

CITY OF MARYSVILLE AGENDA BILL

EXECUTIVE SUMMARY FOR ACTION

CITY COUNCIL MEETING DATE: January 27, 2020

AGENDA ITEM:	
Targeted Urban Area Tax Exemption Agreement between the City of Marysville and WEB Industries, Inc.	
PREPARED BY:	DIRECTOR APPROVAL:
Chris Holland, Planning Manager	
DEPARTMENT:	
Community Development	
ATTACHMENTS:	
1. MMC Chapter 3.104 <i>Industrial/Manufacturing Property Tax Exemption</i> 2. Chapter 84.25 RCW <i>Targeted Urban Areas - Exemption</i> 3. Targeted Urban Area Tax Exemption Agreement	
BUDGET CODE:	AMOUNT:
SUMMARY:	

WEB Industries, Inc., submitted a *Property Tax Exemption Application For Industrial/Manufacturing Uses* in accordance with MMC 3.104 and Chapter 84.25 RCW. In order to qualify for the property tax exemption, the new business must create a minimum of twenty-five (25) new full time jobs, paying at least \$18.00 an hour. The building improvements must be a minimum of 10,000 SF or larger and a minimum improvement value of \$800,000, and the use must be one which is a Standard Industrial Classification (SIC) Division D Manufacturing use as defined by the US Department of Labor.

Based on a review of the property tax exemption application, WEB Industries, Inc., will create thirty-eight (38) new full time jobs, with wages greater than \$18.00 an hour. The building is proposed to be 106,833 SF with an improvement value for the manufacturing portion estimated at \$18,000,000. WEB Industries, Inc. is Classified within SIC Division D: *Manufacturing*, Major Group 37: *Transportation*, Industry Group 372: *Aircraft and Parts*. Therefore, WEB Industries, Inc., qualifies for the property tax exemption outlined in MMC Chapter 3.104 and Chapter 84.25 RCW.

RECOMMENDED ACTION: Staff recommend Council consider approving the Targeted Urban Area Tax Exemption Agreement between the City of Marysville and Web Industries, Inc.
RECOMMENDED MOTION: I move to authorize the Mayor to sign the Targeted Urban Area Tax Exemption Agreement between the City of Marysville and Web Industries, Inc.

Chapter 3.104 INDUSTRIAL/MANUFACTURING PROPERTY TAX EXEMPTION

Sections:

3.104.010 Findings.

3.104.020 Adoption by reference.

3.104.030 Definitions.

3.104.040 Application and fees.

3.104.050 Certificate of tax exemption, approval, denial, termination, and appeal.

3.104.010 Findings.

There are insufficient family living wage jobs, as those jobs are defined by RCW 84.25.030, for Marysville's wage earning population. It is the purpose of this chapter to encourage new manufacturing and industrial uses on undeveloped and underutilized lands zoned for industrial and manufacturing uses in the area identified in this chapter. (Ord. 3020 § 2 (Exh. A), 2016).

3.104.020 Adoption by reference.

Chapter 84.25 RCW as currently enacted or subsequently amended is hereby adopted by reference. (Ord. 3020 § 2 (Exh. A), 2016).

3.104.030 Definitions.

The following definitions shall apply to this chapter:

"Authorized representative" or "duly authorized representative" means the director of the community development department or his or her designee.

“City” means the city of Marysville. (Ord. 3020 § 2 (Exh. A), 2016).

3.104.040 Application and fees.

An owner of property seeking a tax exemption under this chapter shall submit an application to the director of community development prior to the application for any building permit for the project. The application shall be on a form established by the director, along with the required fees. The initial application fees to the city shall be \$500.00 plus any amount required by the county assessor in administering this chapter. If the application is approved, the city shall pay the application fee to the county assessor for deposit in the county current expense fund, after first deducting that portion of the fee attributable to the city's administrative costs in processing the application. If the application shall result in a denial by the city, the city shall retain that portion of the fee attributable to its own administrative costs and refund the balance to the applicant. (Ord. 3020 § 2 (Exh. A), 2016).

3.104.050 Certificate of tax exemption, approval, denial, termination, and appeal.

(1) The director of community development or his or her designee shall make the determination whether a holder of a conditional acceptance of tax exemption qualifies for a certificate of tax exemption upon the completion of the new construction of a manufacturing/industrial facility and a certificate of occupancy issued. The director shall also review each certificate of tax exemption annually for compliance with this chapter.

(2) If the director determines that the property is not qualified for an exemption under this chapter or that it no longer meets the criteria of this chapter for eligibility for a tax exemption, he or she shall notify the owner of the property, as shown in the assessor's records, of the determination to deny or terminate the tax exemption. The notification shall be by certified mail, return receipt requested, and by regular first class mail. A recognized courier service may be substituted for first class mail. A copy shall also be sent to the Snohomish County assessor.

(3) The owner may appeal the determination by filing a written notice of appeal specifying the factual and legal basis on which the determination of termination is

alleged to be erroneous. Such appeal must be served on the city clerk within 30 days of the date the notice was placed in the mail.

(4) The chief administrative officer of the city shall hold a hearing within 30 days of the notice of appeal. The parties may be heard at the hearing and the chief administrative officer may use the procedures set forth in Chapter 34.05 RCW to control the conduct of the hearing and admission of evidence.

(5) The chief administrative officer shall issue a decision affirming, modifying, or repealing the determination of termination based on the evidence admitted at the hearing. A copy of the decision shall be served on the owner within 30 days of the hearing by certified mail, return receipt requested, and by regular first class mail. A recognized courier service may be substituted for first class mail. A copy shall also be sent to the Snohomish County assessor.

(6) An aggrieved party may appeal the decision of the chief administrative officer to the superior court as provided in RCW 34.05.510 through 34.05.598. (Ord. 3020 § 2 (Exh. A), 2016).

Chapter Listing

Chapter 84.25 RCW

TARGETED URBAN AREAS—EXEMPTION

Sections

- 84.25.010** Findings.
- 84.25.020** Purpose.
- 84.25.030** Definitions.
- 84.25.040** Exemption—New construction of industrial/manufacturing facilities.
- 84.25.050** Application requirements for property owner.
- 84.25.060** Targeted area designation requirements.
- 84.25.070** Exemption application procedures.
- 84.25.080** Application approval—City review requirements.
- 84.25.090** Application—City approval or denial—Appeals.
- 84.25.100** Application fee.
- 84.25.110** Certificate of tax exemption—Requirements.
- 84.25.120** Annual report.
- 84.25.130** Improvements.
- 84.25.140** Application—2015 1st sp.s. c 9.

RCW 84.25.010

Findings.

The legislature finds that:

- (1) Many cities have planned under the growth management act, chapter **36.70A** RCW, and designated and zoned lands for industrial and manufacturing use;
- (2) The industrial and manufacturing industries provide family living wage jobs;
- (3) In the current economic climate the creation of additional family living wage jobs is essential;
- (4) It is critical that Washington state promote its continued strength in the fields of aerospace, technology, biomedical, and other industries that will provide family-wage job growth; and
- (5) Planning for industrial and manufacturing use is inadequate to attract new industry and manufacturing and an incentive should be created to stimulate the development of new industrial and manufacturing uses in the existing inventory of lands zoned for industrial and manufacturing use in targeted urban areas through a tax incentive as provided by this chapter.

[**2015 1st sp.s. c 9 § 1.**]

RCW 84.25.020

Purpose.

It is the purpose of this chapter to encourage new manufacturing and industrial uses on undeveloped or underutilized lands zoned for industrial and manufacturing uses in targeted urban areas,

thereby increasing employment opportunities for family living wage jobs. Cities that plan under the growth management act meeting the criteria of this chapter where the governing authority of the affected city has found there is insufficient family living wage jobs for its wage earning population may designate a portion of the city's industrial and manufacturing zoned and undeveloped land to receive an ad valorem tax exemption for the value of new construction of industrial/manufacturing facilities within the designated area.

[2015 1st sp.s. c 9 § 2.]

RCW 84.25.030

Definitions.

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "City" means any city that: (a) Has a population of at least eighteen thousand; and (b) is north or east of the largest city in the county in which the city is located and such county has a population of at least seven hundred thousand, but less than eight hundred thousand.

(2) "Family living wage job" means a job with a wage that is sufficient for raising a family. A family living wage job must have an average wage of eighteen dollars an hour or more, working two thousand eighty hours per year on the subject site, as adjusted annually for inflation by the consumer price index. The family living wage may be increased by the local authority based on regional factors and wage conditions.

(3) "Governing authority" means the local legislative authority of a city having jurisdiction over the property for which an exemption may be applied for under this chapter.

(4) "Growth management act" means chapter 36.70A RCW.

(5) "Industrial/manufacturing facilities" means building improvements that are ten thousand square feet or larger, representing a minimum improvement valuation of eight hundred thousand dollars for uses categorized as "division D: manufacturing" by the United States department of labor in the occupation safety and health administration's standard industrial classification manual.

(6) "Lands zoned for industrial and manufacturing uses" means lands in a city zoned as of December 31, 2014, for an industrial or manufacturing use consistent with the city's comprehensive plan where the lands are designated for industry.

(7) "Owner" means the property owner of record.

(8) "Targeted area" means an area of undeveloped lands zoned for industrial and manufacturing uses in the city that is located within or contiguous to an innovation partnership zone, foreign trade zone, or EB-5 regional center, and designated for possible exemption under the provisions of this chapter.

(9) "Undeveloped or underutilized" means that there are no existing building improvements on the property or portions of the property targeted for new or expanded industrial or manufacturing uses.

[2015 1st sp.s. c 9 § 3.]

RCW 84.25.040

Exemption—New construction of industrial/manufacturing facilities.

(1)(a) The value of new construction of industrial/manufacturing facilities qualifying under this chapter is exempt from property taxation under this title, as provided in this section. The value of new

construction of industrial/manufacturing facilities is exempt from taxation for properties for which an application for a certificate of tax exemption is submitted under this chapter before December 31, 2022. The value is exempt under this section for ten successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate.

(b) The exemption provided in this section does not include the value of land or nonindustrial/manufacturing-related improvements not qualifying under this chapter.

(2) The exemption provided in this section is in addition to any other exemptions, deferrals, credits, grants, or other tax incentives provided by law.

(3) This chapter does not apply to state levies or increases in assessed valuation made by the assessor on nonqualifying portions of buildings and value of land nor to increases made by lawful order of a county board of equalization, the department of revenue, or a county, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.

(4) This exemption does not apply to any county property taxes unless the governing body of the county adopts a resolution and notifies the governing authority of its intent to allow the property to be exempted from county property taxes.

(5) At the conclusion of the exemption period, the new industrial/manufacturing facilities cost must be considered as new construction for the purposes of chapter **84.55 RCW**.

[**2015 1st sp.s. c 9 § 4.**]

RCW 84.25.050

Application requirements for property owner.

An owner of property making application under this chapter must meet the following requirements:

(1) The new construction of industrial/manufacturing facilities must be located on land zoned for industrial and manufacturing uses, undeveloped or underutilized, and as provided in **RCW 84.25.060**, designated by the city as a targeted area;

(2) The new construction of industrial/manufacturing facilities must meet all construction and development regulations of the city;

(3) The new construction of industrial/manufacturing facilities must be completed within three years from the date of approval of the application; and

(4) The applicant must enter into a contract with the city approved by the governing authority, or an administrative official or commission authorized by the governing authority, under which the applicant has agreed to the implementation of the development on terms and conditions satisfactory to the governing authority.

[**2015 1st sp.s. c 9 § 5.**]

RCW 84.25.060

Targeted area designation requirements.

(1) The following criteria must be met before an area may be designated as a targeted area:

(a) The area must be lands zoned for industrial and manufacturing uses; and

(b) The city must have determined that the targeting of the area, as evaluated by the governing authority, will assist in the new construction of industrial/manufacturing facilities that will provide employment for family living wage jobs.

(2) For the purpose of designating a targeted area, the governing authority may adopt a resolution of intention to so designate an area as generally described in the resolution. The resolution must state the time and place of a hearing to be held by the governing authority to consider the designation of the area and may include such other information pertaining to the designation of the area as the governing authority determines to be appropriate to apprise the public of the action intended.

(3) The governing authority must give notice of a hearing held under this chapter by publication of the notice once each week for two consecutive weeks, not less than seven days, nor more than thirty days before the date of the hearing in a paper having a general circulation in the city where the proposed targeted area is located. The notice must state the time, date, place, and purpose of the hearing and generally identify the area proposed to be designated as a targeted area.

(4) Following the hearing or a continuance of the hearing, and subject to the limit on targeted areas, the governing authority may designate all or a portion of the area described in the resolution of intent as a targeted area if it finds, in its sole discretion, that the criteria in subsection (1) of this section have been met.

[2015 1st sp.s. c 9 § 6.]

RCW 84.25.070

Exemption application procedures.

An owner of property seeking an exemption under this chapter must complete the following procedures:

(1) The owner must apply to the city on forms adopted by the governing authority. The application must contain the following:

(a) Information setting forth the grounds supporting the requested exemption including information indicated on the application form or in the guidelines;

(b) A description of the project and site plan, and other information requested;

(c) A statement of the expected number of new family living wage jobs to be created;

(d) A statement that the applicant is aware of the potential tax liability involved when the property ceases to be eligible for the incentive provided under this chapter; and

(e) A statement that the applicant would not have built in this location but for the availability of the tax exemption under this chapter;

(2) The applicant must verify the application by oath or affirmation; and

(3) The application must be accompanied by the application fee, if any, required under this chapter. The governing authority may permit the applicant to revise an application before final action by the governing authority.

[2015 1st sp.s. c 9 § 7.]

RCW 84.25.080

Application approval—City review requirements.

The duly authorized administrative official or committee of the city may approve the application if it finds that:

(1) A minimum of twenty-five new family living wage jobs will be created on the subject site as a result of new construction of manufacturing/industrial [industrial/manufacturing] facilities within one year of building occupancy;

(2) The proposed project is, or will be, at the time of completion, in conformance with all local plans and regulations that apply at the time the application is approved; and

(3) The criteria of this chapter have been satisfied.

[2015 1st sp.s. c 9 § 8.]

RCW 84.25.090

Application—City approval or denial—Appeals.

(1) The city governing authority or its authorized representative must approve or deny an application filed under this chapter within ninety days after receipt of the application.

(2) If the application is approved, the city must issue the owner of the property a conditional certificate of acceptance of tax exemption. The certificate must contain a statement by a duly authorized administrative official of the governing authority that the property has complied with the required criteria of this chapter.

(3) If the application is denied by the city, the city must state in writing the reasons for denial and send the notice to the applicant at the applicant's last known address within ten days of the denial.

(4) Upon denial by the city, an applicant may appeal the denial to the city's governing authority within thirty days after receipt of the denial. The appeal before the city's governing authority must be based upon the record made before the city with the burden of proof on the applicant to show that there was no substantial evidence to support the city's decision. The decision of the city in denying or approving the application is final.

[2015 1st sp.s. c 9 § 9.]

RCW 84.25.100

Application fee.

The governing authority may establish an application fee. This fee may not exceed an amount determined to be required to cover the cost to be incurred by the governing authority and the assessor in administering this chapter. The application fee must be paid at the time the application for limited exemption is filed. If the application is approved, the governing authority of the city must pay the application fee to the county assessor for deposit in the county current expense fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application. If the application is denied, the city's governing authority may retain that portion of the application fee attributable to its own administrative costs and refund the balance to the applicant.

[2015 1st sp.s. c 9 § 10.]

RCW 84.25.110

Certificate of tax exemption—Requirements.

(1) Upon completion of the new construction of a manufacturing/industrial [industrial/manufacturing] facility for which an application for an exemption under this chapter has been approved and issued a certificate of occupancy, the owner must file with the city the following:

- (a) A description of the work that has been completed and a statement that the new construction on the owner's property qualify the property for a partial exemption under this chapter;
- (b) A statement of the new family living wage jobs to be offered as a result of the new construction of manufacturing/industrial [industrial/manufacturing] facilities; and
- (c) A statement that the work has been completed within three years of the issuance of the conditional certificate of tax exemption.

(2) Within thirty days after receipt of the statements required under subsection (1) of this section, the city must determine whether the work completed and the jobs to be offered are consistent with the application and the contract approved by the city and whether the application is qualified for a tax exemption under this chapter.

(3) If the criteria of this chapter have been satisfied and the owner's property is qualified for a tax exemption under this chapter, the city must file the certificate of tax exemption with the county assessor within ten days of the expiration of the thirty-day period provided under subsection (2) of this section.

(4) The city must notify the applicant that a certificate of tax exemption is denied if the city determines that:

- (a) The work was not completed within three years of the application date;
- (b) The work was not constructed consistent with the application or other applicable requirements;
- (c) The jobs to be offered are not consistent with the application and criteria of this chapter; or
- (d) The owner's property is otherwise not qualified for an exemption under this chapter.

(5) If the city finds that the work was not completed within the required time period due to circumstances beyond the control of the owner and that the owner has been acting and could reasonably be expected to act in good faith and with due diligence, the governing authority or the city official authorized by the governing authority may extend the deadline for completion of the work for a period not to exceed twenty-four consecutive months.

(6) The city's governing authority may enact an ordinance to provide a process for an owner to appeal a decision by the city that the owner is not entitled to a certificate of tax exemption to the city. The owner may appeal a decision by the city to deny a certificate of tax exemption in superior court under RCW 34.05.510 through 34.05.598, if the appeal is filed within thirty days of notification by the city to the owner of the exemption denial.

[2015 1st sp.s. c 9 § 11.]

RCW 84.25.120

Annual report.

(1) Thirty days after the anniversary of the date of the certificate of tax exemption and each year for the tax exemption period, the owner of the new industrial/manufacturing facilities must file with a designated authorized representative of the city an annual report indicating the following:

- (a) A statement of the family living wage jobs at the facility as of the anniversary date;
- (b) A certification by the owner that the property has not changed use;

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

(d) Any additional information requested by the city.

(2) A city that issues a certificate of tax exemption under this chapter must report annually by December 31st of each year, beginning in 2013, to the department of commerce. The report must include the following information:

(a) The number of tax exemption certificates granted;

(b) The total number and type of new manufacturing/industrial [industrial/manufacturing] facilities constructed;

(c) The number of family living wage jobs resulting from the new manufacturing/industrial [industrial/manufacturing] facilities; and

(d) The value of the tax exemption for each project receiving a tax exemption and the total value of tax exemptions granted.

[2015 1st sp.s. c 9 § 12.]

RCW 84.25.130

Improvements.

(1) If the value of improvements have been exempted under this chapter, the improvements continue to be exempted for the applicable period under this chapter so long as they are not converted to another use and continue to satisfy all applicable conditions including, but not limited to, zoning, land use, building, and family-wage job creation.

(2) If an owner voluntarily opts to discontinue compliance with the requirements of this chapter, the owner must notify the assessor within sixty days of the change in use or intended discontinuance.

(3) If, after a certificate of tax exemption has been filed with the county assessor, the city discovers that a portion of the property is changed or will be changed to disqualify the owner for exemption eligibility under this chapter, the tax exemption must be canceled and the following occurs:

(a) Additional real property tax must be imposed on the value of the nonqualifying improvements in the amount that would be imposed if an exemption had not been available under this chapter, plus a penalty equal to twenty percent of the additional value. This additional tax is calculated based upon the difference between the property tax paid and the property tax that would have been paid if it had included the value of the nonqualifying improvements dated back to the date that the improvements were converted to a nonqualifying use;

(b) The tax must include interest upon the amounts of the additional tax at the same statutory rate charged on delinquent property taxes from the dates on which the additional tax could have been paid without penalty if the improvements had been assessed at a value without regard to this chapter; and

(c) The additional tax owed together with interest and penalty becomes a lien on the property and attaches at the time the property or portion of the property is removed from the qualifying use under this chapter or the amenities no longer meet the applicable requirements for exemption under this chapter. A lien under this section has priority to, and must be fully paid and satisfied before, a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the property may become charged or liable. The lien may be foreclosed upon expiration of the same period after delinquency and in the same manner provided by law for foreclosure of liens for delinquent real property taxes. An additional tax unpaid on its due date is delinquent. From the date of delinquency until paid, interest must be charged at the same rate applied by law to delinquent property taxes.

(4) Upon a determination that a tax exemption is to be terminated for a reason stated in this section, the city's governing authority must notify the record owner of the property as shown by the tax

rolls by mail, return receipt requested, of the determination to terminate the exemption. The owner may appeal the determination to the city, within thirty days by filing a notice of appeal with the city, which notice must specify the factual and legal basis on which the determination of termination is alleged to be erroneous. At an appeal hearing, all affected parties may be heard and all competent evidence received. After the hearing, the deciding body or officer must either affirm, modify, or repeal the decision of termination of exemption based on the evidence received. An aggrieved party may appeal the decision of the deciding body or officer to the superior court as provided in RCW **34.05.510** through **34.05.598**.

(5) Upon determination by the city to terminate an exemption, the county officials having possession of the assessment and tax rolls must correct the rolls in the manner provided for omitted property under RCW **84.40.080**. The county assessor must make such a valuation of the property and improvements as is necessary to permit the correction of the rolls. The value of the new industrial/manufacturing facilities added to the rolls is considered new construction for the purposes of chapter **84.40** RCW. The owner may appeal the valuation to the county board of equalization as provided in chapter **84.40** RCW. If there has been a failure to comply with this chapter, the property must be listed as an omitted assessment for assessment years beginning January 1st of the calendar year in which the noncompliance first occurred, but the listing as an omitted assessment may not be for a period more than three calendar years preceding the year in which the failure to comply was discovered.

[**2015 1st sp.s. c 9 § 13.**]

RCW 84.25.140

Application—2015 1st sp.s. c 9.

This act applies to taxes levied for collection in 2016 and thereafter.

[**2015 1st sp.s. c 9 § 14.**]

**TARGETED URBAN AREA
TAX EXEMPTION AGREEMENT**

This Targeted Urban Area Tax Exemption Agreement (“Agreement”) is made and entered into as of the last signature date set forth below, by and between the City of Marysville, a Washington State municipal corporation (the “City”), and WEB Industries, Inc., a Massachusetts Corporation (the “Owner”) whose business address is 700 Nickerson Road, Suite 250 Marlborough, MA 01752.

RECITALS

WHEREAS, the City adopted the Marysville subarea plan for the Arlington Marysville Manufacturing and Industrial Center (“MIC”) as a subarea plan to the Marysville Comprehensive Plan; and

WHEREAS, the City has designated certain targeted areas of undeveloped lands zoned for industrial and manufacturing uses in the MIC, for the provision of an ad valorem tax exemption for the value of new construction of industrial/manufacturing facilities; and

WHEREAS, the Owner is owner of property within a targeted area in the MIC, located at 4201 156th Street NE, Marysville, WA 98270, the legal description of which is attached as **Exhibit A** (the “Property”); and

WHEREAS, the Owner intends to construct certain facilities on the Property (the “Project”); and

WHEREAS, the Owner has applied for an ad valorem tax exemption for the value of new construction of industrial/manufacturing facilities as provided for in Chapter 84.25 RCW and Chapter 3.104 of the Marysville Municipal Code for eligible portions of the Project (“Eligible Improvements”), the application attached hereto as **Exhibit B**; and

WHEREAS, the City has determined that the Eligible Improvements, if completed as proposed, satisfy the requirements for a Final Certificate of Tax Exemption.

AGREEMENT

NOW, THEREFORE, the City and the Owner do mutually agree as follows:

1. Conditional Certificate. The City agrees to issue the Owner a conditional certificate of acceptance of tax exemption subsequent to the City Council’s approval of this Agreement.

2. Code Requirements. The Owner intends to construct the Project and the Eligible Improvements on the Property as shown in the application attached hereto as **Exhibit B**. The Property, the Project, and the Eligible Improvements must comply with all applicable zoning requirements, land use requirements, design review recommendations, and all building and fire code requirements contained in the Marysville Municipal Code at the time a complete application

for a building permit is received. Any changes in the building design must be approved by the City. If the City determines that the proposed changes are substantial, the tax exemption may be withdrawn and a new tax exemption review may be required by the City.

3. Extent of Eligible Improvements. The Eligible Improvements as currently proposed are estimated to comprise 106,833 square feet. In no event shall the Eligible Improvements comprise less than 10,000 square feet of construction for new manufacturing, or the improvement valuation be less than \$800,000 for uses categorized as "division D: manufacturing" by the United States department of labor in the occupation safety and health administration's standard industrial classification manual.

4. Family Wage Jobs. It is estimated that the Eligible Improvements will create thirty eight (38) new full time family wage jobs. "Full time family wage jobs" are jobs with a wage that is sufficient for raising a family. A family living wage job must have an average wage of eighteen dollars an hour or more, working two thousand eighty hours per year on the subject site, as adjusted annually for inflation by the consumer price index. In no event shall the Eligible Improvements provide fewer than twenty five (25) full time family wage jobs, and there must be at least twenty five (25) full time family wage jobs within one year of building occupancy.

5. Construction Deadline. The Owner agrees to complete construction of the Eligible Improvements within three years from the date the City issues the conditional certificate of acceptance of tax exemption or within any extension granted by the City.

6. Post-Construction Filings. The Owner agrees, upon completion of the Eligible Improvements and upon issuance by the City of a temporary or permanent certificate of occupancy, to file with the City's Community Development Department the following:

- (a) A description of the work that has been completed and a statement that the Eligible Improvements qualify the Property for a partial exemption under Chapter 84.25 RCW;
- (b) A statement of the new family living wage jobs to be offered as a result of the new construction of the Eligible Improvements; and
- (c) A statement that the work has been completed within three years of the issuance of the conditional certificate of acceptance of tax exemption.

7. Final Certificate of Tax Exemption. Within thirty (30) days of receipt of the information described in Section 6, the City's Director of Community Development or his or her designee ("Director") shall make the determination whether the Owner qualifies for a final certificate of tax exemption. The Director shall also review the certificate of tax exemption annually for compliance with this Agreement and Chapter 3.104 MMC.

8. Annual Declaration. The Owner agrees, within 30 days following the first anniversary of the filing of the Final Certificate of Tax Exemption and each year thereafter for a period of ten years, to file a declaration with the City's Community Development Department, verified upon oath and indicating the following:

- (a) A statement of the family living wage jobs at the Eligible Improvements as of the anniversary date;
- (b) A certification by the owner that the Property and Eligible Improvements have not changed use;
- (c) A description of changes or improvements constructed after issuance of the certificate of tax exemption; and
- (d) Any additional information requested by the City.

9. Maintenance of Property and Eligible Improvements. The Owner agrees to maintain the Property and Eligible Improvements in compliance with all applicable City codes and requirements.

10. Exemption. The value of the Eligible Improvements qualifying under Chapter 84.25 RCW will be exempt from property taxation pursuant to and to the extent provided by Chapter 84.25 RCW for the applicable period so long as the Eligible Improvements are not converted to another use and continue to satisfy all applicable conditions, including but not limited to, zoning, land use, building, and family-wage job creation. The parties further acknowledge that:

- (a) The exemption does not include the value of land or nonindustrial/manufacturing-related improvements not qualifying for an exemption under Chapter 84.25 RCW.
- (b) The exemption does not apply to state levies or increases in assessed valuation made by the assessor on nonqualifying portions of buildings and value of land nor to increases made by lawful order of a county board of equalization, the department of revenue, or a county, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.
- (c) The exemption provided by Chapter 84.25 RCW does not apply to any county property taxes unless the governing body of the county adopts a resolution and notifies the City of its intent to allow the property to be exempted from county property taxes.
- (d) At the conclusion of the applicable exemption period, the Eligible Improvements must be considered as new construction for the purposes of Chapter 84.55 RCW.
- (e) If the Owner voluntarily discontinues compliance with the requirements of this Agreement or Chapter 84.25 RCW, the Owner must notify the Snohomish County Assessor within sixty days of the change in use or intended discontinuance.

11. Appeal. If the Director determines that the Property is not qualified for an exemption under Chapter 3.104 MMC or that it no longer meets the criteria of this Chapter 3.104 MMC for eligibility for a tax exemption, he or she shall notify the Owner, as shown in the

assessor's records, of the determination to deny or terminate the tax exemption. The notification shall be by certified mail, return receipt requested, and by regular first class mail. A recognized courier service may be substituted for first class mail. A copy shall also be sent to the Snohomish County assessor. The Owner may appeal that determination as provided by MMC 3.104.050.

12. Assignment. The Owner will have the right to assign its rights under this Agreement. The Owner agrees to notify the City promptly of any transfer of Owner's ownership interest in the Property or in the Eligible Improvements.

13. Cancellation. The City reserves the right to cancel the Final Certificate of Tax Exemption should the Owner, its successors and assigns, fail to comply with any of the terms and conditions of this Agreement, Chapter 3.104 MMC, or Chapter 84.25 RCW.

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

15. Potential Tax Liability. The Owner acknowledges its awareness of the potential tax liability involved if and when the Property, the Eligible Facilities, or any portion thereof ceases to be eligible for the exemption provided pursuant to this Agreement or Chapter 84.25 RCW. Such liability may include additional real property tax, penalties and interest imposed pursuant to RCW 84.25.130. The Owner further acknowledges its awareness and understanding of the process implemented by the Snohomish County Assessor's Office for the appraisal and assessment of property taxes.

16. Severability; Interpretation. In the event that any term or clause of this Agreement conflicts with applicable law, such conflict shall not affect other terms of this Agreement, which can be given effect without the conflicting term or clause, and to this end, the terms of this Agreement are declared to be severable. Nothing in this Agreement is intended to be inconsistent with Chapter 84.25 RCW or Chapter 3.104 MMC, or to permit either party to violate any provisions of the same.

17. Jurisdiction; Venue. Jurisdiction and venue for this Agreement lie exclusively in Snohomish County, Washington.

18. Authority. The City and the Owner represent that they have full authority to enter into this Agreement and to bind the parties for and on behalf of the legal entities set forth herein, and represent that they have read and understand the terms of this Agreement.

19. Third Parties. The City and Owner are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide, any right or benefit, whether directly or indirectly or otherwise, to third persons.

20. General. This Agreement (including the attached exhibits): (i) represents the entire understanding of the parties with respect to the subject matter covered; (ii) supersedes all prior and contemporaneous oral understandings with respect to such subject matter; (iii) the captions or

headings provided in this Agreement are for convenience only and will not be deemed to be a part of this Agreement; (iv) the recitals are incorporated into and shall be considered a part of this Agreement; (v) the attached Exhibits are incorporated into and shall be considered a part of this Agreement; and (vi) by signing below, each individual signatory certifies that he/she is a person duly qualified and authorized to bind the respective parties to this Agreement.

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

WEB INDUSTRIES, INC.

By: _____ Date _____
Its:

CITY OF MARYSVILLE:

Jon Nehring, Mayor _____ Date _____

Attest/Authenticated:

Tina Brock, Deputy City Clerk

Approved as to form:

Jon Walker, City Attorney

EXHIBIT A

Lot 3 of the City of Marysville (File No. PA18023) East 40 Industrial Park Binding Site Plan, recorded under Auditor's File No. 201902275002.

APR 10 2019

City of Marysville
Community Development



PROPERTY TAX EXEMPTION APPLICATION FOR INDUSTRIAL/MANUFACTURING USES (RCW 84.25)

Community Development Department • 80 Columbia Avenue • Marysville, WA 98270
(360) 363-8100 • (360) 651-5099 FAX • Office Hours: Monday - Friday 7:30 AM - 4:00 PM

FOR AGENCY USE	Date: 4/10/2019	File: PA18-039	Fee: \$ 5000		
PROPERTY INFORMATION					
Project Name	WEB Manufacturing Facility				
Site Address	4201 156 Street NE (Prelim).	APN(s)	Lot 3 of East 40 Industrial Park BSP, recorded under AFN 201902275002		
Legal Description (abbreviated)	Lot 3, East 40 Industrial Park, Southwest Quarter of	Section	28 Township 31 N Range 5 E		
OWNER		APPLICANT		CONTACT	
Name	East Forty, LLC c/o Blecher Swanson Law Firm, PLLC	John D. MacInnes c/o Web Industries, Inc.		Carl Craven c/o Web Industries, Inc.	
Address	900 Dupont Street	700 Nicerkson Road, Suite 250		700 Nickerson Road, Suite 250	
City, State, ZIP	Bellingham, WA 98225	Marlborough, MA 01752		Marlborough MA 019752	
Phone (home/office)	360-374-6390	1 508-898-2988		206-484-3795	
Phone (cell)				Same	
E-mail	chet@belcherswanson.com	jmacinnes@webindustries.com		ccraven@webindustries.com	
PROJECT INFORMATION					
Project Description (attach site plan)	New Manufacturing Facility to support Aerospace related materials demand in support of Major Airframe manufacturers. (See Site Plan).				
Total SF of New Construction for Manufacturing	106,833	US Department of Labor SIC Division D Major Group Number (use hyperlink)		37	
Total number of NEW Full Time Family Wage Jobs created \$18.00 hour minimum 2080 hours required	38	List each job on separate sheet A minimum of 25 new jobs must be created within one year of occupancy			
Estimated Expenditures	Total Project Including non-manufacturing portions, if any	\$25MM	Manufacturing Portion (only):	\$18MM	

Certifications:

1. As an owner/applicant I understand the potential tax liability involved when the property ceases to be eligible for the incentive provided for in RCW 84.25.
2. As an owner/applicant I certify that this project would not have been built in the location described above, but for the availability of this property tax exemption.
3. There are no existing building improvements on the property or portions of the property targeted for the tax exemption.
4. I understand that the construction of the industrial/manufacturing facility must be completed in 3 years from the date of this application approval.
5. I hereby certify that the information above is correct and I have read the information and agree to it.
6. I hereby certify that the project meets the industrial manufacturing requirements as described in RCW 84.25

Kwan J. Kwan
Owner/Owner's Authorized Agent

4-9-2019
Date

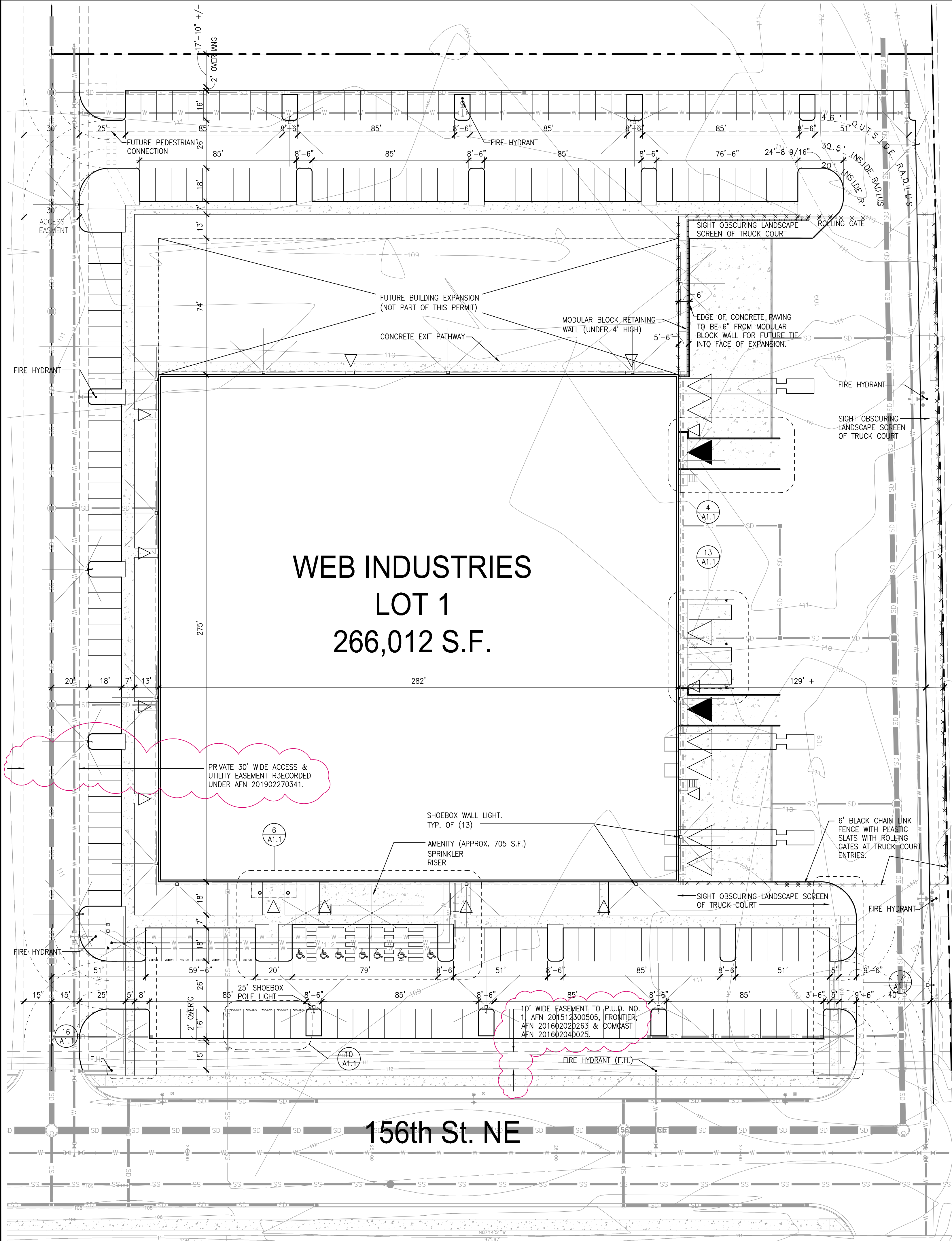
Upon approval of the application the city will enter into a contract for the tax exemption and issue a conditional certificate of acceptance of the tax exemption. Upon issuance of a temporary or permanent certificate of occupancy, the applicant may request a final certificate of tax exemption. The applicant must file with the director such information as the director may deem necessary or useful to evaluate eligibility for the final certificate and shall include:

1. A statement of expenditures made with respect to the industrial/manufacturing use and the total expenditures made with respect to the entire property;
2. A description of the completed work and a statement of qualification for the exemption;
3. A statement that the work was completed within the required three-year period. Within thirty days of receipt of all materials required for a final certificate, the director shall determine whether the improvements satisfy the requirements of this chapter;
4. A statement that the project meets the requirements as described in RCW 84.25

Addendum to WEB Industries Property Tax Exemption Application:

Job Detail Sheet:

Job Description	Number of positions in Year 1.	Nominal Hourly Wage	Annual
Plant Manager	1	\$60.10	125,000
Technical Manager	1	\$56.97	118,500
HR Manager	1	\$22.45	46,700
Customer Care Specialist	1	\$20.67	43,000
Shift Supervisor	3	\$36.20	75,300
Machine Operator I	9	\$22.93	47,700
Machine Operator II	15	\$20.57	42,800
Engineer	4	\$35.91	74,700
Maintenance Tech	3	\$27.40	57,000
Total:	38		



- MISCELLANEOUS MARYSVILLE NOTES:
- EXTERIOR LIGHTING, OUTDOOR FURNITURE AND LANDSCAPING DETAILS WILL BE REVIEWED DURING CIVIL PLAN REVIEW, IN ACCORDANCE WITH MMC TITLE 22C LAND USE STANDARDS, AND APPROVED PRIOR TO CIVIL CONSTRUCTION PLAN APPROVAL.
 - PURSUANT TO MMC 22C.020.340(2) MECHANICAL EQUIPMENT LOCATED ON THE ROOF, FACADE OR EXTERNAL PORTIONS OF A BUILDING SHALL BE ARCHITECTURALLY SCREENED SO AS NOT TO BE VISIBLE FROM ADJACENT PROPERTIES AT STREET LEVEL OR THE PUBLIC STREET.
 - UTILITY METERS, ELECTRICAL CONDUIT, AND OTHER SERVICE UTILITY APPARATUS SHALL BE LOCATED AND/OR DESIGNED TO MINIMIZE THEIR VISIBILITY TO THE PUBLIC. IF SUCH ELEMENTS ARE MOUNTED IN A LOCATION VISIBLE TO THE STREET, PEDESTRIAN PATHWAY, COMMON OPEN SPACE, OR SHARED AUTO COURTYARDS, THEY SHALL BE SCREENED WITH VEGETATION OR ARCHITECTURAL FEATURES.
 - MISCELLANEOUS LIGHT MANUFACTURING IS PERMITTED USE IN THE GC ZONE, SUBJECT TO THE FOLLOWING DEVELOPMENT STANDARDS:
 - PROVIDED THERE IS NO OUTDOOR STORAGE AND/OR DISPLAY OF ANY MATERIALS; AND
 - TANKS, GENERATORS, AND OTHER MACHINERY WHICH DOES NOT GENERATE NUISANCE NOISE/MAY BE LOCATED IN THE SERVICE/LOADING AREA. TRUCK SERVICE/LOADING AREAS SHALL NOT FACE THE PUBLIC STREET AND SHALL BE SCREENED FROM THE PUBLIC VIEW.
 - SIGNAGE, WHEN SUBMITTED, WILL BE REVIEWED SUBJECT TO PROVISION OUTLINED IN MMC CHAPTER 22C.160 SIGNS.



VICINITY MAP

LEGAL DESCRIPTION

THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 31 NORTH, RANGE 5 EAST OF THE WILLAMETTE MERIDIAN; EXCEPT THE SOUTH 90.00' AS CONVEYED TO THE CITY OF MARYSVILLE FOR ROAD PURPOSES BY DEED RECORDED UNDER AUDITOR'S FILE NO. 200706260710, RECORDS OF SNOHOMISH COUNTY, WASHINGTON. (PURSUANT TO CITY OF MARYSVILLE BOUNDARY LINE ADJUSTMENT RECORDED UNDER AUDITOR'S FILE NO. 201611165003)

SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

TAX PARCEL NUMBER: 31052800300800

PROJECT STATISTICS

ZONING DESIGNATION: _____ GC

CODES USED: _____ 2015 IBC, IMC, UPC, IFC, 2009 ICC ANSI 117.1, 2015 WSNREC & CITY OF MARYSVILLE MUNICIPAL CODE

TYPE OF CONSTRUCTION: _____ TYPE II-B, SPRINKLED CITY OF MARYSVILLE FILE NUMBER: _____ PA 18039

ALLOWABLE AREA CALCULATION
UNLIMITED AREA BUILDING PER I.B.C. 507.4, SPRINKLED ONE STORY BUILDING SEPARATED BY YARDS 60' OR GREATER.

NUMBER OF STORIES: _____ 1

BUILDING AREA:
FIRST FLOOR (FOOTPRINT) _____ 77,550 S.F.
MEZZANINE FLOOR _____ 29,283 S.F.
TOTAL AREA _____ 106,833 S.F.

OCCUPANCY GROUPS: _____ F-1/S-1/B
(NON-SEPARATED, PER IBC TABLE 508.4)

REQUIRED PARKING:
BASED ON PRELIMINARY OCCUPANCY USES
OFFICE (4,800 S.F.) _____ 12 STALLS
MANUFACTURING (63,186 S.F.) _____ 84 STALLS
WAREHOUSE (38,847 S.F.) _____ 19 STALLS
TOTAL REQUIRED STALLS _____ 115 STALLS
TOTAL REQUIRED CARPOOL PARKING (5) _____ 5 STALLS
TOTAL REQUIRED BICYCLE STALLS (5% OF 115=6) _____ 6 STALLS

PROVIDED PARKING:
STANDARD _____ 194 STALLS
ACCESSIBLE _____ 7 STALLS
TOTAL PARKING STALLS _____ 201 STALLS

PROJECT TEAM

ARCHITECT: LANCE MUELLER & ASSOCIATES
130 LAKESIDE AVE, SUITE 250
SEATTLE, WA 98122
(206) 325-2553
CONTACT: HAROLD CHRISTENSEN
EMAIL: HAROLD@LMUELLER.COM

STRUCTURAL ENGINEER: ENGINEERS NORTHWEST
9725 3RD AVE. N.E., SUITE 207
SEATTLE, WA 98115
(206) 525-7560
CONTACT: JOANNE BAYUGA
EMAIL: JOANNE@ENGINEERSNW.COM

CIVIL ENGINEER: FREELAND AND ASSOCIATES, INC.
220 WEST CHAMPION, SUITE 200
BELLINGHAM, WA 98225
(360) 650-1408
CONTACT: J.P. SLACLE
EMAIL: JP@FREELANDENGINEERING.COM

LANDSCAPE ARCHITECT: MAIN STREET DESIGN
9402 TIDAL COURT
BAINBRIDGE ISLAND, WA 98110
(206) 842-7886
CONTACT: KEN LONEY
EMAIL: MAIN_STREET@EARTHLINK.NET

INDEX OF DRAWINGS

A1.0	SITE PLAN, COVER SHEET
A1.1	ENLARGED PLANS, DETAILS
A3.0	EXTERIOR ELEVATIONS
C1	EXISTING CONDITIONS
C2	UTILITY PLAN
C3	GRADING AND PAVING PLAN
L-1	LANDSCAPE PLAN

Proposed Building for
Web Industries
Pacific Peaks Commerce Park
Marysville, Washington

LANCE MUELLER & ASSOCIATES
ARCHITECTS
130 LAKESIDE • SUITE 250 • SEATTLE, WA 98122 • (206) 325-2553

17-077	job no.	HAROLD C.	drawn	3-19-19	date
2	ISPR TECHNICAL REVIEW #2			2-11-19	
1	ISPR TECHNICAL REVIEW #1			2-11-19	
	SITE PLAN REVIEW			11-7-18	
	no.		revision		

sheet
A1.0