item Nos. 3 and 4 above.
- 2. Reappointing Elvin Bucu, Judy Weldy and Ellie Wilson to the Lakewood's Promise Advisory Board through May 21, 2017. – (Motion – Regular Agenda)
- 3. Appointing Barbara Vest to the Lakewood Arts Commission through October 15, 2016. – (Motion – Regular Agenda)
- 4. This is the date set for a public hearing by the City Council on amending the Lakewood Municipal Code relative to tax incentive urban use centers. – (Public Hearings and Appeals – Regular Agenda)

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*The Council Chambers will be closed 15 minutes after adjournment of the meeting.*

5. Awarding a bid for Lakewood Traffic Signal Upgrades Phase 4A - Traffic Management Center. – (Motion – Regular Agenda)
6. Authorizing the execution of a supplemental agreement with Transpo Group for railroad design for the Madigan Access project. – (Motion – Regular Agenda)
7. Authorizing the execution of an agreement with Transpo Group for consulting services for developing a Transportation Element of the Comprehensive Plan. – (Motion – Regular Agenda)
8. Authorizing the execution of an agreement with Central Puget Sound Regional Transit Authority relative to the 111<sup>th</sup> and 112<sup>th</sup> Street improvement project. – (Motion – Regular Agenda)
9. Authorizing the execution of an interlocal agreement with West Pierce Fire District for emergency management coordinator services. – (Motion – Regular Agenda)

#### **CITY COUNCIL COMMENTS**

#### **ADJOURNMENT**

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**LAKWOOD CITY HALL**  
 6000 Main Street SW, Lakewood, WA 98499-5027  
 (253) 589-2489

**MEETING SCHEDULE**  
**May 12, 2014 – May 16, 2014**

Date	Time	Meeting	Location
May 12	4:30 P.M.	Arts Commission	Lakewood City Hall 3rd Floor, Conference Room 3A
	7:00 P.M.	City Council Study Session	Lakewood City Hall Council Chambers
May 13	7:30 A.M.	Redevelopment Advisory Board	Lakewood City Hall 3rd Floor, Conference Room 3A
	7:30 A.M.	Coffee with the Mayor	St. Clare Hospital Resource Center 4908 112th Street SW
May 14	9:30 A.M.	Lakewood Community Collaboration	Lakewood City Hall Council Chambers
May 15	4:00 P.M.	Human Services Funding Advisory Board	Lakewood City Hall 3rd Floor, Conference Room 3A
May 16	No Meetings Scheduled		

**TENTATIVE MEETING SCHEDULE**  
**May 19, 2014 – May 23, 2014**

Date	Time	Meeting	Location
May 19	6:00 P.M.	Youth Council	Lakewood Library 6300 Wildaire Rd SW
	7:00 P.M.	City Council	Lakewood City Hall Council Chambers
May 20	No Meetings Scheduled		
May 21	6:30 P.M.	Planning Advisory Board	Lakewood City Hall Council Chambers
May 22	6:00 P.M.	Landmarks & Heritage Advisory Board	Lakewood City Hall 3 <sup>rd</sup> Floor, Conference Room 3A
May 23	No Meetings Scheduled		

NOTE: The City Clerk's Office has made every effort to ensure the accuracy of this information. Please confirm any meeting with the sponsoring City department or entity.

# Human Services Funding Advisory Board Work Plan

## HSFAB Members

Mary Green, Chair

Christine Turner, Vice Chair

Mary Bohn

Paul Calta

Barry Hackett

Susan Hart

Catherine Forte

Anthony Gomez

## Council Liaison:

Council member Mike Brandstetter

## Meeting Schedule:

Third Thursday of each month at 4:00 – 5:30 p.m. in Room 3A

## Significant Accomplishments:

- **2013/14 Allocations Process** recommending funding for 30 programs and services (\$345,000)
  - Basic Needs (45%), Education (30%), Health (20%), Safety (5%)
  - Continue support for Lakewood's Promise (\$25,000)
  - Implementation of e-Cimpact (electronic application and data collection)
- **HSFAB Members** generating 128 hours of service to the City in 2013
  - Four new Human Services Funding Advisory Board members in 2013/14
  - 2014 funding recommendations to Council in November 2013
  - Facilitated community café discussion on unmet human service needs with 52 participants
- **Human Services Contract** reporting and review processes improved
  - Quarterly reporting and reimbursement process (electronic)
  - Combined annual program evaluation with outcome-based reports
  - 2<sup>nd</sup> year contract extensions processed through an addendum process
- **Lakewood Community Collaboration** meets the 2<sup>nd</sup> Wednesday of the month, average monthly attendance 35 and electronic mailing list 345
  - Increased effectiveness by changing the meeting agenda and format
  - Reduced meeting schedule to nine times a year (no meetings July, August & December)
  - Promoting partnership opportunities twice per month via email
  - Preparing for a new leadership structure beginning in September, 2014
- **New Lakewood prevention coalition** formed: Choosing Healthy Options & Igniting Community Engagement (CHOICE) with the goal of reducing youth substance abuse.
  - Neighborhood-focused: Tillicum, Woodbrook and Springbrook
  - Leadership team established: Pierce County Community Connections, St. Clare Hospital, City of Lakewood PRCS, Consejo Counseling, Kids at Hope, Tacoma Pierce County Health Department and the Clover Park School District staff and youth
  - Initial strategic plan submitted to Washington State Department of Behavioral Health Resources
- **City of Lakewood Human Services Program** highlighted in the Association of Washington Cities' CityVision magazine (March/April 2014)

## **2014 Current Work Plan**

1. **Monitor funded agencies' capacity to meet service goals and contract obligations (January - February 2014)**
  - Review progress and program evaluation reports submitted by the agencies
  - Review contracted agencies' annual outcome reports & performance evaluation
  - Recommend contract amendments with new terms and conditions (where necessary) for 2014
  
2. **Analyze and assess current human service needs (February – June 2014)**
  - Create specific research questions to identify the most vulnerable (at-risk) populations
  - Conduct Community Café with Lakewood Community Collaboration
  - Conduct interviews and focus groups with key community leaders & stakeholders
  - Review other human services funders' current/changing funding priorities
  - Identify relevant indicator data and shifting policy priorities at local and state levels
  - Complete a needs assessment report and publish findings in June, 2014
  
3. **Conduct the 2015/16 Human Services funding allocation process (May – December 2014)**
  - Meet with Council to establish funding priorities and gain direction for the 2015/16 allocation process (May 2014)
  - Create funding criteria for human services funding
  - Prepare a Request for Proposal (RFP) to be released July 2014
  - Review grant applications using e-Cimpact
  - Prepare funding recommendations for Council (November)

### **Funding Allocation Timeline (July – November, 2014)**

- Request for Proposal (RFP) released July 1
- Bidders' conference July 9
- Funding request applications due August 15
- Individual reviews and ratings complete September 10
- Funding deliberations begin September 18
- Agency interviews (TBD)
- Final consideration and funding recommendations October 16, 2014
- Funding recommendations presented to Council, November 17

**City of Lakewood  
Human Services Advisory Board  
2014 Community Needs Analysis**

**Summary of Unmet Needs**

<b>VULNERABLE POPULATIONS</b>	<b>LOW-INCOME FAMILIES</b>	<b>SCHOOL-AGE YOUTH</b>	<b>ELDERLY &amp; DISABLED</b>	<b>ENGLISH LEARNING FAMILIES</b>	<b>PEOPLE WITH MENTAL &amp; SUBSTANCE ILLNESSES</b>
<b>Presenting Issue</b>	<b>Persistent poverty</b>	<b>Risk of anti-social behavior</b>	<b>Social isolation</b>	<b>Accessing services</b>	<b>Limited treatment options</b>
<b>Primary Factor</b>	Continuing family disruption (unemployment, deployment, incarceration & divorce)	Lacking positive role models or negative peer interactions	Limited income or resources to live independently	No access to appropriate health & human services within Lakewood	Health care reform increasing demand for services without increasing # of providers
<b>Unmet Needs</b>	Lack of decent affordable housing options in Lakewood	Too few role models that are ethnically diverse	Limited access to appropriate housing	Potential for exploitation by landlords	Chronic homelessness
	Increasing family violence including spouse abuse and child neglect	Untreated substance abuse & mental health issues	Lack of family support (violence, abuse)	Pathways to citizenship including language and parenting classes	Hoarding or illegal activities putting housing at risk
	Limited income due to chronic unemployment & lack of marketable skills	Limited access to health care (dental, vision & sport physicals)	Increasing family stress due to blended generations or caregiving spouse health	Access to legal services and protection paperwork due to a fear of deportation	Access to appropriate health and human services within the Lakewood community
	Limited household management skills including parenting & budgeting	Lack of food and supervision outside school hours	Lack of reliable transportation options	Lack of Child care & Interpreters for appointments	Limited detox treatment or access to chemical dependency professionals

**Note:** Vulnerable populations and unmet community needs were identified through key informant interviews, focus groups and a community café discussion with 52 health, education and human services providers.

**Special thanks to our key informants:** Lakewood’s Community Collaboration members, Clover Park School District counseling and nursing staff, Pierce County Aging and Disabilities staff, Domestic Violence advocates, Mental Health professionals, St. Clare’s Hospital social workers, City of Tacoma Human Services staff, City of Lakewood CSRT staff, Lakewood Senior Activity Center participants, Tacoma/Pierce County Health Department and other caring community individuals who provided written comments.

# Potential Strategic Services & Areas of Focus

STRATEGIC FOCUS AREAS	HOUSING	STABILIZATION SERVICES	EMOTIONAL SUPPORTS	CULTURALLY-RELEVANT SERVICES	HEALTH SERVICES
NEEDED SERVICES	Affordable Housing/Shelter	Emergency Assistance	Building Healthy Relationships	Accessible Health and Human Services	Health & Behavioral Health Care Services

## Current Human Services Supported by City Funds

## Recommended Services by Key Informants

<b>HOUSING</b>	Homelessness prevention 90-day shelter for families Domestic violence (DV) shelter	Improved housing stock in Lakewood Housing First model for mental health and substance abuse(2) Rapid Re-housing(3)
<b>STABILIZATION SERVICES</b>	Work and job search training Supplemental food and clothing Utility and cold weather assistance Legal assistance for domestic violence victims School-readiness with food and school supplies	Financial management training Asset-building support(4)
<b>EMOTIONAL SUPPORTS</b>	Mentors and role models for youth After-school programs Early childhood teacher training Parent support with developmental screenings Caregiver respite care GBLTQ youth outreach(1)	Parenting classes Case management for people most at-risk of violence/abuse
<b>CULTURALLY-RELEVANT SERVICES</b>	Limited family outreach services	English language education (ELL)(5) Child care Peer support for families
<b>HEALTH SERVICES</b>	Dental services for children Primary health services for children & adults Immunizations for children Case management for HIV positive patients	Dental services for adults Vision services for children & adults Mental health services for youth & adults Chemical Dependency (CD) treatment

**City of Lakewood  
Human Services Advisory Board  
2014 Community Needs Analysis**

**Chart Definitions**

**Strategic Areas of Focus:** Identified as a result of interviews with key informants and confirmed with supporting data sources and other resource documentation provided by United Way 211, Tacoma Pierce Health Department, Washington State Youth Behavioral Survey, and the City of Lakewood’s Police, Courts, CDBG and Comprehensive plans.

**Services for All Populations:** Vital health and human services, which are essential to addressing the basic needs of children, youth and families:

- **Housing** a safe place to live or call home;
- **Stabilization Services** short-term assistance in times of personal or financial crisis;
- **Emotional Supports** healthy and supportive relationships to thrive and to live self-reliant and productive lives;
- **Culturally-relevant Services** to eliminate the barriers of accessing vital health and human services and education; and
- **Health Care** access to appropriate health services when it is needed most.

**Summary Notes**

**Note 1:** **GBLTQ** stands for gay, bi-sexual, lesbian, transgender and questioning youth served by Oasis Youth Center

**Note 2:** **Housing First** services are strategies that provide housing to stabilize a person before other treatments and services are administered. This could include permanent supported housing for up to two years.

**Note 3:** **Rapid Rehousing:** rent and housing assistance to avoid eviction and prevent homelessness.

**Note 4:** **Asset-building** services assist individuals with restoring their credit or money management strategies including budgeting and establishing saving accounts.

**Note 5:** **ELL** stands for English Language Learner, a term that is commonly used in education. Another common term is ESL, which stands for English as a Second Language.

**2013/14 Contracted Services Providers:**

Boys & Girls Club, Caring for Kids, Catholic Community Services, Community Health Care, Communities in Schools, Clover Park School District, Emergency Food Network, FISH Food Bank, Franciscan Foundation, Multi-Care Senior Health, Korean Women’s Association, LASA, Lindquist Dental, Pierce County Aids Foundation, Pierce County Community Connections, Pierce College, Rebuilding Together South Sound, St. Leo’s Food Connection, South Sound Outreach, The Rescue Mission, WVEE & YWCA



**To:** Mayor and City Councilmembers

**From:** David Bugher, Assistant City Manager/Community Development Director

**Through:** John J. Caulfield, City Manager 

**Date:** May 12, 2014

**Subject:** City Council Initiated 2014 Comprehensive Plan Amendments

**Background:** On April 7, 2014, the City Council was provided an opportunity to propose 2014 comprehensive plan amendments. The Community & Economic Development Department (CED) reviewed the process by which to propose amendments which included the adoption of a resolution of intent. It was reported that the Planning Advisory Board (PAB) would be considering land use amendments for property located at 7701 Ruby Drive SW. The PAB proposal would change the current land use designation from multifamily to single family, and zoning from MF1 to R3.

Councilmember Bocchi inquired as to possible amendments to the housing element and the subdivision code. Councilmember Bocchi also asked about high density development adjacent to existing single family residential housing and related impacts with increased vehicular trip volumes.

At the request of Mayor Anderson, the subject was rescheduled to a City Council Study Session in May 2014.

**Comprehensive Plan Amendments in Process:** To assist the City Council in determining if it desires to make amendments to the comprehensive plan and/or implementing regulations, it may be prudent to first review the status of the 2015 comprehensive plan update which is currently underway. Overall, the proposed amendments are extensive focusing on text amendments. This report provides a summary of the proposed changes by chapter. Three map changes are also proposed. After reviewing the list, Councilmembers can better decide what changes, if any, it desires to make to the comprehensive plan and implementing regulations.

## **Comprehensive Plan Text Changes:**

**Chapter 1:** This chapter is the introduction chapter to the comprehensive plan. It contains information on the City's first visioning exercise after incorporation, and reviews the organizational structure of the plan. For 2014, staff is not proposing material changes. However, new text will be added that the City is currently conducting a new visioning exercise in the summer/fall 2014. The results of that visioning exercise, and any related policy changes, will be added to the plan in the subsequent year.

**Chapter 2:** This chapter contains the official land use maps of the City. The maps include the Future Land Use Map, the Urban Center and Manufacturing/Industrial Centers Map, and the City's Urban Growth Areas Map. Chapter 2 also describes the City's various land use designations.

The proposed amendments include: 1) a description of the City's Centers of Local Importance (CoLI); 2) a map or maps of the City's CoLI's; 3) a revised Manufacturing/Industrial Centers Map plus text to include the Woodbrook Industrial Park; 4) a review of the City's Urban Growth Area (UGA) boundaries; and 5) updated UGA map for Joint Base Lewis McChord (JBLM).

**Chapter 3:** This chapter includes land use, housing, urban renewal, the City's air corridor, public and semi-public institutional uses, open space and recreation, environmental quality including shorelines and wetlands, and a special section on nonconforming uses. This chapter contains many proposed amendments.

The housing element has been rewritten. A new housing overview segment has been added including a state and regional planning context section. Countywide planning policies have been referenced. Five new/revised housing goals have been incorporated into the document:

1. Ensure sufficient land capacity to accommodate the existing and future housing needs of the community, including Lakewood's share of forecasted regional growth.
2. Ensure that housing exists for all economic segments of Lakewood's population.
3. Ensure that there are housing opportunities for people with special needs, such as seniors, people with chronic disabilities, and the homeless.
4. Maintain, protect, and enhance the quality of life of Lakewood's residents.
5. Recognize relocation issues brought about by demolition or conversion to another use.

The chapter includes a new background section of Lakewood’s population and housing. This part of the update is important in setting straight population and housing targets. When Lakewood incorporated, the federal and state governments miscalculated Lakewood’s numbers, and it has caused confusion for many years. This section provides the history behind the numbers and specifically sets forth Lakewood’s current growth targets based on the most recent Pierce County Council Ordinance. Lakewood’s “approved” projected population is 72,000 by the year 2030.

A housing capacity analysis is included in the update based on the Pierce County Planning and Land Services Buildable Lands Report. That report concludes that the City’s underlying zoning would permit an additional 11,246 units which translates into a population of 82,792 by the year 2030. To summarize, Lakewood’s underlying zoning more than meets the approved housing target projections.

New housing characteristics data is included within the chapter. Topics include the mix of unit types, owner occupied housing values, housing age, household size in relation to ownership, age of residents, race/ethnicity, characteristics of households, group quarters (Western State Hospital), housing affordability, and housing resources (housing assistance).

Housing goals, objectives, and policies and been significantly revised. Three key policies have been included in the housing element:

- LU-2.1: Target ten (10) percent of new housing units annually through 2030 to be affordable to upper income households that earn over 120 percent of county median income.
- LU-2.9: Target sixty five (65) percent of new housing units annually through 2030 to be affordable to middle income households that earn 80 to 120 percent of county median income.
- LU-2.20: Maintain a sufficient land supply and adequate zoning within the City to accommodate 25 percent of the City’s projected net household growth for those making less than or equal to 80 percent of county median income.

Housing policies that preserve and protect the existing remain intact, and, in fact, would suggest amendments to existing land use and zoning regulations.

Section 3.3.2, the Central Business District has been revised to include specific policies for the Towne Center.

Section 3.3.6, the Commercial Lands Revitalization section, has been updated.

Section 3.5 includes language incorporating the Puget Sound Regional Council's (PSRC) 2040 urban center criteria.

Section 36.1 (Air Corridor) references the new Joint Land Use Study.

A new Western State Hospital section, 3.9, has been added including a new goal and three new policies which address a campus master planning, and incompatible uses.

The Legacy Plan has been incorporated into Section 3.10, Green Spaces, Recreation & Culture. The Legacy Plan's incorporation is in summary form. It includes an overview, identifies park planning areas, lists an inventory of parks and open space, provides an analysis of park land and facilities needs, reviews intergovernmental coordination opportunities and lists the Legacy Plan's goals and policies. The integration of the Legacy Plan into the comprehensive plan has been a difficult assignment. Stylistically, the two documents do not match.

Revised sewer policies including maps, are to be incorporated into this chapter and others.

Shoreline and wetland sections will be updated once the city receives Department of Ecology's (DOE) final commentary on the draft shoreline regulations scheduled for later this month.

**Chapter 4:** This chapter includes goals and policies related to urban design and community character. No changes are proposed at this time; however, revisions are likely in 2015 upon completion of the community visioning process.

**Chapter 5:** This chapter is the City's economic development element. This entire chapter has been rewritten. The revisions include up-to-date economic data including workforce information, local payroll, types of industry, top employers, a retail and surplus analysis, education information, real estate data, taxes, a brief review of local regulatory processes, and local business incentives.

The chapter reviews Lakewood's competitive advantages, and opportunities and challenges. The revised element focuses on redevelopment in the Central Business District, the I-5 Corridor (Pacific Highway, the Lakewood Station District, South Tacoma Way, and Springbrook), and Tillicum/Woodbrook. Economic goals and policies are all new.

**Chapter 6:** Lakewood is required to perform a 10-year traffic forecast. An outside consulting firm, the Transpo Group would perform this work under contract. The Nonmotorized Plan would be incorporated into Chapter 6. The consultant firm would also review the transportation element for consistency with the transportation requirements of the PSRC which is key to future funding opportunities. The work is expected to be completed in late summer.

**Chapter 7:** This is the utilities section of the comprehensive plan. Revised sewer policies would be added. Department of Commerce is requiring cities to incorporate more utility inventory data into plans.

**Chapter 8:** This chapter covers public services. No major changes to this chapter are proposed.

**Chapter 9:** This chapter covers capital facilities and improvements. No major changes are proposed in 2014, excepting for new and/or revised polices related to essential public facilities siting.

**Chapter 10:** This last chapter addresses implementation. This chapter would be updated in 2015.

### **Map Changes:**

- 7701 Ruby Drive SW: Proposal may amend the comprehensive plan designation from Multifamily to Single Family, and the zoning classification from MF1 to R3. Subject property is 2.83 acres.
- 4723 127<sup>th</sup> Street SW: This is a recently acquired property by the City to expand Springbrook Park. Proposal would amend the comprehensive plan designation from High Density Multifamily to Open Space Recreation, and the zoning classification from MF2 to OSR1. Subject property is 1.17 acres.
- 8807 25<sup>th</sup> Avenue SW: City recently acquired two properties, 4.4 acres, to expand Ward's Lake Park. Proposal would amend the comprehensive plan designation from Single Family to Open Space Recreation, and the zoning classification from R3 to OSR1. Subject property is 4.4 acres.

**Revised Subdivision Code:** In conjunction with the comprehensive plan update, a proposal is currently before the PAB to revise subdivision regulations. The City Council has already received a copy of the proposed regulations. In sum, the proposal would:

- Clarify the procedures for the review and approval of short plats, preliminary plats, and binding site plans;
- Provide a definition of a legal lot of record;
- Provide procedures to address whether a lot was legally created, including the issuance of Certificates of Land Division Compliance;
- Clarify time periods and limitations for review of subdivision applications;
- Clarify the appeal processes for subdivision applications;

- Provide for specific provisions for the review and approval of final plats; and
- Clarify the provisions for boundary line adjustments and lot mergers.

**Communal Housing Regulations:** A communal house is a single family dwelling, without an owner occupant, that is rented to a group of unrelated individuals. New zoning regulations are proposed to regulate this type of use including the introduction of new performance standards.

The proposal also includes updating the City's definition of "family." The PAB is scheduled to conduct a public hearing on the proposal on May 21, 2014.

**Environmental Review/SEPA:** Comprehensive plan amendments are subject to environmental review. Staff has attempted to avoid a threshold determination where an Environmental Impact Statement (EIS) is triggered since it would significantly impact workload and scheduling. Thus, the department has stayed clear of proposals which would create an adverse environmental impact. Examples of such proposals would be area-wide amendments to increase or decrease urban densities, changing open space designations to permit residential development, increasing the maximum height of buildings in the single family residential zoning districts, or amending the Air Corridor land use designation. Councilmembers may want to take a similar approach, or not.

**Next Steps:** This is the opportunity for the City Council to deliberate on proposed amendments. Where there is a consensus on proposals for consideration, these will return to the City Council in the form of a resolution of intent on May 19, 2014 for review and action.



TO: Mayor and City Councilmembers

FROM: Jeff Gumm, Program Manager

THROUGH: John J. Caulfield, City Manager *John J. Caulfield*

DATE: May 12, 2014 (Council Study Session)

SUBJECT: Curbside Motors Section 108 Loan Guarantee Application

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**Introduction:** The purpose of this memorandum is to provide information and general framework for a proposed combination National Development Council (NDC) Grow America Fund (GAF) financing and Section 108 Loan Guarantee Assistance financing for the Curbside Motors project located at 9915 – 10005 South Tacoma Way.

**Curbside Motors Project:** The Curbside Motors Project proposes to assist a for-profit business to acquire and combine three adjacent parcels (0319062016, 0319062017, and 0319062044) located along the 9915 -10005 block of South Tacoma Way for the purpose of constructing a pre-owned automotive dealership and associated service and detailing shops. This project proposes to consolidate and relocate two separate car lots, both of which are currently located within the Tacoma city limits (5011 & 6802 S. Tacoma Way), on to one large lot in Lakewood. The proposed site is located along the east side of South Tacoma Way near the intersection of 100<sup>th</sup> St. SW and South Tacoma Way. Total costs for the project are approximately \$2.92 million; proposed funding sources are outlined below. Steve Guiberson is the principal business owner.

Redevelopment of the site would include the acquisition and demolition of the Rainier Inn Apartments, a dilapidated 50-unit apartment complex which is currently closed due to building and code violations, and a vacant parcel that was the former home of the recently demolished Gloria Motel.

Additional project details are provided in the Project-Specific Review attached.

**Property Information:** The properties are zoned Commercial Two (C2) and are, therefore, consistent with the intended use. Permitted uses of the property include storage, storage-related, and auto sales; continued operation of the Rainier Inn will not be permitted.

Two of the parcels, 0139063017 and 0319062016, front South Tacoma Way with the third, 0139062044, being landlocked with no access to any public or private streets. Given the properties locations adjacent to one of the City’s busiest arterials, only right-in and right-out turning movements are permitted.

All three parcels have been identified by the Washington State Department of Transportation as being part of a future highway realignment project for the I-5/Highway 512 interchange, and while no funds have been set aside for the interchange, the three parcels would eventually be acquired by the estate for highway construction.

**Proposed Funding Sources & Uses:**

Project Uses	Grow Pierce County Fund- SBA 7(a) guarantee	Section 108	Owner Equity	Total
Real property acquisition	\$432,450	\$648,000	\$120,050	\$1,200,500
Construction	\$1,220,000			\$1,220,000
Construction Contingency	\$133,050			\$133,050
Construction Soft Costs	\$166,500			\$166,500
Closing & Soft Costs	\$115,000			\$115,000
Section 108 Closing Costs		\$52,000		\$52,000
<b>Total Development Costs</b>	<b>\$2,067,000</b>	<b>\$700,000</b>	<b>\$120,050</b>	<b>\$2,887,050</b>

**Structure of the Proposed Section 108:** The proposed \$700,000 loan will carry a 20-year term with a 4.25% initial rate, and is subject to adjustment at the time of HUD public offering. Rate to be set at HUD’s cost of funds plus a 50 basis point (0.5%) spread. Borrower will make monthly payment to the City. Borrower must meet an 80% combined loan to value on all real property with the City in co-first lien position (pari passu) with the GAF on all real property.

**Project Schedule/ Development Requirements:** The project has been through the pre-application process with the Public Works department to determine both on- and off-site requirements of the project. The properties have a combined South Tacoma Way street frontage of 257 feet. City is requiring street frontage improvements including curb, gutter, sidewalk, and street trees. Site development will likely include an “enhanced” community design review and general site and landscaping improvements. The project is scheduled for closing this summer, with construction to begin late summer to early fall. Construction is expected to take approximately 9 months to complete.

**Fiscal Impact:** Curbside Motors has experienced a steady increase in revenues over the most recent three years, with a marked increase (44%) from 2012 to 2013; annual revenues are detailed in the chart below. Projections for 2014 and 2015 show an increase in revenue of 15% to \$10,244,277 in 2014 and \$11,780,918 in 2015. Staff believes the growth projections are conservative based on: 1) historic growth rates of the business; 2) the fact that the current business operates on two separate, undersized lots which prohibits the display of almost half of Curbside’s car inventory at one time;

and 3) the dealership will be able to reduce expenses and further increase revenue by adding services and detailing as part of its in-house expansion.

Sales tax generated as a result of this project, if sales remained constant at \$8,908,067 would be (\$8,908,067 x .84%) \$74,828. Based on revenue projections for 2015 (the first year of full operations within Lakewood), sales tax generated by this project could reach (\$11,780,918 x .84%) \$98,960.

Year	Revenue
2010	\$3,672,745
2011	\$4,337,012
2012	\$5,855,746
2013	\$8,908,067
2014	\$10,244,277*
2015	\$11,780,918*

\*Projected at 15% growth

**NDC Involvement:** As part of this project, NDC is providing the borrower with access to \$2,067,000 in funding through the Grow Pierce County Fund, as well as providing general underwriting, loan structuring, and project management services for the project as a whole. An agreement between the City and Curbside Motors has been executed which will pass all NDC contract expenses through the City and on to the borrower.

#### **Project Funding Source Information:**

**Section 108** - The Section 108 Loan Guarantee program was authorized under Section 108 of the Housing and Community Development Act of 1974, as amended. The program provides communities with a source of financing for large scale, capital-intensive economic development, housing, public facilities, and large-scale infrastructure and community development projects. The Section 108 program enables CDBG grantees to access additional CDBG funding by borrowing up to five times their annual entitlement grant, minus any outstanding Section 108 commitments and/or principal balances of Section 108 loans. Eligible activities under the program are different than those under the regular CDBG program; however, the overarching objectives of benefit to low and moderate income individuals, aid in the elimination or prevention of slums and blight, or meeting an urgent need remain the same.

#### General Loan Details:

- Section 108 obligations are financed by HUD through underwritten public offerings through an interim lending facility.
- Principal security for the loan guarantee is a pledge by the public entity of its current and future CDBG funds. Additional security from the borrower will also be required to assure repayment of guarantee obligations, typically assets financed by the loan or other collateral owned by the borrower.

- Maximum repayment period is 20 years; terms can be flexible when structuring the principal amortization to better match the need of the borrower and project.
- Interest rates for projects are initially set with an interim rate and are typically converted to a fixed rate sometime after project completion. Interim rates are based on the 3 month London Bank Offered Rate (LIBOR) plus 20 basis points (.2%). Permanent financing is pegged to yields on U.S. Treasuries of similar maturity, with a small basis point spread being added to determine final rate.

**Lakewood Section 108 Loan Pool:** The City of Lakewood applied for and was awarded \$2,888,000 in Section 108 funding on July 27, 2012. This award represents 5 times Lakewood's FY 2011 CDBG allocation of \$577,790.

The purpose of the Section 108 loan pool is to assist with economic and community development activities throughout the city. Loan proceeds are to be used as gap financing primarily for development and business loans to facilitate economic development. Eligible activities include the following: 1) acquisition, clearance, demolition, and redevelopment of property for economic development purposes; 2) other economic development activities; 3) housing rehabilitation; and 4) public facilities and infrastructure improvements.

The proposed Curbside Motors project would be Lakewood's second Section 108 loan, the first being \$310,000 in assistance provided to the LASA Prairie Oaks Client Services Center. Pending Council approval of this application, staff will forward the Section 108 Loan Application to HUD for approval on or after May 20, 2014.

**Grow Pierce County Fund:** The National Development Council (NDC) through its nonprofit affiliate Grow America Fund (GAF) works with community partners across the country to provide access to capital for growing small businesses that support the creation of jobs and the expansion of eligible small businesses in underserved areas, particularly minority and women-owned businesses. In June 2013, GAF received a \$750,000 capitalization from the Greater Tacoma Community Foundation to increase access to flexible, affordable funding for small businesses within Pierce County, thus the Grow Pierce County Fund was born. This investment allowed GAF to capitalize a \$3,000,000 loan fund for eligible Pierce County businesses. GAF financing is partially guaranteed by the U.S. Small Business Administration under GAF's Small Business Lending Company license, and GAF has Preferred Lender status nationwide.

GAF lending differs from conventional lending by providing:

- **Longer Terms.** Using repayment schedules up to 25 years that give the borrower smaller monthly loan payments to reserve cash flow for other business needs.
- **Larger Loans.** Providing loan amounts ranging from \$150,000 to \$3 million.

- **Lower Down Payments.** Preserves the business's equity and maximizes growth potential.
- **Lower Interest Rates** that fund growth. Favorable rates result in cash savings that allow businesses to continue to provide and add jobs in the community.
- **Better Structure.** Matching the term of the loan to the life of the assets being financed, ensuring debt service does not exceed available cash flow.

**Actions to Date:**

March 12, 2014 – Publish proposed amendment to FY 2013 Annual Action Plan (AAP) for \$700,000 in Section 108 assistance.

March 13, 2014 – April 11, 2014 – 30-day public comment period on AAP Amendment. Comment period closed at 5:00 pm on April 11<sup>th</sup>.

April 9, 2014 – Public hearing on AAP Amendment held by CDBG Citizens Advisory Board.

May 12, 2014 – Council review of proposed Curbside project includes \$2,102,000 in NDC GAF financing and \$700,000 Section 108 loan guarantee financing.

**Actions Pending:**

May 19, 2014 – Council approval of proposed \$700,000 Section 108 loan application.

May 20, 2014 – Submittal of loan application to HUD for initial review and approval. Preparation of final loan documents in accordance with HUD Section 108 loan terms sheet.

July/August 2014 – Loan closing.

**Consistency with Approved Five-Year FY 2010-2014 Consolidated Plan for Housing and Community Development and FY 2013 Consolidated Annual Action Plan:**

The proposed use of Section 108 funds is consistent with the 5-Yr Consolidated Plan and FY 2013 Consolidated Annual Action Plan as adopted by Council on May 6, 2013. As part of the Plan's proposed use of funds, CDBG funding may be used to support and expand economic development opportunities that provide or retain livable wage jobs for low and moderate income individuals.

Staff is requesting concurrence with the proposal to authorize the City Manager to execute a Section 108 Loan Guarantee Agreement in the amount of \$700,000, which funds will be used for the purpose of funding Curbside Motors for the redevelopment of multiple parcels along South Tacoma Way for the purpose of constructing a pre-owned automotive dealership and associated service and detailing shop. This concurrence will take the form of a resolution to commit said funds at your May 19, 2014 meeting.

**Attached:**

1. Section 108 Project-Specific Review
2. 2013 Annual Action Plan Fifth Amendment
3. Section 108 Loan Application Documents
4. CDBG CAB Meeting Minutes – April 9, 2014
5. Site Maps

## SECTION 108 PROJECT-SPECIFIC REVIEW

PROJECT: CURBSIDE MOTORS RELOCATION/EXPANSION	
APPLICANT: CURBSIDE MOTORS	LOAN AMOUNT: \$700,000

### PROJECT SUMMARY

Section 108 Guaranteed Loan Funds are requested to finance a portion of the property acquisition for the expansion of Curbside Motors, Inc., a 10-year old car dealership operated by Steve Guiberson in South Tacoma. Mr. Guiberson proposes to relocate his business to Lakewood with redevelopment of parcels located opposite the intersection of South Tacoma Way and 100<sup>th</sup> Street SW into a pre-owned auto dealership with related mechanic and auto detailing operations. One of the existing parcels is the site of the former Gloria Motel (now demolished) while the other is the site of the former Rainier Inn Apartments, which is abandoned. The project will enable the consolidation of Curbside's current operations, which are now located on two separate sites nearly ten blocks apart in South Tacoma. The consolidation will enable greater efficiency in operations and a significant expansion of the business with the larger location and improved visibility in Lakewood. A large portion of Curbside's customer base are the military and other families with employment related to nearby Joint Base Lewis McCord. The typical Curbside customer has household median income between \$35,000 and \$60,000 per year and is financing a vehicle with an average sales price of \$8,000. The median income for Pierce County is \$59,105 and for the City of Lakewood is \$42,241 (per census.gov). Curbside Motors was established to provide affordable, quality used vehicle sales and service to its customers and has established a strong local reputation that attracts customers from throughout the Pacific Northwest using traditional marketing, referrals, repeat business and internet advertising sources. Mr. Guiberson is the sole owner of the business with more than 30 years of experience in the car sales industry and more than 25 years' experience as a dealership owner.

For the past several years in its current locations, Curbside has endured significant operating inefficiencies due to the 10 block distance between its two car lots and the limited capacity to park cars on each. The lots are so small that cars are essentially parked valet-style and Curbside must lease a separate storage facility to park its overflow. The practical effect of this is that some customers who come to the dealership based on a car listed on the website must search both locations or wait as much as thirty minutes for the sales staff to locate their car. Despite these hurdles, the business has managed year over year growth in sales and operates in a positive financial position. The elimination of these hurdles will only increase the drive-by visibility and accessibility of the operation, providing a more sustainable climate in which to grow the business. The expansion of both its sales and service departments is expected to generate at least 25 new FTE jobs within the next 2-3 years as the business reaches full operation. These jobs will include a range of vehicle technician, auto detailing and administrative positions as well as new sales positions for the company. In addition, the project will significantly improve an abandon stretch of commercial-zoned South Tacoma Way and restore it to commercial use.

### **Development Program:**

Development plans include the construction of a 5,527 square foot two-story office building (1,926 will be unfinished), a 4,500 square foot attached garage and 5,000 square foot detached garage that will

## SECTION 108 PROJECT-SPECIFIC REVIEW

house a six-bay service center and auto detailing facility. Additional improvements will consist of surface asphalt parking, lighting, landscape and street frontage improvements per city code. Curbside has hired Incite Management Group, LLC to provide overall construction and project management. Design plans are currently underway, with expected permit submittal scheduled for early June. Construction is expected to begin in late August upon closing, with a nine month construction duration. The business expects to relocate over a week long period from its current leased locations to the new site by June 2015.

### PROJECT REVIEW

*Criteria for review of project-specific Section 108 loan applications is detailed in the approved Section 108 Loan Fund Policies. These underwriting and review guidelines will be applied to all prospective Section 108 loan proposals under this Loan Fund, regardless of whether required under Section 570.203.*

- A. HUD National Priority Areas  
The expansion of Curbside Motors meets one of the three National Priorities identified by HUD under the **Expanded Economic Opportunities** category. Specifically, the additional job creation and growth of a small local business supports category **3-a and b: job creation and retention and stabilization and expansion of small business.**
- B. Community Development Objectives of the City  
The redevelopment of these parcels furthers the City's Economic Development Goals as referenced in the City's 2010 – 2014 Consolidated Plan, including development of planned, coordinated approaches to economic development and job creation involving partnerships with bankers, realtors, developers and entrepreneurs. In addition, it addresses the City's community development objective of removing blighted and abandoned buildings, as stated in the City's 5-year Consolidated Plan. The existing Rainier Inn Apartments has been vacant since code violations and bankruptcy forced its closure in 2012.
- C. Section 108 eligible Activity under 24CFR 570.703  
The acquisition of the property to support the Curbside Motors expansion meets an eligible activity per Section 570.703(i) – Special Economic Development as eligible under Section 570.203(b) – the **provision of assistance to a private for-profit business, including** but not limited to grants loans, **loan guarantees, interest supplements... for any activity where the assistance is appropriate to carry out an economic development project.**
- D. National Objective under 24 CFR 570.208  
The project will meet a National Objective of job creation as required by Section 570.208(a)(4) – an activity designed to create or retain permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low- and moderate-income (LMI) persons. The proposed job creation will be documented by the business and monitored by Lakewood Community Development staff as required in this section to confirm the jobs that are created meet the 51% LMI test.

## SECTION 108 PROJECT-SPECIFIC REVIEW

- E. **Public Benefit Standard (if applicable)** as required for projects qualifying under 570.703(i) and 570.203 or 570.204 activities.  
As a Special Economic Development activity, the project will be required to meet the Public Benefit Standard, which requires documentation of a certain number of new FTE jobs in relation to the amount of Section 108 assistance. Specifically, by receiving \$700,000 of proposed Section 108 assistance, the business must create a total of 20 FTE jobs (at 1 job: \$35,000).
- F. **Citizen Participation Requirements:** the City has fulfilled its Citizen Participation requirements to date by publishing the proposed actions and soliciting public comment on March 12, 2014. It held a Public Hearing on April 9, 2014 to receive input from the public on the proposed Action Plan amendment as well as the proposed use of Section 108 funds for the Project. The 30-day comment period closed on April 11<sup>th</sup>. See Appendix A for copies of the public notice, meeting agenda and meeting minutes and any comments received. Council approval will be required to submit a proposed loan package to HUD for approval.
- G. **Financial Underwriting Guidelines:** The project was analyzed using the City's approved Loan Fund underwriting guidelines.
1. **Project management**  
Curbside Motors has hired Incite Management Group, and experience real estate development and management company, to oversee the process of land use entitlement and permitting, coordination of the design team, project management and construction oversight. Incite provides full service real estate development expertise to a variety of property development projects including churches, commercial, medical office, multifamily and retail projects. The Incite team is headed by Craig Milton and Landon Bayler, P.E. – with a combined 40 years of real estate development experience. Incite will manage all aspects of the development process, which will enable the business to continue its operations during construction.
  2. **Public Benefit**  
The redevelopment of the subject site with an expanded commercial business provides several public benefits to Lakewood. A significant number of FTE jobs will be created to help the local employment base. A currently vacant and abandoned property will be redeveloped and restored to commercial use – thus removing a blighted building from the site. By expanding in Lakewood, the business will also generate significant new sales tax revenue for the City. Current estimates based on 2013 year end revenue indicates Lakewood's share alone would be more than \$90,000 in annual sales tax revenue, with significant growth potential projected.
  3. **Proposed Costs**  
Site acquisition is per executed Purchase and Sale Agreement with the two banks that currently own the parcels. Incite Management has obtained construction cost estimates through a third party cost estimating firm based on preliminary schematic design. The cost equates to approximately \$67/square foot for site demolition and proposed development of the three buildings and related site improvements. This figure is consistent with building construction of this type (light commercial retail/office construction with concrete panel siding and metal roofing and storefront glazing). In addition, the project has a construction contingency of \$133,050 (more than 10%) budgeted for any additional or unforeseen costs. Soft costs are budgeted at \$333,500 for a total development cost of \$2,887,050.

## SECTION 108 PROJECT-SPECIFIC REVIEW

4. Commitment of Funds

The proposed financing structure consists of borrower equity, an SBA 7a guaranteed loan from the Grow Pierce County Fund and the proposed Section 108 Guaranteed loan from Lakewood. A breakdown of proposed sources and uses is as follows:

Project Uses	Grow Pierce County Fund- SBA 7(a) guarantee	Section 108	Owner Equity	Total
Real property acquisition	\$432,450	\$648,000	\$120,050	\$1,200,500
Construction	\$1,220,000			\$1,220,000
Construction Contingency	\$133,050			\$133,050
Construction Soft Costs	\$166,500			\$166,500
Closing & Soft Costs	\$115,000			\$115,000
Section 108 Closing Costs		\$52,000		\$52,000
<b>Total Development Costs</b>	<b>\$2,067,000</b>	<b>\$700,000</b>	<b>\$120,050</b>	<b>\$2,887,050</b>

5. Need for Section 108 Assistance / Non-substitution of Funds:

Curbside Motors has sought conventional financing from a variety of sources for the new development. It also owns two other commercial properties – one in Bremerton and one in Auburn – which have been financed through Sterling Savings Bank. While the business operations have been strong and improving and recent years, Curbside has been unable to obtain commercial financing at a rate or terms that are supportable or sustainable for the current expansion. The combination of the Grow Pierce County Funds, which will provide a competitive rate of prime plus one percent (variable during construction, fixed for a 25-year term upon completion) and the proposed Section 108 Guaranteed Loan at a below market interest rate (anticipated to be about 4.5% fixed) are necessary to provide the business with the cash flow coverage to service its loans in a sustainable manner. Without this combination of flexible financing, the business would not be able to relocate or expand in this location.

6. Evidence of Site Control

Curbside has an executed Purchase Option Agreement with Homestreet Bank for the Rainier site, and with BSBC Properties, LLC for the former Gloria Motel site. The purchase option provides for a financing contingency expiration of June 26<sup>th</sup> with an extension on closing provided through end of September to allow for the issuance of the building permit. It is intended that the loans will not close until the building permit is issued to mitigate any risk associated with development/constructability or entitlements.

7. Loan Structure (Term, Interest Rate, Origination Fee, other expenses)

The proposed loan will carry a 20-year term with interest-only payments during construction

**SECTION 108 PROJECT-SPECIFIC REVIEW**

(expected to be a nine-month duration). Amortization would be done for the balance of the term with monthly payments throughout. The interest rate is proposed to be fixed at closing at 4.25% (Initial Rate) and will be subject to conversion at such time when this loan is included in any HUD public offering. The Conversion Rate shall be based on the rate due on each of the City's Principal Payments plus 50 basis points or 0.5% (HUD Public Offering Rate). The loan will carry a 1% loan origination fee to be paid to the City upon closing to cover costs associated with loan packaging, underwriting and documentation (eligible Program Delivery costs pursuant to Section 570.500). Repayment shall be from Borrower from project operations. As mentioned above, the loan will share a co-lien position with the proposed GAF loan for the project. All collateral will be shared proportionate to the respective loan size. Borrower shall pay all other out of pocket costs borne by the City in the closing of the loan, including title, closing or legal expense, as well as any expense associated with the public offering issuance or the HUD Trustee.

**8. Financial Feasibility**

- a. Ability to Repay – Adjusted cash flow for the business was analyzed through the reporting periods of 2010, 2011, 2012 and a 2013. The historical adjusted cash flow has been relatively thin but improving over this period, with an actual coverage (based on internal financials in 2013) of 1.21 as stated above. Projected cash flow for the 2014 and 2015 years appears to be significantly stronger (1.78 and 2.14, respectively). This is consistent with the anticipated growth potential due to the improved operating efficiencies of having all vehicles located on a single property with increased visibility. In addition, the borrower has a strong credit history and has demonstrated a willingness and commitment to contribute capital into the business in lean times.
- b. Collateral – All commercial property (including the subject site) and all other business assets are proposed to be shared pari passu (co-lien position) with the Grow Pierce County Fund loan (GAF) to reach an acceptable 80% loan to value (LTV) coverage. Specifically if the business defaults on the loan, the collateral will be split pro rata between the two entities, based on respective loan size. Below is the proposed collateral schedule:

1.	A first mortgage lien, pari passu with GAF, on commercial property located at 9915 S. Tacoma Way and 10005 S. Tacoma Way (Subject property and primary collateral). An appraisal completed on January 15, 2014 estimated the as-is value at \$1,205,000 and the as-completed value at \$3,200,000.
2.	A second mortgage lien, pari passu with GAF, on commercial 2306 and 2316 Auburn Way N Auburn, WA, subordinate only to an existing lien held by Sterling Bank. Based on the outstanding balance and current appraisal, this property has a net (unencumbered) value of approx. \$120,000.
3.	A second mortgage lien, solely held by City of Lakewood, on a vacant commercial Parcel 3972-000-003-0005 Bremerton, WA, subordinate to an existing lien held by Sterling Bank. Current appraisal assesses no additional unencumbered value at present. The property is a currently unimproved commercial parcel of 1.62 acres.
4.	A second lien, pari passu with GAF, on all business assets, subordinate only to an existing Commercial Line of Credit lien held by Fife Commercial Bank. Business assets include cars, repair equipment, lifts and office equipment; and
5.	A first lien, pari passu with GAF, on all Accounts Receivable for the business at the subject location.
6.	A first lien, pari passu with GAF, (purchase money interest) on all machinery and equipment, furniture and fixtures acquired with loan proceeds; and
7.	Unlimited personal guarantees of Steve Guiberson and Darlene Guiberson, secured by a third mortgage lien, pari passu with GAF, on primary residence.

## SECTION 108 PROJECT-SPECIFIC REVIEW

### 9. Business Owner Capacity & Experience

Steve Guiberson, has been an owner of independent used car dealerships for over 25 years and has had more than 30 years of experience in car sales overall. Prior to Curbside Motors, Steve owned other used car dealerships with various partners, including his brother Rod Guiberson, who now owns his own car dealership in Puyallup. He has built good relationships with other local new and used car dealers, which helps him when negotiating for the purchase and sale of cars between the dealerships. In addition, Steve's wife, Darlene, also works with the business. Curbside has a strong adjusted cash flow for the 2013 fiscal year (1.21) without rental income for the Auburn property/ 1.43 if the rental income was included. In addition, the businesses financial management practices were analyzed with a review of the Cost of Goods Sold (COGS) and Sales and General Administration (SGA) as a percentage of gross revenue. These measures should show stability throughout the review period, with any anomalies adequately explained. Both appear stable, with a combined 90% (2010), 90% (2011), 92% (2012) and 91% (2013). Both The business owner and his wife have good personal credit, each in the 700s. Based on the development team that Curbside has retained, construction will not interfere with current operations so the company can continue to operate at its current locations until the new site is ready.

### 10. Borrower Background and Character

Mr. Guiberson has had a successful track record of owning and operating auto dealerships in the area for the past 25 years. He and family have lived in the area for decades and have had a strong relationship with the local community throughout that timeframe. Mr. Guiberson has been in the business for over 30 years (since age 18) and has built very strong relationships with many dealers in the area. The company has three outstanding loans, all of which are in good standing. Two loans are from Sterling Bank for the purchase of commercial properties in Auburn and Bremerton, and a line of credit loan is provided by Fife Commercial Bank. Both banks indicate a good payment history and good standing on the current loans. Both banks have further indicated no issues related to the City or GAF having subordinate positions on their loans.

### 11. Pro Rata Disbursement of Section 108 Funds with Other Funding Sources

Section 108 funds are to be used specifically for the purpose of funding a portion of the acquisition cost of \$1.2 million. The funds will be advanced to escrow at closing for that purpose, along with the GAF funds for acquisition and the borrower equity. The balance of GAF funds will then be disbursed on a monthly basis throughout construction for the remaining development and soft costs.

### 12. Project Monitoring

The City of Lakewood CDBG Program Manager will be responsible for monitoring the project on behalf of the city. As funds will be used for acquisition, however, there is minimal documentation that will be needed for the construction period. Use of funds will be documented via the HUD settlement statement provided by escrow. The construction-period monitoring will be primarily the responsibility of the Grow America Fund, which will retain a 3<sup>rd</sup> party construction inspector to review monthly construction progress prior to disbursement of

## SECTION 108 PROJECT-SPECIFIC REVIEW

funds. The City will be able to receive copies of the monthly construction monitor reports if requested. Once the development is complete, the Lakewood CDBG Program Manager will monitor ongoing compliance and reporting requirements, including job creation verification to comply with the National Objective and Public Benefit standards. The business will be required to provide job creation documentation using City-approved job tracking forms developed for that purpose. Such forms will be included as an exhibit to the Section 108 loan agreement.

### 13. Interim Benchmark Measurements

The job creation requirement (for number of jobs per dollar of assistance) may be met within the first 2-3 years of operation. The business will be required to regularly report its progress towards the job requirement until such time as the targeted number of jobs has been created. In addition, the business will be required to provide supporting documentation to substantiate that at least 51% of the new FTE job creation has been provided for LMI persons. This can be done through a variety of means, including detailed position descriptions or other forms of income verification a provided by HUD. Once the job requirements have been met, no ongoing reporting of job creation is required.

### 14. Project Readiness

The project is ready to proceed. The GAF has provided a term sheet and expects to bring its proposed loan for approval by its investment committee within the next two weeks. The borrower has demonstrated that his equity requirement is available (and has largely been paid in already through creditable option payments to the sellers). The design plans are under development with a permit submittal expected within three to four weeks. The contractor selection will occur during that timeframe through a competitive bid process, managed by Incite Management Group. It is anticipated that the permit review will take approximately six weeks to eight weeks, with a permit issuance in early August. Closing on acquisition and construction start would occur immediately thereafter.

### **Conclusion and Recommendation:**

The project meets both the HUD eligibility requirements and the financial feasibility guidelines of the approved Lakewood Section 108 Loan Fund. Based on this review and the proposed Loan structure, it is recommended that the Curbside Motors expansion be approved for up to \$700,000 in Section 108 Loan Guarantee funds subject to the following terms and conditions:

#### Loan structure:

- 20-year term with interest-only payments during construction (up to 12 months) with full amortization for the balance of the term of 20 years;
- Interest Rate fixed at closing at 4.25%, subject to Conversion at time of HUD public offering at the blended rate due on each of the City's Principal Payments plus 50 basis points or 0.5% (HUD Public Offering Rate).
- Loan Fee: a 1% loan origination fee shall be paid to the City upon closing to cover costs associated with loan packaging, underwriting and documentation.

## SECTION 108 PROJECT-SPECIFIC REVIEW

### Repayment:

Repayment from Borrower from business operations at the subject site.

### Primary & Secondary Collateral:

- Primary collateral consists of a first position lien (deed of trust) on the subject property, a blanket UCC filing on all machinery, equipment, furnishings and fixtures associated with the subject and all accounts receivable of the business (pari passu with GAF); subordinate liens (deeds of trust) on two other commercial properties (one improved and leased, the other unimproved); subordinate liens (UCC filing) on all inventory and primary residence; an unlimited personal guarantee of the business owner and his spouse.
- Pledge of all current and future City CDBG entitlement funds or funds eligible to be received under Section 570.705(b)(2).

### Recommended Conditions prior to Closing:

- Receipt of executed term sheet and investment committee approval confirmation from GAF
- Satisfaction of insurance requirements including Owner's General Liability, Builder's Risk and Property
- Receipt of an updated Lender's Title Policy in favor of the City of Lakewood Section 108
- Completion of HUD Environmental clearance
- Approval and execution of construction contract
- Confirmation of lien and judgment-free status (search) prior to closing
- Receipt of approval from HUD
- Receipt and execution of Loan documents from HUD to City
- Receipt of updated documents (budgets, contracts, other documents) as requested by City

### H. Pledge of CDBG Guarantee

The City of Lakewood understands that if the participants in this Section 108 loan fund fail to make timely payments and the City of Lakewood therefore fails to make a required payment on its notes, HUD will deduct that payment from the City of Lakewood's CDBG Letter of Credit and in accepting this loan guarantee, the City of Lakewood will pledge its CDBG funds and all other applicable grants as security for the guarantee.

### I. Schedule for City's Repayment of Loan

In requesting approval of this loan guarantee, the City of Lakewood is requesting a commitment for a 20-year term. The City of Lakewood will act as borrower and issue the guaranteed debt obligations, consistent with RCW 35.21.735. The source of repayment will be payment on the loans from Curbside Motors.

**SECTION 108 PROJECT-SPECIFIC REVIEW**

Proposed Principal Repayment Schedule:

Yr	Principal	Yr	Principal
2014	\$0	2024	\$35,000
2015	\$24,000	2025	\$36,000
2016	\$25,000	2026	\$38,000
2017	\$26,000	2027	\$40,000
2018	\$27,000	2028	\$41,000
2019	\$28,000	2029	\$43,000
2020	\$30,000	2030	\$45,000
2021	\$31,000	2031	\$47,000
2022	\$32,000	2032	\$49,000
2023	\$33,000	2033	\$51,000
		2034	\$19,000
		TOTAL	\$700,000

- J. **City of Lakewood Contact:**  
Jeff Gumm, CDBG Program Manager  
City of Lakewood  
6000 Main St. SW  
Lakewood, WA 98499  
Ph: (253) 983-7773  
E-mail: [jgumm@cityoflakewood.us](mailto:jgumm@cityoflakewood.us)

Required Attachments:

1. Principal Repayment Schedule
2. Combined Federal Certifications
3. SF424 – Application for Federal Assistance
4. Lobbying Certification
5. Annual Action Plan Amendment excerpt
6. Approved Council Resolution and Council meeting minutes
7. Public Comments and City responses as applicable
8. Evidence of compliance with Environmental Review

Appendix:

1. Evidence of compliance with Citizen Participation requirements
2. Detailed Sources & Uses and Analysis of Cash Flow
3. Property Appraisal
4. Site Plan & Schematics

## **I. FY 2013 ANNUAL ACTION PLAN FIFTH AMENDMENT**

### **INTRODUCTION**

In April 2012, the City of Lakewood requested \$2,888,000 under Section 108 of the Housing and Community Development Act of 1974, as amended, to establish a loan pool to assist with economic and community development activities. The loan pool will be used as gap financing for development and as business loans to facilitate development projects that will have positive economic and community benefits, including job creation. The City's application was approved by the Department of Housing and Urban Development (HUD) on July 27, 2012.

The Fifth Amendment to the FY 2013 Consolidated Annual Action Plan involves the application of \$700,000 in Section 108 assistance for the Curbside Motors project as described below. This Amendment was prepared in accordance with requirements established by the Department of Housing and Urban Development for local jurisdictions receiving assistance through Section 108 of the Housing and Community Development Act of 1974, as amended, and the Community Development Block Grant funding through the provisions of the National Affordable Housing Act of 1990, as amended.

### **PURPOSE**

The purpose of this Chapter is to describe the amendment to the FY 2013 Consolidated Annual Action Plan for Housing and Community Development.

### **CITIZEN PARTICIPATION PROCESS**

In accordance with Lakewood's Citizens Participation Plan, projects that are substantially changed are submitted to the CDBG Citizens Advisory Board for comments or recommendations prior to implementation by the City Council. On April 9, 2014, the CDBG Citizens Advisory Board will review the Fifth Amendment to the FY 2013 Consolidated Annual Action Plan to apply for \$700,000 in Section 108 assistance to support the Curbside Motors project. Notification of the proposed amendment to the FY 2013 Consolidated Annual Action Plan will be published in THE NEWS TRIBUNE, a paper of general circulation, on March 12, 2014. The notification provides for a 30-day citizen comment period (March 13, 2014 – April 11, 2014). An opportunity for citizens, general public, local agencies and other interested parties to provide public comment was afforded at the CDBG Citizens Advisory Board meeting of April 9, 2014.

### **FY 2013 PROJECT ACTIVITIES AMENDMENT**

The amendment to the FY 2013 Consolidated Annual Action Plan provides for the City of Lakewood to apply to the Department of Housing and Urban Development for a Section 108 loan in the amount of \$700,000 for the Curbside Motors project located at 9915 -10005 South Tacoma Way, Lakewood, WA. The project proposes the redevelopment of multiple parcels along South Tacoma Way for the purpose of constructing an automotive dealership and associated service and detailing shop. The project will meet a national objective of 570.208(a)(4) Job Creation or Retention through the creation of job opportunities for low and moderate income individuals.

**II. CITIZEN COMMENTS ON FY 2013 ANNUAL ACTION PLAN  
FIFTH AMENDMENT**

The following comments were received as part of the Fiscal Year 2013 Annual Action Plan Fifth Amendment citizen participation process. The public comment period includes the 30-day comment period from March 13, 2014 – April 11, 2014 and the public hearing held by the CDBG Citizens Advisory Board on April 9, 2014.

**CDBG Citizens Advisory Board Public Hearing – April 9, 2014:**

*Insert public comments here.*

**30-day Public Comment Period (March 13, 2014 – April 11, 2014):**

*Insert public comments here.*

### III. NOTICE OF PUBLICATION

**City of Lakewood**

**2013 Consolidated Annual Action Plan Amendment  
Section 108 Loan Guarantee Program**

**Notice of Public Hearing and Comment Period**

The City of Lakewood is proposing to amend its Fiscal Year 2013 Consolidated Annual Action Plan (AAP) to allow for the application and approval of a Section 108 Loan Guarantee from the U.S. Department of Housing and Urban Development (HUD) up to \$700,000 for the following activity:

**FY 2013 Curbside Motors**

A public hearing will be conducted to provide citizens and agencies opportunity to provide testimony on the activity described above. The public hearing will be held on Wednesday, April 9, 2014 at 5:30 p.m. in Conference Room 3A of Lakewood City Hall, 6000 Main St. SW, Lakewood, WA.

Persons requiring special accommodations during the hearing are requested to call 253-589-2489 before 5:00 p.m., April 1, 2014.

The Draft FY 2013 AAP Amendment for the Section 108 application will be available for public review for a period of 30 days from March 13, 2014 to April 11, 2014. Copies of the amendment and application are available for review at the City of Lakewood Community Development Department or on the City's website at <https://www.cityoflakewood.us/government/departments/community-development/community-development-block-grant>.

The proposed amendment will be submitted to the Department of Housing and Urban Development for review and approval. Any citizen who wishes to submit written comments regarding this document may do so up to 5:00 pm, April 11, 2014 at:

City of Lakewood, Community Development Department,  
Attn: Dave Bugher, Assistant City Manager for Development  
6000 Main St. SW, Lakewood, WA 98499

Ad published in the News Tribune on March 12, 2014

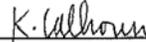
**AFFIDAVIT OF PUBLICATION**

Account #	Ad Number	Identification	PO	Amount	Cols	Lines
256525	0000944303	City of Lakewood 2013 Consolidated Annua	MTG 4/9/14	\$243.53	1	40

**Attention: BRIANA SCHUMACHER**  
**CITY OF LAKEWOOD**  
**6000 MAIN ST SW**  
**LAKEWOOD, WA 984995027**

City of Lakewood  
 2013 Consolidated Annual Action Plan  
 Amendment  
 Section 208 Loan Guarantee Program  
 Notice of Public Hearing and Consent Period  
 The City of Lakewood is proposing to amend the FY 2013 Consolidated Annual Action Plan (AAP) to allow for application and approval of a Section 208 loan guarantee from the U.S. Department of Housing and Urban Development for the following activity:  
 FY 2013 Carshare Motors - \$700,000  
 A public hearing will be conducted to provide citizens and agencies opportunity to provide testimony on the activity described above. The public hearing will be held on Wednesday, April 9, 2014 at 6:30 p.m. in Conference Room 2A of Lakewood City Hall, 6000 Main St. SW, Lakewood, WA.  
 Persons requiring special accommodations during the hearing are requested to call 253-665-2489 before 5:00 p.m., April 1, 2014.  
 The Draft FY 2013 AAP Amendment for the Proposed Section 208 application will be available for public review for a period of 90 days from March 15, 2014 to April 11, 2014. Copies of the amendment and application are available for review at the City of Lakewood Community Development Department or the City's website at <http://www.cityoflakewood.org/economic/guarantees/communitydevelopment/developmentblockgrant>.  
 The proposed amendment will be submitted to the Department of Housing and Urban Development for review and approval. Any citizen who wishes to submit written comments regarding this document may do so up to 6:00 p.m. April 11, 2014 at:  
 City of Lakewood, Community Development Department  
 Attn: Dave Bughin, Assistant City Manager for Development  
 6000 Main St. SW, Lakewood, WA 98499

KATIE CALHOUN, being duly sworn, deposes and says: That she is the Principal Clerk of The News Tribune, a daily newspaper printed and published in Tacoma, Pierce County, State of Washington, and having a general circulation therein, and which said newspaper has been continuously and uninterruptedly published in said County during a period of six months prior to the first publication of the notice, a copy of which is attached hereto: that said notice was published in The News Tribune, as amended, for:

1 Insertions  
 Beginning issue of: 03/12/2014  
 Ending issue of: 03/12/2014  
  
 (Principal Clerk)

Subscribed and sworn on this 12th day of March in the year of 2014 before me, a Notary Public, personally appeared before me Katie Calhoun known or identified to me to be the person whose name subscribed to the within instrument, and being by first duly sworn, declared that the statements therein are true, and acknowledged to me that she executed the same.

Notary Public for the state of Washington, residing in Pierce County  
 1950 State St, Tacoma, WA 98405



**SECTION 108 LOAN GUARANTEE**  
**ENTITLEMENT Public Entity Certifications**

In accordance with Section 108 of the Housing and Community Development Act of 1974, as amended (the "Act"), and with 24 CFR Part 570.704(b), the public entity certifies that:

- (3) It possesses the legal authority to make the pledge of grants required under §570.705(b)(2).
- (4) It has made efforts to obtain financing for activities described in the application without the use of the loan guarantee and cannot complete such financing consistent with the timely execution of the program plans without such guarantee.

In accordance with Section 108 of the Housing and Community Development Act of 1974, as amended (the "Act"), and with 24 CFR Part 570.704(b)(8), the public entity further certifies that:

- (i) It possesses the legal authority to submit the application for assistance under this subpart and to use the guaranteed loan funds in accordance with the requirements of this subpart.
- (ii) Its governing body has duly adopted or passed as an official act a resolution, motion or similar official action:
  - (A) Authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances containing therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required; and
  - (B) Authorizing such official representative to execute such documents as may be required in order to implement the application and issue debt obligations pursuant thereto (provided that the authorization required by this paragraph (B) may be given by the local governing body after submission of the application but prior to execution of the contract required by §570.705(b).
- (iii) Before submission of its application to HUD, the public entity has:
  - (A) Furnished citizens with information required by §570.704(a)(2)(i);
  - (B) Held at least one public hearing to obtain the views of citizens on community development and housing needs; and
  - (C) Prepared its application in accordance with §570.704(a)(1)(v) and made the application available to the public.
- (iv) It is following a detailed citizen participation plan which meets the requirements described in by §570.704(a)(2).
- (v) The public entity will affirmatively further fair housing, and the guaranteed loan funds will be administered in compliance with:
  - (A) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*); and
  - (B) The Fair Housing Act (42 U.S.C. 3601-3619).
- (vi) In the aggregate, at least 70 percent of all CDBG funds, as defined at §570.3, to be expended during the one, two, or three consecutive years specified by the public entity for its CDBG program will be for activities which benefit low and moderate income persons, as described in criteria at §570.208(a).
- (vii) It will comply with the requirements governing displacement, relocation, real property acquisition, and the replacement of low and moderate income housing described in §570.606.
- (viii) It will comply with the requirements of §570.200(c)(2) with regard to the use of special assessments to recover the capital costs of activities assisted with guaranteed loan funds.
- (ix) (Where applicable.) It lacks sufficient resources from funds provided under this subpart or program income to allow it to comply with the provisions of §570.200(c)(2), and it must therefore assess properties owned and occupied by moderate income persons, to recover the guaranteed loan funded portion of the capital cost without paying such assessments in their behalf from guaranteed loan funds.
- (x) It will comply with the other provisions of the Act and with other applicable laws.

Public Entity's Legal Name \_\_\_\_\_ Date \_\_\_\_\_

Signature of Authorized Representative \_\_\_\_\_

Printed Name and Title \_\_\_\_\_

**NOTE: Draft form only; document to be completed at loan submission to HUD.**

**24 CFR Part 87-- Certification Regarding Lobbying**

**Statement for Loan Guarantees and Loan Insurance**

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Authorized Official

\_\_\_\_\_  
Title

**NOTE: Draft form only; document to be completed at loan submission to HUD.**

**APPLICATION FOR  
FEDERAL ASSISTANCE**

OMB Approved No. 3076-0006

Version 7/03

<b>1. TYPE OF SUBMISSION:</b> Application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction		Pre-application <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction	<b>2. DATE SUBMITTED</b>	Applicant Identifier
			<b>3. DATE RECEIVED BY STATE</b>	State Application Identifier
			<b>4. DATE RECEIVED BY FEDERAL AGENCY</b>	Federal Identifier
<b>5. APPLICANT INFORMATION</b>				
Legal Name:			<b>Organizational Unit:</b>	
Organizational DUNS:			Department:	
Address: Street:			Division:	
City:			<b>Name and telephone number of person to be contacted on matters involving this application (give area code)</b>	
County:			Prefix:	First Name:
State: Zip Code			Middle Name	
Country:			Last Name	
<b>6. EMPLOYER IDENTIFICATION NUMBER (EIN):</b> □□-□□□□□□			Phone Number (give area code)	Fax Number (give area code)
<b>8. TYPE OF APPLICATION:</b> <input type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) Other (specify) <input type="checkbox"/> <input type="checkbox"/>			<b>7. TYPE OF APPLICANT:</b> (See back of form for Application Types) Other (specify)	
<b>10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:</b> TITLE (Name of Program): Labor Management Cooperation Program □□-□□□			<b>9. NAME OF FEDERAL AGENCY:</b>	
<b>12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.):</b>			<b>11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:</b>	
<b>13. PROPOSED PROJECT</b> Start Date:      Ending Date:			<b>14. CONGRESSIONAL DISTRICTS OF:</b> a. Applicant      b. Project	
<b>15. ESTIMATED FUNDING:</b>			<b>16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?</b>	
a. Federal	\$	.00	a. Yes. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON	
b. Applicant	\$	.00	DATE:	
c. State	\$	.00	b. No. <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372	
d. Local	\$	.00	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
e. Other	\$	.00	<b>17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?</b>	
f. Program Income	\$	.00	<input type="checkbox"/> Yes If "Yes" attach an explanation. <input type="checkbox"/> No	
g. TOTAL	\$	.00		
<b>18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.</b>				
<b>a. Authorized Representative</b>				
Prefix		First Name		Middle Name
Last Name			Suffix	
b. Title			c. Telephone Number (give area code)	
d. Signature of Authorized Representative			e. Date Signed	

Previous Edition Usable  
Authorized for Local Reproduction

Standard Form 424 (Rev. 9-2003)  
Prescribed by OMB Circular A-102

**NOTE: Draft form only; document to be completed at loan submission to HUD.**



**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
CITIZENS ADVISORY BOARD  
Regular Meeting Minutes  
WEDNESDAY – April 9, 2014  
Lakewood City Hall, Conference Room 3A  
6000 Main Street SW, Lakewood, WA**

**CALL TO ORDER**

Chair Edith Owen Wallace called the meeting to order at 5:35 p.m.

**ATTENDANCE**

Board Members Present: Chair Edith Owen Wallace, Michael Lacadie, Laurie Maus, Sharon Taylor, and Kathleen Lind

Board Members Not Excused: Helen Bloodsaw

Council Liaison Excused: Marie Barth

City Staff Present: Jeff Gumm, Martha Larkin

Guest Present: Michelle Morlan, National Development Council Director

**APPROVAL OF FEBRUARY 26, 2014 MINUTES**

Laurie Maus made a motion to approve the February 26, 2014 CDBG Citizens Advisory Board Meeting Minutes. The motion was seconded by Sharon Taylor. Voice vote was taken and the motion carried unanimously.

**PUBLIC COMMENTS**

There was no one present who wished to comment.

**NEW BUSINESS**

**Discussion and review of Curbside Motors Section 108 project and funding sources**

Mr. Gumm reviewed the proposed Section 108 Curbside Motors project which would be located on 9915 – 10005 South Tacoma Way. He introduced Ms. Morlan who provided additional information about the project's eligibility, proposed loan structure, terms, and other funding provided through the Grow Pierce County Fund. Ms. Morlan also described how the public would benefit through the creation of jobs.

**PUBLIC HEARING**

**Public Hearing on the proposed FY 2013 Fifth Annual Action Plan Amendment for the proposed \$700,000 Section 108 Loan Guarantee Application for the Curbside Motors project.**

There was no one present who wished to comment.

Michael Lacadie made a motion to approve the FY 2013 Fifth Annual Action Plan Amendment for the proposed \$700,000 Section 108 Loan Guarantee Application for the Curbside Motors project. The motion was seconded by Laurie Maus. Voice vote was taken and the motion carried unanimously.

**OTHER**

Mr. Gumm discussed the recent Habitat for Humanity open-house/dedication of 14826 Portland Ave. SW for the Wakianda/Wamagata family. The Wakianda/Wamagata family recently took ownership of their newly constructed residence, a four bedroom, two bath home in the Tillicum neighborhood. Attendees included John Caulfield, Lakewood City Manager; Jack Peters, Director, Office of Community Planning and Development, Region X; Genny Matteson, NSP Program Manager, Washington State Department of Commerce; Edith Owen Wallace, CDBG Citizens Advisory Board Chair; and Maureen Fife, Director, Tacoma-Pierce County Habitat for Humanity.

**NEXT MEETING**

The next meeting will be a City Council Public Hearing on the FY 2014 Annual Action Plan, held on April 21, 2014 in the Lakewood City Hall Council Chambers at 7:00 pm.

**ADJOURNMENT**

There being no further business, the meeting adjourned at 6:28 p.m.

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Edith Owen Wallace, Chair

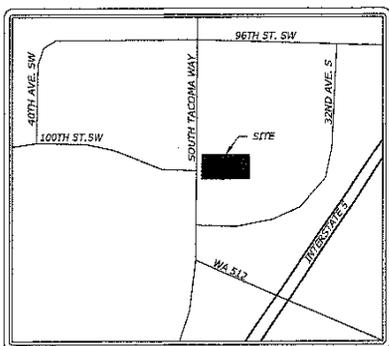
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Date

A PORTION OF SECTION 06, TOWNSHIP 19 N., RANGE 03 E., W.M.

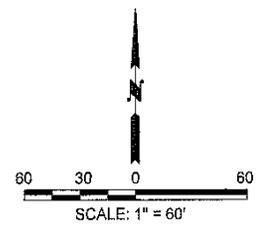
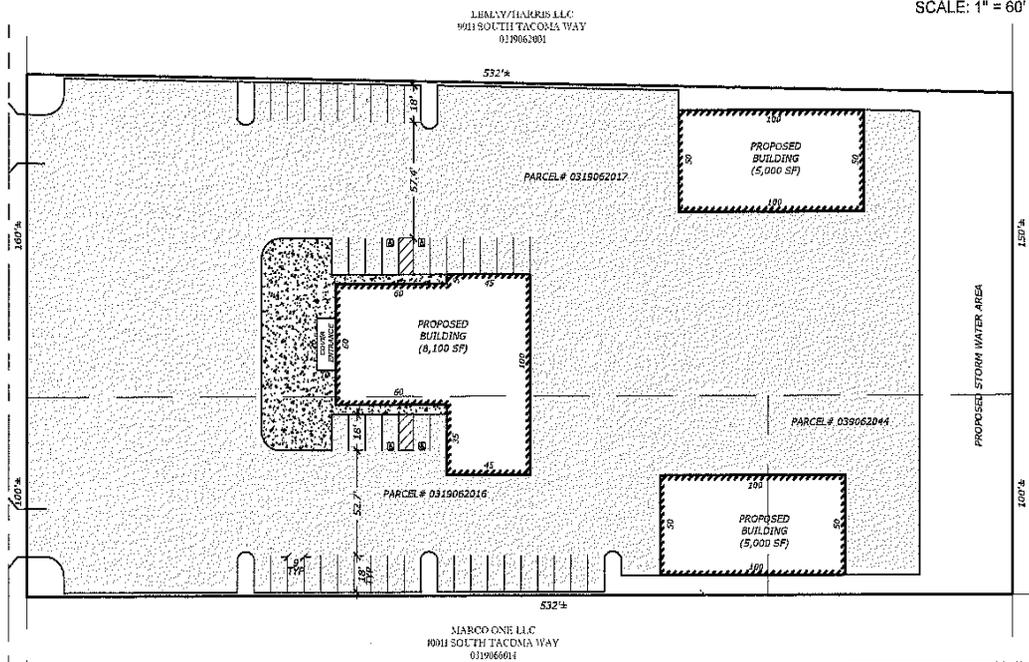
# IMG, LLC CURBSIDE MOTORS SITE PLAN

PARCEL # 0319062016, 0319062017, 0319062044



VICINITY MAP  
N.T.S.

SOUTH TACOMA WAY



**TAX DESCRIPTION**  
SECTION 06 TOWNSHIP 19 RANGE 03 QUARTER 22 : COM  
50 FT S 89 DEG 49 MIN E OF NW COR OF LOT 4 TH S 00  
DEG 22 MIN E PAR WITH C/L OF STATE HWY 1157 FT TO  
POB TH N 89 DEG 25 MIN E 531.59 FT TH S 01 DEG W 149.7  
FT TO S LI OF LOT 4 TH S 89 DEG 15 MIN W 525.49 FT TO E  
LI OF STATE HWY TH N ALG E LI OF SD HWY 160.45 FT TO  
POB SUBJ TO EASE

**TOPOGRAPHIC NOTE**  
THIS IS NOT A SURVEY. THE EXISTING CULTURAL AND  
TOPOGRAPHICAL DATA, SITE FEATURES, ELEVATIONS, AND  
PROPERTY BOUNDARIES SHOWN ON THESE DRAWINGS HAVE  
BEEN PREPARED BASED UPON INFORMATION FURNISHED BY  
THE OWNER, PIERCE COUNTY RECORDS, AND OTHER PUBLIC  
GIS INFORMATION. WHILE THIS INFORMATION IS BELIEVED  
TO BE RELIABLE, BEYLER CONSULTING CANNOT ENSURE  
ACCURACY AND THIS IS NOT RESPONSIBLE FOR THE  
ACCURACY OF THAT INFORMATION OR FOR ANY ERRORS OR  
OMISSIONS WHICH MAY HAVE BEEN INCORPORATED INTO  
THESE DRAWINGS AS A RESULT. IT IS RECOMMENDED THAT  
A LICENSED SURVEYOR ALWAYS BE USED TO SET CORNERS,  
ESTABLISH LOT LINES AND DETERMINE ELEVATIONS. IT IS  
THE SOLE RESPONSIBILITY OF THE OWNER AND/OR HIRED  
CONTRACTORS TO VERIFY ALL INFORMATION PRIOR TO  
PLACEMENT OF STRUCTURES ON THE PROPERTY.

SITE DATA	
PARCEL NUMBER:	0319062016, 0319062017, 0319062044
SITE ADDRESS:	9915 S TACOMA WAY LAKEWOOD, WA 98499
SITE AREA:	139,311 SF (3.20 ACRES)
ZONING:	C2, AC1, (COMMERCIAL TWO, AIR CORRIDOR ONE)
SETBACKS:	
FRONT:	0'
BACK:	0'
INTERIOR:	0'

PROJECT INFO	
OWNER/CLIENT:	ENGINEER:
STEVE GUIDERSON	BEYLER CONSULTING
6802 SOUTH TACOMA WAY	10314 100TH ST SW
TACOMA, WA 98409	LAKEWOOD, WA 98498
TEL: 253-307-0285	TEL: 253-301-4157

PREPARE FOR:

**INCITE**  
MANAGEMENT GROUP  
INCITE MANAGEMENT GROUP INCORPORATED  
7602 BRIDGEPORT WAY, SUITE 18, LAKEWOOD WA 98499

CONTACT:  
PHONE: 253-301-4157  
FAX: 253-334-3950  
WWW.BEYLERCONSULTING.COM  
BEYLERCONSULTING.COM  
10314 100TH ST SW  
LAKEWOOD, WA 98498

**B**  
**BEYLER**  
CONSULTING  
Plan. Design. Manage.  
STATE LICENSED PROFESSIONAL ENGINEER

**IMG, LLC**  
CURBSIDE MOTORS

**CITY OF LAKEWOOD,**  
DRAWN BY: MHW  
CHECKED BY: LCB  
SCALE: HORIZ: 1"=60' VERT: N.A.  
DATE: 12-19-13  
JOB NUMBER: 13-318  
SHEET 1 OF 3  
**Q38**



Rainier Inn – 9915 South Tacoma Way	1.88 acres
Gloria Motel - 10005 South Tacoma Way	1.32 acres total
Total both properties (3 parcels)	3.20 acres



To: Mayor and City Councilmembers  
From: Heidi Ann Wachter, City Attorney  
Through: John J. Caulfield, City Manager   
Date: May 12, 2014  
Subject: Lodging Tax Advisory Committee Guidelines

On April 7, 2014, the City Council adopted new Code language regarding collection and expenditure of Hotel-Motel Lodging Tax. Discussion leading up to that legislative action included the need for relevant guidelines for the Lodging Tax Advisory Committee (LTAC) to use in approving submittals to recommend to the City Council for funding.

The guidelines serve as the primary policy document reflecting the City Council's intent for use of Hotel-Motel Lodging tax revenue. Although the recommendation must come from the LTAC, the City Council has final authority over whether a particular recommendation is funded with this revenue. The guidelines can serve as the foundation for communication between the LTAC and the City Council to achieve the best use of the funds. Attached is a copy of the existing guidelines with recommended revisions based on Council discussion to date along with a clean copy incorporating those revisions.

A review of different jurisdictions around the state reveals a variety of approaches ranging from a simple statement regarding the program on the website through to a full strategic plan for tourism.<sup>1</sup> What follows are discussion points to consider beyond the recommended revisions:

**1. Background – philosophy regarding imposition of the tax and how it ultimately benefits the City.**

---

<sup>1</sup> City of Bellingham Tourism Commission Strategic Plan 2011-2016, which references the LTAC; Grant County General Guidelines for Lodging Tax Grant Applicants; City of Lacey LTAC description from the City Website, which includes the adopted mission statement and examples of use of these funds; City of Lakewood Lodging Tax Funding Guidelines; and San Juan County Lodging Tax Advisory Committee Master Plan were consulted for this memo.

Examples:

“The cultural, recreational and scenic amenities in the Bellingham area make tourism an excellent economic development opportunity –generating employment, supporting business, and contributing to a vibrant economy.”

“To invest lodging tax revenues in community events and projects that attract the greatest number of visitors and tourism dollars to Lacey”

“Grant County’s Lodging Tax Fund will be the source of county funding for tourism promotion.”

Features to consider:

- Should the guidelines identify the interest in both activities and capital?
  - What is capital for these purposes?
  - What nexus is required to support expenditure on administration or other operations?

## **2. Objectives for Hotel/Motel Tax Funds – desired outcomes from LTAC and recommendations**

Examples:

“The Commission through the subcommittee serving as the LTAC (whose make up is determined by RCW) shall advise the Mayor and City Council on the appropriation of the annual investment of lodging tax revenues. LTAC members are designated annually by rotation and agreement among the Commission members, and includes three representatives from the hotel industry, three representatives of agencies that qualify to sue lodging tax, and is Chaired by the City council Finance committee Chair. The LTAC meets as needed.”

“The county intends to maintain a reserve in the fund, and will assess on an annual basis how much of the fund to appropriate in a given year.”

“LTAC will annually evaluate the institutions it has traditionally supported and pledges that – barring extraordinary circumstance – it will not dramatically decrease its support for these institutions without at least a year’s warning...”

Features to consider:

- Commitment to a reserve
- Commitment to existing programs
- Communication with Council
- Repeat requirements particular to repeat commitments vs. new programs
- City obligations (ie: payments toward capital)

### **3. Allocation guidelines - type of expenditure which best fits the City's philosophy**

Examples:

“While matching funds are not required, the amount of additional funds, supplies, materials and staff time an organization brings to an event is a good measure of that organization's commitment to success.”

“As examples, Lacey currently uses a portion of the annual lodging tax receipts to fund Visitor and Convention Bureau services, Chamber of Commerce visitor services, Museum operations, promotional and advertising expenses for the Regional Athletic Complex, and support for the Jazz Festival, the Mushroom Festival, the Senior Games, and the Community Market, to name a few.”

“Promoting tourism that typifies the ‘best of the San Juan Islands’ – its natural beauty, geology, outdoor activities, anthropology, agricultural attractions, lifelong learning opportunities, history, culture and the arts.”

Features to consider:

- Desire for new projects vs. continuation of funding for existing projects
- Matching funds
- Desired level of visibility (small, internal vs. large, public)
- List of specific projects that are priorities for the City
- Whether to identify strategies to serve each priority

Of note in the area of continuation of funding for existing projects is the City's commitment to Clover Park Technical College for the McGavick Student Center (MSC). The City is contributing \$2,037,000.00 toward construction of this facility in the form of 20 annual installments of \$101,850.00. Twelve such installments remain. In return the City receives limited use of the facility. As an example of the City's use, see the attached table reflecting days used in 2013. Terms are contingent on availability of lodging tax funds to the City.

# City of Lakewood

## Lodging Tax Funding Guidelines

### Background

The objective of the City of Lakewood Lodging Tax Advisory Committee process is to support projects, which encourage eligible tourism and cultural activities and support tourism facilities in Lakewood. ~~The source of funds is the City's share of sales taxes collected on overnight stays within the City of Lakewood. The process is reviewed annually and the guidelines are updated in accordance with reported success of existing programs, potential for new programs and changes in state law. A calendar for the application process will be established but will allow for emerging opportunities as they arise.~~

~~The City of Lakewood collects a 7% sales tax on hotels and motels located within the City. The tax is broken down into three sections; a first 2%, a second 2%, and a 3%. These funds can be retained by the City or can be expended for a narrow range of projects and activities established by State law (Chapter 67.28) and City Code (Chapter 3.36).~~

### Eligible Uses:

- ~~• 2%+2% - Can be used for tourism promotion, or the acquisition of tourism-related facilities, or operation of tourism-related facilities.~~
- ~~• 3% - Can only be used for the acquisition, construction, expansion, marketing, management, and financing of convention facilities, and facilities necessary to support major tourism destination attractions that serve a minimum of one million visitors per year.~~

### Objectives for Hotel/Motel Tax Funds:

- Generate increased tourism in Lakewood resulting in over-night stays at local hotels.
- Generate maximum economic benefit through overnight lodging, sale of meals and goods, and construction of tourism-related facilities.
- Increase recognition of Lakewood throughout the region as a destination for tourism.
- Increase opportunities for tourism by developing new visitor activities.

### Allocation Guidelines:

- The City shall seek proposals for funding on an annual basis from organizations seeking to use Hotel/Motel Tax funds for promoting tourism or for acquisition, construction or operation of tourism related facilities.
- Organizations seeking funding must complete an application form.
- The Lodging Tax Advisory Committee shall review the proposals and make recommendations to City Council as to which applications should receive funding.
- The final funding decision will be made by City Council in the form of approval or denial of the recommendation as recommended – no amendments to recommendations will be made by the City Council.
- Once approved for funding an organization must enter into a contract and funding will be provided in quarterly installments or on a reimbursable basis.
- Organizations receiving funding must submit a report at the end of the calendar year.

- ~~Funds collected during previous years will be expended the following year. (i.e. 1999 funds will be distributed in 2000)~~
- \$101,850.00 will be paid annually to the Sharon McGavick Student Center through 2027 pursuant to the City's agreement with Clover Park Technical College.
- 4% - Can be used for tourism promotion, or the acquisition of tourism-related facilities, or operation of tourism-related facilities.
- 3%- Can only be used for the acquisition, construction, expansion, marketing, management, and financing of convention facilities, and facilities necessary to support major tourism destination attractions that serve a minimum of one million visitors per year.(e.g. Amphitheater project, trail around Waughop Lake, and Towne Green)
- The City shall maintain a reserve fund of at least 25% for future capital projects.

# City of Lakewood

## Lodging Tax Funding Guidelines

### **Background**

The objective of the City of Lakewood Lodging Tax Advisory Committee process is to support projects, which encourage eligible tourism and cultural activities and support tourism facilities in Lakewood. The process is reviewed annually and the guidelines are updated in accordance with reported success of existing programs, potential for new programs and changes in state law. A calendar for the application process will be established but will allow for emerging opportunities as they arise.

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- Generate increased tourism in Lakewood resulting in over-night stays at local hotels.
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- 3%- Can only be used for the acquisition, construction, expansion, marketing, management, and financing of convention facilities, and facilities necessary to support major tourism destination attractions that serve a minimum of one million visitors per year.
- The City shall maintain a reserve fund of at least 25% for future capital projects.

<b>Event Date</b>	<b>Day of the Week</b>	<b>Event Name</b>	<b>Organization</b>
01/16/13	Wednesday	City of Lakewood Police Officer Entry Level Written Exam	Lakewood Police
01/19/13	Saturday	Dr. Martin Luther King Jr. Celebration	MLK Committee
02/23/13	Saturday	Black Tie & Blue Jean Ball	Partners for Parks
01/25/13	Friday	Kiwanis Club of Steilacoom Winter Wine Fest	Kiwanis Club of Steilacoom Foundation
02/02/13	Saturday	Princess Promenade	The Daffodil Festival
02/09/13	Saturday	Happy Hearts Dinner Auction	Caring for Kids
03/19/13	Saturday	St. Francis Cabrini School Auction C.A.P.E.R.	St. Francis Cabrini School
04/06/13	Saturday	42nd Annual Sportsman's Dinner & Auction	The Rotary Club of Lakewood
05/09/13	Wednesday	Pierce County Law Enforcement Memorial	Pierce County Law Enforcement Memorial Committee
06/17/13	Monday	City Manager Reception	City of Lakewood
10/03/13	Thursday	Annual Benefit Dinner & Auction	Tacoma-Pierce County Chaplaincy
10/26/13	Saturday	Abundance	Emergency Food Network

<b>Date</b>	<b>Day of the Week</b>	<b>Event Name</b>	<b>Organization</b>
01/08/14	Wednesday	WA State Homicide Involvement/Social Media	City of Lakewood
01/09/14	Thursday	WA State Homicide Involvement/Social Media	City of Lakewood
01/18/14	Saturday	11th Annual Dr. Martin Luther King Jr. Celebration	City of Lakewood
01/24/14	Friday	Winter Wine Fest 2014	Kiwanis Club of Steilacoom
02/08/14	Saturday	Happy Hearts Dinner Auction	Caring for Kids
03/08/14	Saturday	St. Frances Cabrini School Auction	St. Frances Cabrini School
04/12/14	Saturday	44th Annual Lakewood Rotary Sportsman's Dinner/Auction	The Rotary Club of Lakewood
04/19/14	Saturday	FISH Food Fundraiser	FISH Food Banks of Pierce County
04/26/14	Saturday	Lakewood First Lions Club Crab Feed/Horse Race	Lakewood First Lions
05/07/14	Wednesday	Pierce County Law Enforcement Memorial	City of Lakewood-Pierce County Law Enforcement Memorial
05/19/14	Monday	Police Officer Entry Level Written Test	City of Lakewood- Police Department
09/10/14	Wednesday	2014 Labor Summit	Association of Washington Cities
10/02/14	Thursday	Annual Benefit Dinner & Auction	Tacoma Pierce County Chaplaincy
10/25/14	Saturday	Abundance Dinner & Auction	Emergency Food Network

# **Bellingham Tourism Commission Strategic Plan 2011 - 2016**

## **Value of Tourism**

The cultural, recreational and scenic amenities in the Bellingham area make tourism an excellent economic development opportunity -- generating employment, supporting business, and contributing to a vibrant economy.

## **Commission Responsibilities**

It shall be the responsibility of the Tourism Commission to prepare recommendations for the Mayor and City Council regarding policies, programs and activities which enhance the tourism and visitor industry within the city and the surrounding area, and to report annually on progress. Members of the Bellingham Tourism Commission are appointed by the Mayor and approved by a vote of the Bellingham City Council. The Commission meets monthly, approximately 9 times per year.

## **Lodging Tax Advisory Committee (LTAC) Responsibilities**

The Commission through the subcommittee serving as the LTAC (whose make up is determined by RCW) shall advise the Mayor and City Council on the appropriation of the annual investment of lodging tax revenues. LTAC members are designated annually by rotation and agreement among the Commission members, and includes three representatives from the hotel industry, three representatives of agencies that qualify to use lodging tax, and is chaired by the City Council Finance Committee Chair. The LTAC meets as needed.

## **Commission Membership**

In order to develop and maintain a Tourism Commission comprised of diversely skilled and informed individuals, the Commission Chair provides the Mayor and City Council with recommendations for appointments when vacancies occur. A Chair and Vice-Chair are appointed annually.

## **Commission Goals**

### *1. Community Development:*

The Commission meets as needed to discuss and make recommendations to the City to advocate for the protection and enhancement of tourism assets in various City planning documents that address issues within the Bellingham city limits (e.g. master plans, neighborhood plans, economic development plans, waterfront/shoreline plans, etc.). The Commission should receive drafts of relevant planning documents to review for tourism issues and impacts, and should invite these policymakers to attend meetings to explain tourism-related elements of these plans.

### *2. Economic Development*

The Commission encourages and advocates for the growth and development of diverse tourism businesses that reflect the community's values and assets.

### *3. Legislative Advocacy:*

The Commission works to assure that the best interests of Bellingham's tourism industry are represented in the consideration of any legislation that could directly or indirectly affect that industry.

### *4. Funding Sustainability:*

The Commission recommends and supports programs that ensure the continued sustainability of the lodging tax revenues.

## **Commission Policies**

- Support the natural, historic and cultural features and facilities of the Bellingham area as part of our economy and quality of life.
- Support and encourage outdoor recreation as a prime community asset and tourism draw.
- Support regional and national attractions such as events & festivals, performing and visual arts, and the unique qualities of Bellingham's historic districts, shopping areas and neighborhoods.
- Identify and encourage public and/or private development of new products, services and infrastructure that attract and serve visitors.
- Support ongoing destination marketing and the development of tools that facilitate tourists' explorations of the Bellingham area.

## **Allocation of Resources**

The Commission strives to achieve a balance between tourism promotion and marketing activities and product development and support. The Commission recognizes that products which contribute to a positive visitor experience are a necessary component to tourism marketing. Likewise, implementation of coordinated, consistent and comprehensive tourism marketing is a necessary component to attracting the visitors who contribute to the success of the products. The Commission supports contracts and funding decisions that protect the long-term viability of both the Tourism Fund and key tourism.

## **Strategic Planning, Measurements and Reporting**

Organizations and departments receiving a specified line item allocation of resources shall annually provide the Tourism Commission with a strategic marketing plan and scope of work for the coming year. Included in the strategic marketing plan shall be identifiable measurements of success, data analysis, budget, research, and documentation of relevance to tourism development. Of

special note shall be opportunities or programs which can be leveraged to enhance the success of the promotional grants\*.

The Promotional Grants program applicants will provide the Tourism Commission with a fully executed grant application with all documentation requested.

In addition to the requirements identified above, annual reporting --as required by law -- must be filed by all funding recipients. The Tourism Commission will review final report data to ensure accountability and responsible use of lodging tax funding.

\*a community grants program that strategically utilizes lodging taxes to help promote economic development through key community events and organizations that generate increased tourism in the Bellingham area.



# General Guidelines *for* Lodging Tax Grant Applicants

Grant County established the Lodging Tax Advisory Committee to support tourism promotion projects within the county. The program is funded through the county's tax revenue derived from lodging rentals in the area. The purpose of the program is to provide funding to eligible organizations or groups for the purpose of positively impacting tourism in Grant County. Funding of the program and specific awards are dependent on recommendations of the Grant County Lodging Tax Advisory Committee and final decision by the County Commissioners. Commissioners may allocate all, none, or a portion of the available funds.

Grant County's Lodging Tax Advisory Committee is accepting proposals for tourism related services to be and paid for from Grant County's Lodging Tax Fund. By State law, the county's lodging tax revenue may only be used to promote tourism (such as marketing events and facilities to potential tourists) and for certain capital, operating and maintenance expenses for tourism facilities owned by the county. The Lodging Tax Advisory Committee shall make its recommendations to the County Commissioners following the proposal deadline date as part of the county's annual budget process.

**Proposal Deadline:** 1<sup>st</sup> Monday in December – 5:00 p.m. (received or postmarked)

**Mailing Address:** Grant County Lodging Tax Advisory Committee  
Attn: Jill Hammond  
P.O. Box 37  
Ephrata, WA 98823

**Delivery Address:** Grant County Lodging Tax Advisory Committee  
Attn: Jill Hammond  
35 C St NW  
Ephrata, WA 98823

To receive a Lodging Tax Application Packet:

Download from the county's tourism website.....[www.tourgrantcounty.com](http://www.tourgrantcounty.com)  
In Person.....Visit the Grant County Courthouse  
35 C St. N.W., Ephrata, WA 98823  
Questions .....Contact Jill Hammond at Grant County  
Administration (509) 754-2011 Ext. 331

## **General Guidelines**

- Proposals are to be for tourism promotion and marketing only.
- Grant County considers lodging tax funded proposals from government agencies, non-profit organizations, and in limited cases, for-profit organizations.
- The county does not make any multi-year commitments with LTAC funds, however, service providers are not limited or prohibited from making repeat annual requests of the same nature or for projects that span more than one year.
- Proposals must comply with federal, state, and county laws and requirements. NOTE: Grant County may not use public funds in any way that can be construed as a gift to an individual or organization.
- Proposals must completely address the questions, and all requested supplemental information must be provided.
- To be considered, a fully completed and signed original application, plus FIVE (5) complete copies with requested supporting documents, must be received at the Grant County Courthouse, 35 C St. N.W., P.O. Box 37, Ephrata, WA 98823, by 5:00 p.m., 1<sup>st</sup> Monday in December of any given year.

## **Background Information**

The Lodging Tax is an existing excise (sales) tax authorized by State law in RCW 67.28, Public Stadium, Convention, Arts and Tourism Facilities.

Grant County has imposed an excise tax on charges for lodging by hotels, motels, and similar business enterprises, pursuant to Chapter 82.08 RCW. In Grant County, the total tax on lodging is 4% (this includes the original 2% sales tax and the additional 2% excise tax).

## **Grant County's Lodging Tax Advisory Committee (LTAC)**

Per RCW 67.28.1817, the State requires that local governments collecting the lodging tax establish a Lodging Tax Advisory Committee consisting of at least five members:

- The Chair – an elected Grant County Commissioner
- At least two members - persons involved in activities authorized to be funded by revenue received from the Hotel-Motel Tax
- At least two members – representatives of businesses required to collect the tax

LTAC Committee members are appointed by the Chair of the Grant County Board of Commissioners, subject to confirmation by all three Grant County Commissioners. The Committee's role is advisory in nature, with the Committee's purpose being to advise the County Commissioners on uses of

the county's lodging tax when a change in use is proposed. The County Commissioners make the final decision about how to use the county's lodging tax receipts.

By state law, lodging tax funds may only be used for tourism promotion and the acquisition and/or operation, including maintenance, of tourism-related facilities. The following definitions are copied verbatim from RCW 67.28.080.

## Definitions

"Acquisition" includes, but is not limited to, citing, acquisition, design, construction, refurbishing, expansion, repair, and improvement, including paying or securing the payment of all or any portion of general obligation bonds, leases, revenue bonds, or other obligations issued or incurred for such purposes.

"Municipality" means any county, city or town of the State of Washington.

"Operations" includes, but is not limited to, operation, management and marketing.

"Tourism" means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.

"Tourist" means a person who travels from a place of residence to a different town, city, county, state, or country, for purposes of business, pleasure, recreation, education, arts, heritage, or culture.

"Tourism promotion" means activities and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding marketing of special events and festivals designed to attract tourists.

"Tourism-related facility" means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor, and used to support tourism, performing arts, or to accommodate tourist activities.

## Grant County Policy Statement for Use of the Lodging Tax

Grant County's Lodging Tax Fund will be the source of county funding for tourism promotion. The county does not make any multi-year commitments with lodging tax funds. However, service providers are not limited or prohibited from making repeat annual requests of the same nature. The county intends to maintain a reserve in the fund, and will assess on an annual basis how much of the fund to appropriate in a given year.

The revenues received from the county's hotel/motel tax may be used for the following purposes only:

1. The promotion of emerging or on-going tourism events, facilities, and activities by government or non-profit agencies so as to attract and draw tourists.
2. Operation of a tourism promotion agency
3. Capital and/or operating costs for county-owned facilities
4. Paying all or any part of the cost of tourism promotion

5. Acquiring tourism related facilities
6. Operating tourism related facilities
7. Funding of a multi-jurisdictional tourism related facility

The following Attorney General Opinion (AGO) 2006 No. 4 – February 2, 2006, specifically addresses areas in which Lodging Tax dollars may not be used, and well as providing clarity for the legal payment procedure:

LODGING TAX – CITIES AND TOWNS – COUNTIES – TOURISM – PUBLIC FUNDS – Authority of municipality to allocate lodging tax revenues to facilities in which the municipality has no ownership interest.

1. A municipality lacks authority to allocate lodging tax revenue to operate a tourism-related facility in which the municipality has no ownership interest.
2. A municipality may not spend lodging tax revenue on operating expenses of special events and festivals designed to attract tourists where such events and festivals are operated by non-governmental entities.
3. A municipality may not provide advance payment to private organizations for tourism promotion; payment must occur after the services have been performed.

### **Eligible Grant Categories**

- **General Tourism Promotion**– This category provides funds to promote or publicize tourism promotion programs in Grant County. This could include, but is not limited to, such programs as producing a marketing brochure highlighting the county's unique tourist features; and the implementation of certain tourism elements of an Economic Development Plan.
- **Special Events/Festivals** – This category will provide funds to projects that promote existing and new special events/festivals. These special events/festivals, either existing or new, must be open to all and have a clear goal of attracting tourist to the county. Proposals for existing special events/festivals must demonstrate that requested funds are for expanded tourist related elements and not simply to replace existing funding.
- **Capital Projects** – This category will provide funds to support county-owned capital projects related to tourism.

### **Matching Fund Requirement**

While matching funds are not required, the amount of additional funds, supplies, materials and staff time an organization brings to an event is a good measure of that organization's commitment to success.

### **Applicant Eligibility**

The program is open to grant applications from any public and/or private entity with the demonstrated ability to accomplish the proposed project. This includes, but is not limited to, Grant County; non-profit arts, cultural, heritage, educational and community organizations; museums; historical societies; chambers of commerce; and other public or private business groups. Informal groups are eligible to apply under the umbrella of another

eligible organization as a fiscal agent. Collaborative projects are encouraged. Eligibility of sponsors and projects are defined broadly to encourage wide participation and innovative proposals. Organizations may apply for and receive funding in subsequent years; however, continuity of funds is not guaranteed.

## **Application Requirements**

The attached funding application addresses the following specific areas:

- Eligibility: Each applicant will concisely define the service and or product to be provided and demonstrate how it will do so. The project must be in compliance with the State statutes and county guidelines established in this program.
- Project Description and Scope of Work: The applicant will submit a scope of work that describes the project in detail.
- Promotion Plan: If applicable, the proposal will include a detailed description of the plan to advertise, publicize, and distribute information related to the project.
- Time Line: The scope of work will include a timeline indicating when each element will be undertaken and completed. Projects are expected to be completed during the funding year, especially for funds that sponsor special events. It is within the Lodging Tax/Tourism Advisory Committee's discretion to revoke the funding if funds are not expended within the funding year without proper explanation.
- Budget: The project budget will include both revenue and expense categories; all income (including in-kind) will be broken out by amount and source, and eligible expenses will be itemized.
- Reimbursement: Payment must occur after the services have been performed. A municipality may not provide advance payment to private organizations for tourism promotion. Projects must first incur costs and then request reimbursement with submittal of the final closeout report as stated in the contract guidelines.

## **Selection Process**

- After applications are submitted to the Lodging Tax Advisory Committee, they will be reviewed and evaluated by committee members and staff for completeness and eligibility. Applicants may be contacted to provide clarification, make corrections, or supply additional information. Applications that do not meet the guidelines will be disqualified and returned. Applicants will be notified of the date, time and place of this Committee meeting and may be requested to attend.
- The Committee's funding recommendation will then be forwarded on to the County Commissioners for final decision. Applicants will be notified following the Commissioner's decision for funding.

## **Project Evaluation Criteria**

The following criteria will be utilized in evaluating all proposals.

1. Tourism Promotion: Does the project meet the basic state and county requirements for tourism promotion? Will it promote a positive image for the county? Will it attract visitors, build new audiences and encourage tourist expansion? Will it increase awareness of the county's amenities, history, facilities and natural environment?
2. Benefit to the County: How will this project benefit the people of Grant County? What are the projected direct and indirect dollar expenditures by visitors? What is the estimated number of visits and/or overnight stays generated? Who will attend the event? How many visitors will the event serve?
3. Innovation: Is this project unusual or unique? Does it move an existing program in a new direction? Does it reflect quality in content or programming?
4. Community Support: Does the project have broad-based county appeal or support? What is the evidence of need for this project in the county?
5. Evidence of Partnerships: What kind and degree of partnership does the project exhibit? Does it exhibit volunteer involvement or inter-jurisdictional, corporate, business and/or civic support?
6. Management Capability: How have you demonstrated an ability to successfully complete the project through effective business practices in the areas of finance, administration, marketing and production? What are the administrative credentials of paid or volunteer staff or individuals?
7. Previous and Replacement Funding: Do you have a history of successful use of grant and/or public funding? Is there a reliance on annual funding from the same sources? Does the project anticipate using county funds to replace existing funds? You may apply for and receive funding in subsequent years; however, continuity of funds is not guaranteed.
8. Evaluation: In the scope of work, did you provide a method of evaluating the proposed project upon completion? All recipients must make a concerted effort to determine the effectiveness of the project for which they receive funding. The final report requires an assessment on the number of visitors brought to the Grant County area, how much community support was shown for the project and how any project partnerships added to the effectiveness of the project. Therefore, a good project application will contain details as to how the project will be evaluated for success, i.e. what methodology will be used to determine the number of visitors and to assess community support.
9. Scale of Project: Is the project of a scale suitable for this funding program? Can the project be completed by the end of the year?
10. Application: Is the application clear, accurate, complete and neat?

### **Awarded Projects Should:**

- Generate overnight stays in Grant County hotels, motels, bed & breakfasts and campgrounds (this will enhance regular sales tax as well as regenerate Hotel/Motel tax revenues)
- Encourage support of Grant County businesses, restaurants and attractions
- Promote the county as a destination place. Recipients are to use the Grant County tourism logo if the award is for co-sponsored event. If the award is not a co-sponsored event the recipient should note on any advertising material that "Tourism support provided by Grant County's Lodging Tax Fund".
- Attract positive coverage in local, regional and national media
- Attract visitors, build new audiences and stimulate the development of other tourism opportunities
- Promote the unique attributes of Grant County for tourists
- Support regional tourism planning/promotion
- Support long-lasting assets, capital facilities/amenities
- Increase awareness of the county's amenities, history, facilities and natural environment
- Use seed money for innovative, new programs
- Take an existing program in a new direction
- Have broad-based community appeal or support
- Reflect excellent quality in content or programming

### **The Successful Applicant should:**

- Have a demonstrated history of successful use of grant and/or public funding
- Have a demonstrated ability to successfully complete the proposed project through effective business practices in the areas of finance, administration, marketing and production
- Have a demonstrated ability to successfully complete the proposed project through effective business practices in the areas of finance, administration, marketing and production
- Document and measure the overall economic impact—estimate number of visitors and overnight stays; forecast direct and indirect dollar expenditures by visitors; forecast expected revenue to the project/event and expenditures associated with any public service required
- Provide a method for evaluating the proposed project upon completion, based upon the above requirements.

- Seek multiple sources of support rather than rely on Grant County as a single funding source
- Work toward total self-sufficiency in funding
- Encourage volunteer involvement and inter-jurisdictional, corporate, business and/or civic partnerships
- Use the hotel/motel tax funds to leverage funds from other sources



**Disclaimer:** The county reserves the right, in its sole discretion, to fund or not fund any particular project or program for which an application is submitted. The determination of whether to fund a particular project or program will be based upon a number of factors, including, but not limited to, the ability of the program or project to promote tourism in the county, the relative merits of the project or program compared to the applications, and the overall availability of funding. The county is the sole judge of its obligation to fund any particular project or program regardless of its merits under these factors.

## City Council

### Boards & Commissions

#### Lodging Tax Advisory Committee

Committee Member	Term	Expiration
Jason Hearn, Lacey City Council	1st Term	02-25-2016
OPEN	Unexpired	12-31-2012
OPEN	Unexpired Term	12-04-2014
Ruth Weigelt, Lacey Spring Fun Fair	1st Term	12-04-2015
OPEN	1st Term	12-04-2014

The Lodging Tax Advisory Committee (LTAC) is charged with the responsibility of annually recommending to the Lacey City Council how to best use lodging tax revenues. Lodging tax revenues are generated through a 4% hotel-motel tax imposed by the city on each room rental night. The tax is collected by local hotel and motel operators and is remitted to the Washington State Department of Revenue, which distribute the tax to the appropriate local government, in this case, Lacey.

The Lodging Tax Advisory Committee is comprised of five Board members who serve three year staggered terms. By statute, one member must be an elected official of the City. This member serves as the Committee chair. In addition, membership must include:

- At least two representatives of businesses that collect the lodging tax; and
- Two representatives involved in activities authorized to be funded by lodging tax revenues.

The adopted mission statement of the LTAC is "To invest lodging tax revenues in community events and projects that attract the greatest number of visitors and tourism dollars to Lacey."

State law limits the use of lodging tax revenues to tourism promotion, museums, special events, and capital and operating expenses for tourism-related facilities. As examples, Lacey currently uses a portion of the annual lodging tax receipts to fund Visitor and Convention Bureau services, Chamber of Commerce visitor services, Museum operations, promotional and advertising expenses for the Regional Athletic Complex, and support for the Jazz Festival, the Mushroom Festival, the Senior Games, and the Community Market, to name a few.

Additional information about the Lodging Tax Advisory Committee is available in Chapter 3.03.045 of the Lacey Municipal Code.

How to apply for 2014 Lodging Tax Funds.

# San Juan County

## Lodging Tax Advisory Committee Master Plan

### **Mission:**

To invest in activities and facilities that increase tourism related revenue through a sustainable visitor experience.

### **Goals:**

1. Fully utilize existing facilities
2. Promote creative uses of existing facilities
3. Promote partnerships through coordination and cooperation
4. Improve visitor experience
5. Improve visitor/resident relationship
6. Focus on unique San Juan experience
7. Emphasize County wide benefits
8. Cooperate with Town of Friday Harbor's LTAC

### **Funding Philosophy**

- LTAC will annually evaluate the institutions it has traditionally supported and pledges that – barring extraordinary circumstance – it will not dramatically decrease its support for these institutions without at least a year's warning. Those institutions include:
  - County Parks
  - Community Theaters
  - Historical Museums
  - County Fairgrounds
- Recognizing its limited ability to provide ongoing operating funds to organizations, LTAC will emphasize grants for fixed-term projects, such as:
  - Start-up funds for promising organizations or events
  - Onetime matching grant funds for facilities improvement projects.
  - Seed money to conduct research and develop concepts and grant applications that dovetail with LTACs priority areas.
- Lend support to a diverse range of sustainable activities to encourage visitors to enjoy longer stays and return often.
- Help establish a visitor friendly infrastructure including such things as signage, restrooms, transportation, and information on attractions and facilities.

- Endeavor to use or reserve 10% of its available grant funds annually to fund new or innovative proposals. No more than 2 projects will be funded from these reserved funds.

## **Areas of Emphasis**

*[IMPORTANT NOTE: This year the San Juan County Lodging Tax Advisory Committee has recommended modifications to its master plan that replace the emphasis on “off-season tourism” with emphasis on “tourism year-around.” However, as of this date the County Council has not acted on this change and applicants should be aware that -- though all proposals are carefully considered on their merits -- LTAC has historically given priority to funding proposals that encourage and enhance tourism beyond the peak months of July and August.]*

- Promoting tourism that typifies the “best of the San Juan Islands” – its natural beauty, geology, outdoor activities, anthropology, agricultural attractions, lifelong learning opportunities, history, culture and the arts.
  - Strategies include:
    - Development of key community assets that function as point destinations, or venues for multipurpose events, and serve on a year round basis;
    - Special Events or festivals that exemplify the natural resources, cultural offerings or history of the San Juan Islands;
    - Meetings or retreats that focus on the “Best of the San Juan Islands” as identified above;
    - Creating partnerships and synergies with existing organizations to develop and promote attractions and events for visitors.
- Developing innovative opportunities
  - Use of capacity in existing community facilities is encouraged;
  - Improving the tourist/islander relationship/enhancing the tourism experience\*
    - Visitor education events (i.e. ecotourism, agri-tourism)
    - Community involvement strategies
    - Improved effectiveness of coordinated transportation and trail linkages including streetscapes and signage
- Supporting projects that promote coordination and cooperation in tourism activities
- Supporting projects that demonstrate countywide benefit

\*(Note: The category of enhancing the tourism experience is based on the increasing recognition that the tourist is purchasing “experience(s)”. The concept is to encourage facilities, events and tourism facility operations that heighten, expand, improve, or lengthen the tourism experience with the idea of encouraging longer stays or more frequent returns.)

## **2013 LTAC PRIORITIES FOR TOURISM DEVELOPMENT**

(Listed in alphabetical order)

- Arts
  - Assist arts festivals and events get underway with funding, and encouraging partnerships with existing facilities.
- Fairgrounds
  - Support efforts to enhance and use the fairgrounds and its facilities for visitor related activities beyond the fair itself.
- Parks
  - LTAC considers County Parks critical and necessary to the tourist industry and to the County’s economy.
  - It will actively support efforts to provide an alternative, sustainable funding system for the County’s parks.
- Place-based Food
  - Support food related markets, festivals and events
  - Support facilities and programs to expose visitors to locally grown and/or prepared food, wine and other beverages.
- Restrooms Assisting in the development of a “comfort station” plan with standards, identification of existing restrooms available to the public, indications of where more restrooms are needed and a strategy for financing them.
- Museums & Theatres
  - Encouraging partnerships with sponsors of other local activities and events to provide income and help communities take full advantage of their facilities.
- Signage
  - Encourage the creation and installation of “welcome” and directional signs identifying communities and attractions. Signs should reflect the

County's unique culture and draw on the talent of its community of artists. (Proposals must comply with San Juan County Code).

- Transportation
  - Encourage development of transportation options for carless visitors
- Wildlife & Environment
  - LTAC will support projects to provide visitors with nonintrusive opportunities to enjoying the County's abundant land, air and marine wildlife and environment – including such things as birding, nature hikes and marine activities.

## **ACTION ITEMS FOR LODGING TAX ADVISORY COMMITTEE**

- Establish proactive RFP's focusing on specific areas of need
- Establish priority areas of concern and encourage applicants to come up with creative approaches
- Designate a percentage of LTAC funds to devote to an area of interest or project (e.g., funding artists to do visitor-oriented signage)
- Conduct a bidders' conference after issuing an RFP for a project
- Stay in communication with other committee members
- Establish a rolling five year funding plan to be updated annually
- Participate in the creation of a tourism master plan for the San Juan Islands