



SHORELINE
CITY COUNCIL

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August 24, 2011

BSRE Point Wells, LP
c/o Gary Huff
1201 3rd Avenue, Suite 2900
Seattle, WA 98101

Re: Letter of Intent to Negotiate an Agreement with BSRE Pt. Wells, LP

Dear Mr. Huff:

The City of Shoreline (City) has an interest in reaching agreement regarding the Point Wells Urban Center permit(s) currently pending before Snohomish County. While the City is prepared to pursue litigation to protect the interests of Shoreline citizens and taxpayers, we believe that by negotiating a mutually satisfactory agreement(s), all parties can avoid the cost, uncertainty, and risk inherent in litigation.

This Letter of Intent (LOI) outlines the principles and interests that will guide the City's good faith negotiations with BSRE Point Wells, LP (BSRE) and others regarding development of the Point Wells Project.

1. The City proposes that the traffic model for completing the Richmond Beach Road corridor study by BSRE be agreed to by the parties with a detailed mitigation project list, funding responsibility, and schedule as determined by that study. The approach and studies performed to date by DEA (BSRE's Traffic Consultant) continue to make positive progress in ultimately reaching agreement with the future traffic analysis. We anticipate that these studies shall serve as the basis for the future agreement contemplated herein. We also anticipate that the final agreement and supporting studies will be submitted to Snohomish County to assist in the preparation of the project Environmental Impact Statement and the City would accept the adequacy of the EIS regarding project traffic impacts if the EIS substantially adopts this study.
2. In measuring impacts on affected City intersections and road segments, the City agrees to utilize a combination of level of service standards for City intersections and a fixed number of trips to be allowed on Richmond Beach Drive NW.

The City believes that the City's interests will best be served by a phased development where actual traffic counts associated with the Point Wells project are measured against a verifiable cap of trips for the project. This project trip cap would be mutually agreed upon by the City and BSRE. The City will negotiate a formula to allow future project building permit applications by BSRE based on the measurement of actual trips and peer-reviewed internal capture rates generated by prior occupancies and anticipated for future development phases.

Under this approach, a projection of actual traffic counts and updated analyses based on this formula would predict how traffic associated with each phase of development would measure against the project trip cap and level of service standard. The level of service (LOS) standard would be D (LOS D) for the average of each designated intersection and with the intent of no arterial through movement less than LOS E. The intersections affected by this standard shall be mutually agreed to by the City and BSRE. All segments between the designated intersections shall conform to mitigation recommended by the corridor study.

Using this approach, if the prediction of traffic is within the project trip cap and within the LOS standard, then future project building permit applications may be submitted for each analyzed phase of development.

In the event this approach predicts that such additional development either would exceed the project traffic cap or the LOS standard, then the application for permits shall not be submitted. BSRE may propose changes to the project and/or mutually acceptable additional mitigating measures (e.g., accommodating all modes of transportation) that 1) result in a predicted compliance with both measures; or 2) predict a shorter delay within the LOS standard for the designated intersections and include mitigation for road segments recommended in the initial or supplemental environmental review of the excess trips. The City will consider such changes only after soliciting and receiving public comment.

3. The City will participate in jointly designing and administering a public process to engage the affected community in helping identify and evaluate mitigation alternatives for Richmond Beach Drive NW, Richmond Beach Road, and N. 185th Street to Aurora Ave. N.
4. As stated in its comprehensive plan for over a decade, the City believes it is the most logical long term provider of municipal services to Point Wells, and that annexation to the City is the best way for BSRE to meet its financial obligation to fund ongoing operation and maintenance costs as direct impacts of the Point Wells development. In lieu of ongoing payments to address ongoing maintenance and operation costs of City infrastructure, including but not limited to, its road network and parks system, BSRE will

be expected to assign to the City an exclusive limited power of attorney, as owner. This limited power may be used by the City to file an annexation notice of intent and petition at a future date to be negotiated (but in any event no sooner than the issuance by Snohomish County of certificates of occupancy for at least 1,000 units). The City anticipates that Snohomish County shall retain responsibility to process all permits and conduct all inspections for the project. The City proposes to enter into an interlocal agreement with Snohomish County to formalize the expectations for local government service delivery, annexation, and the county's continued role in processing, issuing, and inspecting and collecting fees for development permits for the project, notwithstanding any future annexation of the property into Shoreline.

The City intends to negotiate with BSRE a maintenance and operation payment agreement that would not be activated unless and until the City exercises its right to use the limited power of attorney and such annexation effort proves unsuccessful for any reason. The annexation power of attorney and maintenance and operation agreement under this paragraph would be recorded as a covenant running with the land and obligate future owners of BSRE's Point Wells property.

5. Upon the successful execution of a Municipal Agreement pursuant to SCC 30.34A.180, and/or an alternative form of Agreement with BSRE with covenants under paragraph 4 which satisfactorily addresses these City interests, the City will simultaneously stipulate to the validity of the current BSRE permit applications with Snohomish County, stipulate to dismissal of any pending litigation, and covenant not to pursue further litigation other than provisions that may be reserved to enforce to the terms of a Municipal or alternative Agreement. In addition, the City will use its best efforts to urge its public safety partners, Shoreline Fire Department and King County Sheriff, to provide immediate and ongoing services to Point Wells.

The City Council supports moving forward on this process and has directed City staff to commence a public process to inform the City's negotiations with BSRE. The City will negotiate in good faith with BSRE to reach mutually satisfactory agreement(s).

Sincerely,



Julie T. Underwood
City Manager