

**LYNNWOOD
CITY COUNCIL
Work Session**

**Date: Monday, May 18, 2020
Time: 7:00 PM
Place: City Hall Council Chambers**

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- | | | |
|---------|----------|---|
| 7:00 PM | A | Comments and Questions on Memo Items |
| 7:05 PM | B | COVID-19 Update |
| 8:05 PM | C | Briefing: Impacts of COVID-19 on Information Technology Department Operations |
| 8:20 PM | D | Briefing: Impacts of COVID-19 on Human Resources Department Operations |
| 8:35 PM | E | Ordinance: Funding for Affordable and Supportive Housing Pursuant to SHB 1406 |
| 8:50 PM | F | Break |
| 9:00 PM | G | Discussion: Waiving Tax on Water/Sewer Bill during COVID-19 |
| 9:30 PM | H | Executive Session, if needed |
| 9:40 PM | I | Mayor Comments and Questions |
| 9:45 PM | J | Council President and Council Comments |
| | | Adjourn |

Memorandums for Future Agenda Items:

- | | |
|-----|--|
| M-1 | Contract Supplement for Construction Engineering Services: Sanitary Sewer Lift Stations 4 & 8 Improvements |
| M-2 | Interagency Agreement Funding Authorization – Wastewater Treatment Plant Odor Control and Building Contracting |

Memorandums for Your Information:

Contact: Executive Office (425) 670-5001

CITY COUNCIL ITEM A

CITY OF LYNNWOOD City Council

TITLE: Comments and Questions on Memo Items

DEPARTMENT CONTACT: Nicola Smith, Mayor

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM B

CITY OF LYNNWOOD City Council

TITLE: COVID-19 Update

DEPARTMENT CONTACT: Christine Frizzell, Council President

SUMMARY:

The City continues to monitor and respond to the COVID-19 emergency. The Council will receive an update from City staff.

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM C

CITY OF LYNNWOOD Executive

TITLE: Briefing: Impacts of COVID-19 on Information Technology Department Operations

DEPARTMENT CONTACT: Will Cena

SUMMARY:

Information Technology Department Director Will Cena will brief Councilmembers on how the COVID-19 health crisis has impacted the IT department's operations and staff.

FUNDING:

NA

DOCUMENT ATTACHMENTS

Description:

[051820 IT Briefing](#)

Type:

Backup Material

MEMORANDUM

1 **DATE:** May 18, 2020
2
3 **TO:** City Council
4 Mayor Nicola Smith
5
6 **FROM:** Information Technology Director Will Cena
7
8 **RE:** IT COVID-19 Council Briefing
9

10 **IT Infrastructure**

11 Over the past four years, my staff and I have been implementing infrastructure
12 upgrades to the City of Lynnwood's network environment. Those upgrades have allowed
13 City Staff to transition to work from home seamlessly. Some of those upgrades are as
14 follows:
15

- 16 • Advocate City leadership to have laptops or iPads. It was IT's belief that the
17 Mayor, directors, and senior staff needed flexibility on where and when they
18 could work. During the last refresh of computers, we approached leadership in
19 every department to ensure they have the right device for their work
20 requirements.
21
- 22 • We implemented a firewall Virtual Private Network (VPN). A VPN creates a
23 secure tunnel between a device and the City's network allowing laptops and
24 iPads to function as if they are at City Hall.
- 25 • We deployed a Remote Desktop Web gateway service. This service allows City
26 staff to use their home computers for a remote connection into their desk
27 computers.
- 28 • We expanded internet bandwidth and added a redundant failover connection.
- 29 • We migrated to Microsoft Office 365 to provide robust cloud services. Email,
30 personal shares, and office web applications are now available anywhere,
31 regardless of the City's internet status. We will also be implementing SharePoint
32 and Teams in the next 3-4 months.
- 33 • We purchased and installed Zoom video conferencing hardware in each
34 conference room and Zoom accounts and training for City employees.
- 35 • Improved overall network security. All of the infrastructure improvements
36 followed industry security best practices. We also completed a comprehensive
37 third-party audit to eliminate or mitigate many of our security vulnerabilities.
38
39

40 **IT Staff**

41 Our IT team has been primarily working from home since March 9th. To support staff
42 who still work in our City facilities, we have a communication protocol to inform the rest
43 of the team who will be in the office. Desktop support staff also rotate in-office support
44 duties to minimize their exposure.
45

CITY COUNCIL ITEM D

CITY OF LYNNWOOD Executive

TITLE: Briefing: Impacts of COVID-19 on Human Resources Department Operations

DEPARTMENT CONTACT: Evan Chinn, Human Resources Director

SUMMARY:

Human Resources Director Evan Chinn will brief Councilmembers on how the COVID-19 health crisis has impacted HR Department operations.

FUNDING:

NA

DOCUMENT ATTACHMENTS

Description:	Type:
051820 HR Operations Briefing	Backup Material

Council Briefing for COVID Impact on Human Resources - May 18

Presented by: HR Director Evan Chinn

HR Administration

Furlough/Standby/Unemployment Claim Processing (30-40 in different stages/categories)

Policy Development and Implementation

Families First Corona Virus Relief Act (FFCRA) Policy Development and Claims processing (15 employees across the city for their own illness or family care (combined types))

FFCRA Manager/Supervisor Training

Communications

Health/Hygiene/Safety Best Practices email updates/video/procuring supplies etc.

Fraud Prevention

Employee Morale:

Aloha Fridays

Mental Health Resources/EAP

Share Online training opportunities (WCIA, Lynda.com, AWC, MRSC)

Recruiting/Hiring - Creative staffing solutions

Courts- customer service temporary

Term limited options

“Soft freeze”

Zoom interviews

Zoom onboarding

Employee Relations

1x1 Discussions with Employees/Mgr. work stress intensified by Corona stress & fatigue.

Telecommute agreements development and assistance

Labor Relations –

Shift/schedule changes

Information requests/safety requests from Teamsters

Telework agreements

Voluntary Separation Program

Sick Leave administration

Safety

Procuring supplies

Sharing Best practices and recommendations

CITY COUNCIL ITEM E

CITY OF LYNNWOOD Community Development

TITLE: Ordinance: Funding for Affordable and Supportive Housing Pursuant to SHB 1406

DEPARTMENT CONTACT: Kristen Holdsworth, AICP and Ashley Winchell, AICP

SUMMARY:

In 2019, the Washington State Legislature adopted Substitute House Bill 1406, Encouraging Investments in Affordable and Supportive Housing. This legislation provides funding to local governments in support of these objectives.

City Council is requested to adopt an ordinance approving the funding made available through SHB 1406. Revenue received from this action is provided to Lynnwood through a credit of the Washington State share of the sales and use tax revenues collected within the city. No change to consumer-paid tax rates will occur.

The revenue will be an estimated maximum of \$196,581 annually for the next 20 years. These funds may only be used for affordable and supportive housing purposes. Staff recommends adoption of the proposed ordinance to receive this revenue.

POLICY QUESTION(S) FOR COUNCIL CONSIDERATION:

Should the City of Lynnwood adopt an ordinance to receive a portion of the State's share of sale and use tax revenue through SHB 1406?

ACTION:

Adopt the ordinance authorizing the collection of a sales and use tax pursuant to Substitute House Bill 1406 for affordable and supportive housing purposes.

BACKGROUND:

The 2019 Washington State Legislature passed the Encouraging Investments in Affordable and Supportive Housing Act (SHB 1406). SHB 1406 allows cities and counties to receive a portion of the State's share of sale and use tax (sales tax) revenue. To receive the tax credit revenue, the City must adopt an ordinance authorizing its collection no later than July 28, 2020.

Lynnwood may use the tax credit revenue for the following affordable and supportive housing purposes:

1. Acquisition, construction, and renovation of affordable housing and facilities providing supportive housing services.
2. Ongoing operation and maintenance of affordable housing and supportive housing facilities.
3. Rental assistance to low-income tenants.

In all these examples, the assistance must be for households at or below 60% of the area median income.

Overview of SHB 1406:

- Revenue comes as a deduction from the State’s portion of tax and does not increase tax rates. The tax credit expires after 20 years (2040).
- The City of Lynnwood is currently eligible to receive a tax credit rate of 0.0073% of the State’s share. Using FY 2019 sales tax revenue for estimating purposes, MRSC estimates that Lynnwood’s tax credit revenue would be a maximum of \$196,581 annually.
- The tax credit rate can be doubled to 0.00146% (approximately \$393,163) if the City of Lynnwood has a “qualifying local tax” for affordable housing, chemical dependency, or mental health purposes. Since the City does not currently have a “qualifying local tax,” the City would need to adopt a new and additional local property or sales tax. Adoption of a “qualifying local tax” requires voter approval through an election. The deadline to adopt a “qualifying local tax” is July 30, 2020.
- At each year-end, Lynnwood must report how the tax credit revenue was expended. The revenue does not have to be spent on an annual basis; it may be saved for future years. Participating jurisdictions can pool their tax credit revenue for eligible projects as desired.
- The City is not required to immediately identify the intended use of the funds.

The City has received grant funding through ES2HB 1923 to develop a Housing Action Plan. The Housing Action Plan allows Lynnwood to thoroughly review policy options, provide recommendations, and implement a pathway for the City to address housing affordability. The Housing Action Plan will provide strategy and guidance on how to best utilize the SHB 1406 funds.

In order to receive the tax credit revenue, the Lynnwood City Council must approve an ordinance by July 28, 2020. The Department of Revenue (DOR) requires a 30-day notice of adoption of sales tax credits. If Council adopts the ordinance, the credit will take effect on the first day of the month following the 30-day period.

PREVIOUS COUNCIL ACTIONS:

On July 25, 2019, the City Council Finance Committee reviewed the provisions of SHB 1406 and recommended that the City Council authorize the sales tax credit.

On December 9, 2019, the City Council adopted Resolution No. 2019-11 declaring the city’s intent to adopt legislation to authorize the maximum capacity of the tax, as allowed by SHB 1406.

FUNDING:

The revenue generated annually will be equivalent to 0.0073% of taxable retail sales in Lynnwood, up to an annual maximum distribution cap that is based on FY 2019 taxable retail sales. Funds will fluctuate dependent on each year’s actual sale and use tax (sales tax) revenue, up to an estimated \$196,581 maximum per year for the next 20 years.

The revenues will be placed in a Special Revenue Fund title "SHB 1406 Affordable and Supportive Housing Funds" and can only be used for the purposes authorized by SHB 1406.

KEY FEATURES AND VISION ALIGNMENT:

- To be a welcoming city that builds a healthy and sustainable environment.
- To be a cohesive community that respects all citizens.
- To be a city that is responsive to the wants and needs of our citizens.

ADMINISTRATION RECOMMENDATION:

Adopt the ordinance authorizing the collection of a sales and use tax pursuant to Substitute House Bill 1406 for affordable and supportive housing purposes.

DOCUMENT ATTACHMENTS

Description:	Type:
Proposed Ordinance	Ordinance
SHB 1406 Finance Committee Materials	Backup Material
SHB 1406 Resolution	Backup Material



ORDINANCE NO. 2020-__

**AN ORDINANCE OF THE CITY OF LYNNWOOD, WASHINGTON,
AUTHORIZING AND IMPOSING A SALES AND USE TAX FOR
AFFORDABLE AND SUPPORTIVE HOUSING IN ACCORDANCE WITH
SUBSTITUTE HOUSE BILL 1406 (CHAPTER 338, LAWS OF 2019), AND
OTHER MATTERS RELATED THERETO; AND PROVIDING FOR
SEVERABILITY, PUBLICATION AND AN EFFECTIVE DATE**

WHEREAS, in the 2019 Regular Session, the Washington State Legislature approved, and the Governor signed, Substitute House Bill 1406 (Chapter 338, Laws of 2019, and codified at RCW 82.14.540) (“SHB 1406”); and

WHEREAS, SHB 1406 authorizes the governing body of a city or county to impose a local sales and use tax (sales tax) for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, for the operations and maintenance costs of affordable or supportive housing, and for cities with a population of 100,000 or less, for providing rental assistance to certain low-income tenants; and

WHEREAS, the tax will be credited against the State of Washington’s portion of sales taxes collected within the City of Lynnwood (“the City”) and will not result in higher sales and use taxes within the City or alter the City’s share of sales tax revenue as established by the Lynnwood City Council or Lynnwood’s electorate, and will represent an additional source of funding to address housing needs; and

WHEREAS, SHB 1406 specifies that the sales tax credit revenue must be used to assist persons whose income is at or below sixty percent of median income; and

WHEREAS, the City has an insufficient supply of housing affordable to and/or supportive to low-income households and the City Council has determined that imposing the sales and use tax authorized by SHB 1406 to address this need will benefit the community; and

WHEREAS, in order for a city or county to impose the sales tax permitted by SHB 1406, the governing body must adopt a resolution of intent to authorize the maximum capacity of the tax by January 28, 2020, and adopt legislation authorizing the maximum capacity of the tax by July 28, 2020; and

WHEREAS, on July 25, 2019, the City Council Finance Committee reviewed the provisions of SHB 1406 and recommended that the City Council authorize the sales tax credit; and

WHEREAS, on December 9, 2019, the City Council adopted Resolution 2019-11 declaring its intent to authorize the maximum capacity of the tax as authorized by SHB 1406; and

WHEREAS, this ordinance constitutes the legislation required to authorize the maximum capacity of the sales and use tax as authorized by SHB 1406; and

WHEREAS, as of the date of this ordinance, the City of Lynnwood has not levied a “qualifying local tax” as defined by SHB 1406, and may therefore impose the tax authorized at a rate of 0.0073 percent; and

WHEREAS, revenue will be placed in a new Special Revenue Fund known as “SHB 1406 Affordable Housing” and can only be used for purposes authorized by SHB 1406; and

WHEREAS, SHB 1406 allows cities and counties, as they desire, to enter into interlocal agreements with other counties, cities or public housing authorities to pool the sales and use tax receipts and allocate the proceeds of the taxes levied under SHB 1406; and

WHEREAS, the City Council has determined that passage of this ordinance is in the interest of the public’s health, safety, and welfare, now therefore:

THE CITY COUNCIL OF THE CITY OF LYNNWOOD DO ORDAIN AS FOLLOWS:

Section 1. Tax Imposed. The City Council hereby authorizes and imposes the maximum capacity and rate of the sales and use tax authorized by SHB 1406 (0.0073 percent) in the City of Lynnwood.

Section 2. Applicability of Tax. The tax imposed by this ordinance shall be imposed upon and collected from those persons from whom the state sales or use tax is collected pursuant to Chapters 82.08 and 82.12 RCW. In accordance with SHB 1406, the tax imposed by this ordinance shall be deducted from the amount of tax otherwise required to be collected or paid to the Department of Revenue under Chapters 82.08 and 82.12 RCW.

Section 3. Administration and Collection. The tax imposed by this ordinance shall be administered and collected in accordance with RCW 82.14.540 and other applicable law. The Mayor of the City of Lynnwood is authorized to and directed to execute contract(s) with the Washington State Department of Revenue necessary to provide for the administration, collection, and remittance of the sales and use tax revenue.

Section 4. Use of Revenues. Revenues received from the tax imposed by this ordinance shall be used solely for the acquisition, construction or rehabilitation of affordable

housing or facilities providing supportive housing, for the operations and maintenance costs of affordable or supportive housing, for providing rental assistance to tenants, or for any other purpose authorized by SHB 1406, as the same now exists or as hereafter amended or superseded.

Section 5. Administration of Fund. Revenues received from the tax imposed by this ordinance shall be collected and held in a new Special Revenue Fund added to the City of Lynnwood budget, entitled "SHB 1406 Affordable Housing," and shall be administered by the finance director through the City's budget.

Section 6. Amendment of 2019-2020 Biennial Budget. The 2019-2020 Biennial Budget, adopted by Ordinance 3315 and subsequently amended by Ordinance 3341 and 3349, is amended to establish special revenue fund, Fund 146, for the purposes specified by this Ordinance. Fund 146 revenues and expenditures during the 2019-2020 budget period will be specified by subsequent Council action.

Section 7. Reporting. In accordance with SHB 1406, the City shall report annually to the Washington State Department of Commerce on the collection and use of the revenues collected from the tax imposed by this ordinance.

Section 8. Expiration of Tax. Unless changed or amended by future action of the City Council, the tax imposed by this ordinance shall expire twenty years from the effective date of this ordinance.

Section 9. Effective Date. The provisions of this ordinance shall be effective five days after publication.

Section 10. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, subsection, sentence, clause, phrase or word of this ordinance.

Section 11. Summary Publication. Publication of this ordinance shall be by summary publication consisting of the ordinance title.

PASSED this ____ day of _____ 2020, and signed in authentication of its passage this ____ day of _____, 2020.

Nicola Smith, Mayor

ATTEST/AUTHENTICATED:

Ordinance 2020-__

Sonja Springer, Finance Director



RESOLUTION NO. 2019-11

A RESOLUTION OF THE CITY OF LYNNWOOD DECLARING THE INTENT TO ADOPT LEGISLATION TO AUTHORIZE A SALES AND USE TAX FOR AFFORDABLE AND SUPPORTIVE HOUSING IN ACCORDANCE WITH SUBSTITUTE HOUSE BILL 1406 (CHAPTER 338, LAWS OF 2019), AND OTHER MATTERS RELATED THERETO.

WHEREAS, in the 2019 Regular Session, the Washington State Legislature approved, and the Governor signed, Substitute House Bill 1406 (Chapter 338, Laws of 2019) ("SHB 1406"); and

WHEREAS, SHB 1406 authorizes the governing body of a city or county to impose a local sales and use tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, for the operations and maintenance costs of affordable or supportive housing, and for cities with a population of 100,000 or less, for providing rental assistance to certain low-income tenants; and

WHEREAS, the tax will be credited against state sales taxes collected within the City of Lynnwood and, therefore, will not result in higher sales and use taxes within the City and will represent an additional source of funding to address local housing needs; and

WHEREAS, SHB 1406 specifies that the sales tax credit revenue must be used to assist persons whose income is at or below sixty percent of the median income; and

WHEREAS, on July 25, 2019, the City Council Finance Committee reviewed the provisions of HB 1406 and recommended that the City Council authorize the sales tax credit; and

WHEREAS, the City has an insufficient supply of housing affordable to and/or supportive to low-income households and the City Council has determined that imposing the sales and use tax to address this need will benefit its citizens; and

WHEREAS, in order for a city or county to impose the tax, within six months of the effective date of SHB 1406, or January 28, 2020, the governing body must adopt a resolution of intent to authorize the maximum capacity of the tax, and within twelve months of the effective date of SHB 1406, or July 28, 2020, must adopt legislation to authorize the maximum capacity of the tax; and

WHEREAS, the provisions of SHB 1406 require that participating agencies report annually how the sales tax credit revenue is expended in support of low-income households; and

WHEREAS, the City Council desires to declare its intent to impose a local sales and use tax as authorized by SHB 1406, and this resolution constitutes the Resolution of intent required by SHB 1406; and

WHEREAS, the City Council has determined that passage of this resolution is in the interest of the public's health, safety, and welfare, now therefore:

THE CITY COUNCIL OF THE CITY OF LYNNWOOD DOES RESOLVE AS FOLLOWS:

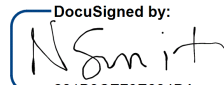
Section 1. Resolution of Intent. The City Council hereby declares its intent to adopt legislation to authorize the maximum capacity of the sales and use tax authorized by SHB 1406 within one year of the effective date of SHB 1406, or by July 28, 2020.

Section 2. Further Authority. The Mayor and the Mayor's designee(s) are hereby authorized and directed to undertake the actions necessary to carry out the terms of and complete the actions contemplated by this resolution.

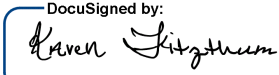
Section 3. Effective Date. This resolution shall take effect immediately upon its passage and adoption.

RESOLVED this 9th day of December 2019.

APPROVED:

DocuSigned by:

281B3CE79E884DA...
Nicola Smith, Mayor

ATTEST/AUTHENTICATED:

DocuSigned by:

549561C7EC99433...
Karen Fitzthum, Acting City Clerk

CITY COUNCIL ITEM F

CITY OF LYNNWOOD City Council

TITLE: Break

DEPARTMENT CONTACT: Christiine Frizzell, Council President

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM G

CITY OF LYNNWOOD Administrative Services

TITLE: Discussion: Waiving Tax on Water/Sewer Bill during COVID-19

DEPARTMENT CONTACT: Sonja Springer, Finance Director

SUMMARY:

The attached memo provides information to the Council to assist with their discussion regarding waiving utility taxes on its own utilities during COVID-19.

POLICY QUESTION(S) FOR COUNCIL CONSIDERATION:

Utility tax revenue on the City's own utilities provides the General Fund with over \$1.3 million of revenue per year, or about \$115,000 per month.

DOCUMENT ATTACHMENTS

Description:	Type:
General Fund Impacts of Waiving Taxes on Water, Sewer and Storm Services	Backup Material

Date: May 18, 2020

To: City Council

From: Sonja Springer, Finance Director

Subject: Information for Discussion on Waiving Utility Taxes on Water/Sewer/Storm Bills During COVID-19

Included on the City's bi-monthly utility bills for water, sewer and storm water services is a 6% utility tax that is charged to all utility customers, including residential, commercial and multi-family accounts.

These utility taxes are recorded to and received by the General Fund and provide a significant source of revenue to the General Fund, with the 2019-2020 budgeted revenue of \$2,601,877 or over \$1.3 million per year.

Below is a summary of the utility taxes charged by the utilities and received by the General Fund over the past 3 years:

Tax Revenues	2017	2018	2019-2020 Budget	2019 Actual	2020 Year to Date
Water Utility	\$ 391,739	\$ 400,465	\$ 843,660	\$ 432,381	\$153,120
Sewer Utility	590,863	608,543	1,272,499	654,381	248,569
Storm Utility	<u>225,536</u>	<u>234,886</u>	<u>485,718</u>	<u>251,828</u>	<u>94,214</u>
Totals	\$1,208,138	\$1,243,894	\$2,601,877	\$1,338,590	\$495,903

The City's utility bills are sent out to customers every other month and include two months of service. If it were decided to eliminate the City's utility tax of 6% on its own utilities, it would take 8 weeks to affect all rate payers. The reduction of revenues to the General Fund would be approximately \$115,000 per month.

CITY COUNCIL ITEM H

CITY OF LYNNWOOD City Council

TITLE: Executive Session, if needed

DEPARTMENT CONTACT: Christiine Frizzell, Council President

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM I

CITY OF LYNNWOOD City Council

TITLE: Mayor Comments and Questions

DEPARTMENT CONTACT: Nicola Smith, Mayor

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM J

CITY OF LYNNWOOD City Council

TITLE: Council President and Council Comments

DEPARTMENT CONTACT: Christine Frizzell, Council President

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM M-1

CITY OF LYNNWOOD Public Works

TITLE: Contract Supplement for Construction Engineering Services: Sanitary Sewer Lift Stations 4 & 8 Improvements

DEPARTMENT CONTACT: City Engineer David Mach

SUMMARY:

The purpose of this agenda item is to supplement an existing construction management/engineering contract with RH2 Engineering Inc. for the Sanitary Sewer Lift Stations 4 & 8 Improvements. The contract total currently is \$370,800. Public Works staff is requesting to increase the contract by \$158,400, which will result in a new contract total of \$529,200. This request/change is to cover additional inspection staff as a result of city inspectors being reallocated to the current city paving project adjacent to EdCC. Additionally, construction is lasting longer than originally estimated.

ACTION:

Authorize the Mayor to enter into and execute on behalf of the City, a supplement to the contract with RH2 Engineering Inc. for construction engineering support services not to exceed a total contract value of \$529,200.

BACKGROUND:

Sewer Lift Station #4 is located North of Alderwood Mall along Alderwood Mall Parkway adjacent to the Homewood Suites Hotel. The lift station and much of the sewer infrastructure in the vicinity were constructed in the 1980's. Sewer Lift Station #8 is located south of Alderwood Mall along Alderwood Mall Boulevard on the vacated Edmonds School District Bus Barn site. The lift station and much of the sewer infrastructure in the vicinity were constructed in the late-1960s. Lift Station #4 pumps to Lift Station #8 which pumps to Lift Station #10 (just south of the Lynnwood Transit Center) which pumps to the Wastewater Treatment Plant.

Lift Stations #4 and #8 have reached or are close to reaching their life expectancy and are currently operating at or near capacity. With future planned developments in the area, including Lynnwood Place Phase 2 (substantial mixed-use development), both lift stations will need to be reconstructed or improved to provide additional capacity both near-term and for the next 20+ years. In addition to the two lift stations, the plumbing infrastructure connecting these lift stations will also need to be upsized.

The improvements will be fully operational by Summer 2020. They will be constructed as four separate construction contracts, as follows:

- 1) Project #1: (Completed – constructed in 2016) A portion of force main #4. This project was constructed prior to paving Alderwood Mall Parkway between Maple Road and 184th Street SW.
- 2) Project #2: (Completed – constructed in 2018-19) This project completed the remainder approximately 7,000 feet of force main #4, gravity main #4, and gravity main #8.
- 3) Project #3: (Completed – constructed in 2019) Sewer force main #8. The force main is approximately 4,000 feet in length and extends from Lift Station #8 to the intersection of 196th/40th.
- 4) Project #4: (Completion Summer 2020 - currently under construction) Lift Stations #4 and #8. Total project cost including design and construction is \$5.8 million. The project improves Lift Station #4 and

replaces Lift Station #8. In addition to the Lift Stations there are sewer and storm pipes in need of upsizing and replacement. Approximately 1200 LF of gravity sewer will be upsized and a new section of 100 LF of force main will be installed. Also required is the replacement of approximately 700 LF of an existing 54" Storm pipe that has reached the end of its useful life that runs thru the vacated Edmonds School District Bus Barn site property and across Alderwood Mall Boulevard. The current funding request will supplement the construction engineering/management for this phase.

The city opened bids for project #4 on April 23, 2019. Five bids were received which ranged from \$4.1M to \$5.3M. The engineer's estimate was \$4.5M. Council awarded the contract to the low bidder on May 28, 2019.

FUNDING:

The project costs are consistent with the adopted 2019-20 biennial budget.

- **Utility Fund 412**

KEY FEATURES AND VISION ALIGNMENT:

The Lynnwood Community Vision states that the City is to "be a welcoming city that builds a healthy and sustainable environment."

The project supports that vision and results in an important improvement to the City's infrastructure that links City of Lynnwood programs, policies, comprehensive plans, mission, and ultimately the Community Vision. The project provides the necessary utility infrastructure to support this vision.

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM M-2

CITY OF LYNNWOOD Public Works

TITLE: Interagency Agreement Funding Authorization – Wastewater Treatment Plant Odor Control and Building Contracting

DEPARTMENT CONTACT: Les Rubstello and Nicholas Barnett

SUMMARY:

The purpose of this agenda item is to authorize funding under the Interagency Agreement with the Washington Department for Enterprise Services. That agreement provided for a State hired Energy Services Company (ESCO, in this case TRANE) to move forward with final design and construction of the Wastewater Treatment Plant Odor Control and Building project. Public Works staff is requesting to authorize funding under the IAA by an amount not to exceed \$6,800,000. This request is to replace the existing inefficient Odor Scrubbers, lighting, and select portions of the badly corroded building envelope of two structures at the wastewater plant. This project was included in the current biennial budget and was included in the Utility Rate Analysis and bond sales.

ACTION:

Authorize the Mayor to approve the Funding Authorization amendment to the previously approved Interagency Agreement with DES not to exceed a total contract value of \$6,800,000.

BACKGROUND:

The Washington State Department of Enterprise Services (DES) manages a Statewide Energy Performance Contracting Program. This program provides an experienced energy/engineering firm (called an Energy Services Company, or ESCO) who researches City facilities and identifies projects where equipment upgrades can provide improved operations and reduced energy (or water) consumption. The City of Lynnwood has previously used this program to add a screw press for dewatering sludge at the WWTP, build a new sewer lift station and force main, and improve secondary aeration systems at the WWTP.

Under the current Agreement which was approved October 14, 2019, four projects are being worked on. The first two are below Council authorization limits and are moving toward construction. The first is a replacement of the emergency generator at the LOMC, being paid for out of Utility Operational funds. The second is the replacement of the multi-zone air conditioning units on the roof of City Hall, paid for out of Facilities Capital Funds. The third project is the implementation of AMI, paid for out of utility bonds.

The fourth project is the Odor Control and Building project. The Wastewater Treatment Plant is located adjacent to the Puget Sound west of 76th Avenue West. The WWTP Odor Control and Building project is included in the City's 2019-2024 6-Year Capital Facilities Plan as project numbers SE2005042A and 200500135 under the title WWTP Building Repairs project. In their current states, Buildings #1 and #2 show excessive corrosion to their outer shells, primary and secondary structural members. This WWTP Odor Control and Building Project will replace or rehabilitate the affected members of the buildings which are badly corroded and include an odor scrubber system to aid in air quality.

PREVIOUS COUNCIL ACTIONS:

Ordinance #2996, Establishing the project Financial Plan and awarding the design contract.

Ordinance #3132, Updating the project Financial Plan and supplementing the design contract. M-2-1

Ordinance #3213, Updating the project Financial Plan and supplementing the design contract.

Ordinance #3240, Updating the project Financial Plan and supplementing the design contract.

Business Meeting August 13, 2018 90.1-C Consultant Supplemental Contract – WWTP Building Repairs

Business Meeting July 8, 2019 90.1-A Consultant Supplement Contract – Wastewater Treatment Plant Building Repairs

FUNDING:

The project costs are consistent with the adopted 2019-20 biennial budget.

- Sewer/Water Utility Fund 412

KEY FEATURES AND VISION ALIGNMENT:

The Lynnwood Community Vision states that the City is to “be a welcoming city that builds a healthy and sustainable environment.”

The WWTP Odor Control and Building project supports that vision and results in an important improvement to the City’s infrastructure that links City of Lynnwood programs, policies, comprehensive plans, mission, and ultimately the Community Vision. The project provides needed access improvements that benefit the City’s infrastructure and capital facilities.

DOCUMENT ATTACHMENTS

Description:	Type:
Cost Estimate	Backup Material
Draft Financial Plan	Backup Material

TABLE 2.1 - PROJECT COST

City of Lynnwood -WWTP Odor Control and Building Upgrade Project			
A. CONSTRUCTION COSTS			Costs
ECM-1	Project Budget		\$ 3,995,573
	VE - FM200 Alternative Hybrid System (Possible Deduct: \$87,000)		
	Canopy Add		\$ 203,090
	Site Supervision		\$ 239,734
	Safety, Site Conditions		\$ 38,445
Subtotal Labor and Materials Cost			\$ 4,476,842
	Construction Bond	0.75%	\$ 31,778
TOTAL CONSTRUCTION COST			\$ 4,508,620
B. ESCO FEES			
	IGA		\$ -
	Design Fee	4.5%	\$ 188,939.83
	Apprenticeship Incentive		\$ 904.98
	Construction Management	6.0%	\$ 251,919.77
	Overhead	11.0%	\$ 461,852.91
	Profit	7.0%	\$ 293,906.40
TOTAL ESCO FEES			\$ 1,197,524
C. OTHER COSTS			
	Project Contingency	5.0%	\$ 283,718
	Allowance		
	ESCO M&V Costs (Year 1)		\$ 5,100
TOTAL OTHER COSTS			\$ 288,818
D. TOTAL GUARANTEED CONSTRUCTION & ESCO SERVICES			\$ 5,994,963
E. NON-GUARANTEED COSTS			
	DES Fee		\$ 68,800
	Tax	10.5%	\$ 629,471
TOTAL NON GUARANTEED COSTS			\$ 698,271
F. TOTAL PROJECT COST			\$ 6,693,234

	A	B	C	D	E	F	G	H
1								
2	FINANCIAL PLAN # _____							
3	WWTP Odor Control and Building Project							
4								
5	Project Fund : 412 Last update : May 11, 2020 Prepared by : Nicholas Barnett, P.E. Reviewed by : David Mach, P.E.			EXPENSE	Diff.	REVENUE		
Project Fund 412				Fund Number		411	412	
Target/Actual Expense				Target/Actual Revenue		Utility Fund	Utility Fund	
6	Prior / Req. Change	Project Phases	7,468,149	-	7,468,149	452,881	7,015,268	
9	Prior Financial Plan 190927-EP0608-8	Design						
10		Consultant Contract	675,442	-	675,442	445,381	230,061	
12		Permits	7,500	-	7,500	7,500		
13		Miscellaneous	15,000	-	15,000		15,000	
16		Total Prior PE	697,942	-	697,942	452,881	245,061	
25		Construction						
26		Contract		-	-			
27		Management (DES)		-	-			
34		Total Prior CN	-	-	-	-	-	
35	Total Prior Financial Plan 190927-EP0608-8		697,942	-	697,942	452,881	245,061	
36	Requested Change May-2020 UPDATE	Design						
37		Consultant Contract		-	-			
39		Permits		-	-			
40		Miscellaneous		-	-			
43		Total Change PE	-	-	-	-	-	
52		Construction						
53		Contract	6,693,234	-	6,693,234		6,693,234	
54		Management (DES)	76,973	-	76,973		76,973	
61		Total Change CN	6,770,207	-	6,770,207	-	6,770,207	
62	Total Requested Change		6,770,207	-	6,770,207	-	6,770,207	
63	Total Prior + Requested		7,468,149	-	7,468,149	452,881	7,015,268	
64	Project Current Budget	Design						
65		Consultant Contract	675,442	-	675,442	445,381	230,061	
67		Permits	7,500	-	7,500	7,500	-	
68		Miscellaneous	15,000	-	15,000	-	15,000	
71		Total PE	697,942	-	697,942	452,881	245,061	
80		Construction						
81		Contract	6,693,234	-	6,693,234	-	6,693,234	
82		Management (DES)	76,973	-	76,973	-	76,973	
89		Total CN	6,770,207	-	6,770,207	-	6,770,207	
90	Total Project Budget		7,468,149	-	7,468,149	452,881	7,015,268	
91								
122								
123	Project Grand Total							
124	Project Grand Total	Design						
125		Consultant Contract	675,442	-	675,442	445,381	230,061	
127		Permits	7,500	-	7,500	7,500	-	
128		Miscellaneous	15,000	-	15,000	-	15,000	
131		Total PE	697,942	-	697,942	452,881	245,061	
140		Construction						
141		Contract	6,693,234	-	6,693,234	-	6,693,234	
142		Management (DES)	76,973	-	76,973	-	76,973	
149		Total CN	6,770,207	-	6,770,207	-	6,770,207	
150	Project Grand Total		7,468,149	-	7,468,149	452,881	7,015,268	
151	Difference		-	-	-	-	-	
152								
153	Grant Numbers (if applicable):							
154								
155	Approvals							
156								
157								
158	Project Manager _____					Date _____		
159	Nicholas Barnett, P.E.							
160								
161								
162	PW Manager _____					Date _____		
163	David Mach, P.E.							
164								
165	Department Deputy Director _____					Date _____		
166	Les Rubstello, P. E.							
167								
168								
169	Department Director _____					Date _____		
170	William Franz, P.E.							
171								
172	Finance Director _____					Date _____		
173	Sonja Springer							
174								