

CITY COUNCIL MEETING AGENDA



City of Lake Stevens Vision Statement

We are a thriving community that promotes a vibrant economy, preserves natural beauty, and supports an exceptional quality of life for all.

December 2, 2025 - 6:00 PM

City Council Special Meeting

In person: The Mill, Sawyers Room, 1808 Main Street, Lake Stevens

or Join Zoom Meeting: [Zoom Link](#)

or call in at (253) 215-8782

Meeting ID: 81535188102 Passcode: 494526

1. **Call to Order**
2. **Pledge of Allegiance** Mayor
3. **Roll Call**
4. **Approval of Agenda** Council President
5. **Guest Business**
 - A. 2024 Annual Financial & Accountability Audit Exit Conference — WA State Auditor's Office Barb Stevens
6. **Citizen Comments**
7. **Council Business** Council President
8. **Mayor's Business**
9. **City Department Report**
 - A. A. Public Works Department Report Aaron Halverson, Lori Erickson
10. **Consent Agenda**
 - A. Third Amendment to Interlocal Agreement for Jail Services Jeffrey Beazizo
11. **Public Hearing**
 - A. STEP and Co-Living Housing Code Amendments David Levitan
12. **Action Items**
 - A. 2026 Annual Budget Ordinance No. 1205 Barb Stevens

13. Discussion Items

- | | | |
|----|--|---------------|
| A. | 2025 Budget Amendment No. 2 - Ordinance 1204 | Barb Stevens |
| B. | Ripperger Development Agreement Discussion | David Levitan |

14. Adjourn

THE PUBLIC IS INVITED TO ATTEND

The City of Lake Stevens strives to provide accessible opportunities for individuals with disabilities. Please contact Human Resources, City of Lake Stevens ADA Coordinator, (425) 622-9400, at least five business days prior to any City meeting or event if any accommodations are needed. For TDD users, please use the state's toll-free relay service, (800) 833-6384, and ask the operator to dial the City of Lake Stevens City Hall number.

CITY COUNCIL STAFF REPORT



Agenda Date: 12/2/2025

Subject: 2024 Annual Financial & Accountability Audit Exit Conference — WA State Auditor's Office

Contact Person/Department: Barb Stevens, Finance

Budget Impact: N/A

Legal Review: No

RECOMMENDATION(S)/ACTION REQUESTED:

N/A

SUMMARY/BACKGROUND:

The State Auditor's Office (SAO) is responsible for auditing Washington's more than 2,000 local governments, ranging from the largest counties to the smallest special-purpose districts. This includes everything from school districts to cemetery districts to mosquito districts to transportation authorities. These local government audits, including cities, represent the bulk of the SAO's work.

The SAO performs three main types of audits including Accountability, Financial, and Federal Single. They also perform special engagement examinations of varying types and select performance audits.

In 2025, the City of Lake Stevens received an Accountability audit as well as an audit of the 2024 Financials. In 2026, the City will also have a Federal Single audit as federal grant expenditures exceeded \$1,000,000 in fiscal year 2025.

What are the Types of Audits?

Accountability audits

An accountability audit evaluates whether a local government has adhered to applicable state laws, regulations and its own policies and procedures. We audit

records to ensure public funds are accounted for and controls are in place to protect public resources from misappropriation and misuse. The Washington State Auditor's Office is required to examine the financial affairs of all local governments at least once every three years.

Financial audits

The SAO performs financial statement audits to provide an independent opinion on a local government's financial statements and the results of its operations and cash flows. In other words, these audits determine whether the financial statements present a reliable, accurate picture of a government's finances.

All local governments are required by RCW 43.09.230 to submit an annual financial report to our office within 150 days of the end of their fiscal year.

Federal single audits

Recipients of federal funding must arrange for an audit when they spend \$1,000,000 or more in federal awards in a year. A federal single audit's objective is to determine and report on whether a local government that received federal funding has complied with applicable requirements. Each federal single audit contains two components:

- An audit of the local government's internal controls and compliance with federal requirements.
- An audit of financial statements.

The State Auditors will review the results of the City's Accountability and Financial audits and review the attached documents during the Audit Exit Conference.

APPLICABLE CITY POLICIES:

ATTACHMENTS:

1. City of Lake Stevens Exit Conference Packet



Office of the Washington State Auditor

Pat McCarthy

Exit Conference: City of Lake Stevens

The Office of the Washington State Auditor’s vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Accountability audit for January 1, 2024 through December 31, 2024 – see draft report.
- Financial statement audit(s) for January 1, 2024 through December 31, 2024 – see draft report.

Audit Highlights

The City performs a detailed and thorough review of their financial statements. We appreciate the City’s dedication to maintaining strong systems of control when preparing the financial statements. Specifically, we’d like to thank Matthew Heist, Finance Manager, for responding promptly to our requests and providing all documents necessary to complete the audit in a timely manner.

Recommendations not included in the Audit Reports

Exit Items

We have provided exit recommendations for management’s consideration. Exit items address control deficiencies or noncompliance with laws or regulations that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. Exit items are not referenced in the audit report.

Financial Statement Audit Communication

We would like to bring the following to your attention:

- We did not identify any material misstatements during the audit.
- There were no uncorrected misstatements in the audited financial statements.
- The audit addressed the following risks, which required special consideration:
 - Due to the possibility that management may be able to circumvent certain controls, standards require the auditor to assess the risk of management override.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via email in a .pdf file. We also offer a subscription service that notifies you by email when audit reports are released or posted to our website. You can sign up for this convenient service at [Sign Up for News & Alerts | Office of the Washington State Auditor](#).

Management Representation Letter

We have included a copy of representations received from management.

Audit Cost

At the entrance conference, we estimated the cost of the audit to be \$38,500. We are pleased to share that actual audit costs are expected to come in under budget by approximately \$1,000 due to efficiencies gained by performing a mostly remote audit.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in 2026 and will cover the following general areas:

- Accountability for public resources
- Financial statement
- Federal programs

The estimated cost for the next audit based on current rates is \$56,000, inclusive of travel costs and other expenses, if any. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

Working Together to Improve Government

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally, this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation at the Office of the Washington State Auditor offers services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean process improvement, peer-to-peer networking, and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

Tina Watkins, CPA, Director of Local Audit, (360) 260-6411, Tina.Watkins@sao.wa.gov

Kristina Baylor, Assistant Director of Local Audit, (425) 951-0290, Kristina.Baylor@sao.wa.gov

Courtney Amonsens, Audit Manager, (425) 510-0478, Courtney.Amonsens@sao.wa.gov

Miranda Shales, Assistant Audit Manager, (425) 510-0487, Miranda.Shales@sao.wa.gov

Morgan Fairbanks, Audit Lead, (425) 758-2245, Morgan.Fairbanks@sao.wa.gov



Preliminary Draft - Please do not duplicate, distribute, or disclose.

Accountability Audit Report

City of Lake Stevens

For the period January 1, 2024 through December 31, 2024

Published (Inserted by OS)

Report No. 1038542



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Office of the Washington State Auditor Pat McCarthy

Issue Date – (Inserted by OS)

Mayor and City Council
City of Lake Stevens
Lake Stevens, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for City operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the City's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, City operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the City of Lake Stevens from January 1, 2024 through December 31, 2024.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the City's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2024, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Cash receipting – timeliness and completeness of deposits, voids and adjustments
- Contract compliance – cash receipting and deposit timeliness
- Accounts payable – general disbursements
- Police department – shift exchanges and property room
- Self-insurance – unemployment compensation
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

RELATED REPORTS

Financial

Our opinion on the City's financial statements is provided in a separate report, which includes the City's financial statements. That report is available on our website, <https://portal.sao.wa.gov//ReportSearch>.

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INFORMATION ABOUT THE CITY

The City of Lake Stevens has a population of approximately 41,521 citizens and encompasses approximately nine square miles in Snohomish County. A council-mayor form of government administers the City with seven elected Council Members and a separately elected Mayor.

The City has approximately 164 employees providing police, planning and zoning, park maintenance, street maintenance and general government services. The City’s expenditures for 2024 and 2023 were \$48.7 million and \$36.0 million respectively.

Contact information related to this report	
Contact:	Barbara Stevens, Finance Director
Telephone:	425-622-9410
Website:	https://www.lakestevenswa.gov/

Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of Lake Stevens at <https://portal.sao.wa.gov//ReportSearch>.

ABOUT THE STATE AUDITOR’S OFFICE

The State Auditor’s Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor’s Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

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- [Request public records](#)
- Search BARS Manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov



Office of the Washington State Auditor
Pat McCarthy

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Financial Statements Audit Report

City of Lake Stevens

For the period January 1, 2024 through December 31, 2024

Published (Inserted by OS)

Report No. 1038543



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**Office of the Washington State Auditor
Pat McCarthy**

Issue Date – (Inserted by OS)

Mayor and City Council
City of Lake Stevens
Lake Stevens, Washington

Report on Financial Statements

Please find attached our report on the City of Lake Stevens financial statements.

We are issuing this report in order to provide information on the City’s financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

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INDEPENDENT AUDITOR’S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City of Lake Stevens January 1, 2024 through December 31, 2024

Mayor and City Council
City of Lake Stevens
Lake Stevens, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Lake Stevens, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated December 2, 2025.

We issued an unmodified opinion on the fair presentation of the City’s financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor’s *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

December 2, 2025

INDEPENDENT AUDITOR’S REPORT

Report on the Audit of the Financial Statements

City of Lake Stevens January 1, 2024 through December 31, 2024

Mayor and City Council
City of Lake Stevens
Lake Stevens, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Lake Stevens, as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor’s *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Lake Stevens, and its changes in cash and investments, for the year ended December 31, 2024, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Lake Stevens, as of December 31, 2024, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Matters of Emphasis

As discussed in Note 13 to the financial statements, in 2024, the City adopted new accounting guidance for presentation and disclosure of compensated absences as required by the BARS Manual. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City’s financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025 on our consideration of the City’s internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

December 2, 2025

FINANCIAL SECTION

**City of Lake Stevens
January 1, 2024 through December 31, 2024**

FINANCIAL STATEMENTS

- Fund Resources and Uses Arising from Cash Transactions – 2024
- Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2024
- Notes to Financial Statements – 2024

SUPPLEMENTARY AND OTHER INFORMATION

- Schedule of Liabilities – 2024

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov



December 2, 2025

Office of the Washington State Auditor
15129 Main Street, Suite C102
Mill Creek, WA 98012

To the Office of the Washington State Auditor:

We are providing this letter in connection with your audit of the City of Lake Stevens for the period from January 1, 2024 through December 31, 2024. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.

We confirm, to the best of our knowledge and belief, having made appropriate inquiries to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

General Representations:

1. We have provided you with unrestricted access to people you wished to speak with and made available all relevant and requested information of which we are aware, including:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.
 - d. Communications from regulatory agencies, government representatives or others concerning possible noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.
 - e. Related party relationships and transactions.



- f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.
2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information, and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.
3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.
4. We have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
5. We have complied with all material aspects of laws, regulations, contracts and grant agreements.
6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations, safeguarding of public resources, and financial reporting, including controls to prevent and detect fraud.
7. We have established adequate procedures and controls to provide reasonable assurance of compliance with applicable laws and regulations, safeguarding of public resources, and accurate financial reporting.
8. We have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.
9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records.

Additional representations related to the financial statements:

10. We acknowledge our responsibility for fair presentation of the financial statements and believe financial statements are fairly presented in accordance with the *Budgeting, Accounting and Reporting Standards Manual* (BARS Manual), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.



11. The financial statements properly classify all funds and activities.
12. Revenues are appropriately classified by fund and account in accordance with the BARS Manual.
13. Expenses are appropriately classified by fund and account, and allocations have been made on a reasonable basis.
14. Ending cash and investments are properly classified as nonspendable, restricted, committed, assigned, and unassigned.
15. The methods, data and significant assumptions we used in making accounting estimates and related disclosures are appropriate and free from intentional bias.
16. The following have been properly classified, reported and disclosed in the financial statements. as applicable:
 - a. Interfund, internal, and intra-entity activity and balances.
 - b. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - c. Joint ventures and other related organizations.
 - d. Guarantees under which the government is contingently liable.
 - e. All events occurring subsequent to the fiscal year end through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
 - f. Effects of all known actual or possible litigation, claims, assessments, violations of laws, regulations, contracts or grant agreements and other loss contingencies.
17. We have accurately disclosed to you all known actual or possible pending or threatened litigation, claims or assessments whose effects should be considered when preparing the financial statements. We have also accurately disclosed to you the nature and extent of our consultation with outside attorneys concerning litigation, claims and assessments.
18. We acknowledge our responsibility to include all necessary and applicable disclosures required by the BARS Manual, including:



- a. Description of the basis of accounting, summary of significant accounting policies and how this differs from Generally Accepted Accounting Principles (GAAP).
 - b. Disclosures similar to those required by GAAP to the extent they are applicable to items reported in the financial statements.
 - c. Any additional disclosures beyond those specifically required by the BARS Manual that may be necessary for the statements to be fairly presented.
19. We acknowledge our responsibility for reporting supplementary information such as the Schedule of Liabilities in accordance with applicable requirements and believe supplementary information is fairly presented, in both form and content in accordance with those requirements.
20. We have disclosed to you all significant changes to the methods of measurement and presentation of supplementary information, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation.
21. We believe there are no uncorrected misstatements that would be material individually and in the aggregate to the financial statements taken as a whole.
22. We acknowledge our responsibility not to publish any document containing the audit report with any change in the financial statements, supplementary and other information referenced in the auditor's report. We will contact the auditor if we have any needs for publishing the audit report with different content included.

Brett Gailey
Mayor

Barbara Stevens
Finance Director









Management Rep Letter 2024

Final Audit Report

2025-11-17

Created:	2025-11-17
By:	Caitlin Weaver (cweaver@lakestevenswa.gov)
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CITY DEPARTMENT REPORT



Agenda Date: 12/2/2025

Contact Person/Department: Aaron Halverson, Lori Erickson, Public Works

In response to questions raised during the November 25, 2025, City Council meeting, the Public Works Department will present a department report. The presentation at the City Council meeting will include:

- An overview of the street-related assets maintained by the department
- Year-to-date performance metrics for the Streets Division
- A summary of the City's current Pavement Condition Index (PCI), including cost estimates for maintaining various PCI levels
- Budget data related to the 2025 Pavement Preservation Program

This presentation is intended to provide clarity on ongoing operations and support informed decision-making regarding future infrastructure investments.

	A	B	C	D	E	F
Streets Budget Analysis Summary						
	Revenues	Base Budget	Reduce Property Tax Contribution by 1/2	No Property Tax Contribution to Streets	Notes	
1	Motor Vehicle Fuel Tax	825,000	825,000	825,000	MVFT is declining in the state as consumers move to electric vehicles.	
2	Utility Tax - Sewer	1,350,000	1,350,000	1,350,000		
3	Utility Tax - Garbage	576,855	576,855	576,855		
4	Property Tax	1,888,000	944,000	0	In previous years, 27.5% of the property tax was dedicated to streets, equivalent to 19 cents for every \$1,000 of assessed value.	
5	Total	4,639,855	3,695,855	2,751,855		
6	Delta from Base Budget		(944,000)	(1,888,000)		

Operations Outcomes						
	Base Budget	Reduce Property Tax Contribution by 1/2	No Property Tax Allocation	Notes on Revised Allocation	Key Information or Outcomes	
7	Salaries and Benefits	1,751,852	1,431,815	975,003	See employee outcomes below.	
8	Transfer to Admin (MSD, IT, FI, HR)	861,597	861,597	861,597	No change at this time.	
9	Operations	528,900	242,000	196,000	Use 1/2 materials/supplies, mandatory work/training only.	Fewer completed work orders will require fewer consumable materials.
10	Traffic Control/Signs/Safety	70,000	27,500	10,000	Reduce /reuse sign replacements, no new signs unless they are critical for life safety.	Crosswalk signs and school zones will not be maintained along with all other non-regulatory signs. The city has 3,161 signs and 252 miles of roadway.
11	Utilities/Streetlights/SWM Fee	487,569	484,569	484,569	Eliminate the lease of the storage boxes for the Lake Stevens Museum	These a fees that include streetlight payments to PUD and taxes.
12	Technology	139,268	109,268	68,000	Extend PCs and Technology to 2x life , Reduce cellphones to 1/2 employees who currently have a phone.	Duo Authenticity would not function, and VueWorks reporting in the field would not happen.
13	Engineering Traffic Safety - Traffic Calming	295,000	115,000	50,000	Reduce to 1-2 traffic safety improvements	Only the minimum documented life/safety issues will be reviewed. There are 56 open work orders in the engineering division.
14	Snow/Ice Supplies	25,000	25,000	15,000	Move to daytime only snow/ice response.	High risk with more school and business closures, and reduced emergency service response.
15	Guardrail Repair	30,000	20,000	10,000	Repair only severely damage guardrails	Not repairing guardrails leads to traffic safety issues and risk.
16	Pavement Preservation	200,000	170,000	-	Program will still be partial funded by TBP in separate accounts.	Pavement condition will continue to degrade, at a more rapid pace.
17	Roadway Striping	100,000	70,000	20,000	Long-line striping 1/7 of the city each year	Most striping will not be visible by the end of the third year with many locations losing striping in the first year.
18	Sidewalk Repairs	30,000	20,000	-	All sidewalk repairs will be performed by crews and will be delayed by several years.	The city will fall out of compliance with ADA if ramps and sidewalks are not repaired. The city has 137 miles of sidewalk.
19	Traffic Safety Cameras	120,000	120,000	60,000	Limit scope, more in-house effort.	
20	Total	4,639,186	3,696,749	\$2,750,169	Expenditures may differ from revenues by small amounts due to the percentages used to calculate salaries.	

	A	B	C	D	E	F
Employee Outcomes						
	Base Budget	Reduce Property Tax Contribution by 1/2	No Property Tax Allocation		Notes	Key Information or Outcomes
21	Employee Count in Streets Fund	13.8	10.23	7.66		
22	Postions Reallocated or Reduced	0	3	5	Positions will be merged with unfunded positions adding workload. Some positions will be reclassified to lower level positions to reduce costs.	
23	Total Public Works Positions Eliminated	0	-3.57	-6.14	Many positions are funded by several fund sources. The positions eliminated and reallocated/reduced achieve the desired expenditure reduction.	Seasonal positions eliminated and one maintenance worker in the "reduce property tax allocation." Many more positions eliminated in the "No Property Tax Allocation" option.

Work Order/Service Request Projected Impacts						
	Base Budget	Reduce Property Tax Contribution by 1/2	No Property Tax Allocation		12/2/2025 Numbers	Notes
24	Completed	2312	1841	1371	2119 Completed	
25	Projected Work Order Backlog	173	644	1114	159 Backlog	Backlog of incomplete work orders and service requests creates risk for the city
26	Projected Service Request Backlog	148	186	250	1039 Service Requests	

ADA Compliance						
	Base Budget	Reduce Property Tax Contribution by 1/2	No Property Tax Allocation		12/2/2025 Numbers	Notes
26	Sidewalks Repaired	161	128	120	161 Sidewalk Repairs Completed	ADA compliance is not being met at current levels.
27	Ramps Upgraded or Replaced	18	14	13	18 Ramps Replaced or Upgraded	

Pavement Condition Projected Impacts						
	Base Budget	Reduce Property Tax Contribution by 1/2	No Property Tax Allocation		Pavement Condition Restoration Reference	
28	Funding/Year	700K/Year	700K/Year	500K/Year		
29	PCI Change Over 10 Years	73 to 46	73-46	73-45	Reconstruction	0-39 PCI
30	PCI Change/Year	-2.7	-2.7	-2.8	Rehabilitation (Overlay)	40-70 PCI
31	Funding needed to maintain 80 PCI	5.9M/Year	5.9M/Year	5.9M/Year	Preventative Maintenance (Crack Sealing)	70-89 PCI
32	Funding needed to maintain 73 PCI	4.9M/Year	4.9M/Year	4.9M/Year	Average cost is increasing 4-5% each year.	

CITY COUNCIL STAFF REPORT



Agenda Date: 12/2/2025

Subject: Third Amendment to Interlocal Agreement for Jail Services

Contact Person/Department: Jeffrey Beazizo, Police Department

Budget Impact:

Legal Review: No

RECOMMENDATION(S)/ACTION REQUESTED:

Request Council to approve and Mayor to sign the Fifteenth Amendment

SUMMARY/BACKGROUND:

The City of Lake Stevens and the City of Marysville entered into an Interlocal Agreement for Jail Services in September 1999, which was ratified by a new agreement on September 28, 2023. The parties approved the first amendment to extend the agreement to December 31, 2024. The parties approved the second amendment to extend the agreement to December 31, 2025.

This third amendment extends the agreement to 12/31/2026.

All of the written amendment set forth above shall remain in full force and effect unchanged.

APPLICABLE CITY POLICIES:

ATTACHMENTS:

1. Lake Stevens Jail ILA Third Amendment 112025

AFTER RECORDING RETURN TO:

City of Marysville
501 Delta Avenue
Marysville, WA 98270

**Second Amendment to Interlocal Agreement for Jail Services
Lake Stevens
Effective January 1, 2026**

THIS THIRD AMENDMENT TO INTERLOCAL AGREEMENT FOR JAIL SERVICES (“Agreement”) is made and entered into by and between the CITY OF MARYSVILLE (“Marysville”), and the CITY OF LAKE STEVENS (“Lake Stevens”)

WHEREAS, the cities have had an Interlocal Agreement for Jail Services (hereinafter known as “Agreement”) since September 27, 1999, which was ratified by a new agreement on September 28, 2023; and

WHEREAS, the parties executed a Second Amendment to the Agreement Effective January 1, 2025; and

WHEREAS, the parties wish to extend the agreement to December 31, 2026.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and promises contained herein, Marysville and Lake Stevens mutually agree as follows:

1. Effective January 1, 2026, the fees assessed under the Agreement are those set forth in Schedule A attached; and
2. The term of this agreement is extended to December 31, 2026; and
3. All other terms of the Agreement remain in full force and effect.

CITY OF LAKE STEVENS

CITY OF MARYSVILLE

By _____
Brett Gailey, Mayor

By _____
Jon Nehring, Mayor

DATE: _____

DATE: _____

APPROVED as to form:

By _____,
_____, City Attorney

DATE: _____

Attest: _____
_____, City Clerk

APPROVED as to form:

By _____
Jon Walker, City Attorney

DATE: _____

Attest: _____
Chari Taber, Deputy City Clerk

SCHEDULE A Effective January 1, 2026

Booking fee beginning January 1, 2026 \$151.27**

Should Marysville decide to collect booking fees pursuant to RCW 70.48.390 from the funds possessed by the prisoner or defendant directly at the time of booking, the booking fee to be paid by the City of Lake Stevens for such prisoner or defendant shall be adjusted by a credit in favor of the City of Lake Stevens of that sum actually paid by the prisoner or defendant.

Inmate transfer administrative fee \$20.00

In cases where Lake Stevens prisoners are relocated to another jail facility other than the Snohomish County jail, Lake Stevens agrees to pay Marysville an Inmate Transfer Administrative Fee of \$20.00 per prisoner.

Marysville transportation fee \$75.00

Lake Stevens agrees to pay Marysville a transportation fee of \$75.00 per prisoner for transportation to another facility or for transportation from another facility to the Marysville Municipal Court. For example: Transporting a prisoner from the Marysville Jail to the SCORE facility would be one trip. Transporting a prisoner from SCOR to the Marysville Municipal Court would be one trip. Transporting a prisoner from the Marysville Municipal Court back to SCORT would be one trip. The same examples would apply to transports to and from the Snohomish County Jail.

Daily maintenance fee \$166.08**

Bed space as needed on a space available basis

Video court fee \$150.00

Lake Stevens agrees to pay Marysville a video court fee of \$150.00 per prisoner for each court appearance by video. Marysville, in its discretion or upon request by Lake Stevens, may cause a Lake Stevens inmate to appear for court hearings via the Marysville video court system. The use of video court hearings will conform to procedure and rules of the Marysville jail and the Marysville Municipal Court.

**Yearly COLA increase in booking fee and daily maintenance fees will be increased at a rate of 100% of the Seattle CPI-W June Index for the year prior, with a minimum of 0% to a maximum of 3.0%. The rate increase will occur on January 1 of each year unless otherwise negotiated and agreed by the parties. (For example, the June 2025 Seattle CPI-W index will set the amount of the January 1, 2026 increase to booking and daily maintenance fees.)

CITY COUNCIL STAFF REPORT



Agenda Date: 12/2/2025

Subject: STEP and Co-Living Housing Code Amendments

Contact Person/Department: David Levitan, Community Development

Budget Impact: N/A.

Legal Review: No

RECOMMENDATION(S)/ACTION REQUESTED:

1. Hold a public hearing, take public testimony and consider the Planning Commission's recommendation on LUA2025-0182, a city-initiated land use code amendment to revise definitions, permissible uses, development standards and supplementary use regulations for STEP housing and co-living housing.
2. Approve Ordinance 1209 (Attachment 1), which includes minor revisions to the Planning Commission's recommendation to address comments received from the Washington State Department of Commerce (Attachment 2) regarding compliance with the Growth Management Act (GMA).

SUMMARY/BACKGROUND:

Over the last five years, the Washington State Legislature has passed several bills that have amended the [Growth Management Act](#) (GMA) and require cities to plan for and adopt development regulations for a full spectrum of housing types. These include:

- [House Bill \(HB\) 1220](#) in 2021, which required cities to plan for housing at all income levels and household sizes through their comprehensive plans and to adopt development regulations for what is known as "STEP" housing – emergency shelters (S), transitional housing (T), emergency housing (E), and permanent supportive housing (P). Emergency housing and shelters must be permitted in any zoning district that allows hotels. Transitional housing and permanent supportive housing (PSH) must be permitted in any zoning district

that allows hotels or residential units. Cities may adopt optional development regulations related to STEP housing so long as they relate to public health and safety and are adequately documented; and

- [HB 1998](#) in 2024, which required cities to adopt regulations allowing co-living housing – residential sleeping units that are independently rented and lockable and provide living and sleeping space, with residents sharing kitchen facilities – in any zoning district that allows at least six multifamily residential (MFR) living units per lot, including mixed-use development.

The City Council held a work session on STEP and co-living housing at its [September 23, 2025 meeting](#). Councilmembers provided feedback on the draft code language developed to date, with a major focus of discussion being the proposed buffers/spacing requirements that planning commissioners had recommended 1) between individual emergency housing/shelters and 2) between emergency housing/shelters and “protected uses” such as schools, childcare centers, parks and libraries ([meeting video](#)).

The Planning Commission held five work sessions on the proposed code amendments between May and October 2025, which are summarized in the [staff report](#) for the [November 5, 2025 Planning Commission](#) public hearing.

PLANNING COMMISSION RECOMMENDATION AND DEPARTMENT OF COMMERCE COMMENTS

During its November 5 public hearing ([meeting video](#)), the Planning Commission reviewed [proposed code language](#) that included:

- New/revised definitions in Chapter 14.08 LSMC (Definitions) for STEP housing, co-living housing, and other related terms;
- Changes to LSMC Table 14.16A-I to add a new Type II “Emergency Housing and Shelter Permit” land use process, which all emergency housing and shelters would be required to obtain to demonstrate their compliance with the new supplementary use regulations (discussed below);
- Changes to Chapter 14.40 (Permissible Uses) and Chapter 14.38 (Subarea Plans) to allow STEP housing in those zones required by state law and co-living housing in those zones that allow MFR housing with at least six units;
- A new set of supplementary use regulations (LSMC 14.44.100) for emergency housing and shelters (see below for additional details and discussion); and
- Changes to LSMC Table 14.72-I (Parking Requirements) to establish parking requirements for STEP housing and co-living housing. The proposed standards for STEP housing are based on a site-specific analysis, whereas those for co-living housing are prescriptive and based on the requirements of HB 1998.
- A minimum distance of 500 feet between individual emergency housing and shelter uses; and

- A minimum distance of 500 feet between emergency housing and shelter uses and protected uses (schools and childcare centers).

Earlier drafts reviewed by the Planning Commission included parks and libraries as protected uses also subject to the 500-foot buffer. Upon further review of the [buffer map options](#) prepared for the Planning Commission's September 17 meeting, staff noted the inclusion of parks and libraries would not meet the intent of HB 1220 as it would effectively prohibit the siting of emergency housing and shelters within Downtown Lake Stevens.

As several commissioners had previously expressed their openness to removing parks and libraries from the protective buffer requirement, and several councilmembers questioned whether there was an adequate nexus between public health/safety concerns and the proposed buffers, staff proposed limiting protective buffers to schools and childcare centers. At the conclusion of their public hearing, the Planning Commission forwarded a recommendation to City Council to adopt the proposed STEP and co-living housing code amendments, including the removal of parks and libraries as protected uses, but keeping the other buffers, along with minor refinements to remove subjective code language.

On November 10 (after the Planning Commission's public hearing), staff received comments from the Washington Department of Commerce (**Attachment 2**) in response to the 60-day Notice of Intent to Adopt Amendments that was submitted on September 25, 2025. In that email, Commerce staff noted that the inclusion of the buffers/spacing requirements both between individual emergency housing/shelters and between emergency housing/shelters and "protected uses" had not been analyzed as part of the Land Capacity Analysis (LCA) for the 2024 Comprehensive Plan, as required by state law. They also noted that they did not believe that the findings had not adequately addressed (through a substantive analysis) the nexus between the proposed regulations and public health and safety.

Upon further review, staff concurs with the Department of Commerce that the inclusion of the buffers included in the Planning Commission's recommendation would result in a conflict between the Comprehensive Plan and Lake Stevens Municipal Code, which is prohibited under the GMA ([RCW 36.70A.040](#)). As such, staff has revised the Planning Commission's recommended code language in Ordinance 1209 (**Attachment 1**) to remove both sets of buffer requirements, with the option to reinstate them if supported by an updated land capacity analysis in the future.

FINDINGS AND CONCLUSIONS

Per [LSMC 14.16C.075\(f\)](#), the City Council (following a recommendation from the Planning Commission) shall make the following findings when approving land use code amendments:

1. The amendment is consistent with the Lake Stevens Comprehensive Plan

- Housing Element Policy 3.2.3: Encourage a range of independent living, assisted living and skilled care facilities affordable to seniors and other special-needs residents at a variety of income levels throughout the city.
- Housing Element Policy 3.2.4: Allow emergency housing and emergency shelters in all zoning districts where hotels are permitted and adopt a clear and objective process and standards for their siting, with a focus on areas within proximity of transit and services.
- Housing Element Policy 3.2.5: Allow permanent supportive housing and transitional housing in all zones where either residential uses or hotels are allowed.
- Land Use Element Goal 2.1: Provide sufficient land area to meet the projected needs for housing, employment and public facilities within the City of Lake Stevens
- Land Use Element Policy 2.1.1 – Accommodate a variety of land uses to support population and employment growth, consistent with the city's responsibilities under the Growth Management Act, Regional Growth Strategy and the Countywide Planning Policies
- Land Use Element Policy 2.1.2 – Encourage and allow a diverse mix of housing types throughout the city to meet the needs of current and future residents. Land Use Element Goal 2.2: Achieve a well-balanced and well-organized combination of residential, commercial, industrial, open space, recreation and public uses

Conclusions – Adoption of the city-initiated amendment is consistent with the goals and policies of the city's Comprehensive Plan, which specifically call for STEP housing to be permitted as consistent with the GMA and encourage a wide variety of housing types, including co-living housing. As the city continues to grow and expand, it needs to periodically assess and revise the types of uses permitted in different zoning districts to ensure it meets its residential and employment targets. As noted in more detail below, the removal of the buffers/spacing requirements ensures consistency between the Comprehensive Plan and LSMC.

2. The amendment complies with the Growth Management Act (RCW 36.70A.106)

- The amendments have been drafted to comply with recent amendments to the GMA adopted by the passage of HB 1220 (2021) and HB 1998 (2024).
- Code amendments are subject to review by the Washington State Department of Commerce.
- The city provided the required 60-day notice to the Department of Commerce on September 25, 2025 with its intent to amend several LSMC

sections. The Department of Commerce acknowledged the proposed amendment under Submittal ID 2025-S-9911.

- On November 10, 2025, staff received email comments from the Department of Commerce recommending that the proposed buffers/spacing requirements be removed to ensure implementation of and compliance with the GMA. The language in Ordinance 1209 incorporates this recommendation.
- If approved by the City Council, staff will file the final ordinance with the Department of Commerce within 10 days of its adoption.

Conclusions – The proposed code amendment has met all Growth Management Act requirements, including consistency between the city’s comprehensive plan and development regulations (LSMC) as amended.

3. The amendment serves to enhance the public health, safety and welfare

Conclusions – The recommended amendments will provide clear and objective standards and a defined land use review process for STEP housing and co-living housing, creating a zoning framework to help meet the city’s 2044 housing growth targets and provide housing opportunities for current and future residents, as required by HB 1220. The proposed supplementary use regulations for emergency housing and emergency shelters are intended to enhance the public health, safety and welfare while still allowing for diverse housing types for which the city has a documented need.

Public Notice and Comments

- Land use code amendments are reviewed through the city’s Type VI legislative review process identified in [LSMC 14.16B.605-660](#), which requires the Planning Commission to hold a public hearing and make a recommendation to City Council, who hold their own public hearing.
- No public or agency comments were received in response to the Notice of Public Hearing and SEPA Threshold Determination prior to the November 5 Planning Commission public hearing, and none were provided during that public hearing.
- As noted above, the city received comments from the Department of Commerce on November 10, 2025, which have been incorporated into the proposed code language in Ordinance 1209.
- The city published and posted a Notice of Public Hearing for this public hearing on November 21, 2025, and as of November 24 has not received any public comments.
- Members of the public may provide oral testimony during the December 2 public hearing.

Conclusions – The city has met all public notice requirements per Chapter 14.16B

LSMC.

State Environmental Policy Act (SEPA) (Chapter 197-11 WAC and Title 16 LSMC)

- City staff prepared an environmental checklist under the State Environmental Policy Act (SEPA) and determined that the proposal is unlikely to have significant adverse environmental impacts.
- The city issued a [Determination of Non-significance](#) (DNS) for the proposal on October 22, 2025, which was distributed to the Department of Ecology SEPA Register, local tribes, and state and local jurisdictions, and noticed concurrently with the Notice of Public Hearing. The city did not receive any comments during the two-week comment period, and no appeal has been filed.

Conclusions – The proposed code amendment has met all local and state SEPA requirements.

APPLICABLE CITY POLICIES:

The proposed code amendments will implement several Comprehensive Plan Policies, as detailed in the staff report findings.

ATTACHMENTS:

1. Attachment 1 - Ordinance 1209
2. Attachment 2 - Department of Commerce Comment Letter

**CITY OF LAKE STEVENS
Lake Stevens, Washington
ORDINANCE NO. 1209**

**AN ORDINANCE OF THE CITY OF LAKE STEVENS, WASHINGTON
REVISING MULTIPLE LSMC CHAPTERS TO ADOPT STEP AND CO-LIVING
HOUSING DEVELOPMENT REGULATIONS; ADOPTING FINDINGS AND
CONCLUSIONS; AND PROVIDING FOR SEVERABILITY, AN EFFECTIVE
DATE AND FOR SUMMARY PUBLICATION BY ORDINANCE TITLE ONLY.**

WHEREAS, the Washington State Legislature has passed several housing-related bills in recent years amending the Growth Management Act (GMA), including for STEP housing (emergency shelters and housing, transitional housing, and permanent supportive housing) and co-living housing; and

WHEREAS, the City undertook a code amendment in 2025 under land use application number LUA2025-0182 to adopt local regulations to comply with these changes to the GMA and other applicable statutes; and

WHEREAS, the Lake Stevens Planning Commission held work sessions on May 21, June 2, August 18, September 17, and October 15 to discuss the scope and scale of these regulations and to review draft code language, with commissioners providing feedback that resulted in additional revisions; and

WHEREAS, the Lake Stevens City Council held a work session on September 23, 2025, where councilmembers provided initial feedback on the proposed code amendments; and

WHEREAS, the City submitted a draft of the proposed amendments to the Washington State Department of Commerce (“Commerce”) for the required 60-day review (Submittal ID 2025-S-9911) on September 25, 2025; and

WHEREAS, the Lake Stevens Planning Commission held a duly noticed public hearing on November 3, 2025, which included a staff presentation and the opportunity for public comment, with none being provided; and

WHEREAS, at the conclusion of the November 3, 2025 public hearing, the Planning Commission made findings and conclusions as part of their recommendation to City Council to amend multiple LSMC chapters; and

WHEREAS, on November 10, 2025, the city received a comment letter from Commerce identifying several recommended changes to the draft code language to comply with the GMA, including that the city should consider removing the proposed buffers/siting requirements between individual emergency housing/shelter uses and between emergency housing/shelter uses and “protected uses” such as schools, childcare centers, parks and libraries, as they were not addressed in the city’s 2024 land capacity analysis; and

WHEREAS, staff has proposed revisions to the Planning Commission’s recommended code language to address Commerce’s comments, which are reflected in Sections 6 and 7 of this ordinance and discussed in the accompanying staff report; and

WHEREAS, the Lake Stevens City Council held a duly noticed public hearing to consider the Planning Commission’s recommendation as amended by staff and to receive public comment on December 2, 2025; and

WHEREAS, land use code amendments are Type VI legislative decisions which require a recommendation from the Planning Commission to City Council, based on written findings and conclusions, supported by evidence from an open-record hearing; and

WHEREAS, the City prepared an environmental checklist and issued a Determination of Non-significance under the State Environmental Policy Act (SEPA) on October 22, 2025, and received no public, agency or tribe comments during the 14-day comment period; and

WHEREAS, the City Council made findings and conclusions to approve the code amendment pursuant to the criteria outlined in LSMC 14.16C.075(f).

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

Section 1. The City Council hereby makes the following findings:

- A. This ordinance amending the City’s municipal code was sent to the Washington State Department of Commerce (2025-S-9911), as required by the Growth Management Act. The city received comments and proposed revisions from the Department of Commerce, which have been incorporated into this ordinance.
- B. The requirements of Chapter 14.16C.075 LSMC for land use code amendments have been met.
- C. As required by LSMC 14.16C.075(f), the adoption and amendments of codes set forth in this ordinance are consistent with the Comprehensive Plan, comply with the Growth Management Act and advance the public health, safety and welfare, as written.
- D. The Whereas provisions set forth above are adopted as factual findings in support of this ordinance as written.

Section 2. Chapter 14.08 LSMC, entitled “Basic Definitions and Interpretations,” is hereby amended to show the following additions shown as underline:

14.08.010 Definitions of Basic Terms.

Co-Living housing. A residential development with sleeping units that are independently rented and lockable and provide living and sleeping space, and residents share kitchen facilities with other sleeping units in the building. Local governments may use other names to refer to co-living housing including, but not limited to, congregate living facilities, single room occupancy, rooming house, boarding house, lodging house, and residential suites.

Emergency housing. Temporary indoor accommodations for individuals or families who are homeless or at imminent risk of becoming homeless and are intended to address basic health, food, clothing, and personal hygiene needs of individuals or families. Emergency housing may or may not require occupants to enter into a lease or an occupancy agreement (RCW 36.70A.030(14)).

Emergency shelter. A facility that provides a temporary shelter for individuals or families who are currently homeless. Emergency shelter may not require occupants to enter into a lease or an occupancy

agreement. Emergency shelter facilities may include day and warming centers that do not provide overnight accommodations (RCW 36.70A.030(15)).

Permanent supportive housing. Subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy. It utilizes admissions practices designed to use lower barriers to entry than typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors. Permanent supportive housing is paired with on-site or off-site voluntary services designed to support a person living with a complex and disabling behavioral health or physical health condition who was experiencing homelessness or was at imminent risk of homelessness prior to moving into housing to retain their housing and be a successful tenant in a housing arrangement, improve the resident's health status, and connect the resident of the housing with community-based health care, treatment, or employment services (RCW 36.70A.030(31)).

Tiny Houses. Dwellings, including those on wheels, to be used as permanent housing with permanent provisions for living, sleeping, eating, cooking and sanitation built in accordance with the state building code (RCW 35.21.686).

Transitional housing. A project that provides housing and supportive services to homeless persons or families for up to two years and that has as its purpose facilitating the movement of homeless persons and families into independent living.

Section 3. Chapter 14.16A LSMC, entitled “Administration and Procedures,” is hereby amended as follows (additions shown by underline, deletions shown by ~~strike through~~, and all other sections and subsections remain unchanged):

Table 14.16A-I: Classification of Permits and Decisions

Type of Review	Land Use Actions and Permits	Recommendation By	Public Hearing Prior to Decision	Permit-Issuing Authority	Administrative Appeal Body and Hearing
TYPE II Administrative with Public Notice	<ul style="list-style-type: none"> • Administrative Conditional Use (formerly Special Use) • Administrative Variance • Binding Site Plans • <u>Emergency Housing and Shelter Permit</u> • Final Plats (short subdivisions and subdivisions) • Major Land Disturbances • Planned Action Certification 	None	None	Planning Director or designee	Hearing Examiner, except shoreline permits to State Shoreline Hearings Board, and Open Record

Note: Changes to Table 14.16A-I are limited to the addition of “Emergency Housing and Shelter Permit” as a Type II land use permit. All other permit types/categories in Table 14.16A-I remain unchanged.

Section 4. Chapter 14.38 LSMC, entitled “Subarea Plans,” is hereby amended as follows (additions shown by underline, deletions shown by strikethrough, and all other sections and subsections remain unchanged):

14.38.020 Zoning Districts.

The following zoning districts implement the goals, policies and distribution of land uses set forth in the subarea plans:

(a) Business District (BD). The purpose of this district is to promote community and regional employment and accommodate land uses such as corporate offices, general offices, research and development, medical clinics, technology, and light manufacturing and assembly. Secondary uses include warehousing, storage and distribution associated with a principal use and small-scale retail and services that support the principal uses and objectives of the district. This district should be located in areas with direct access to highways and arterials in addition to transit facilities, adequate public services and traffic capacity.

(1) Principal Uses.

- (i) Educational services (colleges and/or technical schools);
- (ii) Finance and insurance;
- (iii) Health care services;
- (iv) Light manufacturing and assembly;
- (v) Management of companies and enterprises;
- (vi) Professional, scientific, and technical services; and
- (vii) Transit-oriented development (including transit facilities/stops).

(2) Secondary Uses.

- (i) Food services;
- (ii) Information services;
- (iii) Personal services;
- (iv) Retail trade;
- (v) Wholesale trade;
- (vi) Warehousing, storage and distribution;
- (vii) Small wireless facilities/towers and antennas 50 feet tall or less;
- (viii) Eligible facility modifications;
- (ix) Transitional housing and permanent supportive housing, as defined in Chapter 14.08; and
- (x) Emergency shelters and emergency housing, as defined in Chapter 14.08 and subject to the supplementary use criteria in LSMC 14.44.100.
- (xi) Co-Living Housing as defined in RCW 36.70A.535.

(b) Commercial District (CD). The purpose of this district is to accommodate the high-intensity retail needs of the community and regional market by attracting a mix of large to small format retail stores and restaurants to create a vibrant and unified regional shopping center. Transportation accessibility, exposure to highways and arterials with adequate public services and traffic capacity characterize this district.

(1) Principal Uses.

- (i) Accommodation services;
- (ii) Arts and entertainment;
- (iii) Food services;
- (iv) Retail trade; and
- (v) Transit-oriented development (including transit facilities/stops).

(2) Secondary Uses.

- (i) Amusement and recreation industries;
- (ii) Commercial parking structures/lots;
- (iii) Educational services (colleges and/or technical schools);
- (iv) Finance and insurance;
- (v) Health care services;
- (vi) Information services;
- (vii) Personal services;
- (viii) Professional, scientific, and technical services;
- (ix) Public administration;
- (x) Warehousing, storage and distribution;
- (xi) Small wireless facilities/towers and antennas 50 feet tall or less; and
- (xii) Eligible facility modifications.

(3) Residential Uses.

- (i) Mixed use multifamily residential units including apartments, condominiums, and live/work units, where the majority of residential units are located above commercial uses;
- (ii) Transitional housing and permanent supportive housing, as defined in Chapter 14.08; and
- (iii) Emergency shelters and emergency housing, as defined in Chapter 14.08 and subject to the supplementary use criteria in LSMC 14.44.100.
- (iv) Co-Living Housing as defined in RCW 36.70A.535.

(e) Central Business District (CBD). The purpose of this district is to provide pedestrian-oriented commercial uses that serve the community and region by attracting a variety of small to mid-sized businesses along with high-density residential uses in proximity to other retail and residential areas. Building design and pedestrian-oriented features would support an active and pleasant streetscape. This district should include enhanced sidewalks, public spaces and amenities for pedestrians and cyclists that emphasize pedestrian movement over vehicular movement.

(1) Principal Uses.

- (i) Amusement and recreation;
- (ii) Arts and entertainment;
- (iii) Food services;
- (iv) Hospitality and lodging;
- (v) Personal services; and
- (vi) Small to mid-size retail trade.

(2) Secondary Uses.

- (i) Commercial parking structures/lots;
- (ii) Finance and insurance;
- (iii) Health care services;
- (iv) Professional, scientific, and technical services;
- (v) Public administration;
- (vi) Small wireless facilities/towers and antennas 50 feet tall or less; and
- (vii) Eligible facility modifications.

(3) Residential Uses.

- (i) Mixed use multifamily residential units including apartments, condominiums, and live/work units, where the residential units are located above or behind commercial uses;
- (ii) Transitional housing and permanent supportive housing, as defined in Chapter 14.08; and
- (iii) Emergency shelters and emergency housing, as defined in Chapter 14.08 and subject to the supplementary use criteria in LSMC 14.44.100.
- (iv) Co-Living Housing as defined in RCW 36.70A.535.

Section 5. Chapter 14.40 LSMC, entitled “Permissible Uses,” is hereby amended as follows (additions shown by underline, deletions shown by strikethrough, and all other sections and subsections remain unchanged):

Table 14.40-I Table of Residential Uses by Zones

NAICS Code	Use	R4	WR	R6	R8-12	MFR	LB	MU ¹	PBD ²	BD	CBD	CD	LI	GI	P/SP
MISCELLANEOUS AND ACCESSORY USES															
N/A	Accessory dwelling units ⁶	P	P	P	P	P									
721310	Rooming Houses, boarding houses <u>Co-Living Housing</u>	<u>A</u> <u>P</u>	<u>A</u> <u>P</u>	<u>A</u> <u>P</u>	<u>A</u> <u>P</u>	P	<u>P</u>	P		<u>P</u>	<u>P</u>	<u>P</u>			
N/A	Mobile/manufactured home or apartment used exclusively for a night watchman and his/her family ⁷												A	A	
N/A	Short-Term Rentals ¹³	P	P	P	P	P		P							
N/A	In-home daycare ⁸	P	P	P	P	P		P	P						
N/A	Home occupations ⁸	P	P	P	P	P		P	P						
N/A	Farm animals ⁹														
N/A	Planned Residential Developments ¹⁰	P	P	P	P	P									
N/A	Recovery housing	P	P	P	P	P			P						
<u>N/A</u>	<u>Emergency Housing¹⁵</u>						<u>P</u>			<u>P</u>	<u>P</u>	<u>P</u>			
<u>N/A</u>	<u>Emergency Shelters¹⁵</u>						P			P	P	P			
<u>N/A</u>	<u>Permanent Supportive Housing</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>			<u>P</u>	<u>P</u>	<u>P</u>			
<u>N/A</u>	<u>Transitional Housing</u>	P	P	P	P	P	P			P	P	P			
N/A	Level I Healthcare facility	P	P	P	P	P		P							A
N/A	Level II Healthcare facility				C ¹⁴	C ¹⁴			P						A
N/A	Secure community transition facilities												C	C	
N/A	Group homes for licensed juvenile offenders	C	C	C	C	C	P	P							
N/A	Temporary encampments ¹¹	P	P	P	P	P	P	P							

15. Subject to supplementary use regulations in LSMC 14.44.100.

Section 6. Chapter 14.44 LSMC, entitled “Supplementary Use Regulations,” is hereby amended to include a new Section 14.44.100, with the new section shown as underline.

14.44.100. Emergency Housing and Emergency Shelters

(a) Purpose and Restrictions.

(1) The supplementary use regulations for emergency housing and emergency shelters, as defined in Chapter 14.08, are intended to provide clear and objective criteria to allow emergency housing while mitigating potential impacts to city residents, businesses, land uses and infrastructure.

(2) Restrictions.

(i) Applicants for emergency housing or emergency shelters shall obtain an emergency housing and shelter permit issued by the Department of Planning and Community Development.

(ii) Emergency housing and shelter permits are not transferable to another operator or location.

(b) Licensing and Registration.

(1) Emergency housing and emergency shelters are allowed in the zoning districts identified in Section 14.38.020 and Table 14.40-I LSMC.

(2) Emergency housing and emergency shelters require a Type II emergency housing and shelter permit application per Table 14.16A-I, applicable fees per the city’s fee resolution, and a Site Management Plan as detailed in subsection (c).

(3) A renewal application shall be required every two years following initial application approval. The renewal shall be subject to any fees established by the city’s fee resolution and shall document any changes to site operations from those described in the initial application.

(4) Any material changes to site operations evaluated in the Operations and Safety Plan detailed in subsection (c)(1)(ii) shall require a new application as opposed to a renewal application.

(c) Site Management Plan Required

(1) The applicant shall prepare a Site Management Plan that includes the following information:

(i) The name, phone number, email address and postal address providing valid current contact information for the site operator. Any changes to the name or telephone number(s) of contact(s) must be submitted to the Department of Planning and Community Development within 14 days of the change and upon license renewal;

(ii) An Operations and Safety Plan that details:

- a. The target population served by the use (individuals, families, minors, etc.)
- b. The background/screening process for site residents
- c. The maximum and anticipated average duration of stay for residents
- d. The maximum number of residents, including for individual rooms/units/suites
- e. Entry, site access and security controls, including any limitations on hours of ingress/egress for residents and staff
- f. Any Code of Conduct (or similar) required to be signed by residents
- g. The number of employees/volunteers serving the site
- h. Supportive services (medical, social, etc.) provided at the site

(iii) A parking analysis documenting the number of parking spaces needed to meet the project’s operational needs based on the number of residents and employees, anticipated vehicle ownership rate, average duration of stay and proximity to transit.

(d) Public Notice and Input

(1) Applicants for emergency housing or emergency shelters shall provide public notice to properties within 300 feet, as required for Type II land use applications and subject to the provisions of LSMC 14.16A.225.

(e) Health and Safety

(1) All uses shall provide fire extinguishers, smoke detectors, carbon monoxide detectors and clearly marked exits and meet all other State building code and fire code requirements.

(2) The city reserves the right to conduct inspections in response to health and safety complaints, subject to any fees identified in the current fees resolution.

(f) Nuisance Activity.

(1) It shall constitute a public nuisance to allow any operations or activities that result in violation of Chapter 9.56 LSMC, Noise Control, or allow other nuisance activities as described in Chapter 9.60 LSMC, Nuisance Activity, or other applicable sections of this code.

(2) All conditions which are determined by the Director or designee to be a nuisance activity shall be subject to enforcement pursuant to LSMC Title 17.

(f) Complaints and Enforcement.

(1) Complaints and enforcement are subject to the processes identified in Chapter 4.04 LSMC and LSMC Title 17 including any applicable fines and penalties.

(2) A new emergency housing and shelter permit will not be issued to the operator of a revoked emergency housing and shelter permit and business license until one year from the time of revocation has passed.

(3) Permits issued based on applications containing misrepresented or misleading information may be revoked.

Section 7. Chapter 14.72 LSMC, entitled “Parking,” is hereby amended as follows (additions shown by underline, deletions shown by strikethrough, and all other sections and subsections remain unchanged):

Table 14.72-I: TABLE OF PARKING REQUIREMENTS

Use	Parking Requirement
Rooming and Boarding Houses <u>Co-Living Housing</u>	1 space <u>0.25 spaces per sleeping unit. Sites within on-half mile of a major transit stop as defined in RCW 36.70A.535 are exempt from off-street parking requirements.</u>
<u>Emergency Housing and Emergency Shelters</u>	<u>Approval of a project-specific parking analysis is required as part of the required Site Management Plan, per LSMC 14.44.100(c).</u>
<u>Permanent Supportive Housing and Transitional Housing</u>	<u>Subject to the parking requirements for the associated residential building form/type, as listed in this chapter and defined in Chapter 14.08</u>

Section 8. Severability. If any section, clause, phrase, or term of this ordinance is held for any reason to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance, and the remaining portions shall be in full force and effect.

Section 9. Effective Date and Publication. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effect and be in full force five days after the date of publication.

PASSED by the City Council of the City of Lake Stevens this 2nd day of December 2025.

Brett Gailey, Mayor

ATTEST/AUTHENTICATION:

Kelly Chelin, City Clerk

APPROVED AS TO FORM:

Greg Rubstello, City Attorney

First and Final Reading: December 2, 2025

Published:

Effective Date:

David Levitan

From: Aken, Jeff (COM) <jeff.aken@commerce.wa.gov>
Sent: Monday, November 10, 2025 9:14 AM
To: David Levitan
Cc: Holman, Carol (COM); Vespier, Lilith (COM); Johnston, Hannah (COM)
Subject: Commerce Submittal 2025-S-9911 (STEP & Co-Living)
Attachments: Co-living CHECKLIST FINAL.docx

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi David,

I hope you are doing well, it's been a while since we've been in touch! I wanted to reach out with comments on your recent STEP & Co-Living submittal (2025-S-9911).

Supportive Housing:

- The spacing requirements in 14.44.100(b)(5) do not appear to be connected to a public health and safety need, as required by [RCW 35.21.683](#). We recommend removing these restrictions or documenting that they are needed for public health and safety, such as by reference to statute, relevant standards, substantive analysis, data, or other significant study.
- Additionally, it does not appear that the spacing requirements in (b) (5) and (6) were evaluated as part of the city's land capacity analysis and found to allow sufficient capacity of land to accommodate emergency housing needs. We recommend completing this analysis to validate that the proposed regulations allow for siting of sufficient emergency housing units, as required by [RCW 35.21.683](#).
- PSH and transitional housing are interpreted to be "affordable housing" ([WAC 365-196-867\(2\)\(a\)](#)). Draft parking regulations for PSH and transitional housing in Table 14.72-I differ from those imposed on other housing types. For consistency with [RCW 36.130.020](#), we recommend applying parking regulations on these housing types which are the same or less restrictive than for other housing developments.

Co-Living:

I attached the co-living checklist for your review to this email, a few things were not addressed in the submittal, so it wasn't clear to us if these were addressed elsewhere. We'd be happy to answer any questions you may have.

Jeff

Jeff Aken | SENIOR PLANNER
(He/Him) | [Why I share my pronouns](#)

CITY COUNCIL STAFF REPORT



Agenda Date: 12/2/2025

Subject: 2026 Annual Budget Ordinance No. 1205

Contact Person/Department: Barb Stevens, Finance

Budget Impact: 2026 Budget Appropriations

Legal Review: Yes

RECOMMENDATION(S)/ACTION REQUESTED:

ADOPT: Ordinance No. 1205 Setting Appropriations for the 2026 Budget

SUMMARY/BACKGROUND:

Budgeting is an essential element of the financial planning, control, and evaluation processes of governments. The planning process involves determining the types and levels of services to be provided and allocating available resources among various departments, programs, or functions. Financial control and evaluation processes typically focus upon assuring that fixed expenditure limitations (appropriations) are not exceeded and on comparing estimated and actual revenues.

Upon adoption, the expenditure estimates are enacted into law through the passage of an appropriations ordinance. The appropriations constitute maximum expenditure authorizations during the fiscal year, and cannot legally be exceeded unless subsequently amended by the legislative body. Expenditures should be monitored through the accounting system to assure budgetary compliance. Unexpended appropriations lapse at the year's end and may be brought forward as an amendment to the budget.

The City Council has conducted and closed three public hearings on the 2026 Proposed Annual Budget. Further discussion has been requested by the City Council prior to adopting ordinance 1205 setting appropriations for the 2026 calendar year. Additional information will be provided at the City Council meeting related to Street Fund appropriations.

The 2026 Proposed Annual Budget document is available on our website at: [Budget | Lake Stevens, WA - Official Website](http://www.lakestevenswa.gov) (www.lakestevenswa.gov) along with previously presented documents and an external link to the digital budget book that includes greater detail.

APPLICABLE CITY POLICIES:

In accordance with the Financial Management Policies, Budget Themes and Policies, and the Revised Code of Washington, the legislative body shall adopt the budget by ordinance. Per RCW 84.55.120 the legislative body will hold public hearings on the proposed budget for the coming year.

ATTACHMENTS:

1. 2026 Annual Budget - Ordinance No. 1205

CITY OF LAKE STEVENS
LAKE STEVENS, WASHINGTON

ORDINANCE NO. **1205**

AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF LAKE STEVENS,
WASHINGTON, FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2026

WHEREAS, the Mayor of the City of Lake Stevens, Washington completed and placed on file with the City Clerk a proposed budget and estimate of the amount of the moneys required to meet the public expenses including salaries and benefits of City employees, bond retirement and interest, reserve funds and expenses of government of said City for the fiscal year ending December 31, 2026, and a notice was published that the Council of said City would meet for the purpose of making a budget for said fiscal year and giving taxpayers within the limits of said City an opportunity to be heard upon said budget, and

WHEREAS, the said City Council did meet at said time and place and did then consider the matter of said proposed budget; and

WHEREAS, notices were published in the official newspaper of the City, that the Council of said City would meet on the 18th day of November and the 25th day of November, 2025, at the hour of 6:00 P.M., in the Sawyers Room, at the Mill building, 1808 Main Street, and via Zoom for the purpose of receiving public testimony in a public hearing as to the matter of said proposed budget; and

WHEREAS, the said City Council did meet at said dates, times, and place and did receive public testimony during a public hearing as to the matter of said proposed budget; and

WHEREAS, the said proposed budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Lake Stevens for the purposes set forth in said budget, and the estimated expenditures set forth in said budget being all necessary to carry on the government of said City for said year and being sufficient to meet the various needs of said City during said period.

NOW, THEREFORE, the City Council of the City of Lake Stevens do ordain as follows:

Section 1. The budget for the City of Lake Stevens, Washington, for the year 2026 is hereby adopted, the content which will be set forth in the document entitled City of Lake Stevens 2026 Annual Budget, 1 copy of which is on file in the Office of the Clerk.

Section 2. Totals for all such funds combined, for the year 2026 are set forth in summary form below, and are hereby appropriated for expenditure during the year 2026 as set forth below:

Fund #	Fund Name	Estimated Beg. Bal.	Resources	Expenditures	End. Bal.
001	General	\$19,318,440	\$24,896,346	\$31,103,157	\$13,111,629
101	Street	\$2,187,549	\$3,742,969	\$4,445,586	\$1,484,932
111	Drug Seizure & Forfeiture	\$59,988	\$2,260	\$51,000	\$11,248
112	Municipal Arts Fund	\$33,365	\$33,400	\$25,000	\$41,765
120	Transportation Benefit Fund	\$1,947,798	\$2,212,600	\$2,992,653	\$1,167,745
210	2008 Bonds	\$0	\$209,335	\$209,335	\$0
214	2019A LTGO Bond	\$0	\$460,702	\$460,702	\$0
215	2021A LTGO Bond - 17005	\$456	\$606,950	\$606,950	\$456
216	2024A LTGO Bond - City Campus	\$18,281	\$596,900	\$589,300	\$25,881
301	Cap. Proj.-Dev. Contrib.	\$4,353,886	\$806,000	\$303,000	\$4,856,886
302	Park Mitigation	\$2,493,705	\$3,719,352	\$4,261,892	\$1,951,165
303	REET 1	\$8,458,596	\$1,300,000	\$1,233,637	\$8,524,959
304	REET 2	\$4,879,483	\$1,684,000	\$6,198,776	\$364,707
306	Facility Capital Project	\$437,335	\$0	\$0	\$437,335
309	Sidewalk Capital Project	\$318,594	\$19,000	\$200,000	\$137,594
401	Sewer	\$61,419	\$1,348,936	\$1,340,436	\$69,919
410	Storm and Surface Water	\$1,784,127	\$5,670,649	\$6,765,744	\$689,032
411	Storm Water Capital	\$5,964,171	\$1,698,000	\$3,448,200	\$4,213,971
412	Storm Water Debt	\$0	\$290,177	\$290,177	\$0
501	Unemployment	\$7,737	\$40,950	\$35,000	\$13,687
510	Equipment Fund - Computers	\$179,284	\$862,700	\$962,441	\$79,543
515	Equipment Fund - Vehicles	\$111,944	\$0	\$0	\$111,944
520	Equipment Fund-Police	\$1,000,180	\$261,000	\$300,700	\$960,480
525	Equipment Fund - Parks	\$31,205	\$62,000	\$77,835	\$15,370
530	Equipment Fund-PW	\$610,210	\$188,500	\$191,342	\$607,368
633	Treasurer's Trust	\$34,642	\$405,100	\$406,161	\$33,581
	Total	\$54,292,395	\$51,117,826	\$66,499,024	\$38,911,197

Section 3. The City Clerk is directed to transmit a certified copy of the budget hereby adopted to the Division of Municipal Corporations in the Office of the State Auditor and to the Association of Washington Cities.

Section 4. A summary of this ordinance consisting of the title shall be published in the official City newspaper. This ordinance shall take effect and be in full force five (5) days after publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LAKE STEVENS this ____ day of _____, 2025.

Brett Gailey, Mayor

ATTEST:

Kelly Chelin, City Clerk

APPROVED AS TO FORM:

Greg Rubstello, City Attorney

First Reading: November 18, 2025
Second Reading: November 25, 2025
Final Reading:
Effective:

Ordinance No. 1205

2026 NON-REPRESENTED SALARY SCHEDULE - MONTHLY								
Job Classifications	Range	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
	8	\$ 4,400	\$ 4,576	\$ 4,759	\$ 4,949	\$ 5,147	\$ 5,353	\$ 5,567
	9	\$ 4,510	\$ 4,690	\$ 4,877	\$ 5,073	\$ 5,275	\$ 5,487	\$ 5,706
	10	\$ 4,622	\$ 4,807	\$ 4,999	\$ 5,199	\$ 5,407	\$ 5,624	\$ 5,849
	11	\$ 4,738	\$ 4,927	\$ 5,125	\$ 5,329	\$ 5,543	\$ 5,764	\$ 5,995
	12	\$ 4,856	\$ 5,050	\$ 5,252	\$ 5,463	\$ 5,681	\$ 5,908	\$ 6,145
Office Assistant	13	\$ 4,978	\$ 5,177	\$ 5,384	\$ 5,599	\$ 5,823	\$ 6,056	\$ 6,299
	14	\$ 5,102	\$ 5,306	\$ 5,519	\$ 5,739	\$ 5,969	\$ 6,208	\$ 6,456
	15	\$ 5,230	\$ 5,439	\$ 5,657	\$ 5,883	\$ 6,118	\$ 6,363	\$ 6,617
	16	\$ 5,360	\$ 5,575	\$ 5,798	\$ 6,030	\$ 6,271	\$ 6,522	\$ 6,783
	17	\$ 5,495	\$ 5,714	\$ 5,943	\$ 6,181	\$ 6,428	\$ 6,685	\$ 6,952
	18	\$ 5,632	\$ 5,857	\$ 6,091	\$ 6,335	\$ 6,588	\$ 6,852	\$ 7,126
	19	\$ 5,773	\$ 6,004	\$ 6,244	\$ 6,493	\$ 6,753	\$ 7,023	\$ 7,304
Permit Specialist	20	\$ 5,917	\$ 6,154	\$ 6,400	\$ 6,656	\$ 6,922	\$ 7,199	\$ 7,487
	21	\$ 6,065	\$ 6,307	\$ 6,560	\$ 6,822	\$ 7,095	\$ 7,379	\$ 7,674
Administrative Assistant	22	\$ 6,217	\$ 6,465	\$ 6,724	\$ 6,993	\$ 7,272	\$ 7,563	\$ 7,866
	23	\$ 6,372	\$ 6,627	\$ 6,892	\$ 7,168	\$ 7,454	\$ 7,752	\$ 8,062
Records Management Specialist	24	\$ 6,531	\$ 6,792	\$ 7,064	\$ 7,347	\$ 7,640	\$ 7,946	\$ 8,264
Recreation Specialist	25	\$ 6,694	\$ 6,962	\$ 7,241	\$ 7,530	\$ 7,831	\$ 8,145	\$ 8,471
Assistant Planner, Event & Marketing Specialist	26	\$ 6,862	\$ 7,136	\$ 7,422	\$ 7,718	\$ 8,027	\$ 8,348	\$ 8,682
Permit Specialist Lead, Surface Water Field Technician	27	\$ 7,033	\$ 7,315	\$ 7,607	\$ 7,911	\$ 8,228	\$ 8,557	\$ 8,899
HR Technician, Senior Administrative Assistant-Confidential, Grants & Communication Specialist	28	\$ 7,209	\$ 7,497	\$ 7,797	\$ 8,109	\$ 8,434	\$ 8,771	\$ 9,122
Accountant, Building Inspector I, Surface Water Specialist, Engineer Tech-Capital Projects Inspector, Deputy City Clerk, Code Enforcement Officer	29	\$ 7,389	\$ 7,685	\$ 7,992	\$ 8,312	\$ 8,644	\$ 8,990	\$ 9,350
IT Support Analyst, Revenue Development Specialist, Surface Water Coordinator	30	\$ 7,574	\$ 7,877	\$ 8,192	\$ 8,520	\$ 8,861	\$ 9,215	\$ 9,584
Associate Planner, Parks Planning & Development Coordinator	31	\$ 7,763	\$ 8,074	\$ 8,397	\$ 8,733	\$ 9,082	\$ 9,445	\$ 9,823
GIS Analyst, Building Inspector II	32	\$ 7,957	\$ 8,276	\$ 8,607	\$ 8,951	\$ 9,309	\$ 9,681	\$ 10,069
Safety & Training Coordinator, Applications/Data Analyst	33	\$ 8,156	\$ 8,483	\$ 8,822	\$ 9,175	\$ 9,542	\$ 9,923	\$ 10,320
Plans Examiner, Civil Plans Reviewer, Planner	34	\$ 8,360	\$ 8,695	\$ 9,043	\$ 9,404	\$ 9,780	\$ 10,172	\$ 10,579
	35	\$ 8,569	\$ 8,912	\$ 9,269	\$ 9,639	\$ 10,025	\$ 10,426	\$ 10,843
Senior Planner	36	\$ 8,784	\$ 9,135	\$ 9,500	\$ 9,880	\$ 10,276	\$ 10,687	\$ 11,114
	37	\$ 9,003	\$ 9,363	\$ 9,738	\$ 10,127	\$ 10,532	\$ 10,954	\$ 11,392
	40	\$ 7,106	\$ 7,390	\$ 7,685	\$ 7,993	\$ 8,313	\$ 8,645	\$ 8,991
	41	\$ 7,283	\$ 7,575	\$ 7,878	\$ 8,193	\$ 8,520	\$ 8,861	\$ 9,216
	42	\$ 7,465	\$ 7,764	\$ 8,074	\$ 8,397	\$ 8,733	\$ 9,083	\$ 9,446
	43	\$ 7,652	\$ 7,958	\$ 8,276	\$ 8,607	\$ 8,952	\$ 9,310	\$ 9,682
	44	\$ 7,843	\$ 8,157	\$ 8,483	\$ 8,823	\$ 9,175	\$ 9,543	\$ 9,924
	45	\$ 8,039	\$ 8,361	\$ 8,695	\$ 9,043	\$ 9,405	\$ 9,781	\$ 10,172
	46	\$ 8,240	\$ 8,570	\$ 8,913	\$ 9,269	\$ 9,640	\$ 10,026	\$ 10,427
Public Works Analyst	47	\$ 8,446	\$ 8,784	\$ 9,136	\$ 9,501	\$ 9,881	\$ 10,276	\$ 10,687
	48	\$ 8,657	\$ 9,004	\$ 9,364	\$ 9,738	\$ 10,128	\$ 10,533	\$ 10,954
Senior HR Specialist, IT Security Analyst, Civil Engineer, Traffic Engineer	49	\$ 8,874	\$ 9,229	\$ 9,598	\$ 9,982	\$ 10,381	\$ 10,796	\$ 11,228
Senior Finance Analyst	50	\$ 9,102	\$ 9,466	\$ 9,844	\$ 10,238	\$ 10,648	\$ 11,073	\$ 11,516
IT Systems Engineer, Principal Planner	51	\$ 9,329	\$ 9,702	\$ 10,090	\$ 10,494	\$ 10,914	\$ 11,350	\$ 11,804
	52	\$ 9,562	\$ 9,945	\$ 10,342	\$ 10,756	\$ 11,186	\$ 11,634	\$ 12,099
Building Supervisor	53	\$ 9,801	\$ 10,193	\$ 10,601	\$ 11,025	\$ 11,466	\$ 11,925	\$ 12,402

Capital Projects Manager	54	\$ 10,046	\$ 10,448	\$ 10,866	\$ 11,301	\$ 11,753	\$ 12,223	\$ 12,712
Senior Civil Engineer	55	\$ 10,297	\$ 10,709	\$ 11,138	\$ 11,583	\$ 12,046	\$ 12,528	\$ 13,029
Police Administrative Manager, Risk Manager, Municipal Services Manager/City Clerk, Environmental Programs Manager	56	\$ 10,555	\$ 10,977	\$ 11,416	\$ 11,873	\$ 12,348	\$ 12,842	\$ 13,355
PW Operations Manager, Building Official, Planning Manager, Human Resources Manager	57	\$ 10,819	\$ 11,251	\$ 11,701	\$ 12,169	\$ 12,656	\$ 13,163	\$ 13,689
	58	\$ 11,089	\$ 11,533	\$ 11,994	\$ 12,474	\$ 12,973	\$ 13,492	\$ 14,031
Finance Manager	59	\$ 11,366	\$ 11,821	\$ 12,294	\$ 12,786	\$ 13,297	\$ 13,829	\$ 14,382
	60	\$ 11,651	\$ 12,117	\$ 12,601	\$ 13,106	\$ 13,630	\$ 14,175	\$ 14,742
	61	\$ 11,942	\$ 12,420	\$ 12,916	\$ 13,433	\$ 13,970	\$ 14,529	\$ 15,110
	62	\$ 12,240	\$ 12,730	\$ 13,239	\$ 13,769	\$ 14,320	\$ 14,892	\$ 15,488
City Engineer	63	\$ 12,546	\$ 13,048	\$ 13,570	\$ 14,113	\$ 14,678	\$ 15,265	\$ 15,875
	64	\$ 12,860	\$ 13,375	\$ 13,910	\$ 14,466	\$ 15,045	\$ 15,646	\$ 16,272
	65	\$ 13,182	\$ 13,709	\$ 14,257	\$ 14,828	\$ 15,421	\$ 16,038	\$ 16,679
Police Commander	66	\$ 13,511	\$ 14,052	\$ 14,614	\$ 15,199	\$ 15,807	\$ 16,439	\$ 17,096
	67	\$ 13,849	\$ 14,403	\$ 14,979	\$ 15,578	\$ 16,201	\$ 16,849	\$ 17,523
	68	\$ 14,195	\$ 14,763	\$ 15,354	\$ 15,968	\$ 16,606	\$ 17,271	\$ 17,962
Deputy Police Chief	69	\$ 14,550	\$ 15,132	\$ 15,738	\$ 16,367	\$ 17,022	\$ 17,703	\$ 18,411
Directors (Community Development, Finance, HR, IT, Parks, PW)	70	\$ 14,914	\$ 15,511	\$ 16,131	\$ 16,776	\$ 17,447	\$ 18,145	\$ 18,871
	71	\$ 15,287	\$ 15,898	\$ 16,534	\$ 17,196	\$ 17,884	\$ 18,599	\$ 19,343
Police Chief	72	\$ 15,669	\$ 16,296	\$ 16,948	\$ 17,626	\$ 18,331	\$ 19,064	\$ 19,827
	73	\$ 16,061	\$ 16,703	\$ 17,371	\$ 18,066	\$ 18,789	\$ 19,541	\$ 20,322
	74	\$ 16,462	\$ 17,121	\$ 17,806	\$ 18,518	\$ 19,259	\$ 20,029	\$ 20,830
City Administrator	80				\$ 21,809			

CITY COUNCIL STAFF REPORT



Agenda Date: 12/2/2025

Subject: 2025 Budget Amendment No. 2 - Ordinance 1204

Contact Person/Department: Barb Stevens, Finance

Budget Impact: 2025 Budget

Legal Review: Yes

RECOMMENDATION(S)/ACTION REQUESTED:

REVIEW: Details of Ordinance No. 1204 Amending Budget Ordinance No. 1191 and 1198. This item will come back for Action/Consent Approval on December 9th.

SUMMARY/BACKGROUND:

Throughout the year, the City Council authorizes various purchase requests and agreements. At the time of authorization, the budget impact is presented to the Council as part of the information required in order for the Council to make an informed decision. The budget amendment follows to adjust the specific line items that will be affected by a purchase or contract award.

Proposed amendments are based on changes in estimates, or other obligations related to grants, previously approved projects or new requests.

The following tables summarize amendment 1204. Only funds with proposed amendments are included.

Summary of Ordinance 1204 - Amendment #2 to the 2025 Budget - CITYWIDE

Budget Action	Budgeted Beginning Balance	Budgeted Resources	Budgeted Expenditures	Budgeted Ending Balance
2025 Original Budget - 1191	\$57,944,349	\$55,456,617	\$72,044,412	\$41,356,554
Budget Amendment #1 - 1198	\$12,908,389	\$7,144,284	\$19,948,734	\$103,939
Budget Amendment #2 - 1204	\$0	\$1,255,254	\$1,395,088	(\$139,834)
Totals	\$70,852,738	\$63,856,155	\$93,388,234	\$41,320,659

Summary of Ordinance 1204 – Amendment #2 to 2025 Budget by FUND

Fund #	Fund Name	Change in Beginning Balance	Change in Resources	Change in Expenditures	Change in Ending Balance
001	General	\$0	\$212,108	(\$658,290)	\$870,398
101	Street	\$0	\$36,348	\$91,348	(\$55,000)
120	Transportation Benefit Fund	\$0	\$800,000	\$315,000	\$485,000
301	Cap. Proj.-Dev. Contrib.	\$0	\$0	\$20,653	(\$20,653)
302	Park Mitigation	\$0	\$0	\$721,852	(\$721,852)
303	REET 1	\$0	\$0	\$80,111	(\$80,111)
304	REET 2	\$0	\$0	\$299,000	(\$299,000)
306	Facility Capital Project	\$0	\$99,910	\$99,910	\$0
307	Infrastructure Capital Project	\$0	\$29,690	\$29,690	\$0
401	Sewer	\$0	\$8,000	\$8,000	\$0
410	Storm and Surface Water	\$0	\$11,752	\$11,752	\$0
501	Unemployment	\$0	\$0	\$20,000	(\$20,000)
515	Equipment Fund - Vehicles	\$0	\$0	\$9,083	(\$9,083)
520	Equipment Fund-Police	\$0	\$0	\$261,027	(\$261,027)
525	Equipment Fund - Parks	\$0	\$4,552	\$34,400	(\$29,848)
530	Equipment Fund-PW	\$0	\$52,894	\$51,552	\$1,342
	Total	\$0	\$1,255,254	\$1,395,088	(\$139,834)

General Operating and Managerial Funds – Combined for Budgeting and Reporting

Fund #	Fund Name	Beginning Balance	Change in Resources	Change in Expenditures	Change in Ending Balance
GF	General Operating	\$0	\$212,108	\$10,562	\$201,546
002	General Managerial Reserve	\$0	\$0	\$0	\$0
003	General Managerial Permit	\$0	\$0	\$0	\$0
004	General Managerial Pandemic Rec	\$0	\$0	(\$668,852)	\$668,852
005	General Managerial Comm Rentals	\$0	\$0	\$0	\$0
	Total General Funds	\$0	\$212,108	(\$658,290)	\$870,398

APPLICABLE CITY POLICIES:

In accordance with the Financial Management Policies, Budget Themes and Policies, and the Revised Code of Washington, changes in the adopted budget must be brought before the City Council.

ATTACHMENTS:

1. Ordinance 1204 - 2025 Budget Amendment No 2
2. 2025 Budget Amendment No 2 - Detail
3. 2025 Budget Amendment No 2 - Presentation

**CITY OF LAKE STEVENS
LAKE STEVENS, WASHINGTON
ORDINANCE NO. 1204**

AN ORDINANCE OF THE CITY OF LAKE STEVENS, WASHINGTON, AMENDING THE 2025 BUDGET AS SET FORTH IN ORDINANCE NO. 1191 AND AS AMENDED IN ORDINANCE NO. 1198 CONCERNING FUND BALANCES, REVENUES AND EXPENDITURES FOR VARIOUS FUND BALANCES FOR THE YEAR 2025; PROVIDING FOR SUMMARY PUBLICATION BY ORDINANCE TITLE, AND FOR AN EFFECTIVE DATE.

WHEREAS, the City of Lake Stevens adopted the 2025 budget pursuant to Ordinance No. 1191 and amended the budget in Ordinance 1198; and

WHEREAS, the City of Lake Stevens will receipt revenues and incur expenditures in categories and amounts other than anticipated in the adopted 2025 budget; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE STEVENS DO ORDAIN AS FOLLOWS:

SECTION 1. The 2025 budget, as adopted in Ordinance No. 1191 and as amended in Ordinance No. 1198, is hereby amended as follows:

<i>Fund</i>	<i>Description</i>	<i>Current Budget</i>	<i>Amended Budget</i>	<i>Amount of Inc/(Dec)</i>	<i>Exp/Rev</i>
001 - General	Revenues	\$23,564,273	\$23,776,381	\$212,108	Rev.
001 - General	Expenditures	\$35,007,949	\$34,349,659	(\$658,290)	Exp.
001 - General	Ending Fund Balance	\$12,217,064	\$13,087,462	\$870,398	EndBal.
101 - Street	Revenues	\$4,067,007	\$4,103,355	\$36,348	Rev.
101 - Street	Expenditures	\$4,515,761	\$4,607,109	\$91,348	Exp.
101 - Street	Ending Fund Balance	\$1,717,917	\$1,662,917	(\$55,000)	EndBal.
120 - Transportation Benefit	Revenues	\$1,612,179	\$2,412,179	\$800,000	Rev.
120 - Transportation Benefit	Expenditures	\$1,410,000	\$1,725,000	\$315,000	Exp.
120 - Transportation Benefit	Ending Fund Balance	\$1,673,364	\$2,158,364	\$485,000	EndBal.
301 - Cap. Proj - Dev. Contrib.	Expenditures	\$2,434,994	\$2,455,647	\$20,653	Exp.
301 - Cap. Proj - Dev. Contrib.	Ending Fund Balance	\$3,754,147	\$3,733,494	(\$20,653)	EndBal.
302 - Park Mitigation	Expenditures	\$5,942,278	\$6,664,130	\$721,852	Exp.
302 - Park Mitigation	Ending Fund Balance	\$952,697	\$230,845	(\$721,852)	EndBal.
303 - Cap. Imp. - REET I	Expenditures	\$1,159,162	\$1,239,273	\$80,111	Exp.
303 - Cap. Imp. - REET I	Ending Fund Balance	\$8,537,838	\$8,457,727	(\$80,111)	EndBal.
304 - Cap. Imp. - REET II	Expenditures	\$7,204,038	\$7,503,038	\$299,000	Exp.
304 - Cap. Imp. - REET II	Ending Fund Balance	\$4,214,792	\$3,915,792	(\$299,000)	EndBal.
306 - Facility Capital Project	Revenues	\$3,904,000	\$4,003,910	\$99,910	Rev.
306 - Facility Capital Project	Expenditures	\$7,091,122	\$7,191,032	\$99,910	Exp.
307 - Infrastructure Capital Project	Revenues	\$2,910,000	\$2,939,690	\$29,690	Rev.
307 - Infrastructure Capital Project	Expenditures	\$10,749,189	\$10,778,879	\$29,690	Exp.
401 - Sewer	Revenues	\$798,285	\$806,285	\$8,000	Rev.
401 - Sewer	Expenditures	\$839,739	\$847,739	\$8,000	Exp.
410 - Storm & Surface Water	Revenues	\$6,565,583	\$6,577,335	\$11,752	Rev.
410 - Storm & Surface Water	Expenditures	\$7,324,827	\$7,336,579	\$11,752	Exp.
501 - Unemployment Fund	Expenditures	\$30,000	\$50,000	\$20,000	Exp.

501 - Unemployment Fund	Ending Fund Balance	\$27,584	\$7,584	(\$20,000)	EndBal.
515 - Equip Fund - Vehicles CD	Expenditures	\$0	\$9,083	\$9,083	Exp.
515 - Equip Fund - Vehicles CD	Ending Fund Balance	\$125,094	\$116,011	(\$9,083)	EndBal.
520 - Equip Fund - Police	Expenditures	\$242,782	\$503,809	\$261,027	Exp.
520 - Equip Fund - Police	Ending Fund Balance	\$1,162,330	\$901,303	(\$261,027)	EndBal.
525 - Equip Fund - Parks	Revenues	\$139,000	\$143,552	\$4,552	Rev.
525 - Equip Fund - Parks	Expenditures	\$80,240	\$114,640	\$34,400	Exp.
525 - Equip Fund - Parks	Ending Fund Balance	\$58,760	\$28,912	(\$29,848)	EndBal.
530 - Equip Fund - PW	Revenues	\$190,259	\$243,153	\$52,894	Rev.
530 - Equip Fund - PW	Expenditures	\$332,000	\$383,552	\$51,552	Exp.
530 - Equip Fund - PW	Ending Fund Balance	\$580,423	\$581,765	\$1,342	EndBal.

SECTION 2. Except as set forth above, all other provisions of Ordinance 1191 and as amended in Ordinance No. 1198 shall remain in full force, unchanged.

SECTION 3. Effective Date and Publication. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effect and be in force five (5) days after the date of publication.

PASSED by the City Council of the City of Lake Stevens this 9th day of December, 2025.

Brett Gailey, Mayor

ATTEST/AUTHENTICATION:

Kelly Chelin, City Clerk

APPROVED AS TO FORM:

Greg Rubstello, City Attorney

Presented: December 2, 2025
Final Reading: December 9, 2025

Published:
Effective:

Budget Adjustments by "Project"

Project	Fund	Fund #	Revenue/Expenditure Account	Type	Total Amended	New Budget	Notes	N
Operations	Unemployment	501	Payments to Claimants	Exp	\$20,000	\$50,000	Prior Years' Contested Claims Due	Adj
Vehicle Leases	PW Equipment	530	Capital Lease Taxes & Fees	Exp	\$47,000	\$65,000	New Vehicle Leases - Upfront Capital Costs	Adj
Vehicle Leases	PK Equipment	525	PK - Cap Lease Fees	Exp	\$34,400	\$40,000	New Vehicle Leases - Upfront Capital Costs	Adj
Interest	General	001	GF - Transfer In	Rev	\$138,526	\$138,526	Interest Reallocation 2023-2024	Trx
Interest	LE Equipment	520	LE - Transfer Out	Exp	\$129,443	\$129,443	Interest Reallocation 2023-2024	Trx
Interest	CD Equipment	515	CD - Transfer Out	Exp	\$9,083	\$9,083	Interest Reallocation 2023-2024	Trx
Utilities	Sewer	401	Sewer District Reimbursement	Rev	\$8,000	\$11,500	Shared Utilities - Decant Facility	Adj
Utilities	Sewer	401	Sewer Dist Utilities	Exp	\$8,000	\$11,500	Shared Utilities - Decant Facility	Adj
Vehicles	General	001	LE-Capital Outlays Equipment	Exp	(\$22,182)	\$0	Vehicle Equipment - CSO	Adj
Vehicles	General	001	LE-Fixed Minor Equipment	Exp	(\$23,000)	\$53,725	Vehicle Equipment - New Officer	Adj
Vehicles	LE Equipment	520	Vehicles - Capital Equip	Exp	\$45,182	\$145,182	Vehicle Equipment	Adj
Surplus	PW Equipment	530	Transfer In - PW Equipment	Rev	\$52,894	\$52,894	Surplus Equipment Fund Correction	Trx
Surplus	LE Equipment	520	Transfer Out - Police Equipment	Exp	\$52,894	\$52,894	Surplus Equipment Fund Correction	Trx
Surplus	PK Equipment	525	Transfer In	Rev	\$4,552	\$88,552	Surplus Equipment Fund Correction	Trx
Surplus	PW Equipment	530	Transfer to PK Equip	Exp	\$4,552	\$88,552	Surplus Equipment Fund Correction	Trx
Insurance Recovery	General	001	GF - Insurance Recoveries	Rev	\$40,074	\$40,074	Insurance Claims Reimbursed	Adj
Insurance Recovery	General	001	CS - Museum - Operating	Exp	\$1,312	\$1,312	Grimm House Fence	Adj
Insurance Recovery	General	001	GG - Repair & Maintenance	Exp	\$4,990	\$4,990	Vehicle Damage	Adj
Insurance Recovery	General	001	LE - Repair & Maintenance	Exp	\$26,235	\$26,235	Vehicle Damage	Adj
Insurance Recovery	General	001	PK - R&M Vehicles	Exp	\$7,537	\$7,537	Vehicle Damage	Adj
Insurance Recovery	Street	101	ST - Insurance Recoveries	Rev	\$4,290	\$4,290	Insurance Claims Reimbursed	Adj
Insurance Recovery	Street	101	ST - Insurance Recoveries	Rev	\$32,058	\$32,058	Insurance Claims Reimbursed	Adj
Insurance Recovery	Street	101	ST - Professional Services	Exp	\$16,813	\$16,813	Fences	Adj
Insurance Recovery	Street	101	ST - Repair & Maintenance	Exp	\$19,159	\$19,159	Vehicle Damage	Adj
Insurance Recovery	Street	101	ST - Operating Costs	Exp	\$376	\$376	Vehicle Damage	Adj
Insurance Recovery	SWM	410	SWM - Insurance Recoveries	Rev	\$11,752	\$11,752	Insurance Claims Reimbursed	Adj
Insurance Recovery	SWM	410	SW - Operating Costs	Exp	\$375	\$375	Vehicle Damage	Adj
Insurance Recovery	SWM	410	SW - Repair & Maintenance	Exp	\$11,377	\$11,377	Vehicle Damage	Adj

Project	Fund	Fund #	Revenue/Expenditure Account	Type	Total Amended	New Budget	Notes	N
Grant	General	001	LE - Use of Force - Grant Exp	Exp	\$15,670	\$15,670	RF - Remaining Grant Funds	C
BWC Grant	LE Equipment	520	LE - Transfer Out	Exp	\$33,508	\$33,508	BWC Grant - Rev in Cap Fund Exp in GF	Trx
BWC Grant	General	001	GF - Transfer In	Rev	\$33,508	\$33,508	BWC Grant - Rev in Cap Fund Exp in GF	Trx
Municipal Campus	Facility Cap	306	Commerce Grant - MC	Rev	\$99,910	\$99,910	Municipal Campus Grant	Adj
Municipal Campus	Facility Cap	306	FC - Municipal Campus GG	Exp	\$99,910	\$4,099,910	Municipal Campus Grant	Adj
TBP05	TBP	120	Safe Routes to School Grant	Rev	\$800,000	\$800,000	TBP05 SRTS Grant - Remaining 2026	C
TBP05	TBP	120	TBP05: 91st - 20th to 12th	Exp	\$315,000	\$315,000	TBP05 SRTS Grant	C
Operations	Street	101	ST-Professional Service	Exp	\$55,000	\$114,035	Light Pole Repair Contract (9/23/25)	C
Sunset Beach	Park Mit	302	PM - Sunset Dock&Shoreline	Exp	\$53,000	\$53,000	Sunset Dock Abutment Repair (5/27/25)	C
Cameras	REET	303	Citywide Security Cameras	Exp	\$63,825	\$63,825	RF - Citywide Security Camera Program	C
Cavalero	REET	303	R1 - Park Capital	Exp	\$16,286	\$16,286	Cavelero Park - Title Costs (10/14/25)	C
PW Shop	REET	304	Facilities Capital - PW Roof	Exp	\$49,000	\$49,000	PW Shop Roof Replacement (7/15/25)	C
Capital	REET	304	Project Salaries	Exp	\$185,000	\$200,000	Salaries allocated to projects	Adj
Capital	REET	304	Project Benefits	Exp	\$65,000	\$70,000	Benefits allocated to projects	Adj
91st/24th	Infrastructure	307	Investment Interest	Rev	\$29,690	\$139,690	Reconciliation of revenues & costs	C
91st/24th	Infrastructure	307	Property Acquisition	Exp	\$13,980	\$13,980	Reconciliation of revenues & costs	C
91st/24th	Infrastructure	307	Project Construction Account	Exp	\$15,710	\$10,764,899	Reconciliation of revenues & costs	C
91st/24th	Traffic Impact	301	TZ3-17005	Exp	\$20,653	\$1,710,287	Reconciliation of revenues & costs	C
Reallocate CP	Pandemic Rec	004	PR - Eagle Ridge Park	Exp	(\$332,387)	\$0	Reallocate Funding Source	C
Reallocate CP	Park Mit	302	PM - Eagle Ridge	Exp	\$332,387	\$355,237	Reallocate Funding Source - 2026	C
Reallocate CP	Pandemic Rec	004	PR - Frontier Heights Park P2	Exp	(\$51,870)	\$8,130	Reallocate Funding Source	C
Reallocate CP	Park Mit	302	PM - Frontier Heights Capital	Exp	\$51,870	\$1,751,870	Reallocate Funding Source	C
Reallocate CP	Pandemic Rec	004	PR - LS Bayview Connector	Exp	(\$284,595)	\$133,828	Reallocate Funding Source	C
Reallocate CP	Park Mit	302	PM -LS Bayview Connector - PT	Exp	\$284,595	\$767,934	Reallocate Funding Source	C



One Community Around The Lake

2025 Budget Amendment #2

Ordinance 1204

BARB STEVENS – FINANCE

DECEMBER 2, 2025

Budget Amendment Changes –All Funds

Fund #	Fund Name	Change in Beginning Balance	Change in Resources	Change in Expenditures	Change in Ending Balance
001	General	\$0	\$212,108	(\$658,290)	\$870,398
101	Street	\$0	\$36,348	\$91,348	(\$55,000)
120	Transportation Benefit Fund	\$0	\$800,000	\$315,000	\$485,000
301	Cap. Proj.-Dev. Contrib.	\$0	\$0	\$20,653	(\$20,653)
302	Park Mitigation	\$0	\$0	\$721,852	(\$721,852)
303	REET 1	\$0	\$0	\$80,111	(\$80,111)
304	REET 2	\$0	\$0	\$299,000	(\$299,000)
306	Facility Capital Project	\$0	\$99,910	\$99,910	\$0
307	Infrastructure Capital Project	\$0	\$29,690	\$29,690	\$0
401	Sewer	\$0	\$8,000	\$8,000	\$0
410	Storm and Surface Water	\$0	\$11,752	\$11,752	\$0
501	Unemployment	\$0	\$0	\$20,000	(\$20,000)
515	Equipment Fund - Vehicles	\$0	\$0	\$9,083	(\$9,083)
520	Equipment Fund-Police	\$0	\$0	\$261,027	(\$261,027)
525	Equipment Fund - Parks	\$0	\$4,552	\$34,400	(\$29,848)
530	Equipment Fund-PW	\$0	\$52,894	\$51,552	\$1,342
	Total	\$0	\$1,255,254	\$1,395,088	(\$139,834)

Only the funds listed are included in the 2nd budget amendment.

Budget Amendment Changes – General Funds

Fund #	Fund Name	Change in Ending Balance
	Total General Funds	\$870,398
GF	General Operating	\$201,546
002	General Managerial Reserve	\$0
003	General Managerial Permit	\$0
004	General Managerial Pandemic Rec	\$668,852
005	General Managerial Comm Rentals	\$0

General operating and managerial funds are required to be combined for budgeting and reporting purposes. This table lists the managerial sub-funds separately to better explain the changes.

- General Operating Fund – Accounts for reallocation of interest earnings, insurance claim reimbursements, and grant revenues. Additionally, some budgeted vehicle expenses were reallocated to the Equipment funds.
- Pandemic Recovery Fund – Project expenses budgets were redistributed to capital project funds.

Budget Amendment Summary

Budget Action	Budgeted Beginning Balance	Budgeted Resources	Budgeted Expenditures	Budgeted Ending Balance
2025 Original Budget - 1191	\$57,944,349	\$55,456,617	\$72,044,412	\$41,356,554
Budget Amendment #1 - 1198	\$12,908,389	\$7,144,284	\$19,948,734	\$103,939
Budget Amendment #2 - 1204	\$0	\$1,255,254	\$1,395,088	(\$139,834)
Totals	\$70,852,738	\$63,856,155	\$93,388,234	\$41,320,659

Revenues

- Insurance claim reimbursements \$88,000
- Grant revenues \$933,000
- Interest reallocations and code corrections

Expenditures

- Capital & Operational projects previously authorized by Council
- Corresponding grant, insurance, interest reallocation, code corrections

Various Amendment Details

Project	Fund	Fund #	Revenue/Expenditure Account	Type	Total Amended	New Budget	Notes	N
Operations	Unemployment	501	Payments to Claimants	Exp	\$20,000	\$50,000	Prior Years' Contested Claims Due	Adj
Vehicle Leases	PW Equipment	530	Capital Lease Taxes & Fees	Exp	\$47,000	\$65,000	New Vehicle Leases - Upfront Capital Costs	Adj
Vehicle Leases	PK Equipment	525	PK - Cap Lease Fees	Exp	\$34,400	\$40,000	New Vehicle Leases - Upfront Capital Costs	Adj

- Project Column - groups amendments by project or function *(also color-coded)*
- Fund and Fund# Columns shows which fund(s) is being amended *(some projects have amendments in multiple funds)*
- Total Amended Column shows the change being proposed in this amendment
- Column “N” shows Adjustments (Adj), Roll-forwards (RF), Transfers between Funds (Trx), and Council Authorizations (C)
 - Adjustments are generally made to operating lines due to changes in cost estimates
 - Roll-forwards are the re-appropriation of remaining budgets for continuing projects
 - Council Authorizations are items and projects brought before Council for authorization with the understanding that an amendment would be brought at a later date

Grouped Operational Amendment Details

Project	Fund	Fund #	Revenue/Expenditure Account	Type	Total Amended	New Budget	Notes	N
Interest	General	001	GF - Transfer In	Rev	\$138,526	\$138,526	Interest Reallocation 2023-2024	Trx
Interest	LE Equipment	520	LE - Transfer Out	Exp	\$129,443	\$129,443	Interest Reallocation 2023-2024	Trx
Interest	CD Equipment	515	CD - Transfer Out	Exp	\$9,083	\$9,083	Interest Reallocation 2023-2024	Trx
Utilities	Sewer	401	Sewer District Reimbursement	Rev	\$8,000	\$11,500	Shared Utilities - Decant Facility	Adj
Utilities	Sewer	401	Sewer Dist Utilities	Exp	\$8,000	\$11,500	Shared Utilities - Decant Facility	Adj
Vehicles	General	001	LE-Capital Outlays Equipment	Exp	(\$22,182)	\$0	Vehicle Equipment - CSO	Adj
Vehicles	General	001	LE-Fixed Minor Equipment	Exp	(\$23,000)	\$53,725	Vehicle Equipment - New Officer	Adj
Vehicles	LE Equipment	520	Vehicles - Capital Equip	Exp	\$45,182	\$145,182	Vehicle Equipment	Adj
Surplus	PW Equipment	530	Transfer In - PW Equipment	Rev	\$52,894	\$52,894	Surplus Equipment Fund Correction	Trx
Surplus	LE Equipment	520	Transfer Out - Police Equipment	Exp	\$52,894	\$52,894	Surplus Equipment Fund Correction	Trx
Surplus	PK Equipment	525	Transfer In	Rev	\$4,552	\$88,552	Surplus Equipment Fund Correction	Trx
Surplus	PW Equipment	530	Transfer to PK Equip	Exp	\$4,552	\$88,552	Surplus Equipment Fund Correction	Trx

Project	Description
Interest	Reallocation of interest earnings from internal service funds to the general operating fund for 2023-2024
Utilities	Costs and reimbursement by the Sewer District for shared utilities at the Decant Facility
Vehicles	Reallocation of expense budget for vehicles approved with new positions from the general operating fund to the police equipment fund.
Surplus	Code corrections for revenues related to Park and PW surplus equipment receipted into the wrong fund in prior years.

Grouped Operational & Grant Related Amendment Details

Project	Fund	Fund #	Revenue/Expenditure Account	Type	Total Amended	New Budget	Notes	N
Insurance Recovery	General	001	GF - Insurance Recoveries	Rev	\$40,074	\$40,074	Insurance Claims Reimbursed	Adj
Insurance Recovery	General	001	GF - Claim Costs Reimbursed	Exp	\$40,074	\$40,074	Grimm House Fence & Vehicle Damage	Adj
Insurance Recovery	Street	101	ST - Insurance Recoveries	Rev	\$36,348	\$36,348	Insurance Claims Reimbursed	Adj
Insurance Recovery	Street	101	ST - Claim Costs Reimbursed	Exp	\$36,348	\$36,348	Fences & Vehicle Damage	Adj
Insurance Recovery	SWM	410	SWM - Insurance Recoveries	Rev	\$11,752	\$11,752	Insurance Claims Reimbursed	Adj
Insurance Recovery	SWM	410	SW - Claim Costs Reimbursed	Exp	\$11,752	\$11,752	Vehicle Damage	Adj
Grant	General	001	LE - Use of Force - Grant Exp	Exp	\$15,670	\$15,670	RF - Remaining Grant Funds	C
BWC Grant	LE Equipment	520	LE - Transfer Out	Exp	\$33,508	\$33,508	BWC Grant - Rev in Cap Fund Exp in GF	Trx
BWC Grant	General	001	GF - Transfer In	Rev	\$33,508	\$33,508	BWC Grant - Rev in Cap Fund Exp in GF	Trx
Municipal Campus	Facility Cap	306	Commerce Grant - MC	Rev	\$99,910	\$99,910	Municipal Campus Grant	Adj
Municipal Campus	Facility Cap	306	FC - Municipal Campus GG	Exp	\$99,910	\$4,099,910	Municipal Campus Grant	Adj
TBP05	TBP	120	Safe Routes to School Grant	Rev	\$800,000	\$800,000	TBP05 SRTS Grant - Remaining 2026	C
TBP05	TBP	120	TBP05: 91st - 20th to 12th	Exp	\$315,000	\$315,000	TBP05 SRTS Grant	C

Project	Description
Insurance Recovery	Expenses and revenues related to damages and insurance claims reimbursed <i>(Summarized by fund)</i>
Use of Force Grant	To account for the remaining grant funds for the Use of Force Grant
Body Worn Camera Grant	Costs and revenues related to body worn camera grant
Municipal Campus Grant	Costs and revenues related to the municipal campus facility grant
Safe Routes to School Grant	Costs and revenues related to the TBP05 project and grant reimbursements. The project and grant are multiyear. Remaining grant funds will be reappropriated into 2026.

Operational & Capital Amendment Details

Project	Fund	Fund #	Revenue/Expenditure Account	Type	Total Amended	New Budget	Notes	N
Operations	Street	101	ST-Professional Service	Exp	\$55,000	\$114,035	Light Pole Repair Contract (9/23/25)	C
Sunset Beach	Park Mit	302	PM - Sunset Dock&Shoreline	Exp	\$53,000	\$53,000	Sunset Dock Abutment Repair (5/27/25)	C
Cameras	REET	303	Citywide Security Cameras	Exp	\$63,825	\$63,825	RF - Citywide Security Camera Program	C
Cavalero	REET	303	R1 - Park Capital	Exp	\$16,286	\$16,286	Cavelero Park - Title Costs (10/14/25)	C
PW Shop	REET	304	Facilities Capital - PW Roof	Exp	\$49,000	\$49,000	PW Shop Roof Replacement (7/15/25)	C
Capital	REET	304	Project Salaries	Exp	\$185,000	\$200,000	Salaries allocated to projects	Adj
Capital	REET	304	Project Benefits	Exp	\$65,000	\$70,000	Benefits allocated to projects	Adj

Project	Description
Operations	Light pole repair authorized by Council 9/3/25
Sunset Beach	Sunset beach abutment repair authorized by Council 5/27/25
Cameras	Citywide security camera program roll forward from 2024 budget for additional parks
Cavalero	Title costs related to the transfer of Cavalero Park authorized by Council 10/14/25
PW Shop	Public Works shop roof replacements authorized by Council 7/25/25
Capital	Wage & Benefit allocations to capital projects budgeted in the REET 2 fund

Grouped Capital Amendment Details

Project	Fund	Fund #	Revenue/Expenditure Account	Type	Total Amended	New Budget	Notes	N
91st/24th	Infrastructure	307	Investment Interest	Rev	\$29,690	\$139,690	Reconciliation of revenues & costs	C
91st/24th	Infrastructure	307	Property Acquisition	Exp	\$13,980	\$13,980	Reconciliation of revenues & costs	C
91st/24th	Infrastructure	307	Project Construction Account	Exp	\$15,710	\$10,764,899	Reconciliation of revenues & costs	C
91st/24th	Traffic Impact	301	TZ3-17005	Exp	\$20,653	\$1,710,287	Reconciliation of revenues & costs	C
Reallocate CP	Pandemic Rec	004	PR - Eagle Ridge Park	Exp	(\$332,387)	\$0	Reallocate Funding Source	C
Reallocate CP	Park Mit	302	PM - Eagle Ridge	Exp	\$332,387	\$355,237	Reallocate Funding Source - 2026	C
Reallocate CP	Pandemic Rec	004	PR - Frontier Heights Park P2	Exp	(\$51,870)	\$8,130	Reallocate Funding Source	C
Reallocate CP	Park Mit	302	PM - Frontier Heights Capital	Exp	\$51,870	\$1,751,870	Reallocate Funding Source	C
Reallocate CP	Pandemic Rec	004	PR - LS Bayview Connector	Exp	(\$284,595)	\$133,828	Reallocate Funding Source	C
Reallocate CP	Park Mit	302	PM -LS Bayview Connector - PT	Exp	\$284,595	\$767,934	Reallocate Funding Source	C

Project	Description
91st/24th	To account for the reconciliation of revenues and costs including increased investment interest
Reallocate CP	Reallocation of funding sources for capital projects from the pandemic recovery fund to capital project funds.

Next Steps

- If no additional changes are needed, the budget amendment will be brought back for action on the consent agenda on December 9th.

CITY COUNCIL STAFF REPORT



Agenda Date: 12/2/2025

Subject: Ripperger Development Agreement Discussion

Contact Person/Department: David Levitan, Community Development

Budget Impact: N/A

Legal Review: Yes

RECOMMENDATION(S)/ACTION REQUESTED:

1. Provide feedback on the updated terms of the proposed development agreement (DA), which was originally discussed with the City Council on July 15.
2. Indicate whether the Council is prepared to schedule a public hearing for the DA on December 16.

SUMMARY/BACKGROUND:

At the City Council's [July 15, 2025 meeting](#), staff introduced a proposed development agreement (DA; LUA2025-0090) that would transfer a portion of development rights from six parcels along 99th Ave SE near 16th Pl SE totaling 9.1 acres ("KNA property") to a 2.84-acre parcel at 1622 S Lake Steven Rd ("SLR property"). Per that meeting's [staff report](#) and [presentation](#), the DA would allow for the development of the KNA property with 65 detached single-family residences (at a net density below the minimum 15 units/acre required in the current MFR zoning district) in exchange for rezoning the SLR property from R8-12 to MFR (contingent on approval of LUA2025-0089) and developing that site with a multifamily residential development with a minimum of 70 units. This would allow the city's zoned capacity to remain compliant with its adopted 2044 growth targets for MFR units - the assumed housing type for incomes at or below 80% of area median income (AMI) - which as detailed in the 2024 Comprehensive Plan's [land capacity analysis](#) (LCA; page A-33) required concurrent rezones to meet these growth targets, including for the KNA property (which was previously zoned R8-12).

During the July 15 meeting, staff noted that one of the main concerns (shared by several councilmembers) for the SLR property was the potential impacts of future development on the intersection of S Lake Stevens Rd and S Davies Rd. Traffic impact analyses (TIAs) for recent projects in the SE portion of the city, including for the Gamble subdivision (LUA2024-0184), have shown that the intersection is projected to operate at level of service (LOS) F during the PM peak hour. This means that potential gridlock conditions may exist during peak traffic times when factoring in projects that are currently in the development pipeline, and that improvements to the intersection are needed to address this deficiency and meet the concurrency requirements in [LSMC 14.110](#). Any projects that contribute to this deficiency are responsible for contributing a proportional share to mitigate the potential impacts.

The TIA for a previously approved 28 townhome unit development on the SLR property (LUA2023-0198) showed that approximately 25% of trips from the SLR site would head north on S Lake Stevens Rd through this intersection. Based on the Institute of Traffic Engineers (ITE) trip generation rate of 0.51 PM peak hour trips for a typical low-rise MFR development, a 70-unit MFR development may contribute approximately nine (9) PM peak hour trips to the intersection. While a more detailed TIA will be required at the project stage and the project will be required to demonstrate how it meets transportation concurrency, staff believes that the DA should address the issue and identify the applicant's preliminary obligations for meeting LSMC 14.110 before approving the transfer of density concept.

Staff has worked with City Attorney, the applicant and their attorney to revise the draft DA (Attachment 1), with track changes showing the revisions since Council's initial review. Changes include:

1. Clarifying that rezone applications will be required for both the SLR property (from MFR to R8-12) and the KNA property (from R8-12 to MFR) to allow the proposed density transfer.
2. Incorporating additional language related to transportation concurrency and determining the applicant's proportional share of potential improvements to the S Lake Stevens Rd/S Davies Rd intersection. The approach (primarily outlined in Section 4) includes survey, analysis and preliminary design work that the applicant would provide for the intersection, which would then be credited towards the applicant's proportional share of improvements as determined by the TIA for future development on the SLR property, which will be reviewed by the city's Public Works Department.
3. Noting that the rezone applications will need to demonstrate that the city will be able to continue to meet its 2044 growth targets for MFR units (as required by the GMA), the assumed housing type for households < 80% AMI.

The purpose of this meeting is to provide the City Council with an additional opportunity

to comment on the proposed DA. Per LSMC [Table 14.16A-I](#) and [14.16C.055](#), a DA is reviewed through a Type VI legislative review process and is subject to City Council review and approval, following a public hearing. No Planning Commission public hearing is required.

If the City Council is comfortable with the development concepts outlined in the DA, staff will continue to work with the City Attorney and applicants to further refine the DA language in advance of a proposed public hearing, which the applicant has requested occur on December 16. As mentioned above, future development of either site is contingent on the approval of the rezone applications for each property, which are Type IV land use applications with a public hearing and recommendation by the Hearing Examiner prior to a final decision by the City Council. Necessary improvements to the SLS/Davies intersection, as well as the applicant's proportional share, will be determined as part of the project-level review.

Under Chapters [36.70B.170](#) through [36.70B.210](#) of the Revised Code of Washington (RCW), DA's are designed to provide certainty to the city and the developer for major projects or phased proposals. Typical topics included in DA's include establishing development and design standards, permitted uses, impact fees, potential mitigation measures, phasing and vesting.

APPLICABLE CITY POLICIES:

LSMC 14.16C.055 Development Agreements

ATTACHMENTS:

1. Attachment 1 - Updated Draft Development Agreement

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (“Agreement”) is made by and between the City of Lake Stevens (“City”), a Washington municipal corporation, KNA Holdings, LLC, a Washington limited liability company (“KNA”), and South Lake Ridge, LLC, a Washington limited liability company (“SLR”) (each an “Owner” and collectively the “Owners”) and is effective upon the signature of all parties (“Effective Date”). The City and the Owners are collectively referred to as the “Parties” and each individually as a “Party.” All referenced Exhibits are hereby incorporated.

RECITALS

A. WHEREAS, KNA is the owner of certain real property within the City known as Assessor Parcel Numbers 29061900300100, 29061900302400, 29061900302600, 29061900302500, 29061900300200, and 29061900301500, the legal description of which is attached hereto as Exhibit A (the “KNA Property”); and

B. WHEREAS, SLR is the owner of certain real property within the City known as Assessor Parcel Number 00479700000500, the legal description of which is attached hereto as Exhibit B (the “SLR Property”) (individually a “Property” or collectively with the KNA Property the “Properties”); and

C. WHEREAS, KNA and SLR are developing their respective Properties, with the SLR Property having preliminary plat and civil plan approval for 28 townhomes, and KNA desiring to develop 65 single-family residences (subject to City approval) on the KNA Property; and

D. WHEREAS, the KNA Property is currently zoned Multi Family Residential (MFR) and the SLR Property is zoned R8-12 under the Lake Stevens Comprehensive Plan and related Zoning Code.

E. WHEREAS, in order to comply with the minimum density requirements of Lake Stevens Municipal Code (LSMC) Chapter 14.36, KNA and SLR desire to complete a rezone of each Property and effect a trade or transfer of density thereby, between the Properties; and

F. WHEREAS, the Lake Stevens Comprehensive Plan provides the policy foundation for such rezones, the decision criteria for which are found in LSMC 14.16C.090(g); and

G. WHEREAS, SLR future development will impact an intersection at S. Lake Stevens Road and S. Davies Road that is currently not meeting concurrency standards as established by the City of Lake Stevens. As part of the future development on the SLR Property, SLR agrees to complete the mitigation measures set forth herein, ~~which shall supplant any other mitigation that might be required under Lake Stevens Municipal Code, the State Environmental Policy Act, or other applicable law.~~

H. WHEREAS, methods for meeting traffic concurrency are established in LSMC 14.110.080, and SLR’s concurrency responsibilities are outlined in Section 4 of this agreement: ~~No other requirements will be required of SLR Property to meet concurrency;~~ and

I. WHEREAS, by executing this Agreement, the Parties intend to set forth common goals, mutual understandings, and binding terms and conditions as they relate to the proposed rezone, the development review process, and the future development of the Properties.

AGREEMENT

PURSUANT TO Lake Stevens Municipal Code 14.16C.055 and RCW 36.70B.170 et seq., and in consideration of, and subject to, the mutual promises, benefits, and obligations set forth herein, the City and the Owners hereby enter into this Development Agreement and agree to be bound by its terms, as follows.

1. **Property Governed by This Agreement.** The Property governed by this Agreement, exclusive of public rights-of-way existing as of the Effective Date, consists of the KNA Property and SLR Property, the parcel numbers and legal descriptions of which are set forth in Exhibit A and Exhibit B, respectively.

2. **Dawson SLR Rezoning Applications.** To give effect to this Agreement, the SLR Property will submit a rezoning application for the SLR Property pursuant to LSMC 14.16C.090; ~~Such application shall request rezoning of the SLR Property from R8-12 to MFR. The KNA Property will submit a rezoning application for the KNA Property pursuant to LSMC 14.16C.090; such application shall request rezoning of the KNA Property from MFR to R8-12. In addressing the decision criteria in LSMC 14.16C.090(g), each rezoning application shall demonstrate that the proposal will not negatively impact the city’s ability to meet its adopted 2044 growth targets at all income levels and associated housing types. Provided the rezoning applications are consistent with this Agreement, they shall be given all due consideration given the mutual promises, benefits, and obligations set forth herein. If either or both of the rezoning applications are denied, KNA and SLR may, in their sole discretion, terminate this Agreement effective immediately by recording notice of the same with reference to this provision.~~

3. **Transfer of Development Rights to SLR.** Pursuant to the rezoning application above, and together with this Agreement, the KNA Property hereby transfers the balance of its development rights under the MFR designation to the SLR Property.

3.1 **Calculation of Density Transfer.**

3.1.1 **KNA Property**

Existing: MFR *calculating density for MR zone property is calculated differently since no minimum lot size is required by the zone

Zoning District	Lot Size	Lot Width	Front Setback ³	Side Setback ¹⁰	Rear Setback	Maximum Impervious Area ⁷	Maximum Height
MFR	None	20 feet ⁵	Variable	10 feet between other districts or buildings on site	10 feet between other districts	80%	55 feet

Net Density: 400,659sf – (123,177sf x 0.25) = 300,495.25 sf (6.89ac)

Required Density: 6.89ac x 15 units per acre = 103.35 units or 103 units

Proposed Density: 65 SFR Units

Difference to be Transferred: 103– 65 = 38 units

3.1.2 **SLR Property**

Existing: R8-12

Net Density: 123,177sf – (123,177sf x 0.25) = 92,383 sf (2.12ac)

Allowable Density: 92,383sf / 4,000sf (Detached minimum lot size) = 23.09
or 23 units

Allowable Density: 92,383sf / 2,800sf (Attached minimum lot size) = 32.99
or 33 units

Proposed: Multi-Family Residential (MFR)

Net Density: 123,177sf – (123,177sf x 0.25) = 92,383 sf (2.12ac)

Allowable Density: 2.12ac x 15 units per acre = 31.8 units or 32 units

Proposed Density w/ Transfer: 70-72 units, depending on detached or
attached baseline

Dawson-SLR Increase in Density: 70 units – 32 units = **38 units**
72 units – 32 units = **40 units**

4. **Dawson-SLR Concurrency Requirement.** Consistent with LSMC Chapter 14.110 Concurrency Management Systems, RCW 82.02.020, and Chapter 43.21C RCW (SEPA), SLR's initial obligation contribution to mitigating the intersection of S. Lake Stevens Road and S. Davies Road shall be to survey the intersection, provide the City with an Intersection Control Evaluation (ICE Report), and prepare a Conceptual Phase and Geometric Layout of a roundabout as outlined below. ~~No further obligations shall be imposed on SLR or the SLR Property with regard to traffic mitigation at the intersection of S. Lake Stevens Road and S. Davies Road other than those requirements mentioned in this Agreement.~~

4.1 **Survey**

4.1.1 Survey the intersection of S. Lake Stevens Road and S. Davies Road, including the two driveway approaches east of the intersection.

4.1.2 Survey south of the intersection to the southern boundary of the SLR Property.

4.1.3 Survey both S. Lake Stevens Road and S. Davies Road north of the intersection to a distance of 300-feet.

4.2 **Intersection Control Evaluation (ICE)**

4.2.1 Collect AM and PM peak-hour volumes to confirm existing traffic volumes.

4.2.2 Calculate 2044 future traffic volumes for the intersection of S. Lake Stevens Road and S. Davies Road to include a growth rate and/or pipeline data.

4.2.3 Evaluate intersection control alternatives, to include all-way stop-control, signalization, and roundabout control.

4.2.4 Crash analysis for latest 5-year period and/or discussion of Crash Modification Factors (CMF) for control alternatives.

4.2.5 Provide report based on a modified Washington State Department of Transportation (WSDOT) ICE methodology.

4.3 **Conceptual Phase of Geometric Layout of Roundabout**

4.3.1 SLR will prepare a two-dimensional concept geometric layout for the intersection of S. Lake Stevens Road at S. Davies Road. This concept geometric layout will include:

4.3.1.1 Single lane for all traffic movements

4.3.1.2 Turning movements

- 40-foot bus – All movements
- Emergency vehicle – All movements

4.3.1.3 Fast Path Calculations

4.3.1.4 Design will look at preserving existing sidewalks to the amount reasonably feasible

4.3.1.5 Two (2) online meetings with City representatives (if desired by either party)

- ❖ This concept geometric layout will not include: any vertical considerations, drainage impacts or design, or opinion of probable cost.

5. **Subsequent Development.** Presuming that the rezone applications are approved, subsequent development applications shall be governed by this Agreement. The financial cost of the survey and analysis identified in Section 4 (based on a scope of work and fee estimate agreed upon between the City and SLR) shall be credited towards the proportional share of necessary design and improvements to the intersection of S Lake Stevens Rd and S Davies Rd associated with future development of the SLR property, as determined by the final design and cost estimate of the intersection improvements and the project-level traffic impact analysis (including trip generation and distribution) for the SLR property. Should the SLR property owner's costs for tasks identified in Section 4 exceed their determined proportional share of intersection design and improvements, the difference shall be reflected in traffic impact fee (TIF) credits.

6. **SEPA Analysis.** Both the KNA and SLR properties are located within the boundaries of the 20th St SE Corridor subarea, for which a Planned Action Ordinance (PAO) was adopted in 2012. The PAO is approaching its maximum thresholds for residential units, so either or both properties may be subject to project-level SEPA review.

~~6.7.~~ **Vested Rights.** Pursuant to RCW 36.70B.170–.180, the development and/or use of the Properties, including without limitation any preliminary plat application(s), shall be governed by the MMC development regulations in effect on the Effective Date, excluding any currently vested applications for the Properties. The vesting provisions of this section shall govern any fully complete development applications for a Property submitted to the City prior to the expiration of the Term of this Agreement. Provided further, should the City adopt new development regulations (whether requested by the Owners or not) that amend, replace, supplement, or otherwise modify the regulations to which the Property is vested under this Agreement, the Owners may request the City to apply some or all such new regulations to the Property. Any decision to approve such request shall require an amendment of this Agreement executed by all Parties, which may be done administratively by the City.

~~7.8.~~ **Regulatory Authority Reserved.** Except to the extent expressly provided in this Agreement, nothing herein shall be construed as waiving, limiting or otherwise abridging the City's regulatory power and/or the legislative discretion of the City Council, which are hereby expressly reserved in full. Without limitation of the foregoing, it is expressed understood and

acknowledged by the Parties that any project permit application, as defined by Chapter 36.70B RCW, to develop any portion of the Property may be approved, denied, and/or conditioned by the City in the ordinary course.

8.9. Term. The Term of this Agreement (“**Term**”) shall be ten (10) years, measured from the Effective Date.

9.10. Transfer of Ownership. In the event of transfer of ownership of all or any portion of the Property, the benefits accruing to, and the obligations placed upon the Owners, and each of them, under this Agreement shall run with the land and title to the Property and inure to the benefit of, and be binding upon, each person having any right or title or other legal interest in the Property with respect to that party’s interest in the Property. This Agreement shall be deemed to create privity of contract and estate with and among all persons and entities acquiring any interest in the Property subsequent to the date hereof.

10.11. Equal Opportunity to Participate in Drafting. The Parties have participated and had an equal opportunity to participate in the drafting of this Agreement. No ambiguity shall be construed against any Party based upon a claim that such Party drafted the ambiguous language. There shall be no presumption against the drafting party of any provision herein. The terms of this Agreement shall be interpreted subject to the laws of contract in the State of Washington.

11.12. Full Understanding – Construction. The Parties each acknowledge, represent and agree that they have read this Agreement, that they fully understand the terms thereof; that they have had the opportunity to be fully advised by their legal counsel and any other advisors with respect thereto; and that they are executing this Agreement after sufficient review and understanding of its contents.

12.13. Dispute Resolution. In the event of any disagreement or dispute as to interpretation or application of any terms or conditions of this Agreement, designated officials with authority to resolve the matter from the Owners, or Owner, as applicable, and City shall meet in person or by virtual means within ten (10) business days after request from either Party for the purpose of attempting, in good faith, to resolve the disagreement or dispute. The meeting may, by mutual agreement be continued to a further date certain in order to include any other necessary agencies with authority over the dispute or disagreement, to obtain additional information, or to engage the services of an agreed-upon mediator, the cost of which shall be borne equally by the City and Owner(s). In the event this dispute resolution is unsuccessful, either Party may proceed with an action in law or equity brought before the Superior Court of the State of Washington, Snohomish County. Provided, that the foregoing provisions of this section shall not apply to, or otherwise be construed as limiting or abridging, the City’s code enforcement and/or nuisance abatement authority as set forth at Chapter 1.04 MMC and Chapter 6.04 MMC, respectively.

13.14. Specific Performance. During the Term of this Agreement as provided for in Section 5, above, the Parties specifically agree that damages are not an adequate or appropriate remedy for breach of this Agreement, and that no Party shall be entitled to an award of damages or any other monetary compensation whatsoever in any action for breach or default hereunder. The Parties shall instead be entitled to specific performance of all terms of this Agreement by any Party in default hereof. No Party shall be in default under this Agreement unless it has failed to perform following written notice of default from the other Party or Parties, as applicable. Notice

of default shall allow the defaulting Party thirty (30) days to cure or commence cure where thirty (30) days is insufficient for a complete cure. Each notice of default shall specify the nature of the alleged fault and the manner in which the default may be cured satisfactorily. A Party not in default under this Agreement shall have all applicable rights and remedies provided by law or equity unless otherwise provided herein. Notwithstanding the provisions of this section, the City may in its discretion and without limitation exercise its rights to pursue code enforcement pursuant to Chapter 1.04 MMC, nuisance abatement authority pursuant to Chapter 6.04 MMC, issuance of stop work orders, and/or injunctions at any time in the ordinary course. Nothing herein will operate to prevent any Party from taking legal action regarding noncompliance that threatens public health, safety or welfare prior to the expiration of the thirty (30) day cure period following notice of default. No such action or proceeding will operate to automatically terminate this Agreement, nor shall it release either Party from any promise or obligation herein nor shall it release any Party from any liability or obligation with respect to any breach of this Agreement occurring prior to the commencement of any legal action by a Party.

14.15. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Washington, notwithstanding any conflicts of law provisions. Venue will be in Snohomish County.

15.16. Notices. All notices and other communications required or otherwise provided for by this Agreement shall be in writing and shall be given to the following persons:

CITY OF LAKE STEVENS

Attention:

And to its Attorney:

City of Lake Stevens City Attorney

Attn: _____

KNA Holdings, LLC

South Lake Ridge, LLC

Attention:

Tim Kaintz, Member/Partner

Patrick McCourt, Member/Partner

10515 20th ST SE, Ste 202

Lake Stevens, WA 98258

And to its Attorney:

Dean Williams

Gordon Thomas Honeywell, LLP

1201 Pacific Avenue, Suite 2100

Tacoma, WA 98402

DWilliams@gth-law.com

The Parties may, from time-to-time, notify each other in writing of changes in the names and addresses of persons to receive notices and communications and such changes shall become effective upon receipt by the non-notifying Party. Notices shall be deemed received within three days after being placed in the United States Mail, properly addressed and postage prepaid, or upon personal delivery.

16.17. Attorneys' Fees. If either Party institutes litigation against another Party to enforce any provision of this Agreement or to redress any breach thereof, the substantially prevailing Party shall be entitled to recover its costs and reasonable attorneys' fees incurred in such litigation.

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

18.19. Counterparts. This Agreement may be executed in counterparts, with each Party sending a pdf of its signature to the other Parties via email transmission. This Agreement, when fully executed and signature pages exchanged as provided herein shall be effective as the original document.

19.20. Integration; Future Agreements. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof. Nothing herein shall restrict the City and the Owners from agreeing to amend this Agreement or enter into one or more additional Agreements relating to the Property provided that this Agreement supersedes and replaces all prior agreements, discussions and representation on all subjects relating to the development of the Property. Neither Party is entering into this Agreement in reliance on any oral or written promises, inducements, representations, understandings, interpretations or agreements other than those contained in this Agreement and the exhibits hereto.

21. Voluntary Commitments; Waiver. The Owners expressly acknowledge that the dedication and conveyance of the Park and the Additional Dedication Parcel and any improvements associated therewith pursuant to Section 5 of this Agreement are provided by the Owners freely and voluntarily. Without limitation of the foregoing, the Owners, and each of them, expressly waive as against and release the City, its officials and employees from any and all claims, suits and causes of action (collectively, "Claims") related to such dedication and conveyance, specifically including any Claims alleging liability for unconstitutional takings, substantive due process, procedural due process, and/or violations of Chapter 82.02 RCW.

22. Relationship of the Parties. Nothing contained in this Agreement shall be deemed or construed, either by the Parties hereto or by any third-party, to create the relationship of principal and agent or to create any partnership, joint venture, or other association between the parties.

23. No Third-Party Beneficiary. This Agreement is intended for the exclusive benefit of the signatory Parties hereto and their designated successors and assigns, and may only be enforced by the same. However, in the event Owners transfer property to a third party, Owners shall notify the City of said transfer and the City shall not object thereto absent good cause. Any transferee of ownership shall have the equivalent rights as Owners under this Agreement.

24. Recording. Within five (5) days of mutual execution by the Parties, this Agreement shall be recorded against the title of the Property by and at the expense of the Owners.

25. Waiver. The failure to enforce any particular provision of this Agreement on any particular occasion shall not be deemed a waiver by any Party of its rights hereunder, nor shall it be deemed to be a waiver of subsequent or continuing breaches of that provision, unless such waiver be expressed in a writing signed by the Party to be bound.

26. Cost Recovery. Pursuant to the City's adopted Fee Resolution, the Owners shall remit payment to the City in the total amount of _____ (\$____) to defray the City's expenses in the review, negotiation, and drafting of the Agreement. Such payment shall be invoiced and remitted prior to the City's execution hereof.

27. Signatory Authority. Each Party represents and warrants to the other Parties that the individuals signing below have full power, authority and legal right to execute and deliver this Agreement and thereby to legally bind the Party on whose behalf such person signed.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the last date below.

CITY OF LAKE STEVENS

By: _____

Its: Mayor

APPROVED AS TO FORM:

_____, City Attorney

Attest:

_____, City Clerk

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Mayor of the CITY OF LAKE STEVENS, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

Printed: _____
NOTARY PUBLIC in and for Washington
Residing at: _____
My appointment expires: _____

SIGNATURES CONTINUE ON FOLLOWING PAGE

SIGNATURES CONTINUED FROM PREVIOUS PAGE

KNA HOLDINGS, LLC, a State of Washington limited liability company

By: _____
Tim Kaintz, Its Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that TIM KAIN TZ is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of KNA HOLDINGS, LLC, a State of Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

Printed: _____
NOTARY PUBLIC in and for State of Washington
My commission expires: _____

SOUTH LAKE RIDGE, LLC, a State of Washington limited liability company

By: _____
Patrick McCourt, Its Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that PATRICK MCCOURT is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of South Lake Ridge, LLC, a State of Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

Printed: _____
NOTARY PUBLIC in and for State of Washington
My commission expires: _____

EXHIBIT A

Legal Description

PARCEL A:

LOT 1, SNOHOMISH COUNTY SHORT PLAT NO. SP-196- (6-81) RECORDED UNDER AUDITOR'S FILE NO. 8208120164 IN THE RECORDS OF SNOHOMISH COUNTY BEING A PORTION OF GOVERNMENT LOT 4, SECTION 19, TOWNSHIP 29 NORTH, RANGE 6 EAST WM

SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON

PARCEL B:

LOT 2, SNOHOMISH COUNTY SHORT PLAT NO. SP-196- (6-81) RECORDED UNDER AUDITOR'S FILE NO. 8208120164 IN THE RECORDS OF SNOHOMISH COUNTY BEING A PORTION OF GOVERNMENT LOT 4, SECTION 19, TOWNSHIP 29 NORTH, RANGE 6 EAST WM

SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON

PARCEL C:

LOT 3, SNOHOMISH COUNTY SHORT PLAT NO. SP-196- (6-81) RECORDED UNDER AUDITOR'S FILE NO. 8208120164 IN THE RECORDS OF SNOHOMISH COUNTY BEING A PORTION OF GOVERNMENT LOT 4, SECTION 19, TOWNSHIP 29 NORTH, RANGE 6 EAST WM

SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON

PARCEL D:

LOT 4, SNOHOMISH COUNTY SHORT PLAT NO. SP-196- (6-81) RECORDED UNDER AUDITOR'S FILE NO. 8208120164 IN THE RECORDS OF SNOHOMISH COUNTY BEING A PORTION OF GOVERNMENT LOT 4, SECTION 19, TOWNSHIP 29 NORTH, RANGE 6 EAST WM

SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON

PARCEL E:

THE NORTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF GOVERNMENT LOT 4, SECTION 19, TOWNSHIP 29, NORTH, RANGE 6 EAST, W.M., IN SNOHOMISH COUNTY, WASHINGTON; EXCEPT THE WEST 30 FEET THEREOF CONVEYED TO SNOHOMISH COUNTY BY INSTRUMENT RECORDED UNDER RECORDING NO. 176514.

SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

PARCEL F:

THE SOUTH HALF OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF GOVERNMENT LOT 4, SECTION 19, TOWNSHIP 29, NORTH, RANGE 6 EAST, W.M., IN SNOHOMISH COUNTY, WASHINGTON; EXCEPT THE WEST 175 FEET THEREOF.

SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

EXHIBIT B

Legal Description

THE SOUTH 167 FEET OF LOT 5, IDEAL GARDEN TRACTS, AS PER PLAT RECORDED IN VOLUME 7 OF PLATS, PAGE 33, RECORDS OF SNOHOMISH COUNTY, WASHINGTON;

EXCEPT ANY PORTION THEREOF LYING WITHIN THE NORTH 165 FEET OF THE EAST 132 FEET OF SAID LOT 5;

SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.