

LYNNWOOD CITY COUNCIL

Business Meeting

**This meeting will be held
electronically via Zoom. See the City
of Lynnwood website for details.**

Date: Monday, September 28, 2020

Time: 6:00 PM

10 CALL TO ORDER & FLAG SALUTE

20 ROLL CALL

30 APPROVAL OF MINUTES

A Work Session ~ August 3, 2020

B Business Meeting ~ August 10, 2020

C Special Council Meeting ~ August 17, 2020

40 MESSAGES AND PAPERS FROM THE MAYOR

50 CITIZEN COMMENTS AND COMMUNICATIONS

60 PRESENTATIONS AND PROCLAMATIONS

A 2019 Audit Exit Conference

B COVID-19 Update

C Proclamation: Latino Heritage Month

D Proclamation: Honoring the 100th Anniversary of the 19th Amendment to the Constitution

70 WRITTEN COMMUNICATIONS AND PETITIONS

80 COUNCIL COMMENTS AND ANNOUNCEMENTS

90 BUSINESS ITEMS AND OTHER MATTERS

90 .1 UNANIMOUS CONSENT AGENDA

A Board of Ethics Confirmation: Ty Tufono-Chaussee

B Confirmation of Appointment: Diversity, Equity and Inclusion Commission Candidate Daniela Altamirano-Crosby

C Confirmation of Appointment: Diversity, Equity and Inclusion Commission Candidate Joshua Binda

D Confirmation of Appointment: Diversity, Equity and Inclusion Commission Candidate Marcia Smith

E Confirmation of Appointment: Parks and Recreation Board Candidate Katie McKeown

F Confirmation of Appointment: Arts Commission Candidate Teodora Popescu

- G** Reappointment: Lynnwood Public Facilities District Board, Position #4, Rosario Reyes
- H** Contract 3094, Amendment #2, S Lynnwood Park Final Design
- I** Voucher Approval

90 .2 PUBLIC HEARINGS OR MEETINGS

- A** Public Hearing: Priorities for 2021-2022 Budget
- B** Public Hearing: Flood Hazard Area Regulations

90 .3 OTHER BUSINESS ITEMS

- A** Ordinance: Flood Hazard Area Regulations
- B** Ordinance: Repeal LMC 3.100
- C** Ordinance: Refinance 2010 Utility Bonds
- D** Ordinance: Development Agreement and Binding Site Plan Code Amendments
- E** Ordinance: LMC Chapter 2.92 Contract Threshold
- F** Executive Session: Personnel Interview

100 NEW BUSINESS

110 ADJOURNMENT

THE PUBLIC IS INVITED TO ATTEND

Parking and meeting rooms are accessible for persons with disabilities. Individuals requiring reasonable accommodations may request written materials in alternate formats, sign language interpreters, language interpreters, physical accessibility accommodations, or other reasonable accommodations by contacting 425-670-5023 no later than 3pm on Friday before the meeting. Persons who are deaf or hard of hearing may contact the event sponsor through the Washington Relay Service at 7-1-1.

"El estacionamiento y las salas de junta cuentan con acceso para personas con discapacidad. Las personas que requieran de adaptaciones razonables pueden solicitar materiales impresos en formatos alternativos como intérpretes de lenguaje de señas, intérpretes de idiomas, asistencia física para acceso, así como otros ajustes razonables. Pueden comunicarse al numero 425-670-5023 antes de las 3:00 pm del Viernes antes a la reunión. Las personas con discapacidad auditiva o con problemas de audición pueden comunicarse con el patrocinador del evento a través del Washington Relay Service al 7-1-1."

Regular Business Meetings are held on the second and fourth Mondays of the month. They are videotaped for broadcast on Comcast Channel 21 and FIOS - Frontier Channel 38 on Wednesdays at 7:30p.m. and Sundays at 7:00a.m. and 2:00p.m.

CITY COUNCIL ITEM 30-A

**CITY OF LYNNWOOD
City Council**

TITLE: Work Session ~ August 3, 2020

DOCUMENT ATTACHMENTS

Description:	Type:
<u>Work Session August 3, 2020</u>	Backup Material

**MINUTES OF THE WORK SESSION OF THE LYNNWOOD CITY COUNCIL
HELD MONDAY, AUGUST 3, 2020 AT 6:00 p.m. VIA ZOOM**

Attendance:

Mayor Nicola Smith
Council President Christine Frizzell
Council Vice President Shannon Sessions
Councilmember Ian Cotton
Councilmember Ruth Ross
Councilmember George Hurst
Councilmember Jim Smith
Councilmember Julieta Altamirano-Crosby
Interim City Clerk Karen Fitzthum
Executive Assistant Leah Jensen

Others:

Engineering Manager David Mach
Planning Manager Ashley Winchell
Senior Planner Kristen Holdsworth
Deputy Parks & Rec. Director Sarah Olson
Healthy Comm. Coord. Marielle Harrington
Dir. Ec. Devt./Interim Comm. Devt. David Kleitsch
City Center Program Manager Karl Almgren
IT Technical Support Anita Hudson
Interim Police Chief Jim Nelson
HR Director Evan Chinn
Commander Chuck Steichen
Senior Park Planner Monica Thompson

Comments and Questions on Memo Items

Memorandums for Future Agenda Items:

- M-1 Final Acceptance: 2019 Pavement Preservation Project
- M-2 Construction Contract Award: 48th Ave Sewer Main & 200th St Water Main Improvements
- M-3 Contract Amendment, Cartegraph
- M-4 Upcoming Public Hearing: Six-Year Capital Facilities Plan (CFP) and Six-Year Transportation Improvement Program (TIP) 2021 - 2026

Memorandums for Your Information:

- FYI-1 Board and Commission Applicant Summary

There were no comments or questions on memo items.

Interview: Ethics Board candidate Ty Tufono-Chaussee

- Rescheduled

Community Transit Update

- Emmett Heath, CEO, Community Transit, gave an update on Community Transit operations since the beginning of the pandemic. He also expressed appreciation to the City and announced his retirement.
- Council comments and questions followed. There was some discussion about creating an internal Lynnwood loop transit service.
- Councilmembers thanked Mr. Heath for the presentation and for his service and congratulated him on his retirement.

Agreement: Interlocal Agreement with Community Transit for Swift BRT-Orange Line (22:00)

- BRT (Bus Rapid Transit) Program Manager Christopher Silveira from Community Transit and Lynnwood City Center Program Manager Karl Almgren discussed the Swift BRT-Orange Line. The new line will connect Edmonds Community College and the McCollum Park Park-and-Ride with stops at the City Center and Alderwood.
- Councilmember comments and questions followed.

COVID-19 Update

- Commander Steichen reviewed statistics and demographics related to Covid-19.

Emergency Management Ordinance Amendments

- Commander Steichen reviewed proposed emergency management amendments related to emergency and disaster powers.
- There were no comments or questions.

Contract Supplement: Scriber Creek Trail Improvements

- Deputy Director Sarah Olson gave an update on the Scriber Creek Trail redevelopment project and discussed Supplemental Contract #10 for \$296,000 for Design and Engineering to complete Phase 2 – 60% Design) which is within the approved 2019-2020 Capital Budget. Topics covered included existing conditions, regional multimodal transportation planning efforts, and the City Center multimodal plan.
- Senior Park Planner Monica Thompson discussed Scriber Creek Trail proposed improvements, project phasing, and potential grant funding.
- Deputy Director Olson reviewed project costs and funding, next steps, and future planning.
- Engineering Manager David Mach explained the importance of the Interurban Trail as a critical regional trail that provides access directly to the future light rail station in addition to being purely recreational.
- Council comments and questions followed. Many councilmembers spoke to the importance of safety lighting for the Phase 2 section. Deputy Director Olson indicated that staff would have the engineering team look into the cost of adding it to the scope.

Update – Housing Action Plan

- Planning Manager Ashley Winchell introduced this item. Senior Planner Kristen Holdsworth gave an update on the City's Housing Action Plan. She gave an overview of the community vision and Strategic Plan related to this. She discussed the goal of providing housing affordability as the focus of the Housing Action Plan and noted that it builds on existing housing efforts. This includes plans & policies, regulations/zoning, incentives (federal, state, local), and regional coordination. She reviewed the Plan schedule, project milestones, and outreach and engagement efforts. Senior Planner Holdsworth reviewed key findings of the preliminary draft Housing Needs Assessment which identifies existing and future housing needs to serve all economic segments. She also reviewed the structure of the first upcoming online open house series and next steps.
- Council comments and questions followed.
- Councilmember Smith requested more information about the percentage of single family versus multifamily units in the city; the percentage of ownership versus rentals in the single family category in Lynnwood; and public education efforts.

- Councilmember Ross asked for more information about how Lynnwood compares to other similar communities (like Southcenter) when it comes to being cost burdened.
- Councilmember Altamirano-Crosby recommended providing translators as part of their community outreach.
- Councilmember Smith asked for data about how Lynnwood compares to surrounding cities.

Mayor Comments and Questions

- None

Council President and Council Comments

- Councilmembers made comments about recent events and activities in the city.

Executive Session – Personnel Interview

- Council recessed into Executive Session at 8:46 p.m. for a personnel interview.

Adjourn

- Meeting adjourned at 9:32 p.m.

Nicola Smith, Mayor

CITY COUNCIL ITEM 30-B

**CITY OF LYNNWOOD
Executive**

TITLE: Business Meeting ~ August 10, 2020

DOCUMENT ATTACHMENTS

Description:	Type:
<u>Business Meeting ~ August 10, 2020</u>	Backup Material

CITY OF LYNNWOOD
CITY COUNCIL BUSINESS MEETING MINUTES
August 10, 2020

10. CALL TO ORDER - The August 10, 2020 Business Meeting of the Lynnwood City Council, held via Zoom, was called to order by Mayor Smith at 6:00 p.m.

20. ROLL CALL

Mayor & Council:

Mayor Nicola Smith
Council President Christine Frizzell
Council Vice President Shannon Sessions
Councilmember Ruth Ross
Councilmember Ian Cotton
Councilmember George Hurst
Councilmember Julieta Altamirano-Crosby
Councilmember Jim Smith

Others Attending:

Police Chief James Nelson
Commander Chuck Steichen
Public Works Director Bill Franz
Engineering Manager David Mach
Public Works Engineer Sadia Faiza
Deputy P&R Director Sarah Olson
PCRA Monica Thompson
Dir. Ec. Devt/Interim CD Kleitsch
Court Admin. Paulette Revoir

Asst. City Administrator Art Ceniza
Interim City Clerk Karen Fitzthum
City Attorney Rosemary Larson
Executive Assistant Leah Jensen
Comp. Support Specialist Demetrius Lee

30. APPROVAL OF MINUTES (2:00)

Councilmember Smith noted that item I, Special Council Meeting of July 23, should actually be a Finance Committee Meeting since there was not a quorum. It was removed from the agenda.

Motion made by Council Vice President Sessions, seconded by Council President Frizzell, to approve the minutes of:

- A. *Work Session ~ June 17, 2020*
- B. *Work Session ~ June 29, 2020*
- C. *Special Business Meeting ~ July 6, 2020*
- D. *Work Session ~ July 6, 2020*
- E. *Special Council Meeting ~ July 9, 2020*
- F. *Business Meeting ~ July 13, 2020*
- G. *Work Session ~ July 15, 2020*
- H. *Work Session ~ July 20, 2020*
- J. *Business Meeting ~ July 27, 2020*

The above minutes were approved as presented.

40. MESSAGES AND PAPERS FROM THE MAYOR

None

50. CITIZENS COMMENTS AND COMMUNICATIONS (4:30)

The following individuals made comments via Zoom:

- Elizabeth Lunsford, Lynnwood
- Rosa Antoine, Lynnwood

60. PRESENTATIONS AND PROCLAMATIONS (13:48)

A. Confirm Deputy Chief Nelson as Lynnwood's Chief of Police

Motion made by Council President Frizzell, seconded by Councilmember Cotton, to approve the confirmation of James Nelson as the new Chief of Lynnwood's Police Department.

Councilmembers spoke to the motion.

Upon a roll call vote, the motion passed unanimously (7-0).

B. Oath of Office: Chief Jim Nelson (20:00)

Mayor Smith introduced and presented Chief Nelson. Mayor Smith gave the Oath of Office. Chief Nelson's daughter performed the badge pinning. Chief Nelson made a statement to the community.

C. COVID 19 Update (36:55)

Council received an update on the COVID-19 situation from Commander Steichen. He discussed numbers for recent cases, school district updates, drive-thru testing options, rental assistance grant funding, and phasing updates.

Council comments and questions followed. Council President Frizzell requested that Council be kept apprised of any summary updates or significant changes while the Council is on recess. Commander Steichen indicated he would provide an update to Council each Monday. Councilmember Hurst concurred and also requested C3 reports and any maps or demographic information in the updates.

70. WRITTEN COMMUNICATIONS AND PETITIONS

80. COUNCIL COMMENTS AND ANNOUNCEMENTS (51:45)

Councilmembers commented on recent developments in the City.

90. BUSINESS ITEMS AND OTHER MATTERS

90.1 UNANIMOUS CONSENT AGENDA (1:02:00)

Items listed below were distributed to Councilmembers in advance for study and were enacted with one motion.

Council President Frizzell moved for unanimous consent of the following items:

A. Agreement: Interlocal Agreement with Community Transit for Swift BRT – Orange Line

Approve the Interlocal Agreement with Community Transit for the Swift BRT – Orange Line.

B. Contract Supplement: Scriber Creek Trail Improvements

Authorize the Mayor to enter into and execute on behalf of the City a contract with Parametrix of Seattle, Washington for professional services in an amount not to exceed \$898,139.06.

C. Final Acceptance: 2019 Pavement Preservation Project

Grant final acceptance of the work performed under the contract for the 2019 Overlay & Curb Ramps Project, subject to the requirements of State and Federal Agencies and ultimately release of retainage to the contractor, if any.

D. Construction Contract Award: 48th Ave Sewer Main & 200St. Water Main Improvements

Authorize the Mayor to enter into, and execute, on behalf of the City a construction contract with Kamins Construction Inc of Bothell, WA for the construction of 48th Ave Sewer Main & 200th St Water Main Improvements project, in an amount not to exceed \$834,282.82 with an additional 15% contingency for a total amount of \$959,425.24, sales tax included.

E. Contract Amendment: Cartegraph

Authorize the Mayor to execute contract amendment #3 with Cartegraph for an updated software solution. This amendment continues the software subscription services for an additional five years. The estimated total value is \$427,621.

F. Voucher Approval

Approve claims and payroll in the amount of \$3,163,142.49 and \$1,132,517.77 respectively.

Motion passed unanimously.

90.2 PUBLIC HEARINGS OR MEETINGS

1 A. Six-Year Capital Facilities Plan (CFP) and Six-Year Transportation Improvement
2 Plan (TIP) 2021-2026 (1:04:45)
3

4 Mayor Smith introduced this item and solicited any conflict of interest issues. Upon
5 a roll call of Council, there were no conflict of interest issues noted. ¹ Mayor Smith
6 opened the hearing at 7:07 p.m. and reviewed the purpose and procedures of the
7 hearing.
8

9 Public Works Director Bill Franz provided an overview of the topic and solicited
10 any other topics that should be included in the list. Engineering Manager David
11 Mach made a presentation regarding projects on the list.
12

13 Council comments and questions followed. ²
14

15 Councilmember Cotton suggested doing an update to the traffic flow analysis and
16 exploring other options to the new City Center Road/194th Street punch through
17 listed on 90.2.A-44 on page 28. He also referred to 90.2.A-47 on page 31 and
18 suggested expanding that project to be more of a safety study/prioritization plan
19 around school safety.
20

21 Council Vice President Sessions recommended prioritizing the school safety project
22 around Lynndale Elementary because of the heavy community use of that park and
23 the current poor conditions for pedestrians and bicycles. Engineering Manager
24 Mach replied that staff is planning to bring this topic back to the Council in
25 September. Staff is also planning on coming back to Council with a greater City
26 Center discussion in November.
27

28 Written Materials: None
29

30 Public Comments:

- 31 • Elizabeth Lunsford, Lynnwood
32

33 Council Comments:
34

35 Councilmember Hurst recommended looking into pedestrian safety improvements
36 in the intersection of 196th Street and 37th Avenue. Engineering Manager Mach
37 explained that Traffic Engineer Paul Coffelt has been investigating this intersection.
38 Staff will come back with more information about his findings and
39 recommendations.
40

41 The public hearing was closed at 7:43 p.m.
42

43 90.3 OTHER BUSINESS ITEMS
44

45 A. Emergency Management Ordinance Amendments (1:43:20)
46

¹ Councilmember Smith's connection was lost at approximately 7:03 p.m.

² Councilmember Smith rejoined the meeting at 7:21 p.m.

1 *Motion made by Council President Frizzell, seconded by Councilmember Hurst,*
2 *to adopt Ordinance No. 3365, "AN ORDINANCE OF THE CITY OF*
3 *LYNNWOOD, WASHINGTON, RELATING TO EMERGENCY MANAGEMENT;*
4 *AMENDING SECTIONS 7.20.060C, 7.20.070A.1, 7.20.110 AND 7.20.150 OF*
5 *THE LYNNWOOD MUNICIPAL CODE; AND PROVIDING FOR AN*
6 *EFFECTIVE DATE, SEVERABILITY AND SUMMARY PUBLICATION."*

7
8 Councilmembers spoke to the motion.

9
10 *Upon a roll call vote, the motion passed unanimously (7-0).*

11
12 100. NEW BUSINESS (1:47:00)

13
14 *Scheduling motion made by Council President Frizzell, seconded by Vice President*
15 *Sessions, to schedule a Special Council Meeting to interview for the Executive Assistant*
16 *position in Executive Session relating to personnel matters on August 17 with a time to be*
17 *determined by Council leadership. No action will be taken at the meeting. Motion passed*
18 *unanimously.*

19
20 110. ADJOURNMENT

21
22 The meeting was adjourned at 7:52 p.m.

23
24
25
26 _____
27 Nicola Smith, Mayor

CITY COUNCIL ITEM 30-C

CITY OF LYNNWOOD Executive

TITLE: Special Council Meeting ~ August 17, 2020

DOCUMENT ATTACHMENTS

Description:

[Special Council Meeting ~ August 17, 2020](#)

Type:

Backup Material

**MINUTES OF THE SPECIAL COUNCIL MEETING OF THE LYNNWOOD CITY COUNCIL
HELD AUGUST 17, 2020 AT 6:00 p.m. VIA ZOOM**

Attendance:

Council President Christine Frizzell
Council Vice President Shannon Sessions
Councilmember George Hurst
Councilmember Jim Smith
Councilmember Julieta Altamirano-Crosby

Councilmember Ian Cotton (absent)
Councilmember Ruth Ross (absent)

Human Resources Analyst Lena Hopkins
Interim City Clerk Karen Fitzthum

Interviews of the candidates for Executive Assistant to the Council in Executive Session.

Adjourn

- Meeting adjourned at 9:08 p.m.

Nicola Smith, Mayor

CITY COUNCIL ITEM 60-A

CITY OF LYNNWOOD Administrative Services

TITLE: 2019 Audit Exit Conference

DEPARTMENT CONTACT: Sonja Springer, Finance Director

SUMMARY:

The State Auditor's Office has completed the City's Financial Statement Audit, the Single Audit (Federal Grants Audit) and the Accountability Audit for the calendar year ended December 31, 2019. At the September 28 Council Business meeting, representatives from the State Auditor's Office including Audit Lead Marlon Deppen, Assistant Audit Manager Clay Trushinsky and Audit Manager Wendy Choy will be presenting the Exit Conference to cover the results of these three audits.

BACKGROUND:

The 2019 audit resulted in a clean opinion on the City's financial statements and no findings nor management letters on the City's Financial Statements, Accountability and Single Federal audits.

There were a few immaterial errors found during the audit of the City's financial statements and Accountability audits. These errors are listed as "exit items" and include recommendations made by the State Auditor's office to address before the next audit.

DOCUMENT ATTACHMENTS

Description:	Type:
2019 Exit Conference Agenda	Backup Material
Financial and Federal Audit Report	Backup Material
CAFR Letter	Backup Material
Signed Management Representation Letter	Backup Material
2019 Audit Exit Conference Power Point	Backup Material



Office of the Washington State Auditor

Pat McCarthy

Exit Conference: City of Lynnwood

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, 2019 through December 31, 2019 – see draft report.
- Financial statement and federal grant compliance audit for January 1, 2019 through December 31, 2019 - see report.
- Comprehensive Annual Financial Report opinion letter – see letter.

Audit Highlights

- We would like to thank Sonja Springer, Finance Director, John White, Accounting Manager, and City staff for their cooperation and timely responses to our requests. Especially since the current audit was performed remotely.
- We appreciate the City's professional and friendly interactions with us and appreciate the audit process being a collaborative effort.
- We commend the City for its continual improvements and proactive attitude when addressing audit recommendations.
- We thank the City for its ongoing commitment to strengthen the relationship with the Office of the Washington State Auditor.

Recommendations not included in the Audit Reports

Exit Items

We have provided exit recommendations for management's consideration. Exit items address control deficiencies or non-compliance with laws or regulation 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.

Communications required by audit standards

In relation to our financial statement audit report, we would like to bring to your attention:

- Uncorrected misstatements in the audited financial statements are summarized on the attached schedule. We agree with management's representation that these misstatements are immaterial to the fair presentation of the financial statements.

- There were no material misstatements in the financial statements corrected by management during the audit.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via e-mail in an electronic .pdf file. We also offer a subscription service that allows you to be notified by email when audit reports are released or posted to our website. You can sign up for this convenient service at: <https://portal.sao.wa.gov/SAOPortal/>

Management Representation Letter

We have included a copy of representations requested of management.

Audit Cost

At the entrance conference, we estimated the cost of the audit to be \$182,800 and actual audit costs will be less. The difference is due to cost savings in travel by performing the audit remotely as well as other audit efficiencies gained.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in April 2021 and will cover the following general areas:

- Accountability for Public Resources
- Financial Statement including Comprehensive Annual Financial Report Opinion Letter
- Federal Programs

The estimated cost for the next audit based on current rates is \$183,300 plus travel expenses. 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 of the Office of the Washington State Auditor is designed to offer 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, 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.

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Office of the Washington State Auditor
Pat McCarthy

**Financial Statements and Federal Single Audit
Report**

City of Lynnwood

For the period January 1, 2019 through December 31, 2019

Published August 13, 2020

Report No. 1026782





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

August 13, 2020

Mayor and City Council
City of Lynnwood
Lynnwood, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Lynnwood's financial statements and compliance with federal laws and regulations.

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

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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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Lynnwood January 1, 2019 through December 31, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Lynnwood are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the aggregate discretely presented component units in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The City qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

City of Lynnwood January 1, 2019 through December 31, 2019

This schedule presents the status of federal findings reported in prior audit periods.

Audit Period: January 1, 2018 through December 31, 2018	Report Ref. No.: 1024630	Finding Ref. No.: 2018-001
Finding Caption: The Lynnwood Public Facilities District, a component unit of the City of Lynnwood, had internal controls over financial preparation that were not adequate to ensure accurate reporting.		
Background: District management is responsible for designing, implementing and maintaining internal controls to ensure financial statements are fairly presented and provided reasonable assurance regarding the reliability of financial reporting. Our audit identified deficiencies in controls that are a material weakness. These deficiencies hinder the Lynnwood Public Facilities District's ability to accurately present their financial statements. Government Auditing Standards requires that the auditor communicate a material weakness in internal controls as a finding.		
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input checked="" type="checkbox"/> Fully Corrected </div> <div style="text-align: center;"> <input type="checkbox"/> Partially Corrected </div> <div style="text-align: center;"> <input type="checkbox"/> Not Corrected </div> <div style="text-align: center;"> <input type="checkbox"/> Finding is considered no longer valid </div> </div>		
Corrective Action Taken: <i>The Lynnwood Public Facilities District (PFD)'s financial statements were corrected prior to issuance of the PFD's 2018 Audit Report and the corrections were also included in the City's 2018 CAFR and Audit Report.</i> <i>The PFD corrected the understatement of Net Investment in Capital Assets and overstated Unrestricted Net Position, each by \$5,581,190. This classification error was material to the financial statements.</i> <i>The PFD corrected the errors and received an unmodified opinion on their financial statements, and the City also received an unmodified opinion on its 2018 financial statements with the PFD's corrections.</i>		

**INDEPENDENT AUDITOR'S 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 Lynnwood
January 1, 2019 through December 31, 2019**

Mayor and City Council
City of Lynnwood
Lynnwood, 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 governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the aggregate discretely presented component units of the City of Lynnwood, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 31, 2020.

As discussed in Note 4-H to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Management's plans in response to this matter are also described in Note 4-H.

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) to determine the 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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

July 31, 2020

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

**City of Lynnwood
January 1, 2019 through December 31, 2019**

Mayor and City Council
City of Lynnwood
Lynnwood, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the City of Lynnwood, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended December 31, 2019. The City’s major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE


Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

July 31, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Lynnwood January 1, 2019 through December 31, 2019

Mayor and City Council
City of Lynnwood
Lynnwood, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the aggregate discretely presented component units of the City of Lynnwood, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed on page 17.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the aggregate discretely presented component units of the City of Lynnwood, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 4-H to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Management's plans in response to this matter are also described in Note 4-H. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This schedule is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2020 on our consideration of the City's internal control over financial reporting and on our 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 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.

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

July 31, 2020

FINANCIAL SECTION

City of Lynnwood January 1, 2019 through December 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2019

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2019

Statement of Activities – 2019

Balance Sheet – Governmental Funds– 2019

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position – 2019

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – 2019

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities – 2019

Statement of Net Position – Proprietary Funds – 2019

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds – 2019

Statement of Cash Flows – Proprietary Funds – 2019

Statement of Fiduciary Net Position – Fiduciary Funds – 2019

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2019

Notes to Financial Statements – 2019

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues – Budget and Actual – General Fund – 2019

Schedule of Expenditures – Budget and Actual – General Fund – 2019

Schedule of Proportionate Share of the Net Pension Liability/Asset – PERS 1, PERS 2/3, PSERS 2, LEOFF 1 – 2019

Schedule of Employer Contributions – PERS 1, PERS 2/3, PSERS 2 – 2019

Schedule of Proportionate Share of the Net Pension Liability/Asset – Law Enforcement Officers' and Fire Fighters' Retirement Plan 2 – State Sponsored Plans – 2019

Schedule of Employer Contributions – Law Enforcement Officers’ and Fire Fighters’
Retirement Plan 2 – State Sponsored Plans – 2019
Schedule of Changes in Net Pension Liability and Related Ratios – Firemen’s Pension –
2019
Schedule of Employer Contributions – Firemen’s Pension – 2019
Schedule of Investment Returns – Firemen’s Pension – 2019
Schedule of Changes in Total OPEB Liability and Related Ratios LEOFF 1 Retiree
Medical and Long-Term Care Benefits – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2019
Notes to the Schedule of Expenditures of Federal Awards – 2019

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(564) 999-0950
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov



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

July 31, 2020

Mayor and City Council
City of Lynnwood
Lynnwood, Washington

Report on Financial Statements

Please find attached our report on the City of Lynnwood's financial statements.

We are issuing this report for inclusion in the City's comprehensive annual financial report package, which will be issued by the City under the City's own cover.

This report is in addition to our regular financial statement audit report, which will be available on our website and includes the City's basic financial statements.

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.



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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

July 31, 2020

Mayor and City Council
City of Lynnwood
Lynnwood, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the aggregate discretely presented component units of the City of Lynnwood, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's

preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the aggregate discretely presented component units of the City of Lynnwood, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 4-H to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual fund statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic 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. This information has been subjected to auditing procedures applied in the audit of the basic 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 basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated July 31, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. 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 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy

State Auditor

Olympia, WA



LYNNWOOD
WASHINGTON

July 31, 2020

Office of the Washington State Auditor
ATTN: Marlon Deppen, CPA
40 Lake Bellevue Drive, Suite 123
Bellevue, WA 98005

To the Office of the Washington State Auditor:

We are providing this letter in connection with your audit of City of Lynnwood for the period from January 1, 2019 through December 31, 2019. 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 requested and relevant 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 material 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 and safeguarding of public resources, including controls to prevent and detect fraud.
 7. We have established adequate procedures and controls to provide reasonable assurance of safeguarding public resources and compliance with applicable laws and regulations.
 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, notwithstanding immaterial uncorrected items referenced below.
 10. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings, and we have provided you with all the information on the status of the follow-up on prior audit findings.

Additional representations related to the financial statements:

11. We acknowledge our responsibility for fair presentation of financial statements and believe financial statements are fairly presented in conformity with generally accepted accounting principles in the United States of America.



12. We acknowledge our responsibility for establishing and maintaining effective internal control over financial reporting.
13. The financial statements include financial information of the primary government and all component units, fiduciary and other activity required by generally accepted accounting principles to be included in the financial reporting entity.
14. The financial statements properly classify all funds and activities.
15. All funds that meet the quantitative criteria in GASB requirements or are otherwise particularly important to financial statement users, are presented as major funds.
16. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and depreciated as applicable.
17. We have no plans or intentions that may materially affect the reported value or classification of assets, liabilities or net position.
18. Revenues are appropriately classified by fund and account.
19. Expenses have been appropriately classified by fund and account, and allocations have been made on a reasonable basis.
20. Net position components (net investment in capital assets, restricted and unrestricted) and fund balance components (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, as applicable, approved.
21. Significant assumptions we used in making accounting estimates are reasonable.
22. 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.
23. 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.
24. We acknowledge our responsibility for reporting supplementary information including combining and individual fund statements and schedules, Proprietary funds' comparative statements of net position, statements of revenues, expenses and changes in net position and comparative statements of cash flows, Fiduciary funds' combining statements of net position and combining statements of changes in fiduciary position, as well as the Schedule of Expenditures of Federal Awards are in accordance with applicable requirements and believe supplementary information is fairly presented, in both form and content in accordance with those requirements.
25. 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.
26. We acknowledge our responsibility for the supplementary information required by generally accepted accounting principles in the United States (RSI) and believe RSI is measured and presented within prescribed guidelines.
27. We have disclosed to you all significant changes in the methods of measurement and presentation of RSI, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation of the RSI.
28. We believe the effects of uncorrected financial statement misstatements summarized in the schedule of uncorrected items provided to us by the auditor are not material, both individually and in the aggregate, to each applicable opinion unit.
29. 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.
30. We acknowledge our responsibility for presenting Comprehensive Annual Financial Report combining statements and supplemental schedules in accordance



with generally accepted accounting principles in the United States. We believe that combining statements and supplemental schedules are fairly presented, including both form and content, in accordance with those principles.

31. We have disclosed to you all significant changes to the methods of measurement and presentation of combining statements and supplemental schedules, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation of the combining statements and supplemental schedules.

Additional representations related to expenditures under federal grant programs:

32. We acknowledge our responsibility for complying, and have complied, with the requirements of 2 CFR § 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.
33. With regards to your audit of federal grant programs, we have made available all relevant and requested information of which we are aware, including:
- a. All federal awards and related grant agreements (including amendments, if any), contracts with pass-through entities, service organizations and vendors, and correspondence.
 - b. All communications from federal awarding agencies, vendors, service organizations or pass-through entities concerning possible noncompliance.
 - c. All information regarding corrective actions taken and management decisions or follow-up work performed by federal or pass-through agencies on any findings reported in the past.
 - d. All documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
 - e. Interpretations or other support for any situations where compliance with requirements might be questionable or unclear.
34. We have identified and complied with all direct and material compliance requirements of federal awards.
35. Management is responsible for establishing effective internal control and has maintained sufficient control over federal programs to provide reasonable assurance that awards are managed in compliance with laws, regulations, contracts or grant agreements that could have a material effect on each of our federal awards.



36. Federal program financial reports and claims for advances and reimbursements are supported by the accounting records from which the basic financial statements have been prepared and are prepared on a basis consistent with the Schedule of Expenditures of Federal Awards.
37. Copies of federal program reports provided to you are true copies of the reports submitted, or electronically transmitted, to federal agencies or pass-through agencies, as applicable.
38. We are responsible for, and will accurately prepare, the auditee section of the Data Collection Form as required by the Uniform Guidance.
39. We have advised our subrecipients of requirements imposed on them by Federal laws, regulations, contracts or grant agreements as well as any supplemental requirements we impose as a condition of receiving Federal awards.
40. We have monitored the activities of our subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, contracts or grant agreements.

DocuSigned by:
Nicola Smith, Mayor _____
281B3CE79E884DA...
Mayor

DocuSigned by:
Sonya Springer _____
3787F22E3BC44F2...
Springer
Finance Director



Office of the Washington State Auditor

Pat McCarthy

Exit Conference

City of Lynnwood

September 28, 2020

Executive Management



Pat McCarthy
State Auditor



Kelly Collins, CPA, Director of Local Audit – Kelly has been with the Office of the Washington State Auditor since 1992. In her role, she oversees the audit teams which perform the audits for over 2,200 local governments. She serves on the Washington Finance Officers Association Board and is a member of the Washington Society of Certified Public Accountants' Government Auditing and Accounting Committee.



Mark Rapozo, CPA, Assistant Director of Local Audit – Mark has been with the Office of the Washington State Auditor since 1983. In his role as Assistant Director, he assists with the statewide oversight and management of all the audits for local government.

Local Audit Team



Wendy Choy, Audit Manager – Wendy has been with the Office of the Washington State Auditor since 2002 and is also the Program Manager for public hospital districts. In her role as Audit Manager, she oversees state and local government audits in the east King County and south Snohomish County regions.



Clay Trushinsky, Assistant Audit Manager – Clay has been with the Office of the Washington State Auditor since 2015. During his time with the office, he has overseen many accountability, financial and federal compliance audits for cities, counties, special purpose districts, housing authorities, and school districts. Prior to working at the SAO, Clay was an accountant with a local CPA firm.



Marlon Deppen, CPA, Audit Lead – Marlon has been with the Office of the Washington State Auditor since 2015. During his time with the Office, Marlon has served state and local governments throughout the King County and south Snohomish County regions. Marlon also serves as one of the team's Fraud Specialists.

- 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 governments more efficient and effective.
- The purpose of this meeting is to share the results of your audit.
- We value and appreciate your participation.



About Our Office

Audit Scope

We performed the following audits for the City of Lynnwood for January 1, 2019 through December 31, 2019:

- **Accountability audit**
- **Financial statement and federal grant compliance audit**
- **Comprehensive Annual Financial Report (CAFR) opinion letter**

Audit Highlights

- We would like to thank Sonja Springer, Finance Director, John White, Accounting Manager, and City staff for their cooperation and timely responses to our requests. Especially since the current audit was performed remotely.
- We appreciate the City's professional and friendly interactions with us and appreciate the audit process being a collaborative effort.
- We commend the City for its continual improvements and proactive attitude when addressing audit recommendations.
- We thank the City for its ongoing commitment to strengthen the relationship with the Office of the Washington State Auditor.

Accountability Audit

Accountability Audit Results

- In the areas we examined, 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.

Areas Reviewed

The following areas were examined during this audit period:

- Financial condition
- Self-insurance assessment
- Restricted funds – REET 1 & 2, transportation impact fees and hotel/motel taxes
- Fuel cards/fuel purchases
- Cash receipting – Parks and Recreation
- Electronic fund transfers (EFTs)

Financial Statements

Financial Statement Audit Results

- *Unmodified* opinion issued on the financial statements.
- Internal Control Report
 - No identified deficiencies in internal controls found that we consider to be significant deficiencies or material weaknesses. However, control weaknesses may exist that have not been identified.
- Compliance Report
 - No material instances of noncompliance that affect the statements

Federal Grant Compliance

Federal Single Audit Results

- The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance:

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
-----------------	---------------------------------

20.205	Highway Planning and Construction Cluster
--------	---

- Total federal expenditures for the major program was \$704,571 or 83 percent of the City's total federal expenditures.

Federal Grant Compliance

Federal Grant Compliance Audit Results

- Internal Control Report:
 - No identified deficiencies in internal controls found that we consider to be significant deficiencies or material weaknesses. However, control weaknesses may exist that have not been identified.
- Major Program Compliance Opinion:
 - *Unmodified* opinion on compliance for each major program.

CAFR Opinion Letter

The City of Lynnwood prepares a comprehensive annual financial report and submits it to the Government Finance Officers Association (GFOA) for a Certificate of Achievement for Excellence in Financial Reporting.

We issued a Comprehensive Annual Financial Report (CAFR) opinion letter that provides assurance about supplemental financial information presented in the City's CAFR packet.

Audit recommendations

Recommendations not included in the Audit Reports

Exit Items:

- We have provided exit recommendations for management's consideration. Exit items address control deficiencies or non-compliance 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.

Status of Prior Finding

Prior Finding	Resolved	Unresolved
The Lynnwood Public Facilities District, a component unit of the City of Lynnwood, had internal controls over financial preparation that were not adequate to ensure accurate reporting.	X	

Communications Required by Audit Standards

In relation to our report, we would like to bring to your attention:

- Uncorrected misstatements in the audited financial statements are summarized in the schedule provided. We agree with management's representation that these misstatements are immaterial to the fair presentation of the financial statements.
- There were no material misstatements in the financial statements corrected by management during the audit.

Report Publication

Report Publication

Audit reports are published on our website and distributed via e-mail in an electronic .pdf file. We also offer a subscription service that allows you to be notified by email when audit reports are released or posted to our website. You can sign up for this convenient service at:

<https://portal.sao.wa.gov/saoportal/Login.aspx>

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.

Finalizing Your Audit

Management Representation Letter

- We have included a copy of the representations requested of City management

Audit Cost

- At the entrance conference, we estimated the cost of the audit to be \$182,800 and actual audit costs will be less. The difference is due to cost savings in travel by performing the audit remotely as well as other audit efficiencies gained.

Finalizing Your Audit

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in April 2021 and will cover the following general areas:

- ❑ Accountability for Public Resources
- ❑ Financial Statement including the CAFR opinion letter
- ❑ Federal Programs

The estimated cost for the next audit based on current rates is \$183,300 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

Working Together to Improve Government

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 is a resource for local governments that want to solve problems, innovate, and improve the value of their services to citizens. The Center is available by phone, online, or in person to offer assistance, programs, and tools – at no additional charge. You can contact the Center for more information at center@sao.wa.gov.

Contact Information

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

- **Kelly Collins, CPA, Director of Local Audit** – (564) 999-0807, Kelly.Collins@sao.wa.gov
- **Mark Rapozo, CPA, Assistant Director of Local Audit** – (564) 999-0794, Mark.Rapozo@sao.wa.gov
- **Wendy Choy, Audit Manager** – (425) 502-7067, Wendy.Choy@sao.wa.gov
- **Clay Trushinsky, Assistant Audit Manager** – (425) 679-6245, Clay.Trushinsky@sao.wa.gov
- **Marlon Deppen, CPA, Audit Lead** – (425) 502-7067, Marlon.Deppen@sao.wa.gov

Questions?



CITY COUNCIL ITEM 60-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 60-C

CITY OF LYNNWOOD Executive

TITLE: Proclamation: Latino Heritage Month

DEPARTMENT CONTACT: Julie Moore, Public Affairs Officer

SUMMARY:

A proclamation is to be read and adopted proclaiming September 15 - October 15, 2020 as Latino Heritage Month in the City of Lynnwood.

DOCUMENT ATTACHMENTS

Description:

[Proclamation: Latino Heritage Month](#)

Type:

Proclamation



LYNNWOOD
WASHINGTON

A great deal more

Proclamation

City of Lynnwood

Recognition of National Latino Heritage Month

WHEREAS, National Latino Heritage Month celebrates the Latino community and highlights its countless achievements; and

WHEREAS, Many Latino Americans trace their roots to the cultures of the indigenous peoples of the Americas -- including the Arawaks (Puerto Rico), the Aztecs (Mexico), the Incas (South America), the Maya (Central America), and the Tainos (in Cuba, Puerto Rico and other places), some trace their roots to the Spanish explorers, other Latinos trace their roots to the Africans who were brought as slaves to the New World; and

WHEREAS, September 15 - October 15, 2020 is recognized as National Latino Heritage Month, which is a time to renew our commitment to honoring the invaluable ways Latinos contribute to our common goals, celebrate their diverse cultures, and to work towards a strong, more inclusive, and more prosperous society for all; and

WHEREAS, Latinos have played a significant role in the history of Washington State's economic, cultural, spiritual and political development; and

WHEREAS, much of Lynnwood's honor, strength and distinction can be attributed to the diversity of cultures and traditions that are celebrated by our community members; and

WHEREAS, Latino Americans represent a significant and fast growing demographic of the City of Lynnwood, and we honor the invaluable ways which Latino Americans add value to our great city; and

NOW, THEREFORE BE IT RESOLVED that we, Mayor Nicola Smith, and the Lynnwood City Council, proclaim September 15 - October 15, 2020 as National Latino Heritage Month in the City of Lynnwood and we call upon public officials, educators, businesses, volunteers, and all people of Lynnwood to join us in celebrating the great contributions of Latino Americans to our city, state, and nation.

Nicola Smith, Mayor
September 28, 2020

Christine Frizzell, City Council President
September 28, 2020

CITY COUNCIL ITEM 60-D

**CITY OF LYNNWOOD
Executive**

TITLE: Proclamation: Honoring the 100th Anniversary of the 19th Amendment to the Constitution

DEPARTMENT CONTACT: Julie Moore, Public Affairs Officer

SUMMARY:

A proclamation is to be read and adopted honoring the 100th anniversary of the passage of the 19th amendment to the US Constitution.

DOCUMENT ATTACHMENTS

Description:	Type:
Proclamation: Honoring the 100th Anniversary of the 19th Amendment to the Consitution	Proclamation



LYNNWOOD
WASHINGTON
A great deal more

Proclamation

City of Lynnwood

Honoring the 100th Anniversary of the 19th Amendment to the Constitution

WHEREAS, the bold, courageous and powerful women who fought for the ratification of the 19th amendment to the United States Constitution on August 18, 1920, deserve special honor and celebration, especially on the 100th anniversary of it's ratification in 2020; and

WHEREAS, the 19th Amendment did not guarantee suffrage for all women, including Native Americans who did not gain the right to vote until 1924. For Asian Pacific Islander Americans it was 1952. African-American and Latina Americans suffered voter suppression until passage of the Voting Rights Act of 1965 and 1975; and

WHEREAS, the fact that today women are active in local, state and national government and are running for office in unprecedented numbers reminds us that we all follow in the footsteps of these resolute American suffragists; and

WHEREAS, the 19th amendment to the United States Constitution has played an important role in advancing the right of all women; and

NOW, THEREFORE BE IT RESOLVED that we, Mayor Nicola Smith, and the Lynnwood City Council, celebrate the 100th anniversary of the passage and ratification of the 19th Amendment, providing for women's suffrage, to the Constitution of the United States, and we reaffirm our desire to continue to strengthen democratic participation and to inspire future generations to cherish and preserve the historic precedent established under the 19th Amendment.

Nicola Smith, Mayor
September 28, 2020

Christine Frizzell, City Council President
September 28, 2020

CITY COUNCIL ITEM 90.1-A

CITY OF LYNNWOOD Administrative Services

TITLE: Board of Ethics Confirmation: Ty Tufono-Chaussee

DEPARTMENT CONTACT: Karen Fitzthum, Interim City Clerk and Chief Procurement Officer

SUMMARY:

The Ethics Board currently has a vacancy. The Mayor recommends Ms. Ty Tufono-Chaussee for position 2.

ACTION:

Confirm Ms. Ty Tufono-Chaussee for position 2 on the Board of Ethics for a term expiring January 21, 2022.

BACKGROUND:

Ms. Tufono-Chaussee submitted her application and was interviewed by Mayor Smith and Board of Ethics staff liaison Karen Fitzthum. Ms. Tufono has previously served on the Diversity and Neighborhoods Commission for the City and as a volunteer for other public agencies.

Position #2 for this Board is currently vacant.

PREVIOUS COUNCIL ACTIONS:

The candidate was interviewed by the City Council on September 16, 2020.

ADMINISTRATION RECOMMENDATION:

Confirm Ms. Tufono-Chaussee for the Board of Ethics.

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM 90.1-B

CITY OF LYNNWOOD Executive

**TITLE: Confirmation of Appointment: Diversity, Equity and Inclusion Commission
Candidate Daniela Altamirano-Crosby**

DEPARTMENT CONTACT: Evan Chinn, Human Resources Director

SUMMARY:

Position #2 on the Diversity, Equity and Inclusion Commission is vacant. Mayor Smith and staff nominate Daniela Altamirano-Crosby to fill Position #2; term ending December 31, 2022.

ACTION:

Appoint Daniela Altamirano-Crosby to position #2 of the Diversity, Equity and Inclusion Commission for a term expiring December 31, 2022.

ADMINISTRATION RECOMMENDATION:

Appoint Ms. Altamirano-Crosby to Position #2 of the Diversity, Equity and Inclusion Commission.

DOCUMENT ATTACHMENTS

Description:	Type:
DEIC Candidate Application - D. Altamirano-Crosby	Backup Material

Board and Commission Application



Submission date: 8 July 2020, 1:49AM

Receipt number: 34

Related form version: 2

Question	Response
All Are Welcome	
Name	Daniela Altamirano Crosby
Address	
Phone	
Alternate Phone	
Email Address	
Are you a registered voter in the City of Lynnwood?	Yes
Are you a registered voter somewhere else?	No
Please choose the Board or Commission for which you are applying	Diversity, Equity and Inclusion Commission
Why are you interested in serving on this board or commission?	I am interested in serving this commission because I am passionate about equity and inclusion for all regardless of the person's race, sexual orientation, or even economic background. I want people of all diverse cultures to feel welcomed by the City of Lynnwood.
What do you perceive as the role of a board or commission member?	The main role that a board or commission member is to aid the Mayor and the City Council members in achieving the vision of making Lynnwood a truly welcoming city that is accepting, tolerant and a city that encourages its community members to speak up when there is an imperative problem that needs to be addressed. As a member of the commission, I would be tasked with suggesting strategies to engage the Lynnwood public to participate in City discussions. Furthermore, building relationships between the diverse communities that exist within the Lynnwood city limits.

<p>How would you represent the interests of the community?</p>	<p>I would represent the interests of the community by meeting with the community leaders of the multicultural groups in Lynnwood, which members of the community trust in order to discover the difficult issues that said members are going through. Doing this would allow me to bring said issues to the Mayor and the City Council members to shine light and acquire a coherent solution to the problems at hand. Additionally, I would be willing to create a Slack channel where community members would be able to post any questions regarding what the City and the City Council members are doing to aid the communities that are more in need. Furthermore, the resources that the City of Lynnwood is offering such as free face masks, financial aid and many more should and need to be translated into different languages so that the community as a whole is aware of the aid provided to them. I would be willing to meet with translators of the diverse communities such as the Latinx, Asian, and even the Hindu community to provide the translations that are key for the current situation that our population and the world is facing. If the City of Lynnwood truly envisions itself as a welcome community, the different cultures and languages that exist within the city limits need to be recognized and crucial documents, as well as resources, need to be within reach to all without the problem of a language barrier standing in the way; I do not doubt that I would aid in this effort wholeheartedly.</p>
<p>List any experiences that may assist you in serving in this role.</p>	<p>One experience that would assist me in serving this role is that I am an excellent communicator. Through my work with Northwest Earth and Space Sciences Pipeline, in collaboration with NASA I have been able support children from underserve communities to have the same possibilities as others and be able to learn about Science, Technology, Engineering and Mathematics (STEM) along with possible field-work opportunities in the future. I am relentlessly known to fight for what is right and create equal opportunities for all. Additionally, working with WA-GRO foundation has allowed me to meet important community leaders who would be able to open pathways and communication between me and the underserved communities through the city of Lynnwood.</p>
<p>List any other information you would like us to consider.</p>	<p>Being both bilingual and multicultural makes me an outstanding candidate for this position. I am a positive team player who is both reliable and professional. I also speak Spanish fluently and will be able to translate documents from Spanish into the English language and vice versa.</p>
<p>Optional resume upload</p>	<div style="background-color: black; width: 100%; height: 15px;"></div>

Date	07/07/2020
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CITY COUNCIL ITEM 90.1-C

CITY OF LYNNWOOD Executive

**TITLE: Confirmation of Appointment: Diversity, Equity and Inclusion Commission
Candidate Joshua Binda**

DEPARTMENT CONTACT: Evan Chinn, Human Resources Director

SUMMARY:

Position #3 on the Diversity Equity and Inclusion Commission is vacant. Mayor Smith and staff nominate Joshua Binda to fill Position #3; term ending December 31, 2022.

ACTION:

Appoint Joshua Binda to position #3 of the Diversity, Equity and Inclusion Commission for a term expiring December 31, 2022.

ADMINISTRATION RECOMMENDATION:

Appoint Mr. Binda to Position #3 of the Diversity, Equity and Inclusion Commission.

DOCUMENT ATTACHMENTS

Description:	Type:
DEIC Candidate Application - J. Binda	Backup Material

Board and Commission Application



Submission date: 14 July 2020, 1:25PM

Receipt number: 38

Related form version: 2

Question	Response
All Are Welcome	
Name	Joshua Binda
Address	
Phone	
Alternate Phone	
Email Address	
Are you a registered voter in the City of Lynnwood?	Yes
Are you a registered voter somewhere else?	No
Please choose the Board or Commission for which you are applying	Diversity, Equity and Inclusion Commission
Why are you interested in serving on this board or commission?	Because I have a strong passion for bringing equality and diversity to the city of lynnwood and it has been an ambition of mine to do whatever I can to make lynnwood a more diverse and accepting community
What do you perceive as the role of a board or commission member?	What I perceive as a role in this commission is having a platform and being with like minded individuals so we can all work together towards the same goal and bring about this change.
How would you represent the interests of the community?	How I would represent interest is me being a young black man in the community will be able to bring a voice of the youth and the African American population in lynnwood and come up with ways to establish change.
List any experiences that may assist you in serving in this role.	I've personally throughout my life have dealt with racism and being treated unequally because I'm an african American so it is my goal to help the community so others don't have to go through this same express I did.
List any other information you would like us to consider.	
Optional resume upload	
Date	

CITY COUNCIL ITEM 90.1-D

CITY OF LYNNWOOD Executive

**TITLE: Confirmation of Appointment: Diversity, Equity and Inclusion Commission
Candidate Marcia Smith**

DEPARTMENT CONTACT: Evan Chinn, Human Resources Director

SUMMARY:

Positions #7 on the Diversity, Equity and Inclusion Commission is vacant. Mayor Smith and staff nominate Marcia Smith to fill Position #7; term ending December 31, 2022.

ACTION:

Appoint Marcia Smith to position #7 of the Diversity, Equity and Inclusion Commission for a term expiring December 31, 2022.

ADMINISTRATION RECOMMENDATION:

Appoint Ms. Smith to Position #7 of the Diversity, Equity and Inclusion Commission

DOCUMENT ATTACHMENTS

Description:	Type:
DEIC Candidate Application - M. Smith	Backup Material

Board and Commission Application



Submission date: 10 July 2020, 8:46PM

Receipt number: 35

Related form version: 2

Question	Response
All Are Welcome	
Name	Marcia Smith
Address	
Phone	
Alternate Phone	
Email Address	
Are you a registered voter in the City of Lynnwood?	Yes
Are you a registered voter somewhere else?	No
Please choose the Board or Commission for which you are applying	Diversity, Equity and Inclusion Commission
Why are you interested in serving on this board or commission?	I would like to become more involved in my community and the goals of the Diversity, Equity and Inclusion Commission resonate with me.
What do you perceive as the role of a board or commission member?	To be a liaison between community members and the city.
How would you represent the interests of the community?	I would make a point of listening to members of the community and would bring ideas to the commission and vice versa.
List any experiences that may assist you in serving in this role.	I have always volunteered in one way or another. From construction projects with Habitat for Humanity to school PTAs, MathCounts, Chess Club, etc. I have a diverse background. Most recently I lived and worked in Japan for two years. Of course, doing my job but also getting acquainted with the ways things are done there.
List any other information you would like us to consider.	I am a quiet, calm and methodical person. The issues that come up regarding the subject of this commission can be difficult to resolve especially when individuals are passionate about their points of view. I would like to help make a positive impact in our community.
Optional resume upload	
Date	07/10/2020

CITY COUNCIL ITEM 90.1-E
CITY OF LYNNWOOD
Parks, Recreation, & Cultural Arts

TITLE: Confirmation of Appointment: Parks and Recreation Board Candidate Katie McKeown

DEPARTMENT CONTACT: Lynn D. Sordel

SUMMARY:

Position 3 of the Parks and Recreation Board is currently vacant. The Mayor recommends Ms. Katie McKeown to fill the vacancy.

ACTION:

Appoint Katie McKeown to position #3 of the Parks and Recreation Board for a term expiring December 31, 2022.

BACKGROUND:

Ms. McKeown submitted her application on March 10, 2020 was interviewed by Director Sordel on March 18, 2020. She attended board meetings on July 15 and August 5. She was interviewed by Mayor Smith on September 10 and by City Council on September 21. Ms. McKeown lives within the City's boundaries.

Members of the Parks and Recreation Board serve for three-year terms, per City ordinance.

The present status of the Parks and Recreation Board is as follows:

Position 1-Holly Hernandez-Term Expires December 31, 2021

Position 2-Mike Gladysz-Term Expires December 31, 2021

Position 3-VACANT-Term Expires December 31, 2022

Position 4-VACANT-Term Expires December 31, 2022

Position 5-VACANT-Term Expires December 31, 2022

Position 6-Nick Coelho-Term Expires December 31, 2020

Position 7-VACANT-Term Expires December 31, 2020

ADMINISTRATION RECOMMENDATION:

Appoint Katie McKeown.

DOCUMENT ATTACHMENTS

Description:

[Katie McKeown Application](#)

Type:

Backup Material

Board and Commission Application



Submission date: 10 March 2020, 12:59PM

Receipt number: 16

Related form version: 2

Question	Response
All Are Welcome	
Name	Katie McKeown
Address	[REDACTED]
Phone	[REDACTED]
Alternate Phone	
Email Address	[REDACTED]
Are you a registered voter in the City of Lynnwood?	Yes
Are you a registered voter somewhere else?	No
Please choose the Board or Commission for which you are applying	Parks and Recreation Board
Why are you interested in serving on this board or commission?	My dog and I love getting out and using public spaces, and I would like to volunteer time to get engaged in helping develop our parks further.
What do you perceive as the role of a board or commission member?	Give input and feedback as an informed citizen.
How would you represent the interests of the community?	Talking to neighbors and friends about their interests and how they use parks.
List any experiences that may assist you in serving in this role.	I worked for Montana State Parks for 3 years.
List any other information you would like us to consider.	
Optional resume upload	[REDACTED]
Date	03/10/2020

CITY COUNCIL ITEM 90.1-F
CITY OF LYNNWOOD
Parks, Recreation, & Cultural Arts

TITLE: Confirmation of Appointment: Arts Commission Candidate Teodora Popescu

DEPARTMENT CONTACT: Fred Wong

SUMMARY:

Position 3 of the Arts Commission is currently vacant. The Mayor recommends Ms. Teodora Popescu to fill the vacancy.

ACTION:

Appoint Teodora Popescu to position #3 of the Arts Commission for a term expiring December 31, 2022.

BACKGROUND:

Ms. Popescu submitted her application on July 10, 2020 and was interviewed by Community Programs Coordinator Fred Wong on July 30 and Mayor Smith on August 4. She attended a commission meeting on July 21. City Council interviewed Ms. Popescu on September 21. Ms. Popescu lives in Lynnwood's MUGA.

Members of the Arts Commission serve for three-year terms, per City ordinance.

The present status of the Arts Commission is as follows:

Position 1-Elizabeth Lunsford-Term Expires December 31, 2021

Position 2-Barry Miller-Term Expires December 31, 2021

Position 3-VACANT-Term Expires December 31, 2022

Position 4-Robert Gutcheck-Term Expires December 31, 2022

Position 5-VACANT-Term Expires December 31, 2022

Position 6-Lynn Hanson-Term Expires December 31, 2020

Position 7-Raniere-Term Expires December 31, 2020

ADMINISTRATION RECOMMENDATION:

Appoint Teodora Popescu.

DOCUMENT ATTACHMENTS

Description:

[Application](#)

Type:

Backup Material

Board and Commission Application




Submission date: 8 July 2020, 1:36AM

Receipt number: 33

Related form version: 2

Question	Response
All Are Welcome	
Name	Teodora Popescu
Address	
Phone	
Alternate Phone	
Email Address	
Are you a registered voter in the City of Lynnwood?	No
Are you a registered voter somewhere else?	Yes
Please choose the Board or Commission for which you are applying	Arts Commission
Why are you interested in serving on this board or commission?	My family moved to Lynnwood from Seattle to set down roots and feel more connected to our community. Art is how I connect to my neighborhood and build a sense of place. As our city grows, it will be vitally important that we advocate for, and promote, diverse artists and creative projects so that Lynnwood can further cultivate a thriving creative hub and one-of-a-kind community. I would love to be part of that work.
What do you perceive as the role of a board or commission member?	Arts commission members serve the community by creating and running projects, programs and resources that support universal access to diverse arts in Lynnwood. For example: the traffic signal box project; the Discover Lynnwood map; art exhibits in city buildings; the EGG auction and; the future LOVE Lynnwood sculpture.
How would you represent the interests of the community?	As a professional designer whose been active in marginalized art circles for years and an immigrant, I inhabit many different community spaces at once. These communities all have different, complicated relationships with government entities like a commission, and different cultural connections to the arts. For that reason, I would use my voice to push for even more specialized arts outreach beyond the English-speaking community of Lynnwood and the housing-secure communities of Lynnwood.

<p>List any experiences that may assist you in serving in this role.</p>	<p>I am the Graphic Design Lead at KUOW, Seattle's NPR station. Within my role, I am tasked with creating all visuals, artwork and video content for web and video stories, educational materials and live events/experiences. To do my job properly, I need to take into account all members of KUOW's community - and how best to serve them accurate and accessible information that is enriching. As a community funded non-profit, our mission is to create and serve a more informed public. That same approach can be applied to supporting universal access to diverse arts for our Lynnwood community.</p>
<p>List any other information you would like us to consider.</p>	
<p>Optional resume upload</p>	
<p>Date</p>	<p>07/07/2020</p>

CITY COUNCIL ITEM 90.1-G

CITY OF LYNNWOOD Economic Development

TITLE: Reappointment: Lynnwood Public Facilities District Board, Position #4, Rosario Reyes

DEPARTMENT CONTACT: David Kleitsch, Economic Development Director

SUMMARY:

City Council appoints members to serve on the Lynnwood Public Facilities District Board of Directors. The current term for Boardmember Rosario Reyes, Position #4, expires in October 2020. Boardmember Reyes has expressed the desire to be reappointed, and the Lynnwood Public Facilities District supports the request. The term of the reappointment will be through October 2024.

Pursuant to Resolution No. 2010-07, City Council is required to decide whether to re-appoint the existing boardmember or initiate a formal recruitment process to fill the position. At the Work Session on September 21, 2020, City Council directed staff to advance this item to the Business Meeting agenda on September 28, 2020.

ACTION:

Reappoint Boardmember Reyes, Position #4, to the Lynnwood Public Facilities District Board of Directors for a term expiring October 18, 2024.

BACKGROUND:

The City Council appoints board members to the Lynnwood Public Facilities District (LPFD) Board of Directors pursuant to Resolution No. 2010-07. The process provides the City Council with the opportunity to discuss this matter, and subsequently schedule the appointment for action or proceed with a recruitment.

Pursuant to the process, the City contacted the LPFD regarding this matter and Ms. Reyes has expressed her desire to be reappointed. Attached to this memo is the letter from the LPFD requesting the reappointment of Ms. Reyes.

PREVIOUS COUNCIL ACTIONS:

This action supports previous Council action establishing the Lynnwood Public Facility District Board, and the PFD appointment process established by the City Council pursuant to Resolution No. 2010-07.

ADMINISTRATION RECOMMENDATION:

Reappoint Boardmember Reyes, Position #4, to the Lynnwood Public Facilities District Board of Directors for a term expiring October 18, 2024.

DOCUMENT ATTACHMENTS

Description:	Type:
PFD Letter	Backup Material
PFD Board Resolution	Backup Material
Council Resolution PFD Appointment Process	Backup Material



July 17, 2020

David Kleitsch, Director
Economic Development / Interim Community Development
20816 44th Avenue West, Suite 230
Lynnwood, WA 98036

Dear David:

RE: Lynnwood Public Facilities District Board Appointment - Position #4

Thank you for your letter of June 2, 2020, in which you asked if Rosario Reyes wishes to be reappointed to the Board of Directors of the Lynnwood Public Facilities District (PFD). I am pleased to inform you that Ms. Reyes respectfully requests that she be reappointed to a four-year term, beginning October 19, 2020.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Wally Webster II".

Wally Webster II, Chair

Board of Directors

cc: Janet Pope, Executive Director

Lynnwood Public Facilities District

**LYNNWOOD PUBLIC FACILITIES DISTRICT
SNOHOMISH COUNTY, WASHINGTON**

RESOLUTION NO. 19-01

A RESOLUTION of the Board of Directors of the Lynnwood Public Facilities District, Snohomish County, Washington, amending and superseding Resolution 05-01, recommending to the City of Lynnwood certain criteria for the appointment of future members of the Board of Directors.

WHEREAS, the City of Lynnwood created the Public Facilities District (the “District”) on August 24, 1999 pursuant to Chapter 165, Laws of 1999, State of Washington; and

WHEREAS, the District is governed by a Board of Directors (the “Board”) consisting of five (5) members appointed by the Lynnwood City Council; and,

WHEREAS, the Lynnwood Lodging Tax Advisory Committee, as a part of its recommendation that the City of Lynnwood approve the Supplemental Agreement to Extend Hotel-Motel Tax (City-District Agreement #3), asked the City of Lynnwood to work with the District to prepare a composition plan for future District board membership; and,

WHEREAS, the Board of the District has determined it is appropriate and in the best interests of the District to recommend criteria for future Board appointments; and,

WHEREAS, the District desires to encourage the Lynnwood City County to consider local hotel representatives for appointment to the Board;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LYNNWOOD PUBLIC FACILITIES DISTRICT, SNOHOMISH COUNTY, WASHINGTON, as follows:

Section 1. The Board recommends to the City of Lynnwood that Board members be appointed who can build on a culture that shall enable the Board to function effectively in the future. The chief positive characteristics of that culture include:

- goal orientation,
- a high degree of mutual respect,
- a high degree of collaboration with the Board and with various stakeholders,
- an “inquiring” attitude,
- the efficient conduct of business,
- mutual trust and confidence,
- open discussion, and
- a positive, solution-driven attitude.

Section 2. The Board recommends to the City of Lynnwood that candidates for Board member appointment should possess the following qualifications:

- a strong business background,
- no substantial business relationship with the LPFD to avoid conflicts of interest,
- diversity in business background,
- evidence of long term community commitment,
- strong commitment to the LPFD, and
- respect for and commitment to a cooperative culture.

Section 3. The Board recommends to the City of Lynnwood that Board members be appointed such that the Board is knowledgeable in the following areas:

- convention and meeting planning,
- real estate planning and development,
- construction management,
- financial planning, and,
- hotel/hospitality management and marketing.


Section 4. The Board recognizes that this Resolution is advisory in nature and not meant to be binding on the City of Lynnwood.

Section 5. Effective Date. This precatory Resolution shall be in full force and effect from and after its adoption.

ADOPTED, by a majority of the Board of Directors of the Lynnwood Public Facilities District, Snohomish County, Washington, on June 18, 2019.


George Sherwin, Chair

7/9/19
Date


Taylor Nordby, Secretary

7/9/19
Date

CITY OF LYNNWOOD

RESOLUTION NO. 2010-07

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LYNNWOOD, WASHINGTON, AMENDING THE RECRUITMENT AND APPOINTMENT PROCESS FOR NOMINATIONS TO THE LYNNWOOD PUBLIC FACILITIES DISTRICT BOARD

WHEREAS, it is the desire of the City Council to have the best possible candidates for all positions on the Lynnwood Public Facilities District (LPFD) Board, and

WHEREAS, the deepest pool of candidates offers the best possibility of finding individuals with the skills required, and

WHEREAS, on March 1, 2005 the LPFD adopted Resolution No. 05-21 recommending to the City certain criteria for the appointment of future members to the LPFD Board of Directors, and that this resolution is advisory in nature and not meant to be binding on the City, and

WHEREAS, on June 19, 2006, the City Council passed Resolution No. 2006-08 establishing a recruitment and appointment process for nominations to the LPFD Board, and

WHEREAS, the City Council desires to amend the process established by Resolution No. 2006-08 in order to clarify and simplify the recruitment and appointment process;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LYNNWOOD HEREBY RESOLVES AS FOLLOWS:

Section 1. The City Council adopts the following recruitment and nomination process for all LPFD Board Member positions.

Section 2. Starting the Process. On or before June 20, approximately 120 days prior to the expiration of a LPFD appointment, the City will send a letter to the LPFD Executive Director and it shall inquire as to whether the board member whose position appointment will expire that year wishes to be re-appointed. The board member shall have 30 days to indicate whether there is a desire to be re-appointed and to respond in writing to the City's letter.

Section 3. Starting the Recruitment Process. On or before July 20, approximately 90 days prior to the expiration of a LPFD appointment, the City Council shall decide whether to proceed to initiate a formal recruitment process or re-appoint the existing board member.

3. a. For the reappointment of LPFD board members pursuant to Section 2, upon receiving in writing the desires of the LPFD board member regarding reappointment, the City Council will discuss this matter at the earliest possible Work Session. The City

Council may then schedule the reappointment for action at the next Regular Meeting. If the City Council does not schedule the reappointment for action, staff will proceed with the recruitment process pursuant Section 3. b. or Section 3. c. of this resolution.

3. b. For LPFD board positions #1, #2, and #4, the City shall initiate the formal recruitment process pursuant to Section 4. In the event of a board member resignation or removal for any other reason, and upon notification by the LPFD of such occurrence, the formal recruitment process shall begin immediately upon such notification.

3. c. For LPFD board positions #3 and #5, the provisions of Section 5. B. shall constitute the recruitment process. Nominations shall be submitted within 30 days of starting the recruitment process. The City Council shall then review the nominations received, and schedule interviews with the nominees. Formal action on the appointment shall take place no later than the expiration of the position's current term. In the event of a board member resignation or removal for any other reason, and upon notification by the LPFD of such occurrence, this recruitment process shall begin upon such notification.

Section 4. Formal Recruitment. On or before August 20, approximately 60 days prior to the expiration of a LPFD appointment, the City administration shall prepare a recruiting announcement which shall describe the LPFD organization and operations, role of the board member, and which clearly describes the specific manner of submitting a qualified nomination by a person or organization pursuant to Section 5 below, and the deadline for submission of nominations. The City shall:

- A. Send out announcements to the type of organizations listed in RCW 35.57, to any organization that has requested to be notified, which shall include, but not be limited to the following:
 - South Snohomish County Chamber of Commerce
 - Snohomish County Labor Council
 - Snohomish County Economic Development Council (EDC)
 - Specific unions: Northwest Council of Carpenters' Union, SEIU (Service Employees International Union), Police Officers Guild, Firefighters (IAFF), Teamsters, AFSCME
 - Rotary, Kiwanis, Lions, and other civic/service organizations
- B. Send out announcements to the following newspapers:
 - The Herald
 - The Lynnwood Enterprise
- C. Prepare and place a display advertisement in the following newspapers:
 - The Herald (paper of record)
 - The Lynnwood Enterprise
- D. Display an announcement on the City of Lynnwood website(s)
- E. Publish an announcement in the *Inside Lynnwood* Newsletter (if it is available in a timely manner)

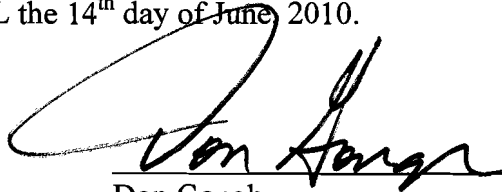
Section 5. Qualified Nomination Procedure. Qualified nominations for consideration by the Lynnwood City Council shall comply with the following:

- A. Recruitment for PFD board positions #1, #2, and #4 shall require the organization making the suggested nomination to submit a letter of nomination and support together with a letter of interest and résumé from the person being nominated.
- B. Recruitment for PFD board positions #3 and #5 shall require the City Councilmember making a nomination(s) to submit a letter of nomination and support together with a letter of interest and résumé from the person being nominated.

Section 6. Screening of Nominations and Interviews. The City Council on or before September 20, approximately 30 days prior to the expiration of a LPFD appointment, shall review the nominations received, and schedule both interviews with nominees and a date for taking formal action on the appointment.

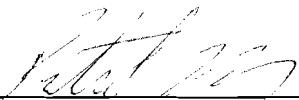
Section 7. Effective Date. This resolution shall be effective immediately upon passage thereof.

PASSED BY THE CITY COUNCIL the 14th day of June 2010.



Don Gough
Mayor

ATTEST/AUTHENTICATE:



Pat Dugan
Interim Finance Director

APPROVED AS TO FORM:



Eric Frimodt
City Attorney

FILED WITH ADMINISTRATIVE SERVICES: _____
PASSED BY THE CITY COUNCIL: 6-14-10
RESOLUTION NUMBER: 2010-07

ORIGINAL

LYNNWOOD PUBLIC FACILITIES DISTRICT
SNOHOMISH COUNTY, WASHINGTON

RESOLUTION NO. 05-01

A RESOLUTION of the Board of Directors of the Lynnwood Public Facilities District, Snohomish County, Washington, recommending to the City of Lynnwood certain criteria for the appointment of future members of the Board of Directors.

WHEREAS, the City of Lynnwood created the Public Facilities District (the "District") on August 24, 1999 pursuant to Chapter 165, Laws of 1999, State of Washington; and

WHEREAS, the District is governed by a Board of Directors (the "Board") consisting of five (5) members appointed by the Lynnwood City Council; and,

WHEREAS, the Lynnwood Lodging Tax Advisory Committee, as a part of its recommendation that the City of Lynnwood approve the Supplemental Agreement to Extend Hotel-Motel Tax (City-District Agreement #3), asked the City of Lynnwood to work with the District to prepare a composition plan for future District board membership; and,

WHEREAS, the Board of the District has determined it is appropriate and in the best interests of the District to recommend criteria for future Board appointments;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LYNNWOOD PUBLIC FACILITIES DISTRICT, SNOHOMISH COUNTY, WASHINGTON, as follows:

Section 1. The Board recommends to the City of Lynnwood that Board members be appointed who can build on a culture that shall enable the Board to function effectively in the future. The chief positive characteristics of that culture include:

- goal orientation,
- a high degree of mutual respect,
- a high degree of collaboration with the Board and with various stakeholders,
- an "inquiring" attitude,
- the efficient conduct of business,
- mutual trust and confidence,
- open discussion, and
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- a strong business background,
- no substantial business relationship with the LPFD to avoid conflicts of interest,
- diversity in business background,
- evidence of long term community commitment,
- strong commitment to the LPFD, and
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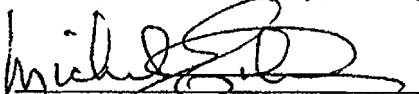
- convention and meeting planning,
- real estate planning and development,
- construction management,
- financial planning, and,
- hotel/hospitality management and marketing.

Section 4. The Board recommends to the City of Lynnwood that, in order to guard against a conflict of interest, no Board member should be affiliated with any specific hotel within the business area of the Lynnwood Convention Center.

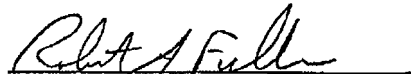
Section 5. The Board recognizes that this Resolution is advisory in nature and not meant to be binding on the City of Lynnwood.

Section 6. Effective Date. This precatory Resolution shall be in full force and effect from and after its adoption.

ADOPTED, by a majority of the Board of Directors of the Lynnwood Public Facilities District, Snohomish County, Washington, on March 1, 2005.


Michael Echelbarger, Chair

3/1/05
Date


Robert Fuller, Secretary

March 1, 2005
Date

CITY COUNCIL ITEM 90.1-H

CITY OF LYNNWOOD Administrative Services

TITLE: Contract 3094, Amendment #2, S Lynnwood Park Final Design

DEPARTMENT CONTACT: Cathy Robinson, Interim Procurement Manager

SUMMARY:

The City requires the services of a design firm in support of the S Lynnwood Park renovation. Moore, Iacofano, Goltsman (MIG), Inc., provides these services under contract for the City. Amendment #2 will increase the contract total and extend the contract term.

ACTION:

Authorize the Mayor to execute contract amendment #2 with MIG, Inc., for expanded construction administration services in the amount of \$79,080 and extend the contract term through 12/31/21.

BACKGROUND:

The City issued a RFQ for design services and awarded a contract to MIG, Inc., in the amount of \$233,850 Contract amendment #1 added and deleted items in the scope of work with no change to the original contract amount. Proposed contract amendment #2 will continue the contract through the construction phase for an estimated amount of \$79,080.

PREVIOUS COUNCIL ACTIONS:

N/A

FUNDING:

Funding for this project is included in the currently adopted biennium budget. The remainder of the project funding is included in the proposed biennium budget for 2021-2022.

ADMINISTRATION RECOMMENDATION:

Approve.

DOCUMENT ATTACHMENTS

Description:	Type:
Contract #3094, Amendment 2	Backup Material

Procurement Report
Contract #3094 South Lynnwood Park Final Design
Amendment 2

Purpose of Contract:

The City of Lynnwood Parks Department received a grant to renovate South Lynnwood Park.

Estimated cost:

The original contract was executed for \$233,850. Contract amendment #1 added and deleted items in the scope of work with no change to the original contract amount.

Proposed contract amendment #2 expands the scope of work related to construction administration services for an additional cost of \$79,080, establishing a new total contract amount of \$312,930.

Advanced Planning:

Parks staff and our Consultant have worked together on the final design of the park renovation. This amendment expands the scope of work related to construction administration services and extends the contract term through construction close out.

Method of Procurement:

An RFQ process was used to solicit for architectural and engineering services.

Type of Contract: One time buy? Services?

This is a one-time service contract.

Term of Contract:

The current contract expires June 18, 2021. This amendment will establish a new contract expiration date of 12/31/21.

Solicitation: N/A

Recommended Action: Approve contract amendment #2 with Moore, Iacofano, Goltsman (MIG), Inc., for the provision of South Lynnwood Park Final Design, at an estimated value of \$79,080.

Procurement Officer: Ginny Meads, Buyer

Date: September 15, 2020

CITY COUNCIL ITEM 90.1-I

CITY OF LYNNWOOD Administrative Services

TITLE: Voucher Approval

DEPARTMENT CONTACT: Sonja Springer, Finance Director

SUMMARY:

Approve claims in the amount of \$1,410,112.38 for the period 9/5/2020 - 9/18/2020.

Approve payroll in the amount of \$1,097,664.58 dated 9/11/2020.

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM 90.2-A

CITY OF LYNNWOOD Administrative Services

TITLE: Public Hearing: Priorities for 2021-2022 Budget

DEPARTMENT CONTACT: Sonja Springer and Corbitt Loch

SUMMARY:

This agenda item provides the first of two public hearings regarding the 2021-2022 Budget. The *Proposed* Preliminary Budget, a high-level overview of revenue and funds, was issued on September 14. This public hearing allows for discussion of priorities for City services and programs--before the Preliminary Budget is completed and issued on October 12. Community input is a fundamental component of Lynnwood's budget process.

POLICY QUESTION(S) FOR COUNCIL CONSIDERATION:

None at this time. Decisions on revenues and expenditures to be made in November stem from policy choices and community priorities.

ACTION:

Receive input from community members.

BACKGROUND:

Work on the 2021-2022 Budget has been underway for many months. Coordination with the City Council began at the Council's retreat in February 2020.

The City must: 1) adopt the budget by December 31; and 2) adopt the property tax levy for 2021 by November 30. The Revised Code of Washington (RCW) is somewhat vague regarding the number of public hearings required for Optional Code Cities using a biennial budget. The Municipal Research and Services Center (MRSC) offers the opinion that the statute calls for more than one hearing.

In the past, the City has conducted two hearings during November--at the end of the budget process. For the 2021-2022 Budget, one of the hearings is being conducted earlier in the process so that community input is received prior to completion of the Preliminary Budget. Given the economic changes/hardships created by the COVID-19 pandemic, input on budget priorities is critical.

Notification of the budget process and this public hearing has exceeded legal requirements. In particular, a utility bill insert was delivered to all utility customers. Written comments from the public (received to-date) are provided as an attachment.

This hearing occurs before issuance of the detailed Preliminary Budget, and offers an opportunity to receive input on priorities rather than specific details. After the Preliminary Budget is issued on October 12, department directors will provide greater detail regarding services, programs, projects, and levels-of-service proposed for the upcoming biennium.

Lynnwood's budget consists of numerous funds. The largest, the General Fund, consists of most revenues (i.e., fees, taxes, fines, etc.) and most operating expenses. Other funds address specific purposes and typically are limited in sources of revenue and expenditures. Examples of these separate

funds include: utilities; golf course; streets; fleet operations; etc.

The setting of utility rates is not part of this budget process. Utility rates are studied and adopted on a three-year cycle, with the next cycle occurring in 2022. Perhaps because an announcement for the budget hearings was included as a utility bill insert, some of the written comments received to-date focus upon utility rates.

PREVIOUS COUNCIL ACTIONS:

Throughout the year, the City Council has provided guidance on fiscal priorities and issues. The calendar for this budget process was adopted by the Council in January.

For much of 2020, the City Council has held special meetings (in addition to regular Finance Committee meetings) to monitor and respond to the loss of revenue caused by COVID-19. On July 13, the City Council approved Resolution 2020-08, authorizing the use of the City's financial reserves (in accordance with the City's Financial Policies) during 2020. This resolution confirms the 2021-2022 Budget may have General Fund reserves less than the established target. The forthcoming Preliminary Budget will include a plan to replenish the reserves.

FUNDING:

NA. Budgets reflect revenue and funding choices of, by, and for the community.

KEY FEATURES AND VISION ALIGNMENT:

The intent of budget process is to support and implement Strategic Plan priorities and Lynnwood's Community Vision. Revenue and expenditure choices that are contrary to these guiding principles should be avoided.

The Proposed Preliminary Budget includes a reduction in property tax for 2021 paid by the average homeowner.

ADMINISTRATION RECOMMENDATION:

Receive community input on community priorities for 2021-2022.

DOCUMENT ATTACHMENTS

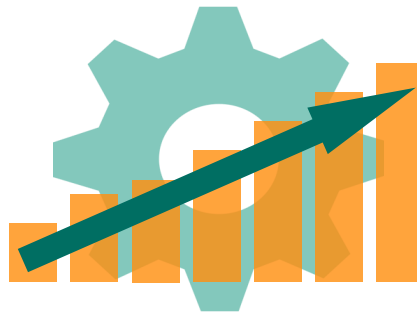
Description:	Type:
Budget calendar	Backup Material
Written comments as of Sept. 16, 2020	Backup Material
Summary of budget reductions	Backup Material
Impacts of budget reductions	Backup Material
Utility bill insert	Backup Material
Proposed Preliminary Budget, Sept. 14, 2020	Backup Material



Upcoming Budget Discussions

City Council meetings will be conducted remotely.

Biennial Budget 2021-2022



- Improving
- Transforming
- Achieving

6:00 pm, September 28, 2020	Public hearing: Budget priorities
6:00 pm, October 12, 2020	Presentation of Preliminary Budget
6:00 pm, October 19, 2020	Department presentations: Executive, Administrative Services, Legal, Legislative
6:00 pm, October 21, 2020	Department presentations: Development and Business Services, Information Technology, Human Resources, Public Works, Capital Funds
6:00 pm, October 26, 2020	Department presentations: Parks, Recreation and Cultural Arts, Police, Municipal Court
6:00 pm, November 2, 2020	Presentations/discussion as needed
6:00 pm, November 9, 2020	Public hearing: Preliminary Budget and 2021 Property Tax levy
6:00 pm, November 16, 2020	Discussion
6:00 pm, November 23, 2020	Adoption of Budget and 2021 Property Tax levy

**You are invited to
participate!**

For more information regarding written materials, how to participate, and accessibility:
www.Lynnwoodwa.gov

Search for “City Council Meetings”

Search for “Budget”

email: cloth@Lynnwoodwa.gov



2021-2022 Budget—Written Comment Received Through September 16, 2020

From: [WILLIAM KANDOLL](#)
To: [Corbitt Loch](#)
Subject: Budget Input
Date: Wednesday, September 9, 2020 8:15:34 PM

Hi,

Thanks for the opportunity to comment.

My number one priority is public safety. Make sure to fund Police and Fire. We must have law and order in Lynnwood.

Everything else follows thereafter.

Bill Kandoll
Lynnwood

From: [Ann Smith](#)
To: [Corbitt Loch](#)
Subject: Budget Hearings
Date: Monday, September 7, 2020 10:31:45 AM

Hello,

Please fully fund the police department during this year's budget process. Lynnwood PD has done a great job of protecting our streets, responding rapidly, fairly and with professionalism.

We strongly support total funding of the LPD. Given the pandemic, if budget cuts are required we would ask that you consider other departments but NOT the Police Department.

Thank you,
Dr. and Mrs. Nelson Smith
6526 193rd Street SW
Lynnwood, WA 98036



2021-2022 Budget—Written Comment Received Through September 16, 2020

From: [KAREN TIEDE](#)
To: [Corbitt Loch](#)
Subject: Budget Comments for City Of Lynnwood
Date: Wednesday, September 2, 2020 11:57:05 AM

I am totally against raising the rates for water. It already is high plus when we receive the bill the payment is due in seven days or less depending on the mail. This is unacceptable as a senior citizen our monthly income has not increased. Majority of us have to work to make ends meet. I personally am getting tired of increases in all utilities when we are not getting additional dollars. Are we also paying for people that do not work and are on assistance? Perhaps look in house to see if all employees are needed? I know that I have complained in the pass that the traffic noise on Olympic View Drive is alarming high almost all day and at night especially in the summer time. Nothing has changed. If the City needs extra dollars maybe monitor the street. I am at the point enough is enough.

Thank you,

Karen Tiede
18128 71st Ave W
Lynnwood, WA 98037



From: [Joseph Vietor](#)
To: [Corbitt Loch](#)
Subject: Budget
Date: Thursday, August 20, 2020 9:08:04 AM
Attachments: [PastedGraphic-4.png](#)
[PastedGraphic-6.png](#)

Hi Budget team,

I am writing in response to the mail piece I received requesting feedback on how to create a balanced budget. The mail post indicates that some city services will be reduced and eliminated.

Enclosed with that was water meter upgrade notice.

POSTPONE WATER METER UPGRADE

As the current water meters are working, I suggest we postpone the upgrade. Renegotiate with the vendors and tell them to wait 3-5 years when the budget is available.

CUT BACK CITY OF LYNNWOOD JOBS, NOT SERVICES

In order to keep needed services available to the taxpaying base, reduce city council jobs, administrative roles and vendors. Ban pay raises for 1-2 years to allow the budget to become available.

In essence do not upgrade existing services, or add to the cost of existing city department and labor.

Thank you for your time,

Joseph Vietor

18822 64th Avenue West
Lynnwood, WA 98036



From: Char Blankenship <cblankenship1955@gmail.com>

Sent: Tuesday, August 11, 2020 3:34 PM

To: Corbitt Loch <CLoch@lynnwoodwa.gov>

Subject: 9/28 and 11/9/2020 Budget Hearing Comments

As a twenty year resident of the city, it is important that I get to remain in my home. I'm physically disabled and my rambler allows that, as long as utility rates can be discounted, including property taxes, garbage, water/sewer, gas and electric. There are no discounts for garbage or for gas. As a one person household, who's somewhat of a minimalist, the rates can be very difficult. Most times I only need to put my mini can out once a month, if that. Yet there's no incentive to reduce ones waste, which is appalling. Gas is also not discounted. Why not? Putting my heat on 65° when home during the day is the best I can do. Yet my bill can be upwards of \$100/month. One is not allowed to receive a house energy check-up if they've had one, which I have, but it was over nineteen years ago. That needs to change. I could more easily afford my utility bills if I didn't have to constantly pay to have my roof and gutters cleared of my neighbors 25+ over 110' tall Fir trees that are overgrown for the area and neglected. They cost me a ton of money, including having to get their roots cut out of my sewerline and holes in my roof and ceiling patched. There's a City Ordinance that protects one from nuisance hazardous trees, but the City of Lynnwood will not enforce it, wrongfully claiming it's a civil matter. It's reasonable to expect that one's neighbors should not be allowed to neglect hazardous trees, that cause extreme costs and stress to a neighbor, due to their size and location.

So bottom line, discount all the utilities and enforce current ordinances. Neither of those things would cost the city much. Install ticket cameras on OVD near my home and the revenue will pour in.

Sincerely,

Char Blankenship
17725 Olympic View Dr
Lynnwood WA 98037



2021-2022 Budget—Written Comment Received Through September 16, 2020

From: [Alexandria Ostrem](#)
To: [Corbitt Loch](#)
Subject: Lynnwood city budget
Date: Sunday, June 28, 2020 9:28:02 PM

Hi,

I'm a Lynnwood homeowner, and would like to suggest that any budget cuts that need to be made due to loss of revenue from COVID should be made only to the police department. In general, I firmly believe we should look into allocating police department funds toward community based solutions as much as possible.

Thanks!
-Courtney A. Ostrem

From: w0305@aol.com
To: Corbitt Loch
Subject: Budget Cuts
Date: Wednesday, August 12, 2020 9:22:53 PM

Public Safety is there primary responsibility of elected officials. We urge you not to cut the budgets of the police and fire organizations.

Areas that could be cut are diversity and recreation. While these are "nice to have" they are necessities.

Sincerely,
Sandra and Walter Appel
7625 199th St SW
Lynnwood



From: [M.K.](#)
To: [Corbitt Loch](#)
Subject: Budget cut suggestion from Lynnwood resident
Date: Friday, June 12, 2020 1:58:04 PM

Corbitt,

I am a resident of Lynnwood, a homeowner here on 200th St. near the city center. As you and the council revise current and draw up future budgets for the city, I ask that you make OUTSIZED cuts to police department funding.

Law enforcement is said to be a necessary evil. If it is not necessary, then it is evil. Here on 200th St. I see cops rolling by all day as it is a preferred route to and from the station. We simply do not need so many active patrols. I have lived in multiple foreign countries, and only HERE does one see so many police officers and vehicles on a routine, daily basis. Their presence is simply not needed. For many, their presence is menacing.

While I've never had personal issue with Lynnwood officers, recently I had a Mountlake Terrace trainee officer pull me over on a blatantly false pretense and proceed to lie to both myself and my wife. We were simply driving to Winco around midnight and he targeted us, aggressive stating that he "saw [me] blow through two red lights" when both my wife and I knew, and could prove, that I had not. I simply called him out for his bald lies, and he 'let me go,' but then proceeded to stalk us into Edmonds

Jerry Dowell's murder by Officer Zachary Yates is an egregious example of what sort of policing we DON'T need in Lynnwood. (I've included a link to video of the incident below.) This was a cowardly act by Mr. Yates. Clearly you see him standing several feet away from the victim while pumping bullets into him. I do recall reading that Yates was an instructor on the force, and retained his position. Just outrageous. I do not want that guy patrolling my neighborhood.

Hopefully I've made my point, and don't want to belabor it. Thank you.

Mike Kobal

<https://www.seattletimes.com/seattle-news/crime/1-75-million-settlement-paid-to-family-of-man-shot-by-lynnwood-police-officer/>



2021-2022 Budget—Written Comment Received Through September 16, 2020

From: [Tyler Hall](#)
To: [Corbitt Loch](#)
Subject: Budget cuts due to Covid
Date: Friday, June 12, 2020 4:05:00 PM

It sounds like Lynnwood city budget will be lower due to reduced revenue during the Covid-19 pandemic. Looking over our budget for 2019-2020, it looks like 44% of our budget goes to the Lynnwood police department.

It really seems like reducing patrols is the easiest reduction of cost, especially while a significant quantity of Americans feel less safe in the presence of an armed officer. Whenever I drive by the police station the lot is full of stationary expensive specialized vehicles, whatever budget that exists for over-arming police should also be completely emptied. Limit detention and arrests for non-violent crimes and shift non-criminal duties toward specialized positions).

If you think that peace is not possible without heavily-armed police presence, please visit Oslo (also it's a beautiful city). A peaceful future without obvious police presence is possible.

Tyler Hall
4629 185th Pl SW

From: [Char Blankenship](#)
To: [Corbitt Loch](#)
Cc: [Julie Moore](#); [Sonia Springer](#)
Subject: Inside Lynnwood - Financial Challenges
Date: Tuesday, June 9, 2020 6:26:06 PM

Corbitt,

Reading the latest edition of Inside Lynnwood, in order to know how to best make any suggestions solicited, one needs to know more how monies are spent, salaries, and so much more. How can a citizen make meaningful suggestions and change without knowing more?

The remaining shortfall to the City's General Fund is under 2 million, and that's with ...'City staff identifying and implementing cost savings measures that will trim expenditures by \$4.9 million.'

My daughter works for a college where she is excellent at trimming the fat by implementing measures that insiders may overlook. I bet she could help this city save money. But knowledge is needed, including what I previously mentioned, as well as utility costs, and the way bids are procured among other information. To take from Emergency Reserve Funds should be a last resort. I'd like to "share my thoughts" and hopefully make a difference.

Thank you,

Char Blankenship
Twenty year Lynnwood citizen



From: Arthur Levine <daddy.odare@gmail.com>

Sent: Monday, June 8, 2020 7:12 PM

To: Corbitt Loch <CLoch@lynnwoodwa.gov>

Subject: re: increasing revenue

As requested in Inside Lynnwood:

Hello Corbitt,

As you know, Lynnwood is famous in the Puget Sound for pioneering and going big on the policy of surveillance for safety and profit (in that *precise* order, wink wink).

I suggest the time calls for breaking new ground in this area and once again setting the standard on which to be judged. I can think of 3 things:

1 - Most simply, increase the penalty for traffic camera violators. Inflict more pain, safety will gain.

2 - Add facial recognition technology at traffic camera intersections and monitor pedestrians as well. Issue citations to those who fail to comply with the Walk/Don't Walk signal and don't complete the crossing in time, putting themselves and others at risk. Naturally those with a physical impairment can appeal and be excused as long as they can prove it.

3 - It is not unusual for people to cross high-risk 99 at their pleasure, without proceeding to the next crosswalk. Employ drone technology, constantly patrolling and hovering overhead, photographing violators and transmitting the data to issue citations, keeping the community safe.




























I hope you find these ideas useful. "Enhanced Surveillance for Enhanced Safety"



Executive Summary: Proposed Reductions September 17, 2020

2021-2022 BUDGET



Department	Personnel (FTE)	Training / Travel	Prof. Services	Equipment / Other	\$
Adm. Svcs.	 0.5	 \$4,500	 \$49,700		\$231,800
Dev. & Bus. Svcs.		 \$38,000	 \$708,500	 \$15,000	\$776,700
Executive		 \$35,000	 \$83,900		\$118,900
Human Resources			 \$148,300	 \$21,600	\$169,900
Information Tech.		 \$26,600	 \$55,000	 \$156,000	\$237,600
Legislative		 \$34,500	 \$3,000		\$37,500
Muni. Court	 1.0	 \$11,000	 \$77,000		\$238,300
Parks, Rec., C. A.	 5.2		 \$49,500	 \$110,500	\$930,000
Police	 9.325	 \$53,600		 \$1,475,900	\$3,713,935
Public Works (GF)	 5.0/2.0*	 \$800		 \$7,600	\$521,447
* 5 total, 2 General Fund	18.025 FTE	\$164,500	\$1,041,300	\$1,786,600	\$6,976,082

Additional information to be provided during upcoming budget presentations by departments.

Examples of Potential Reductions for the 2021-2022 Budget

Potential Reductions	Possible Impacts
Consultant services	<p>Projects deferred or delayed as all work is undertaken by staff.</p> <p>Prioritization of work assignments may change.</p> <p>Possible impact upon other funds.</p> <p>Potential increase in staff training to expand skillset.</p> <p>Diminished ability to maintain service levels during peak periods.</p> <p>Potential increase in vulnerability of equipment/systems.</p> <p>Diminished ability to advance quality of life.</p>
Training and travel	<p>Diminished professional expertise and credentialing.</p> <p>Missed opportunity for innovation and use of state-of-the-art techniques.</p> <p>Missed opportunity for partnerships.</p> <p>Increased use of remote learning.</p> <p>Increased hesitance to hire inexperienced candidates.</p> <p>Diminished ability to advance quality of life.</p>
Equipment / other	<p>Diminished awareness of Lynnwood for business and tourism.</p> <p>Diminished ability to provide in-house training.</p> <p>Alternative methods of recognition of service.</p> <p>Diminished ability to advance quality of life.</p>
Personnel	<p>Reduced levels of service.</p> <p>Elimination of select services/programs.</p> <p>Reduced participation in regional programs.</p> <p>Diminished public access to City facilities/services.</p> <p>Diminished experience in City facilities/services.</p> <p>Elimination of seasonal/holiday features.</p> <p>Increased “backlog” workload.</p> <p>Diminished ability to advance quality of life.</p>

Priorities of the Strategic Plan, 2018-2022

1

Fulfill the community vision for the City Center and Lynnwood Link light rail.

2

Ensure financial stability and economic success.

3

Nurture Operational and Organizational Excellence.

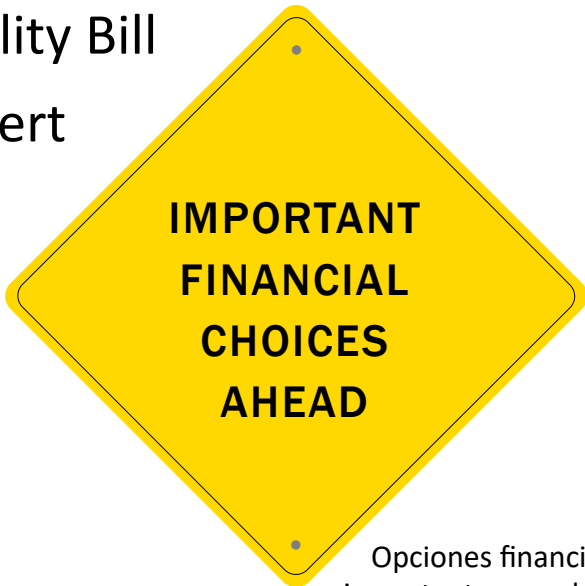
4

Be a safe, welcoming, and livable city.

5

Pursue and maintain collaborative relationships and partnerships.

Utility Bill Insert



Opciones financieras importantes por delante.

The City of Lynnwood is preparing our budget for 2021 and 2022.

The COVID-19 pandemic has caused a reduction in City revenue and we need to carefully plan our next steps.

La Ciudad de Lynnwood está preparando nuestro presupuesto para 2021 y 2022.

La pandemia del COVID-19 ha ocasionado una reducción en los ingresos de la Ciudad y debemos planificar cuidadosamente nuestros siguientes pasos.

To create a balanced budget, some City services may need to be reduced or eliminated.

We need your input as we build a financially-sound budget and maintain the quality of life in Lynnwood.

Para crear un presupuesto balanceado algunos servicios de la Ciudad deberán ser reducidos o eliminados.

Necesitamos su opinión para construir un presupuesto financieramente atinado y mantener la calidad de vida en Lynnwood.



¿Qué servicios de la ciudad son más importantes para ti?



Join us for a budget hearing on September 28 and November 9, 2020 or email your comments to cloth@Lynnwoodwa.gov.

Únase a la audiencia del presupuesto el 28 de Septiembre y 9 de Noviembre 2020 o envíe sus comentarios por correo electrónico a cloth@Lynnwoodwa.gov



LYNNWOOD WASHINGTON

Date: September 14, 2020

To: City Council

From: Mayor Nicola Smith
Sonja Springer, Finance Director

Subject: Proposed Preliminary Budget and Report on 2021-2022 Revenue Estimates

INTRODUCTION

The budget development process is well under way for the 2021-2022 biennial budget. As called for by Chapters 35A.34 RCW and 2.72 LMC, and Resolution 2020-02, preliminary revenue and expenditure estimates have been forecasted for the City's General and Street Operating funds and are presented and explained below. The 2019-2020 revised budget information is also displayed below. This information constitutes the proposed preliminary budget for the 2021-2022 biennium. A more comprehensive and detailed proposed 2021-2022 Biennial Budget with all revenues and detailed expenditures for all the City's funds will be presented during the October 12 Council meeting.

Due to the impact of COVID-19, the revenues reflect a net decrease of almost \$7.8 million from the previous biennium. City departments have prepared a "bare bones" budget for 2021-2022 and many have reduced staff and other essential items to allow for the reduced revenues included in the 2021-2022 budget. An Executive Summary of the reductions made by departments is included and will be explained further during future meetings.

City staff have worked diligently to advance the use of Budgeting for Outcomes (BFO) principles throughout this budget process. It is typical for governments to implement BFO incrementally, and Lynnwood's third BFO-based biennial budget will reflect our greater acumen using BFO concepts. Public hearings have been scheduled for September 28 and November 9.

GENERAL FUND REVENUES

Property Tax. Considering the current economic situation of Lynnwood residents and businesses, the City does not want to burden the community with a property tax increase in 2021. Instead, the average homeowner will see a decrease in their 2021 property taxes paid to the City. Property tax revenues have been budgeted at a flat amount of \$4,300,000 in 2021—the same amount as the levy for 2020. This amount equates to a levy rate of approximately \$0.54 per \$1,000 of assessed value. The levy rate for 2018, 2019 and 2020 was \$0.57 per \$1,000 of assessed value. For 2022, this budget assumes a property tax levy of \$4,500,000, with the expected new development taking on a significant portion of the \$200,000 increase in 2022.

The Snohomish County Assessor's office has estimated that Lynnwood's total assessed value will increase by 5.77% over 2019. This includes the impact of estimated new development in 2020. The estimated impact of the proposed general operating levy of \$4.3 million in 2021 to the average homeowner will be an approximately a **\$2 decrease** in annual general operating property taxes paid to Lynnwood in 2020. The chart below shows the proposed General Operating Property Tax Levies for 2021 and 2022 and how they compare to the current 2020 General Operating Property Tax Levy. Levying the General Operating Property Tax at these levels fulfills the City's Strategic Priority #2 of ensuring financial stability and economic success. The City of Lynnwood no longer has a special property tax levy for EMS services.

Property Tax Levy	Current 2020 Levy	Proposed 2021 Levy	Proposed 2022 Levy
Assessed Value	\$7,503,483,372	\$7,936,766,873 (Est. 5.77% Increase)	\$8,492,340,554 (Est. 7.0% Increase)
Levy Amount	\$4,300,000	\$4,300,000	\$4,500,000
Average Home Value	\$420,600	\$441,630	\$463,712
Tax Paid by Average Homeowner	\$241	\$239	\$246
Increase (Decrease) from Previous Year	\$20.00	(\$2.00)	\$7.00

Sales Tax. With regards to sales tax revenue, the upcoming biennium will be "new territory" with the impact of COVID-19. Sales tax revenues in 2020 are forecasted to be 21% less than sales tax received in 2019. This trend is expected to continue in 2021, with sales tax not returning to 2019 levels until 2022.

Utility Tax. Most utility tax revenue estimates for 2021 and 2022 assume a 2-3% growth factor from actual utility tax revenues received in 2019. City utility taxes received from water, sewer and storm water billing are based upon estimated utility revenues from rates already set by the City Council. The budget for telephone utility taxes have decreased 31% from \$2,105,395 in 2019-2020 to \$1,456,763 to reflect recent reductions in actual telephone tax revenues.

Business License Fees: Business license fees for 2021 and 2022 assume a 0.5% - 1% growth from what typical actual revenues should be in a normal year. General fund revenues from business licenses are approximately \$964,000 per year and are forecasted to increase by 0.5% per year, while the per employee business license fees total approximately \$2.1 million per year and are forecasted to increase by 1% per year. The City does not collect a Business and Occupation (B&O) tax.

Permit Fees: With the assistance of the director of Development and Business Services (DBS), development services revenues are forecasted based upon actual and probable development projects coming up in 2021 and 2022. Development fees as specified in the Fee Schedule are forecasted to increase to better align with the actual costs of processing permits, plan review, and inspection services. The growth expected with development services revenues is forecasted to offset the reduction in sales tax over the next two years.

Other: Recreation revenues are forecasted based upon estimated program fees and facility rental fees provided by the Parks, Recreation and Cultural Arts Department. These revenues have been negatively impacted by COVID-19 and are forecasted to be 13.5% below the 2019-2020 budget. Revenues from fines and forfeitures are forecasted to remain flat in 2021, with a small increase in

2022 from actual 2019. State shared and intergovernmental revenues are based upon the revenue estimates from MRSC. The big drop (\$845,123) from the 2019-2020 state shared and intergovernmental revenues to the 2021-2022 proposed budget reflects the one-time CARES Act funding of \$968,000 that will be received in the General Fund in 2020.

Table 1 below includes a summary of General Fund revenues received in 2019 and projected to be received in 2020, as well as the Proposed Preliminary Budgeted revenues for 2021-2022.

Table 1. General Fund Revenue History and Projection

	2019-2020 Revised Budget	2019 Actual	2020 Projected	2021-2022 Proposed	Increase or (Decrease) 2021-22 vs. 2019-20
Beginning Fund Balance	\$ 5,962,407	\$ 5,430,869	\$ 4,125,559	\$ 3,519,143	\$ (2,443,264)
GENERAL FUND					
OPERATING REVENUES:					
Taxes:					
Property Tax (General)	8,300,000	3,991,045	4,300,000	8,800,000	500,000
Sales Tax	47,512,736	22,556,266	17,843,117	44,684,959	(2,827,777)
Utilities Taxes	10,186,560	4,531,197	4,589,754	9,397,524	(789,036)
Utility Taxes (City's own)	2,601,876	1,338,590	1,378,748	2,882,824	280,947
Gambling Tax	273,696	154,214	111,595	224,866	(48,830)
Admissions & Other Taxes	1,468,568	705,753	351,034	1,439,271	(29,297)
Business & Other Licenses	6,268,995	1,836,596	4,616,220	6,608,348	339,353
Development Services	5,003,074	1,644,727	3,265,886	8,521,669	3,518,596
Recreation Fees	6,622,278	2,873,626	1,093,088	5,624,900	(997,378)
Fines & Forfeitures	9,141,660	4,763,375	3,918,319	9,622,018	480,358
Franchise Fees	999,251	442,681	451,535	930,342	(68,909)
State Shared & Intergovtl	9,105,995	4,221,192	4,928,696	8,260,872	(845,123)
Investment Interest	306,864	(24,316)	116,000	236,544	(70,322)
Other Misc Revenues	592,291	181,655	188,850	307,304	(284,987)
Total Operating Revenues	\$ 108,383,845	\$ 49,216,601	\$ 47,152,841	\$ 107,541,440	\$ (842,406)
One-Time ST2 Revenues	2,727,256	465,641	2,261,615	1,100,000	(1,627,256)
One-Time GEMT Revenues	1,217,193	1,164,794	-	-	(1,217,193)
Transfer from Rev Stab.	-	-	2,607,039	-	-
Other Transfers In	1,671,610	5,805	205,805	15,627	(1,655,983)
Total Resources	\$ 119,962,311	\$ 56,283,710	\$ 56,352,859	\$ 112,176,210	\$ (7,786,102)

GENERAL FUND EXPENDITURES

More detailed expenditure information will be provided beginning with the preliminary budget message that will be presented at the October 12 City Council meeting. Included in the proposed budget is the continuation of the \$1.1 million transfer per year to fund Capital, as called for by the City's Financial Policies. The transfer to the Street Operating fund included in the 2021-2022 budget is over \$1 million per year.

The City's Proposed Preliminary Budget assumes a need to utilize \$2.6 million of financial reserves in 2020 to offset the impact of COVID-19 on the City's revenues. The current proposed 2021-2022 budget does not include funds to replenish this as it is difficult to predict how long the COVID-19 pandemic will affect the City's revenues. This may mean that restoring General Fund reserves is expected to occur sometime after the 2021-2022 biennium.

Table 2. General Fund Expenditure History and Projection

	2019-2020 Revised Budget	2019 Actual	2020 Projected	2021-2022 Proposed	Increase or (Decrease) 2019-20 vs. 2021-2022
GENERAL FUND					
OPERATING EXPENDITURES:					
Legislative	\$ 872,547	\$ 406,546	\$ 416,001	\$ 877,072	4,525
Executive	1,881,717	871,851	909,366	2,295,434	413,717
Municipal Court	2,871,854	1,291,421	1,376,433	2,835,573	(36,281)
Legal	3,348,654	1,713,925	1,634,729	2,751,400	(597,254)
Human Resources	1,916,267	778,378	829,527	1,825,526	(90,741)
Administrative Services	7,645,789	3,586,525	3,742,264	7,246,356	(399,433)
Information Services	5,244,292	2,375,484	2,468,808	4,911,171	(333,121)
Non-Departmental	1,168,000	-	1,168,000	195,233	(972,767)
Police	43,826,031	21,350,443	21,075,588	41,883,029	(1,943,002)
Fire	2,276,882	1,176,835	900,047	1,927,489	(349,393)
Parks & Recreation	17,261,088	8,019,155	6,929,434	16,542,992	(718,096)
Public Works	8,693,624	3,116,857	3,475,767	6,270,117	(2,423,507)
Street Operating Fund (Transfer)	2,090,900	1,045,450	945,450	2,041,065	(49,835)
Development Business Services	-	-	-	10,596,383	10,596,383
Community Development	6,982,765	2,554,275	2,530,490	-	(6,982,765)
Economic Development	1,227,586	510,527	513,559	-	(1,227,586)
Total Operating Expenditures	\$ 107,307,996	\$48,797,672	\$ 48,915,463	\$102,198,840	\$ (5,109,156)
OTHER USES					
One-Time Sound Transit	\$ 2,727,256	\$ 465,641	\$ 2,261,615	\$ 1,000,000	\$ (1,727,256)
Transfer to Capital	2,200,000	1,100,000	-	2,200,000	-
Transfers to Other Funds (Debt)	3,451,476	1,794,838	1,656,638	3,313,026	(138,450)
Total Other Uses	8,378,732	3,360,479	3,918,253	6,513,026	(1,865,706)
Total Expenditures and Other Uses	\$ 115,686,728	\$52,158,151	\$ 52,833,716	\$108,711,866	\$ (6,974,862)
GENERAL FUND					
Reserves per Financial Policy	\$ 3,519,143	\$ 4,049,727	\$ 3,519,143	\$ 3,464,155	\$ (54,988)
Unreserved	756,440	75,832	(0)	189	(756,251)
TOTAL ENDING FUND BALANCE	\$ 4,275,583	\$ 4,125,559	\$ 3,519,143	\$ 3,464,344	\$ (811,239)
TOTAL EXPEND, OTHER USES					
AND ENDING FUND BALANCE	\$ 119,962,311	\$56,283,710	\$ 56,352,859	\$112,176,210	\$ (7,786,102)

STREET OPERATING FUND REVENUES & EXPENDITURES

The source of revenues for the Street Operating fund are the City's share of the State's motor vehicle fuel tax, right of way permit fees, and transfers from both the General Fund and the Transportation Benefit District (TBD) Fund. MRSC provided estimates for the City's share of the

motor vehicle fuel tax for 2021 and 2022. Tables 3 and 4 below summarizes the Street Fund Preliminary Proposed Budget for 2021-2022.

Table 3. Street Operating Fund Revenue History and Projection

	2019-2020 Revised Budget	2019 Actual	2020 Projected	2021-2022 Proposed	Increase or (Decrease) 2019-20 vs. 2021-22
Beginning Fund Balance	\$ 122,208	\$ 122,208	\$ 259,415	\$ 357,021	\$ 234,813
STREET OPERATING FUND					
OPERATING REVENUES:					
Taxes:					
Motor Vehicle Fuel Tax	\$ 1,792,600	\$ 926,375	\$ 600,000	\$ 1,865,123	\$ 72,523
Right of Way Use Permits	256,250	174,842	75,000	300,000	\$ 43,750
Intergovernmental Revenues	25,000	4,050	4,050	25,000	-
Miscellaneous Revenues	-	4,715	-	-	-
Intvestment Interest	1,000	51	600	1,000	-
Total Operating Revenues	\$ 2,074,850	\$ 1,110,033	\$ 679,650	\$ 2,191,123	\$ 116,273
Transfer from General Fund	2,090,900	1,045,450	945,450	2,041,065	(49,835)
Transfer from TBD Fund	600,000	300,000	300,000	760,000	160,000
Total Transfers	2,690,900	1,345,450	1,245,450	2,801,065	110,165
Total Resources	\$ 4,887,958	\$ 2,577,691	\$ 2,184,515	\$ 5,349,209	\$ 461,251

Table 4. Street Operating Fund Expenditure History and Projection

	2019-2020 Revised Budget	2019 Actual	2020 Projected	2021-2022 Proposed	Increase or (Decrease) 2019-20 vs. 2021-22
STREET OPERATING FUND					
OPERATING EXPENDITURES:					
Transportation Administration	\$ 514,654	\$ 264,638	\$ 193,203	\$ 636,856	\$ 122,202
Transportation Services	172,849	98,060	27,812	85,706	(87,143)
Road Maintenance	1,268,211	701,833	573,710	1,710,008	441,797
Snow and Ice Control	39,000	9,650	-	39,000	-
Street Cleaning	-	3,661	6,857	-	-
Roadside Maintenance	46,000	15,175	-	113,500	67,500
Traffic Control	149,000	59,022	27,579	130,000	(19,000)
Traffic/Street Lights	874,967	500,265	263,804	874,063	(904)
Traffic Calming	50,000	-	-	50,000	-
Pedestrian Maintenance	6,000	1,447	-	3,600	(2,400)
Sidewalk Maintenance	16,000	-	-	30,000	14,000
ADA - Sidewalks	100,000	-	-	20,000	(80,000)
Pedestrian Maint/Traffic Control	1,561,815	664,525	734,529	1,583,343	21,528
Total Expenditures	\$ 4,798,496	\$ 2,318,276	\$ 1,827,494	\$ 5,276,076	\$ 477,580
ENDING FUND BALANCE	89,462	259,415	357,021	73,133	(16,329)
TOTAL EXPEND, OTHER US	\$ 4,887,958	\$ 2,577,691	\$ 2,184,515	\$ 5,349,209	\$ 461,251
AND ENDING FUND BALANCE					

OTHER FUNDS PRELIMINARY PROPOSED BUDGET

The City's Utility Fund will continue to be separated into two different funds for the 2021-2022 budget; one fund for the Utility operating costs, and a new fund that will include the Utility's

Capital budget. The detail proposed budget for these two funds will be presented beginning with the Preliminary Budget and budget message to be delivered at the October 12 Council meeting.

Included in the 2021-2022 Preliminary Budget will be two years of the City's capital project budget. The capital budget is currently being finalized and more detailed information on the City's proposed capital budget will be presented on October 12, along with all other funds not addressed here.

Upcoming Council budget meetings include the following:

Date	Topic
Monday, September 28	Public Hearing on Budget Priorities
Monday, October 12	Mayor's Preliminary Budget Presented
Monday, October 19	<u>Department Budget Presentations:</u> Executive, Administrative Services, Legal, Legislative
Wednesday, October 21	<u>Department Budget Presentations:</u> Development & Business Services, Information Technology, Human Resources, Public Works
Monday, October 26	<u>Department Budget Presentations:</u> Parks, Recreation & Cultural Arts, Police, Municipal Court, Capital Funds
Monday, November 2	Council Discussion on Budget
Monday, November 9	Public Hearing on 2021-2022 Budget Public Hearing on 2021 Property Tax Levy
Monday, November 16	Council Discussion and Deliberation
Monday, November 23	Council Deliberation and Adoption of: 2021 Property Tax Levy 2021-2022 Budget

We look forward to ***IMPROVING, TRANSFORMING AND ACHIEVING*** with the City Council throughout the remainder of this 2021-2022 Biennial Budget process.

CITY COUNCIL ITEM 90.2-B

CITY OF LYNNWOOD Public Works

TITLE: Public Hearing: Flood Hazard Area Regulations

DEPARTMENT CONTACT: Derek Fada, Environmental and Surface Water Supervisor

SUMMARY:

The FEMA National Flood Insurance Program (NFIP) was established with the passage of the National Flood Insurance Act of 1968. The NFIP is a federal program enabling property owners in participating communities to purchase flood insurance as protection against flood losses, while requiring state and local governments to enforce floodplain management ordinances that aim to reduce future flood damage. Lynnwood is a participating community and has been for over 30 years.

The City of Lynnwood desires to continue to participate in the NFIP and needed to update its Flood Hazard Area Regulations for consistency with current federal requirements by June 19th, 2020. Due to COVID-19, we could not hold a public hearing prior to that date. On June 8th, 2020 Council adopted an interim ordinance allowing the City to be compliant with the necessary requirements. On July 27th, 2020, a public hearing was held regarding the adopted interim ordinance.

As the interim ordinance is only effective for 6 months, the City must hold another public hearing to adopt the final regulations. The final regulations have been approved by the Washington Department of Commerce, gone through the SEPA process, and presented during a public hearing to the Planning Commission on August 13th, 2020.

NOTE: The ordinance to be approved was attached to item 90.3 A on this same Council agenda.

ACTION:

Hold a public hearing and adopt the Flood Hazard Area Regulations at the Council's September 28, 2020 business meeting.

PREVIOUS COUNCIL ACTIONS:

Interim Ordinance 3359 adopted June 8th, 2020.

Public hearing held July 27th, 2020 for Interim Ordinance 3359.

FUNDING:

There are no budgetary impacts associated with this action.

ADMINISTRATION RECOMMENDATION:

Adopt the updated Flood Hazard Area Regulations allowing the City to continue to participate in the FEMA Flood Insurance Program.

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM 90.3-A

CITY OF LYNNWOOD Public Works

TITLE: Ordinance: Flood Hazard Area Regulations

DEPARTMENT CONTACT: Derek Fada, Environmental and Surface Water Supervisor

SUMMARY:

The FEMA National Flood Insurance Program (NFIP) was established with the passage of the National Flood Insurance Act of 1968. The NFIP is a federal program enabling property owners in participating communities to purchase flood insurance as protection against flood losses, while requiring state and local governments to enforce floodplain management ordinances that aim to reduce future flood damage. Lynnwood is a participating community and has been for over 30 years.

The City of Lynnwood desires to continue to participate in the NFIP and needed to update its Flood Hazard Area Regulations for consistency with current federal requirements by June 19th, 2020. Due to COVID-19, we could not hold a public hearing prior to that date. On June 8th, 2020 Council adopted an interim ordinance allowing the City to be compliant with the necessary requirements. On July 27th, 2020, a public hearing was held regarding the adopted interim ordinance.

As the interim ordinance is only effective for 6 months, the City must hold another public hearing to adopt the final regulations. The final regulations have been approved by the Washington Department of Commerce, gone through the SEPA process, and presented during a public hearing to the Planning Commission on August 13th, 2020.

ACTION:

Adopt the Flood Hazard Area Regulations at the Council's September 28, 2020 business meeting after conducting a Public Hearing.

PREVIOUS COUNCIL ACTIONS:

Interim Ordinance 3359 adopted June 8th, 2020.

Public hearing held July 27th, 2020 for Interim Ordinance 3359.

FUNDING:

There are no budgetary impacts associated with this action.

ADMINISTRATION RECOMMENDATION:

Adopt the updated Flood Hazard Area Regulations allowing the City to continue to participate in the FEMA Flood Insurance Program.

DOCUMENT ATTACHMENTS

Description:

[Ordinance strikethrough underline Floodplain Regulation Update](#)

Type:

Backup Material



ORDINANCE NO. XXXX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
LYNNWOOD, WASHINGTON, AMENDING LMC 16.46, FLOOD
HAZARD REGULATIONS; PROVIDING FOR SEVERABILITY;
ESTABLISHING AN EFFECTIVE DATE; AND PROVIDING FOR
SUMMARY PUBLICATION

WHEREAS, the City of Lynnwood has areas designated by the Federal ~~Emergency Management~~ Insurance Administrator as Special Flood Hazard Areas inundated by a 100-year flood; and

WHEREAS, the City of Lynnwood participates in the National Flood Insurance Program, allowing those within the City to purchase flood insurance, should they wish; and

WHEREAS, the City of Lynnwood desires to continue to participate in the National Flood Insurance Program, and must update its Flood Hazard Regulations in order to do so; and

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

Section 1: Purpose. The purpose of this ordinance is to amend the Lynnwood Municipal Code Chapter 16.46.

Section 2: Amendments. Section 16.46 is hereby amended to read:

Chapter 16.46
FLOOD HAZARD AREA REGULATIONS

Sections:

- 16.46.010 Statement of purpose.**
- 16.46.020 Definitions.**
- 16.46.030 General provisions.**
- 16.46.040 Administration.**
- 16.46.050 Provisions for flood hazard protection.**
- 16.46.060 Severability.**

16.46.010 Statement of purpose.

A. It is the purpose of this legislation to promote the public health, safety, and general welfare, and to avoid or abate public nuisances, and to minimize public and private losses due to flood conditions in specific areas by provisions designed to:

1. Protect human life and health;
2. Minimize expenditure of public money and costly flood control projects;
3. Minimize the need for rescue and relief efforts associated with flooding and generally undertaken at the expense of the general public;
4. Minimize prolonged business interruptions;
5. Minimize damage to public facilities and utilities such as water and gas mains, electric, telephone and sewer lines, streets, and bridges located in areas of special flood hazard;
6. Help maintain a stable tax base by providing for the sound use and development of areas of special flood hazard so as to minimize future flood blight areas;
7. Ensure that potential buyers are notified that property is in an area of special flood hazard; and
8. Ensure that those who occupy the areas of special flood hazard assume responsibility for their actions.

B. Methods of Reducing Flood Losses. In order to accomplish its purposes, this legislation includes methods and provisions for:

1. Restricting or prohibiting uses which are dangerous to health, safety, and property due to water or erosion hazards, or which result in damaging increases in erosion or in flood heights or velocities;
2. Requiring that uses vulnerable to floods, including facilities which serve such uses, be protected against flood damage at the time of initial construction;
3. Controlling the alteration of natural flood plains, stream channels, and natural protective barriers, which help accommodate or channel flood waters;
4. Controlling filling, grading, dredging, and other development which may increase flood damage; and
5. Preventing or regulating the construction of flood barriers which will unnaturally divert flood waters or which may increase flood hazards in other areas. (Ord. 2045 § 7, 1995; Ord. 1462 § 1, 1985)

16.46.020 Definitions.

Unless specifically defined below, words or phrases used shall be interpreted so as to give them the meaning they have in common usage and to give this legislation its most reasonable application.

“Alteration of watercourse” means any action that will change the location of the channel occupied by water within the banks of any portion of a riverine waterbody.

“Appeal” means a request for a review of the director of public work’s interpretation of any provision in this chapter or a request for a variance.

“Appeal board” means a three-member board appointed by the mayor to hear and determine appeals.

“Area of shallow flooding” means a designated AO or AH zone on the Flood Insurance Rate Map (FIRM). The base flood depths range from one to three feet; a clearly defined channel does not exist; the path of flooding is unpredictable and indeterminate; and, velocity flow may be evident. AO is characterized as sheet flow, and AH indicates ponding.

“Area of special flood hazard” means the land in the flood plain within a community subject to a one percent or greater chance of flooding in any given year. Designation on maps always includes the letters “A” or “V”.

“Base flood” means the flood having a one percent chance of being equaled or exceeded in any given year (also referred to as the “100-year flood”). ~~Designated on flood insurance rate maps by letters A or V.~~

“Basement” means any area of the building having its floor subgrade (below ground level) on all sides.

“Breakaway wall” means a wall that is not part of the structural support of the building and is intended through its design and construction to collapse under specific lateral loading forces, without causing damage to the elevated portion of the building or supporting foundation system.

“Coastal high hazard area” means an area of special flood hazard extending from offshore to the inland limit of a primary frontal dune along an open coast and any other area subject to high velocity wave action from storms or seismic sources.

“Critical facility” means a facility for which even a slight chance of flooding might be too great. Critical facilities include, but are not limited to schools, nursing homes, hospitals, police, fire and emergency response installations, installations which produce, use, or store hazardous materials or hazardous waste.

“Development” means any manmade change to improved or unimproved real estate, including but not limited to buildings or other structures, mining, dredging, filling, grading, paving, excavation or drilling operations, or storage of equipment or materials located within the area of special flood hazard.

“Elevated building” means for insurance purposes, a non-basement building which has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.

“Existing manufactured home park or subdivision” means a manufactured home park or subdivision for which the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including, at a minimum, the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) is completed before the effective date of the adopted flood plain management regulations.

“Expansion to an existing manufactured home park or subdivision” means the preparation of additional sites by the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads).

“Flood” or “flooding” means:

1. A general and temporary condition of partial or complete inundation of normally dry land areas from:

- a. The overflow of inland or tidal waters; and/or

- b. The unusual and rapid accumulation of runoff of surface waters from any source.

- c. Mudslides (i.e., mudflows) which are proximately caused by flooding as defined in paragraph (1)(b) of this definition and are akin to a river of liquid and

flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water and deposited along the path of the current.

2. The collapse or subsidence of land along the shore of a lake or other body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels or suddenly caused by an unusually high water level in a natural body of water, accompanied by a severe storm, or by an unanticipated force of nature, such as flash flood or an abnormal tidal surge, or by some similarly unusual and unforeseeable event which results in flooding as defined in paragraph (1)(a) of this definition.

~~"Flood insurance elevation study" (FIS) means the official report provided by the Federal Insurance Administration that includes flood profile, the flood insurance rate maps, and the water surface elevation of the base flood and~~ means the examination, evaluation and determination of flood hazards and, if appropriate, corresponding water surface elevations, or an examination, evaluation and determination of mudslide (i.e., mudflow) and/or flood-related erosion hazards. Also known as Flood Insurance Study (FIS).

"Flood insurance rate map (FIRM)" means the official map on which the Federal Insurance ~~Administration~~ Administrator has delineated both the areas of special flood hazards and the risk premium zones applicable to the community.

"Floodplain or flood prone area" means any land area susceptible to being inundated by water from any source. See "Flood or flooding."

"Floodplain administrator" the community official designated by title to administer and enforce the floodplain management regulations.

"Flood proofing" means any combination of structural and nonstructural additions, changes, or adjustments to structures which reduce or eliminate risk of flood damage to real estate or improved real property, water and sanitary facilities, structures, and their contents. Flood proofed structures are those that have the structural integrity and design to be impervious to floodwater below the Base Flood Elevation.

"Floodway" means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height.

"Functionally dependent use" means a use which cannot perform its intended purpose unless it is located or carried out in close proximity to water. The term includes only docking facilities, port facilities that are necessary for the loading and unloading of cargo or passengers, and ship building and ship repair facilities, and does not include long term storage or related manufacturing facilities.

"Highest adjacent grade" The highest natural elevation of the ground surface prior to construction next to the proposed walls of a structure.

"Historic structure" means any structure that is:

1. Listed individually in the National Register of Historic Places (a listing maintained by the Department of Interior) or preliminarily determined by the Secretary of the Interior as meeting the requirements for individual listing on the National Register;
2. Certified or preliminarily determined by the Secretary of the Interior as contributing to the historical significance of a registered historic district or a district preliminarily determined by the Secretary to qualify as a registered historic district;

174 3. Individually listed on a state inventory of historic places in states with historic
175 preservation programs which have been approved by the Secretary of Interior; or
176 4. Individually listed on a local inventory of historic places in communities with historic
177 preservation programs that have been certified either:

178 a. By an approved state program as determined by the Secretary of the Interior,

179 or

180 b. Directly by the Secretary of the Interior in states without approved programs.

181 “Lowest floor” means the lowest floor of the lowest enclosed area (including basement). An
182 unfinished or flood-resistant enclosure, usable solely for parking of vehicles, building access or
183 storage, in an area other than a basement area, is not considered a building’s lowest floor;
184 provided, that such enclosure is not built so as to render the structure in violation of the
185 applicable non-elevation design requirements of this chapter found at LMC 16.46.050(B)(1)(b).

186 “Manufactured home” means a structure, transportable in one or more sections, which is built
187 on a permanent chassis and is designed for use with or without a permanent foundation when
188 connected to the required utilities. For flood plain management purposes, the term
189 “manufactured home” also includes park trailers, travel trailers, and other similar vehicles
190 placed on a site for greater than 180 consecutive days. For insurance purposes the term
191 “manufactured home” does not include park trailers, travel trailers, and other similar vehicles.
192 The term “manufactured home” does not include a recreational vehicle.

193 “Manufactured home park or subdivision” means a parcel (or contiguous parcels) of land
194 divided into two or more manufactured home lots for rent or sale.

195 “Mean Sea Level” for purposes of the National Flood Insurance Program, the vertical datum to
196 which Base Flood Elevations shown on a community's Flood Insurance Rate Map are
197 referenced.

198 “New construction” means for the purpose of determining insurance rates, structures for which
199 the start of construction commenced on or after the effective date of an initial Flood Insurance
200 Rate Map or after December 31, 1974, whichever is later, and includes any subsequent
201 improvements to such structures. For floodplain management purposes, new construction
202 means structures for which the start of construction commenced on or after the effective date
203 of a floodplain management regulation adopted by a community and includes any subsequent
204 improvements to such structures. ~~the ordinance codified in this chapter.~~

205 “New manufactured home park or subdivision” means a manufactured home park or
206 subdivision for which the construction of facilities for servicing the lots on which the
207 manufactured homes are to be affixed (including at a minimum, the installation of utilities, the
208 construction of streets, and either final site grading or the pouring of concrete pads) is
209 completed on or after the effective date of adopted flood plain management regulations.

210 “Recreational vehicle” means a vehicle which is:

- 211 1. Built on a single chassis;
- 212 2. Four hundred square feet or less when measured at the largest horizontal projection;
- 213 3. Designed to be self-propelled or permanently towable by a light duty truck; and
- 214 4. Designed primarily not for use as a permanent dwelling but as temporary living
- 215 quarters for recreational, camping, travel, or seasonal use.

216 “Start of construction” includes substantial improvement, and means the date the building
217 permit was issued, provided the actual start of construction, repair, reconstruction, placement

or other improvement was within 180 days of the permit date. The actual start means either the first placement of permanent construction of a structure on a site, such as the pouring of slab or footings, the installation of piles, the construction of columns, or any work beyond the stage of excavation; or the placement of a manufactured home on a foundation. Permanent construction does not include land preparation, such as clearing, grading, and filling; nor does it include the installation of streets and/or walkways; nor does it include excavation for a basement, footings, piers, or foundations, or the erection of temporary forms; nor does it include the installation on the property of accessory buildings, such as garages or sheds not occupied as dwelling units or not as part of the main structure. For a substantial improvement, the actual start of construction means the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building.

“Structure” means a walled and roofed building or manufactured home including a gas or liquid storage tank that is principally above ground.

“Substantial damage” means damage of any origin sustained by a structure whereby the cost of restoring the structure to its before-damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred.

“Substantial improvement” means any ~~repair~~ reconstruction, rehabilitation, addition or improvement of a structure, the cost of which equals or exceeds 50 percent of the market value of the structure before the start of construction of the improvement. This term includes structures which have incurred substantial damage, regardless of the actual repair work performed. The term does not, however, include, either:

- ~~1. Before the improvement or repair is started; or~~
- ~~2. If the structure has been damaged and is being restored, before the damage occurred. For the purposes of this definition, “substantial improvement” is considered to occur when the first alteration of any wall, ceiling, floor, or other structural part of the building commences, whether or not that alteration affects the external dimensions of the structure.~~

~~The term does not, however include either:~~

1. Any project for improvement of a structure to ~~comply~~ correct existing violations of state or local health, sanitary, or safety code specifications that have been previously identified by the local code enforcement official and which are ~~solely~~ the minimum necessary to assure safe living conditions; or
2. Any alteration of a historic structure ~~listed on the National Register of Historic Places or a State Inventory of Historic Places.~~ provided that the alteration will not preclude the structure’s continued designation as a historic structure.

“Variance” means a grant of relief from the requirements of this legislation which permits construction in a manner that would otherwise be prohibited by this chapter.

“Water dependent” means a structure for commerce or industry which cannot exist in any other location and is dependent on the water by reason of the intrinsic nature of its operations. (Ord. 2274 § 1, 1999; Ord. 1916 § 1, 1992; Ord. 1701 § 1, 1989; Ord. 1462 § 2, 1985)

16.46.030 General provisions.

A. Lands to Which This Chapter Applies. This legislation shall apply to all areas of special flood hazards within the jurisdiction of the city of Lynnwood.

B. Basis for Establishing the Areas of Special Flood Hazard. The areas of special flood hazard identified by the Federal Insurance ~~Administration~~ Administrator in a scientific and engineering report entitled "The Flood Insurance Study for Snohomish County, Washington and Incorporated Areas," dated ~~November 9, 1999~~ June 19, 2020, as amended, with accompanying flood insurance rate maps as amended, are hereby adopted by reference and declared to be part of this chapter. The flood insurance study and the flood insurance rate map are on file at the city of Lynnwood public works department. The best available information for flood hazard area identification as outlined in LMC 16.46.040(C)(2) shall be the basis for regulation until a new FIRM is issued which incorporates the data utilized under LMC 16.46.040(C)(2).

C. Penalties for Noncompliance. No structure or land shall hereafter be constructed, located, extended, converted, or altered without full compliance with the terms of this chapter and other applicable regulations. Violation of the provisions of this chapter by failure to comply with any of its requirements (including violations of conditions and safeguards established in connection with conditions) shall constitute a misdemeanor. Any person who violates this chapter or fails to comply with any of its requirements shall upon conviction thereof be fined not more than \$500.00 or imprisoned for not more than 90 days, or both, for each violation, and in addition shall pay all costs and expenses involved in the case. Nothing herein contained shall prevent the city of Lynnwood from taking such lawful action as is necessary to prevent or remedy any violation.

D. Abrogation and Greater Restrictions. This legislation is not intended to repeal, abrogate, or impair any existing easements, covenants, or deed restrictions. However, where this chapter and another ordinance, easement, covenant, or deed restriction conflict or overlap, whichever imposes the more stringent restrictions shall prevail.

E. Interpretation. In the interpretation and application of this legislation, all provisions shall be:

1. Considered as minimum requirements;
2. Liberally construed in favor of the governing body; and
3. Deemed neither to limit nor repeal any other powers granted under law.

F. Warning and Disclaimer of Liability. The degree of flood protection required by this chapter is considered reasonable for regulatory purposes and is based on scientific and engineering considerations. Larger floods can and will occur on rare occasions. Flood heights may be increased by manmade or natural causes. This legislation does not imply that land outside the areas of special flood hazards or uses permitted within such areas will be free from flooding or flood damages. This legislation shall not create liability on the part of the city of Lynnwood, any officer or employee thereof, or the Federal Insurance Administration, for any flood damages that result from the reliance on this legislation or any administrative decision lawfully made thereunder. (Ord. 2274 § 2, 1999; Ord. 1916 § 2, 1992; Ord. 1701 § 2, 1989; Ord. 1462 § 3, 1985)

16.46.040 Administration.

A. Establishment of Development Permit.

1. Development Permit Required. A development permit shall be obtained before construction or development begins within any area of special flood hazard established

in LMC 16.46.030 (B). The permit shall be for all structures including manufactured homes, as set forth in LMC 16.46.020, Definitions, and for all development including fill and other activities, also as set forth in LMC 16.46.020, Definitions.

2. Application for Development Permit. Application for a development permit shall be made on forms furnished by the city of Lynnwood and may include but not be limited to: plans in duplicate drawn to scale showing the nature, location, dimensions, and elevations of the area in question; existing or proposed structures, fill, storage or materials, drainage facilities, and the location of the foregoing. Specifically, the following information is required:

- a. Proposed elevation in relation to mean sea level, of the lowest floor (including basement) of all structures;
- b. Proposed elevation in relation to mean sea level to which any structure will be floodproofed;
- c. Certification by a registered professional engineer or architect that the floodproofing methods for any nonresidential structure meet the floodproofing criteria in LMC 16.46.050(B)(2); and
- d. Description of the extent to which a watercourse will be altered or relocated as a result of proposed development.

~~e. No development permit will be issued in Zones V or VE.~~

B. Designation of the Public Works Director. The city director of public works or his designee is hereby appointed to administer, ~~and~~ implement and enforce this legislation by granting or denying development permit applications in accordance with its provisions.

C. Duties and Responsibilities of the Public Works Director. Duties of the director of public works shall include, but not be limited to:

1. Permit Review.

- a. Review all development permits to determine that the permit requirements of this chapter have been satisfied;
- b. Review all development permits to determine that all necessary permits have been obtained from those federal, state, or local governmental agencies from which prior approval is required;
- c. Review all development permits to determine the site is reasonably safe from flooding;
- d. Review all development permits to determine if the proposed development is located in the floodway. If located in the floodway, assure that the encroachment provisions of LMC 16.46.050(C)(1) are met.

2. Use of Other Base Flood Data. When base flood elevation data has not been provided in accordance with LMC 16.46.030(B), Basis for Establishing the Areas of Special Flood Hazard, the public works director shall obtain, review, and reasonably utilize any base flood elevation and floodway data available from a federal, state, or other source, in order to administer LMC 16.46.050(B), Specific Standards, and 16.46.050 (C), Floodways.

3. Information to be Obtained and Maintained.

- a. ~~Where base flood elevation data is provided through the Flood Insurance Study or required as in subsection (C)(2) of this section, O~~ obtain and record maintain the actual (as-built) elevation ~~(in relation to mean sea level)~~ of the

- lowest floor, including basement, of all new or substantially improved structures, and whether or not the structure contains a basement;
- b. For all new or substantially improved floodproofed structures:
- Verify and record the actual elevation ~~(in relation to mean sea level)~~ to which the structure was floodproofed; and
 - Maintain the floodproofing certifications required in subsection (A)(2)(c) of this section;
- c. Maintain for public inspection all records pertaining to the provisions of this legislation.
4. Alteration of Watercourses.
- Notify adjacent communities and the Washington State Department of Ecology prior to any alteration or relocation of a watercourse, and submit evidence of such notification to the Federal Insurance ~~Administration~~ Administrator;
 - ~~Require~~ Assure that the ~~that maintenance is provided within the altered or relocated portion of said watercourse so that the~~ flood-carrying capacity ~~is not diminished~~ of the altered or relocated portion of said watercourse is maintained.
5. Interpretation of FIRM Boundaries. Make interpretations where needed, as to exact location of the boundaries of the areas of special flood hazards (for example, where there appears to be a conflict between a mapped boundary and actual field conditions). The person contesting the location of the boundary shall be given a reasonable opportunity to appeal the interpretation as provided in subsection (D) of this section.
6. Base Flood Elevations may increase or decrease resulting from physical changes affecting flooding conditions. As soon as practicable, but not later than six months after the date such information becomes available, the Floodplain Administrator shall notify the Federal Insurance Administrator of the changes by submitting technical or scientific data in accordance with Volume 44 Code of Federal Regulations Section 65.3. Such a submission is necessary so that upon confirmation of those physical changes affecting flooding conditions, risk premium rates and floodplain management requirements will be based upon current data.
7. Notify the Federal Insurance Administrator in writing of acquisition by means of annexation, incorporation or otherwise, of additional areas of jurisdiction
- D. Variance Procedure.
- Appeal Board. The mayor shall appoint members to the three-member appeal board as needed. Members shall have the educational and mechanical background and experience to hear and determine appeals arising from this legislation.
 - The appeal board shall hear and decide appeals and requests for variances from the requirements of this legislation;
 - The appeal board shall hear and decide appeals when it is alleged there is an error in any requirement, decision or determination made by the director of public works in the enforcement of this legislation;
 - Those aggrieved by the decision of the appeal board may appeal such decision to the Snohomish County superior court as provided by law;

d. In passing upon such applications, the appeal board shall consider all technical evaluations, all relevant factors, standards specified in other sections of this legislation; and

- i. The danger that materials may be swept onto other lands to the injury of others;
- ii. The danger to life and property due to flooding or erosion damage;
- iii. The susceptibility of the proposed facility and its contents to flood damage and the effect of such damage on the individual owner;
- iv. The importance of the services provided by the proposed facility to the community;
- v. The necessity to the facility of a waterfront location, where applicable;
- vi. The availability of alternative locations for the proposed use which are not subject to flooding or erosion damage;
- vii. The compatibility of the proposed use with existing and anticipated development;
- viii. The relationship of the proposed use to the comprehensive plan and flood plain management program for that area;
- ix. The safety of access to the property in times of flood for ordinary and emergency vehicles;
- x. The expected heights, velocity, duration, rate of rise, and sediment transport of the flood waters and the effects of wave action, if applicable, expected at the site;
- xi. The costs of providing governmental services during and after flood conditions, including maintenance and repair of public utilities and facilities such as sewer, gas, electrical, and water systems, and streets and bridges;

e. Generally, the only condition under which a variance may be issued is for new construction and substantial improvements to be erected on a lot of one-half acre or less in size contiguous to and surrounded by lots with existing structures constructed below the base flood level, providing items (i) through (xi) in subsection (D)(1)(d) of this section have been fully considered. As the lot size increases beyond the one-half acre, the technical justification required for issuing the variance increases;

f. Upon consideration of the factors of subsection (D)(1)(d) of this section and the purposes of this legislation, the appeal board may attach such conditions to the granting of variances as it deems necessary to further the purposes of this legislation;

g. The director of public works shall maintain the records of the appeal actions and report any variances to the Federal Insurance Administration upon request.

2. Conditions for Variances.

a. Generally, the only condition under which a variance from the elevation standard may be issued is for new construction and substantial improvements to be erected on a lot of one-half acre or less in size contiguous to and surrounded by lots with existing structures constructed below the base flood level, providing

items (1) through (11) in subsection (D)(1)(d) of this section have been fully considered. As the lot size increases, the technical justification required for issuing the variance increases;

b. Variances may be issued for the ~~repair reconstruction~~, rehabilitation, or restoration of historic structures ~~listed on the National Register of Historic Places or the state Inventory of Historic Places,~~ upon a determination that the proposed repair or rehabilitation will not preclude the structure's continued designation as a historic structure and the variance is the minimum necessary to preserve the historic character and design of the structure;

c. Variances shall not be issued within a designated floodway if any increase in flood levels during the base flood discharge would result;

d. Variances shall only be issued upon a determination that the variance is the minimum necessary, considering the flood hazard, to afford relief;

e. Variance shall only be issued upon:

- i. A showing of good and sufficient cause;
- ii. A determination that failure to grant the variance would result in exceptional hardship to the applicant;
- iii. A determination that the granting of a variance will not result in increased flood heights, additional threats to public safety, extraordinary public expense, create nuisances, cause fraud on or victimization of the public or conflict with existing local laws or ordinances;

f. Variances as interpreted in the National Flood Insurance Program are based on the general zoning law principle that they pertain to a physical piece of property; they are not personal in nature and do not pertain to the structure, its inhabitants, economic or financial circumstances. They primarily address small lots in densely populated residential neighborhoods. As such, variances from the flood elevations should be quite rare;

g. Variances may be issued for nonresidential buildings in very limited circumstances to allow a lesser degree of floodproofing than watertight or dry-floodproofing, where it can be determined that such action will have low damage potential, complies with all other variance criteria except subsection (D)(2)(a) of this section, and otherwise complies with LMC 16.46.050(A) and (B);

h. Any applicant to whom a variance is granted shall be given written notice over the signature of a community official that the issuance of a variance to construct a structure will result in increased premium rates for flood insurance up to amounts as high as \$25 for \$100 of insurance coverage and that such construction below the BFE increases risks to life and property. ~~and that the cost of flood insurance will be commensurate with the increased risk resulting from the reduced floor elevation~~ (Ord. 3285 § 2, 2018; Ord. 2274 § 3, 1999; Ord. 1701 § 3- 7, 1989; Ord. 1462 § 4, 1985)

16.46.050 Provisions for flood hazard protection.

A. General Standards. In all areas of special flood hazards, the following standards are required:

- 480 1. Anchoring.
- 481 a. All new construction and substantial improvements shall be anchored to
- 482 prevent flotation, collapse, or lateral movement of the structure resulting from
- 483 hydrodynamic and hydrostatic loads, including the effects of buoyancy.
- 484 b. All manufactured homes must likewise be anchored to prevent flotation,
- 485 collapse, or lateral movement, and shall be installed using methods and practices
- 486 that minimize flood damage. Anchoring methods may include, but are not
- 487 limited to, use of over-the-top or frame ties to ground anchors. (Reference
- 488 FEMA's "Manufactured Home Installation in Flood Hazard Areas" guidebook for
- 489 additional techniques.)
- 490 2. Construction Materials and Methods.
- 491 a. All new construction and substantial improvements shall be constructed with
- 492 materials and utility equipment resistant to flood damage.
- 493 b. All new construction and substantial improvements shall be constructed using
- 494 methods and practices that minimize flood damage.
- 495 c. Electrical, heating, ventilation, plumbing, and air conditioning equipment and
- 496 other service facilities shall be designed and/or otherwise elevated or located so
- 497 as to prevent water from entering or accumulating within the components
- 498 during conditions of flooding.
- 499 3. Utilities.
- 500 a. All new and replacement water supply systems shall be designed to minimize
- 501 or eliminate infiltration of flood waters into the system;
- 502 b. Water wells shall be located on high ground that is not in the floodway;
- 503 c. New and replacement sanitary sewage systems shall be designed to minimize
- 504 or eliminate infiltration of flood waters into the systems and discharge from the
- 505 systems into flood waters; and
- 506 d. On-site waste disposal systems shall be located to avoid impairment to them
- 507 or contamination from them during flooding.
- 508 4. ~~Subdivision~~ Development Proposals.
- 509 a. All ~~subdivision~~ development proposals, including subdivisions and
- 510 manufactured home parks, shall be consistent with the need to minimize flood
- 511 damage;
- 512 b. All ~~subdivision~~ development proposals, including subdivisions and
- 513 manufactured home parks, shall have public utilities and facilities such as sewer,
- 514 gas, electrical, and water systems located and constructed to minimize flood
- 515 damage;
- 516 c. All ~~subdivision~~ development proposals, including subdivisions and
- 517 manufactured home parks, shall have adequate drainage provided to reduce
- 518 exposure to flood damage; and
- 519 d. Where base flood elevation data has not been provided or is not available
- 520 from another authoritative source, it shall be generated for all development
- 521 ~~subdivision~~ proposals, including subdivisions and manufactured home parks, and
- 522 ~~other proposed developments which contain at least~~ greater than 50 lots or five
- 523 acres (whichever is the lesser).

5. Review of Building Permits. Where elevation data is not available, either through the Flood Insurance Study or from another authoritative source, LMC 16.46.040(C)(2), applications for building permits shall be reviewed to assure that proposed construction will be reasonably safe from flooding. The test of reasonableness is a local judgment and includes historical data, high water marks, photographs of past flooding, etc., where available. Failure to elevate at least two feet above the highest adjacent grade in these zones may result in higher insurance rates.

B. Specific Standards. In all areas of special flood hazards where base flood elevation data has been provided as set forth in LMC 16.46.030(B), Basis for Establishing the Areas of Special Flood Hazard or LMC 16.46.040(C)(2), Use of Other Base Flood Data, the following provisions are required:

1. Residential Construction.

a. New construction and substantial improvement of any residential structure shall have the lowest floor, including basement, elevated to or one foot or more above base flood elevation.

b. Fully enclosed areas below the lowest floor that are subject to flooding are prohibited, or if used solely for parking, access or storage, shall be designed to automatically equalize hydrostatic flood forces on exterior walls by allowing for the entry and exit of floodwaters. Designs for meeting this requirement must either be certified by a registered professional engineer or architect or must meet or exceed the following minimum criteria:

i. A minimum of two openings having a total net area of not less than one square inch for every square foot of enclosed area subject to flooding shall be provided.

ii. The bottom of all openings shall be no higher than one foot above grade.

iii. Openings may be equipped with screens, louvers, or other coverings or devices; provided, that they permit the automatic entry and exit of floodwaters.

2. Nonresidential Construction. New construction and substantial improvement of any commercial, industrial or other nonresidential structure shall either have the lowest floor, including basement, elevated to the level of one foot or more above the base flood elevation; or, together with attendant utility and sanitary facilities, shall:

a. Be floodproofed so that below one foot above the base flood level the structure is watertight with walls substantially impermeable to the passage of water;

b. Have structural components capable of resisting hydrostatic and hydrodynamic loads and effects of buoyancy;

c. Be certified by a registered professional engineer or architect that the design and methods of construction are in conformance with accepted standards of practice for meeting provisions of this subsection based on their development and/or review of the structural design, specifications and plans. Such certifications shall be provided to the official as set forth in LMC 16.46.040 (C)(3)(b);

d. Nonresidential structures that are elevated, not floodproofed, must meet the same standards for space below the lowest floor as described in subsection (B)(1)(b) of this section;

e. Applicants floodproofing nonresidential buildings shall be notified that flood insurance premiums will be based on rates that are one foot below the floodproofed level (e.g., a building floodproofed to one foot above the base flood level will be rated as at the base flood level).

3. Critical Facility. Construction of new critical facilities shall be, to the extent possible, located outside the limits of the base flood plain. Construction of new critical facilities shall be permissible within the base flood plain if no feasible alternative site is available. Critical facilities constructed within the base flood plain shall have the lowest floor elevated to three feet or more above the level of the base flood elevation at the site. Floodproofing and sealing measures must be taken to ensure that toxic substances will not be displaced by or released into flood waters. Access routes elevated to or above the level of the base flood plain shall be provided to all critical facilities to the extent possible.

4. Manufactured Homes. All manufactured homes to be placed or substantially improved on sites shall be elevated on a permanent foundation such that the lowest floor of the manufactured home is elevated one foot or more above the base flood elevation and be securely anchored to an adequately anchored foundation system to resist flotation, collapse and lateral movement.

a. All manufactured homes to be placed or substantially improved on sites:

i. Outside of a manufactured home park or subdivision;

ii. In a new manufactured home park or subdivision;

iii. In an expansion to an existing manufactured home park or subdivision;
or

iv. In an existing manufactured home park or subdivision on which a manufactured home has incurred "substantial damage" as the result of a flood;

shall be elevated on a permanent foundation such that the lowest floor of the manufactured home is elevated one foot or more above the base flood elevation and be securely anchored to an adequately designed foundation system to resist flotation, collapse and lateral movement.

b. Manufactured homes to be placed or substantially improved on sites in an existing manufactured home park or subdivision that are not subject to the above manufactured home provisions be elevated so that either:

i. The lowest floor of the manufactured home is elevated one foot or more above the base flood elevation; or

ii. The manufactured home chassis is supported by reinforced piers or other foundation elements of at least equivalent strength that are no less than 36 inches in height above grade and be securely anchored to an adequately designed foundation system to resist flotation, collapse, and lateral movement.

5. Recreation Vehicles. Recreational vehicles placed on sites are required to either:

a. Be on the site for fewer than 180 consecutive days;

610 b. Be fully licensed and ready for highway use, on their wheels or jacking system,
611 be attached to the site only by quick disconnect type utilities and security
612 devices, and have no permanently attached additions; or
613 c. Meet the requirements of subsection (B)(4) of this section and the elevation
614 and anchoring requirements for manufactured homes.

615 C. Floodways. Located within areas of special flood hazard established in LMC 16.46.030(B) are
616 areas designed as floodways. Since the floodway is an extremely hazardous area due to the
617 velocity of flood waters which carry debris, potential projectiles, and erosion potential, the
618 following provisions apply:

619 1. Prohibit encroachments, including fill, new construction, substantial improvements,
620 and other development unless certification by a registered professional engineer is
621 provided demonstrating through hydrologic and hydraulic analyses performed in
622 accordance with standard engineering practice that the proposed encroachments shall
623 not result in any increase in flood levels during the occurrence of the base flood
624 discharge.

625 2. Construction or reconstruction of residential structures is prohibited within
626 designated floodways, except for:

627 a. Repairs, reconstruction, or improvements to a structure which do not increase
628 the ground floor area; and
629 b. Repairs, reconstruction or improvements to a structure, the cost of which
630 does not exceed 50 percent of the market value of the structure either:

631 i. Before the repair, or reconstruction, is started; or
632 ii. If the structure has been damaged, and is being restored, before the
633 damage occurred.

634 Any project for improvement of a structure to correct existing violations
635 of state or local health, sanitary, or safety code specifications which have
636 been identified by the local code enforcement official and which are the
637 minimum necessary to assure safe living conditions or to structures
638 identified as historic places shall not be included in the 50 percent.

639 3. If subsection (C)(1) of this section is satisfied, all new construction and substantial
640 improvements shall comply with all applicable flood hazard reduction provisions of this
641 section, Provisions for Flood Hazard Reduction.

642 D. Wetlands Management. To the maximum extent possible, avoid the short- and long-term
643 adverse impacts associated with the destruction or modification of wetlands, especially those
644 activities which limit or disrupt the ability of the wetland to alleviate flooding impacts. The
645 following process should be implemented:

646 1. Review proposals for development within base flood plains for their possible impacts
647 on wetlands located within the flood plain.

648 2. Ensure that development activities in or around wetlands do not negatively affect
649 public safety, health, and welfare by disrupting the wetlands' ability to reduce flood and
650 storm drainage.

651 3. Request technical assistance from the Department of Ecology in identifying wetland
652 areas. Existing wetland map information from the National Wetlands Inventory (NWI)
653 can be used in conjunction with the community's FIRM to prepare an overlay zone

indicating critical wetland areas deserving special attention. (Ord. 2274 § 4, 1999; Ord. 1701 § 8, 1989; Ord. 1462 § 5, 1985)

E. AE ~~and A1-30~~ Zones with Base Flood Elevations but no Floodways. In areas with base flood elevations (but a regulatory floodway has not been designated), no new construction, substantial improvements, or other development (including fill) shall be permitted within Zones ~~A1-30 and~~ AE on the community's FIRM, unless it is demonstrated that the cumulative effect of the proposed development, when combined with all other existing and anticipated development, will not increase the water surface elevation of the base flood more than one foot at any point within the community.

F. Zone VE Standards. ~~V, VE, and V1-30 Restrictions.~~ New structures, substantial improvements, and recreational vehicles shall meet the following provisions: ~~are prohibited in the VE zone.~~
~~Man-made alteration of sand dunes are is prohibited within Zones V1-30, VE, and V in Zone VE on the community's FIRM, which would increase potential flood damage.~~

1. All new construction and substantial improvements in zone VE on the community's FIRM shall be elevated on pilings and columns so that:

a. Elevation:

i. Residential Buildings. The bottom of the lowest horizontal structural member of the lowest floor (excluding the pilings or columns) is elevated one foot or more above the base flood level.

ii. Nonresidential buildings. The bottom of the lowest horizontal structural member of the lowest floor (excluding the pilings or columns) is elevated one foot or more above the base flood level or meets the elevation requirements of ASCE 24, whichever is higher; and

b. The pile or column foundation and structure attached thereto is anchored to resist flotation, collapse and lateral movement due to the effects of wind and water loads acting simultaneously on all building components. Wind and water loading values shall each have a one percent chance of being equaled or exceeded in any given year (100-year mean recurrence interval).

c. A registered professional engineer or architect shall develop or review the structural design, specifications and plans for the construction, and shall certify that the design and methods of construction to be used are in accordance with accepted standards of practice for meeting the provisions of subsections 1.a.i and 1.a.ii.

2. Obtain the elevation (in relation to mean sea level) of the bottom of the lowest structural member of the lowest floor (excluding pilings and columns) of all new and substantially improved structures in zone VE on the community's FIRM and whether or not such structures contain a basement. The (Floodplain Administrator) shall maintain a record of all such information.

3. All new construction within zone VE on the community's FIRM shall be located landward of the reach of mean high tide.

4. Provide that all new construction and substantial improvements within zone VE on the community's FIRM have the space below the lowest floor either free of obstruction or constructed with non-supporting breakaway walls, open wood lattice-work, or insect screening intended to collapse under wind and water loads without causing collapse,

displacement, or other structural damage to the elevated portion of the building or supporting foundation system. For the purposes of this section, a breakaway wall shall have a design safe loading resistance of not less than 10 and no more than 20 pounds per square foot. Use of breakaway walls which exceed a design safe loading resistance of 20 pounds per square foot (either by design or when so required by local or state codes) may be permitted only if a registered professional engineer or architect certifies that the design proposed meets the following conditions:

- a. Breakaway wall collapse shall result from water load less than that which would occur during the base flood; and
- b. The elevated portion of the building and supporting foundation system shall not be subject to collapse, displacement, or other structural damage due to the effects of wind and water loads acting simultaneously on all building components (structural and non-structural). Maximum wind and water loading values to be used in this determination shall each have a one percent chance of being equaled or exceeded in any given year (100-year mean recurrence interval).
- c. If breakaway walls are utilized, such enclosed space shall be useable solely for parking of vehicles, building access, or storage. Such space shall not be used for human habitation.

5. Prohibit the use of fill for structural support of buildings within zone VE on the community's FIRM.

6. Prohibit man-made alteration of sand dunes within zone VE on the community's FIRM which would increase potential flood damage.

7. All manufactured homes to be placed or substantially improved within zone VE on the community's FIRM on sites:

- a. Outside of a manufactured home park or subdivision,
- b. In a new manufactured home park or subdivision,
- c. In an expansion to an existing manufactured home park or subdivision, or
- d. In an existing manufactured home park or subdivision on which a manufactured home has incurred "substantial damage" as the result of a flood; shall meet the standards of paragraphs (1) through (6) of this section and manufactured homes placed or substantially improved on other sites in an existing manufactured home park or subdivision within zone VE on the FIRM shall meet the requirements of Section A.4.

8. Recreational vehicles placed on sites within V or VE zones on the community's FIRM shall either:

- a. Be on the site for fewer than 180 consecutive days, or
- b. Be fully licensed and ready for highway use, on its wheels or jacking system, attached to the site only by quick disconnect type utilities and security devices, and have no permanently attached additions; or
- c. Meet the requirements of subsections (1) and (3) above and the anchoring requirements for manufactured homes (Section A.1.b)

16.46.060 Severability.

If any section, clause, sentence, or phrase of the Ordinance is held to be invalid or unconstitutional by any court of competent jurisdiction, then said holding shall in no way affect the validity of the remaining portions of this Ordinance.

Section 3. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase or word of this ordinance.

Section 4. Effective Date: This ordinance or an approved summary thereof consisting of its title shall be published in the City's official newspaper of record and shall take effect and be in full force five days following its publication.

PASSED BY THE CITY COUNCIL THIS XX day of XXXXXXXX, 20XX, and signed in authentication of its passage this XX day of XXXXXXXX, 20XX.

APPROVED:

Nicola Smith, Mayor

ATTEST/AUTHENTICATED:

APPROVED AS TO FORM:

Sonja Springer, Finance Director

Rosemary Larson, City Attorney

APPROVED AS TO FORM:

Rosemary Larson
City Attorney

ADOPTED BY THE CITY COUNCIL:
PASSED BY THE CITY COUNCIL:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NUMBER:

CITY COUNCIL ITEM 90.3-B

CITY OF LYNNWOOD Police Department

TITLE: Ordinance: Repeal LMC 3.100

DEPARTMENT CONTACT: Commander Chuck Steichen

SUMMARY:

In 1997 the city established LMC 3.100 and created a "narcotics enforcement revolving account" where funds from the account would be used for major drug purchases in connection with narcotics investigations. The money used to establish this account came from Fund 104, and specifically forfeited drug seizures from the City of Lynnwood. This account has been in place since that time and had been utilized by the South Snohomish County Narcotics Task Force for its investigations. The cities of Lynnwood, Edmonds and Mountlake Terrace served as members of the task force. The City of Lynnwood was the only contributory to this account and it is part of the city treasury.

In March of 2017 the South Snohomish County Narcotics Task Force was disbanded. Detectives transitioned to the Snohomish County Narcotics Task Force and that task force has an independent funding mechanism for narcotics investigations.

The police department is recommending that LMC 3.100 be repealed in its entirety as the task force no longer exists. We are further recommending that funds in the account be moved back to Fund 104 as they were proceeds from State drug seizures and are restricted under state law.

POLICY QUESTION(S) FOR COUNCIL CONSIDERATION:

Should LMC 3.100 be repealed?

Should the funds from the narcotics enforcement revolving account be transferred to Fund 104 as State seizure revenues?

ACTION:

Discuss and approve movement to the business agenda for vote.

BACKGROUND:

See summary.

PREVIOUS COUNCIL ACTIONS:

None, aside from establishment of LMC 3.100 and the major buy fund.

FUNDING:

Not applicable.

ADMINISTRATION RECOMMENDATION:

Recommend the repeal of LMC 3.100 and the transfer of funds from the narcotics enforcement account to Fund 104 (State).

DOCUMENT ATTACHMENTS

Description:	Type:
LMC 3.100	Ordinance
Ordinance Repeal LMC 3.100	Ordinance

Chapter 3.100

NARCOTICS ENFORCEMENT REVOLVING ACCOUNT

Sections:

3.100.010 Establishment.

3.100.020 Narcotics enforcement revolving account fund authority.

3.100.030 Expenditure accounting.

3.100.040 Custodian designated.

3.100.050 Severability.

3.100.010 Establishment.

There is hereby created in the city treasury a special account designated the “narcotics enforcement revolving account.” Funds in this account shall be used for drug purchases in connection with narcotics enforcement.

3.100.020 Narcotics enforcement revolving account fund authority.

The sum of \$100,000 is hereby established in the drug enforcement fund as the “narcotics enforcement revolving account” for the purposes authorized in LMC [3.100.010](#). Interest on the funds shall be paid into the drug enforcement fund. The finance director is authorized to issue additional checks from time-to-time to the narcotics enforcement revolving account from cash reserves of the drug enforcement fund to reimburse the narcotics enforcement revolving account for actual expenses incurred as contemplated herein.

3.100.030 Expenditure accounting.

The checks for reimbursement of this account will be recorded as expenditures against the drug enforcement fund 104, budget line item 4917.

3.100.040 Custodian designated.

The chief of police shall be responsible for the administration of such account and shall reconcile monthly deposits and disbursements against approved activities of the narcotics enforcement revolving account as contemplated herein, and provide a monthly report to the mayor. (Ord. 2152 § 1, 1997)

3.100.050 Severability.

If any section, subsection, sentence, clause, phrase, or word of this chapter 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 chapter. (Ord. 2152 § 2, 1997)

1 CITY OF LYNNWOOD

2 ORDINANCE NO. ____

3 AN ORDINANCE OF THE CITY OF LYNNWOOD,
4 WASHINGTON, RELATING TO THE NARCOTICS
5 ENFORCEMENT REVOLVING ACCOUNT; REPEALING
6 CHAPTER 3.100 LMC; AND PROVIDING FOR AN
7 EFFECTIVE DATE, SEVERABILITY AND SUMMARY
8 PUBLICATION

9 WHEREAS, Chapter 3.100 of the Lynnwood Municipal Code (LMC) establishes a
10 special account in the city treasury designated for narcotics enforcement where funds are used
11 for major drug purchases, referred to as the “Narcotics Enforcement Revolving Account”
12 (“Account”); and

13 WHEREAS, this Account was established to support drug investigations for the South
14 Snohomish County Narcotics Task Force; and

15 WHEREAS, the funds provided to establish this Account came from State drug seizure
16 monies forfeited to the City of Lynnwood; and

17 WHEREAS, the South Snohomish County Narcotics Task Force, which had been
18 composed of staff from the cities of Lynnwood, Edmonds and Mountlake Terrace, was
19 disbanded in March of 2017, making it appropriate to eliminate the Account; and

20 WHEREAS, upon the elimination of the Account, the City will transfer the funds held in
21 the Account to the City’s Fund 104, and will identify the funds as State seizure funds;

22 NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LYNNWOOD,
23 WASHINGTON, DO ORDAIN AS FOLLOWS:

24 Section 1. Repealer. Chapter 3.100 “Narcotics Enforcement Revolving Account” of the
25 Lynnwood Municipal Code is repealed in its entirety.

26 Section 2. Funds. Funds within the Account will be transferred to Fund 104 and identified as
27 State seizure funds.

28 Section 3. Effective Date. The provisions of this ordinance shall be effective five days
29 following publication.

30 Section 4. Severability. If any section, subsection, sentence, clause, phrase or word of this
31 ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction,
32 such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of
33 any other section, subsection, sentence, clause, phrase or word of this ordinance.

34 Section 5. Summary Publication. Publication of this ordinance shall be by summary publication
35 consisting of the ordinance title.

1 PASSED this ____ day of September 2020, and signed in authentication of its passage
2 this ____ day of September 2020.

3 APPROVED:

4
5 _____
6 Nicola Smith, MAYOR

7 ATTEST/AUTHENTICATED:

8 _____
9 Karen Fitzthum
10 Acting City Clerk

11 APPROVED AS TO FORM:

12 _____
13 Rosemary Larson
14 City Attorney

15 PASSED BY THE CITY COUNCIL: _____
16 PUBLISHED: _____
17 EFFECTIVE DATE: _____
18 ORDINANCE NUMBER: _____

CITY COUNCIL ITEM 90.3-C

CITY OF LYNNWOOD Administrative Services

TITLE: Ordinance: Refinance 2010 Utility Bonds

DEPARTMENT CONTACT: Sonja Springer, Finance Director

SUMMARY:

Due to historically low interest rates, the City has the opportunity to save future interest costs by refunding or "refinancing" its 2010 Utility System Revenue Bonds. The net savings for the City's utilities after all bond issuance costs are paid are estimated to range from \$500,000 to \$700,000, depending upon the interest rate received from the bank for this refinancing.

ACTION:

Adopt the Utility System Revenue Refunding Bond 2020 Ordinance.

BACKGROUND:

The original 2010 bond issue proceeds of \$7,720,000 were used to fund utility system improvements including the installation of a computerized monitoring and control system, watermain replacements, sewer plant upgrades and storm pipe replacements.

The current outstanding debt on the 2010 Utility Bond issue is \$5,905,000. The amount of the refunding bonds is expected to be approximately \$5,735,000 to refund all outstanding 2010 Utility Bonds including bond issuance costs.

The new 2020 Utility System Revenue Bond will mature on December 1, 2030, the same date as the final maturity of the original bond issuance.

Staff and the Mayor reviewed two options for refinancing this debt:

- 1) through a Public Bond Sale
- 2) through Direct Bank Placement

The Direct Bank Placement option was selected as it has lower bond issuance costs and it is much quicker to process. A public bond sale requires the preparation of a Preliminary Official Statement and presentations to Bond Rating agencies. The Direct Bank Placement involves issuing a Request for Financing Proposal (RFP) to banks and is typically used for smaller borrowing amounts. This was the same process the City used to secure financing for the Rodeo Inn project in 2019.

A copy of the RFP that was sent to 28 different banks on September 15 is included in this packet, as well as a list of the banks that the RFP was sent to.

PREVIOUS COUNCIL ACTIONS:

The 2010 Utility Bond Refunding was reviewed with the Finance Committee at their September 10 meeting.

The 2010 Utility Bond Refunding was reviewed at the September 21 Council Work Session.

FUNDING:

The bond issuance costs will be offset by the savings of the refinance. The net savings after all bond issuance costs will be approximately \$500,000 to \$700,000, depending upon the interest rate.

KEY FEATURES AND VISION ALIGNMENT:

The attached draft bond ordinance provides for the issuance, sale and delivery of a not to exceed \$6,100,000 aggregate principal amount utility system revenue refunding bond and sets certain parameters for the bond. The actual amount of the bonds will not be known until the successful bidding bank is selected and all costs are accounted for. There is a minimum net present value savings of 3.0% of the Refunded Bonds included in the bond ordinance.

ADMINISTRATION RECOMMENDATION:

Approve the refunding of the 2010 Utility Bonds by approving the 2020 Utility Revenue Bond Ordinance at the September 28 Council Business meeting.

DOCUMENT ATTACHMENTS

Description:	Type:
<u>Draft Bond Ordinance - Utility System Revenue Refunding Bond 2020</u>	Backup Material
<u>2020 Utility Bonds - Refunding 2010 Summary</u>	Backup Material
<u>Request for Financing Proposals for Utility Revenue Refunding Bond, 2020</u>	Backup Material
<u>List of Banks Sent RFP</u>	Backup Material

CITY OF LYNNWOOD, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE relating to the utility system of the City of Lynnwood, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of a not to exceed \$6,100,000 aggregate principal amount utility system revenue refunding bond to provide funds to refund all or a portion of the City's Utility System Revenue Bonds, 2010; fixing or setting parameters with respect to certain terms and covenants of the bond; appointing the City's designated representative to approve the final terms of the bond; and providing for other related matters.

Passed _____, 2020

This document prepared by:

*Foster Garvey P.C.
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447-4400*

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**The cover page, table of contents and section headings of this ordinance are for convenience of reference only, and shall not be used to resolve any question of interpretation of this ordinance.*

CITY OF LYNNWOOD, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE relating to the utility system of the City of Lynnwood, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of a not to exceed \$6,100,000 aggregate principal amount utility system revenue refunding bond to provide funds to refund all or a portion of the City's Utility System Revenue Bonds, 2010; fixing or setting parameters with respect to certain terms and covenants of the bond; appointing the City's designated representative to approve the final terms of the bond; and providing for other related matters.

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

Section 1. Definitions. As used in this ordinance, the following capitalized terms shall have the following meanings:

(a) "*2010 Bonds*" means the Utility System Revenue Bonds, 2010, of the City authorized by Ordinance No. 2856.

(b) "*2015 Bonds*" means the Utility System Revenue Bonds, 2015, of the City authorized by Ordinance No. 3141.

(c) "*2018 Bonds*" means the Utility System Revenue and Refunding Bonds, 2018, of the City authorized by Ordinance No. 3298.

(d) "*Acquired Obligations*" means those United States Treasury Certificates of Indebtedness, Notes, and Bonds--State and Local Government Series and other direct, noncallable obligations of the United States of America purchased to accomplish the refunding of the Refunded Bonds as authorized by this ordinance.

(e) "*Annual Debt Service*" means, for any calendar year, with respect to all Parity Bonds outstanding or maturing in that year, all amounts required to be paid in that year in respect of principal of and interest on those Parity Bonds. In calculating the Annual Debt Service, with the consent of the registered owners of at least 50% of the Parity Bonds then outstanding, the City may deduct the direct payment the City is expected to receive in respect of Future Parity Bonds for which the federal government will provide the City with a direct payment of a portion of the interest from the interest portion of Annual Debt Service. The registered owners of the 2018 Bonds have consented, and the Registered Owner of the Bond by taking and holding the same shall be deemed to have consented to this amendment. If the interest rate on any Parity Bonds is other than a fixed rate, the rate shall be 90% of the average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter preceding the quarter in which the calculation is made; except that, for purposes of determining actual compliance with the Coverage Requirement in any past fiscal year, the actual amount of interest paid on any issue of variable interest rate bonds shall be taken into account.

(f) “*Authorized Denomination*” means any denomination designated by the Designated Representative.

(g) “*Average Annual Debt Service*” means, as of its date of calculation, the sum of Annual Debt Service with respect to all Parity Bonds outstanding (including all Parity Bonds maturing in the calendar year of calculation) for all calendar years during which those Parity Bonds are scheduled to remain outstanding, divided by the number of those calendar years (without regard to bond years).

(h) “*Beneficial Owner*” means, with respect to the Bond, the owner of any beneficial interest in the Bond.

(i) “*Bond*” means the bond issued pursuant to and for the purposes provided in this ordinance.

(j) “*Bond Counsel*” means the firm of Foster Garvey P.C., its successor, or any other attorney or firm of attorneys selected by the City with a nationally recognized standing as bond counsel in the field of municipal finance.

(k) “*Bond Fund*” means the special fund, known as the “Utility System Bond Fund,” created in the office of the Finance Director for the purpose of paying and securing principal of and interest on the Parity Bonds.

(l) “*Bond Purchase Agreement*” means an offer or proposal to purchase the Bond, setting forth certain terms and conditions of the issuance, sale and delivery of the Bond, which offer or proposal is authorized to be accepted by the Designated Representative on behalf of the City, if consistent with this ordinance.

(m) “*Bond Register*” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Parity Bond.

(n) “*Bond Registrar*” means the City’s Finance Director or any successor bond registrar.

(o) “*City*” means the City of Lynnwood, Washington, a municipal corporation duly organized and existing under the laws of the State.

(p) “*City Council*” means the legislative authority of the City, as duly and regularly constituted from time to time.

(q) “*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(r) “*Coverage Requirement*” means that, for any calendar year, Net Revenue in that calendar year, plus all ULID Assessments collected in that year, shall be equal to at least 1.25 times the Average Annual Debt Service on all outstanding Parity Bonds.

(s) “*Designated Representative*” means the officer of the City appointed in Section 4 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2).

(t) “*Final Terms*” means the terms and conditions for the sale of the Bond including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants, including minimum savings for refunding bonds (if the refunding bonds are issued for savings purposes).

(u) “*Future Parity Bonds*” means all revenue bonds and other obligations of the City for borrowed money (including, without limitation, financing leases) issued or incurred after the date of the issuance of the Bond, the payment of which constitutes a lien and charge on the Net Revenue and ULID Assessments equal in rank with the lien and charge upon such revenue and assessments required to be paid into the Bond Fund to pay and secure the payment of the principal of and interest on the Bond and the Outstanding Parity Bonds.

(v) “*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

(w) “*Gross Revenue*” means all of the earnings and revenues received by the City from the maintenance and operation of the System from any source whatsoever, including but not limited to: revenues from the sale, lease or furnishing of commodities, services, properties or facilities; all earnings from the investment of money in the Bond Fund, which earnings are deposited into the Principal and Interest Account; earnings from the investment of money in any maintenance fund or similar fund; all connection and capital improvement charges collected for the purpose of defraying the cost of capital facilities of the System; and withdrawals from the Rate Stabilization Fund. However, the Gross Revenue shall not include: (i) revenues from general ad valorem taxes; (ii) principal proceeds of Parity Bonds or any other borrowings, or earnings or proceeds from any investments in a trust, defeasance or escrow fund created to defease or refund obligations relating to the System (until commingled with other earnings and revenues included in the Gross Revenue) or held in a special account for the purpose of paying a rebate to the United States Government under the Code; (iii) income and revenue which may not legally be pledged for revenue bond debt service; (iv) improvement district assessments; (v) federal or state grants, and gifts from any source, allocated to capital projects; (vi) payments under bond insurance or other credit enhancement policy or device; (vii) insurance or condemnation proceeds used for the replacement of capital projects or equipment; (viii) proceeds from the sale of System property; (ix) earnings in any construction fund or bond redemption fund; (x) deposits to the Rate Stabilization Fund; or (xi) revenue from any Separate System.

(x) “*Independent Utility Consultant*” means a professional consultant experienced with municipal utilities of comparable size and character to the System.

(y) “*Insurer*” means for any Future Parity Bonds, any provider of bond insurance.

(z) “*Issue Date*” means, with respect to the Bond, the date of initial issuance and delivery of that Bond to the Purchaser in exchange for the purchase price of the Bond.

(aa) “*Maximum Annual Debt Service*” means, as of the date of calculation, the maximum amount of Annual Debt Service that will mature or come due in the current calendar year or any future calendar year with respect to all outstanding Parity Bonds.

(bb) “*Net Revenue*” for any calendar year means the Gross Revenue for that calendar year less Operations and Maintenance Costs for that calendar year. In calculating Net Revenue, the City shall not take into account any non-cash gains or losses with respect to any real or personal property, investment or agreement that it may be required to recognize under generally accepted accounting principles, such as unrealized mark-to-market gains and losses.

(cc) “*Operations and Maintenance Costs*” means all reasonable expenses incurred by the City in causing the System to be operated and maintained in good repair, working order and condition, including without limitation payments of premiums for insurance on the System; costs incurred in connection with the acquisition of water or the securing of water rights; payments to any public or private entity for water service, sewage treatment and disposal service or other utility service in the event that the City combines such service into the combined utility system and enters into a contract for such service, including pro rata budget allocations or charges for the City’s administration expenses where those represent a reasonable distribution and share of actual costs; and any State-imposed taxes. Operations and Maintenance Costs shall exclude depreciation, taxes levied or imposed by the City, payments-in-lieu-of-taxes paid to the City, capital additions and capital replacements to the System.

(dd) “*Outstanding Parity Bonds*” means the 2010 Bonds, the 2015 Bonds and the 2018 Bonds.

(ee) “*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner.

(ff) “*Parity Bonds*” means the Outstanding Parity Bonds, the Bond and any Future Parity Bonds.

(gg) “*Parity Conditions*” means the conditions for the issuance of Future Parity Bonds set forth in Section 16 of this ordinance.

(hh) “*Permitted Investments*” means investments that are legal investments for the City at the time of such investment.

(ii) “*Principal and Interest Account*” means the account of that name created in the Bond Fund for the purpose of securing the payment of the principal of and interest on the Parity Bonds.

(jj) “*Purchaser*” means the corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a direct bank placement.

(kk) “*Rating Agency*” means any nationally recognized rating agency then maintaining a rating on any of the Parity Bonds at the request of the City.

(ll) “*Refunded Bonds*” means all or a portion of the Refunding Candidates selected by the Designated Representative to be refunded with proceeds of the Bond and included in the Refunding Plan.

(mm) “*Refunding Candidates*” means the outstanding 2010 Bonds, the refunding of which has been provided for by this ordinance.

(nn) “*Refunding Plan*” means:

(i) the placement of sufficient proceeds of the Bond which, with other money of the City, if necessary, may be used to acquire the Acquired Obligations to be deposited, with cash, if necessary, with the Refunding Trustee;

(ii) the payment of the interest on the Refunded Bonds when due up to and including such date as designated by the Designated Representative, and the call, payment, and redemption on such date, of all of the then-outstanding Refunded Bonds at a price of par; and

(iii) may include the payment of the costs of issuing the Bond and the costs of carrying out the foregoing elements of the Refunding Plan.

(oo) “*Refunding Trust Agreement*” means a Refunding Trust Agreement between the City and the Refunding Trustee.

(pp) “*Refunding Trustee*” means the trustee or escrow agent or any successor trustee or escrow agent serving as refunding trustee to carry out the Refunding Plan.

(qq) “*Registered Owner*” means, with respect to a Parity Bond, the person in whose name that Parity Bond is registered on the Bond Register. For so long as the City utilizes the book-entry only system for the Parity Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

(rr) “*Reserve Account*” means the account of that name created in the Bond Fund for the purpose of securing the payment of the principal of and interest on the Parity Bonds.

(ss) “*Reserve Requirement*” means, except as may be reduced under Section 8(b), as of any date of calculation, the lesser of Maximum Annual Debt Service on the outstanding Parity Bonds secured by the Reserve Account or 125% of Average Annual Debt Service on the outstanding Parity Bonds secured by the Reserve Account, but at no time shall the Reserve Requirement exceed 10% of the original proceeds of the Parity Bonds secured by the Reserve Account.

(tt) “*Reserve Security*” means any bond insurance, security, letter of credit, guaranty, surety bond or similar credit enhancement device providing for or securing the payment of all or part of the principal of and interest on the Parity Bonds secured by the Reserve Account, issued by an institution which has been assigned a credit rating at the time of issuance of the device in one of the two highest rating categories of each of at least two Rating Agencies (without regard to any gradations within a rating category), or in one of the three highest rating categories with the consent of the registered owners of at least 50% of the Parity Bonds then outstanding. The

Registered Owners of the 2018 Bonds have consented and the Registered Owner of the Bond by taking and holding the same shall be deemed to have consented to this amendment.

(uu) “*Separate System*” means any water supply, sewage collection or treatment, stormwater or other utility service or facilities that may be created, acquired or constructed by the City as provided in Section 17 of this ordinance.

(vv) “*Significant Wholesale Customer*” means any person, firm, corporation or municipal corporation under any executed contract for water or other utility service, the revenue from which contract comprises 10% or more of the overall Gross Revenue of the System.

(ww) “*State*” means the State of Washington.

(xx) “*System*” means, for so long as any of the Parity Bonds are outstanding: (a) the combined waterworks system, system of sewerage and surface water system and all additions thereto and betterments and extensions thereof at any time made; and (b) any other system or utility that may lawfully be combined with the foregoing. The System shall not include any Separate System of the City.

(yy) “*Term Bond*” means the Bond designated as a Term Bond and subject to mandatory redemption in the years and amounts set forth in the Bond Purchase Agreement, and those Parity Bonds designated as Term Bonds in the ordinances or bond purchase agreements authorizing the issuance of those bonds.

(zz) “*ULID*” means utility local improvement district.

(aaa) “*ULID Assessments*” means all ULID assessments and installments thereof, plus interest and penalties thereon, in any ULID created to finance improvements to the System and to secure the payment of any Parity Bonds.

(bbb) “*Utility Construction Fund*” means the fund or account of that name created and established in the Water Fund.

(ccc) “*Variable Interest Rate Bonds*” means those Future Parity Bonds bearing interest at a variable rate.

Section 2. Findings.

(a) The City, pursuant to Ordinance No. 537, passed December 22, 1969, combined the waterworks system and system of sewerage of the City into a waterworks utility of the City, and such combined systems are maintained and operated jointly, which from time to time requires various additions, betterments and extensions. The City, pursuant to Ordinance No. 2114, passed November 25, 1996, combined the surface water system established by Ordinance No. 1813 of the City into the waterworks utility.

(b) Pursuant to Ordinance No. 2856, passed October 25, 2010, the City previously issued the 2010 Bonds, in the original principal amount of \$7,720,000, for the purpose of providing

funds to pay the cost of carrying out a plan of additions to the System and to fund the Reserve Account.

(c) Ordinance No. 2856 provides that certain of the 2010 Bonds may be redeemed prior to their stated maturities.

(d) Pursuant to Ordinance No. 3141, passed June 22, 2015, the City previously issued the 2015 Bonds, in the original principal amount of \$24,075,000, for the purpose of providing funds to pay the cost of carrying out a plan of additions to the System, to repay a utility system revenue bond anticipation note and to fund the Reserve Account.

(e) Pursuant to Ordinance No. 3298, passed May 14, 2018, the City previously issued the 2018 Bonds, in the original principal amount of \$20,380,000, for the purpose of providing funds to pay the cost of carrying out a plan of additions to the System, to refund certain outstanding utility system revenue bonds and to purchase a Reserve Surety to meet the Reserve Requirement.

(f) The City, in Section 19 of Ordinance No. 2856, Section 16 of Ordinance No. 3141 and Section 16 of Ordinance No. 3298, reserved the right to issue utility system revenue bonds having a lien and charge on the Net Revenue of the System and ULID Assessments on a parity of lien and charge upon such Net Revenue and ULID Assessments of the 2010 Bonds, the 2015 Bonds and the 2018 Bonds, respectively, for the payment of the principal thereof and interest thereon if the conditions set forth therein were met and complied with.

(g) The City Council deems it to be in the best interest of the City that the City issue the Bond, which Bond will be issued on a parity of lien with the Outstanding Parity Bonds, pursuant to the terms set forth in the Bond Purchase Agreement as approved by the City's Designated Representative consistent with this ordinance.

Section 3. Purpose and Authorization of Bonds. For the purpose of (i) refunding all or a portion of the 2010 Bonds; (ii) funding or providing a Reserve Security to meet the Reserve Requirement for the Bond, if necessary; and (iii) paying the costs of issuance and sale of the Bond, the City is authorized to issue the Bond in the amount of not to exceed \$6,100,000.

Section 4. Description of the Bond; Appointment of Designated Representative. The Finance Director, or the Mayor in the absence of the Finance Director, is appointed as the Designated Representative of the City and is authorized and directed to conduct the sale of the Bond in the manner and upon the terms deemed most advantageous to the City, and to approve the Final Terms of the Bond, with such additional terms and covenants as the Designated Representative deems advisable, within the parameters set forth in Exhibit A, which is attached to this ordinance and incorporated by this reference.

Section 5. Bond Registrar; Registration and Transfer of the Bond. Pursuant to RCW 39.46.030(4), the Finance Director of the City will serve as initial fiscal agent for the City (the "Bond Registrar") with respect to the Bond and is authorized, on behalf of the City, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this ordinance. The Bond shall be issued only in registered form as to both principal and interest and shall be

recorded on books or records maintained by the Bond Registrar (the “Bond Register”). The Bond Register shall contain the name and mailing address of the Registered Owner of the Bond.

Upon a determination by the City that maintenance of the duties of the Bond Registrar is no longer convenient, the fiscal agent of the State of Washington shall act as Bond Registrar.

The Bond Registrar shall keep, or cause to be kept, at its office, sufficient books for the registration, assignment or transfer of the Bond, which books shall be open to inspection by the City at all times. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bond transferred or exchanged in accordance with the provisions of the Bond and this ordinance, to serve as the City’s paying agent for the Bond and to carry out all of the Bond Registrar’s powers and duties under this ordinance.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar’s Certificate of Authentication on the Bond.

The Purchaser may assign or transfer the Bond to any successor to substantially all of the business and assets of the Purchaser, or may assign or transfer the Bond in whole to a single investor that is a financial institution or an entity that is a qualified institutional buyer within the meaning of the applicable federal securities laws and who signs a purchaser certificate substantially in the form signed by the Purchaser.

Section 6. Form and Execution of the Bond.

(a) *Form of the Bond; Signatures and Seal.* The Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. The Bond shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on the Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the City, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on its Issue Date.

(b) *Authentication.* Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: “Certificate of Authentication. This Bond is the fully registered City of Lynnwood, Washington, Utility System Revenue Refunding Bond, 2020, described in the Bond Ordinance.” The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 7. Payment of the Bond. Principal of and interest on the Bond shall be payable in lawful money of the United States of America. Principal of and interest on the Bond is payable by electronic transfer on the payment date, or by check or draft of the Bond Registrar mailed on

the payment date to the Registered Owner at the address appearing on the Bond Register. However, the City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the payment date and at the sole expense of the Registered Owner. In addition, principal of the Bond is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bond is not subject to acceleration under any circumstances.

Section 8. Payments into Bond Fund. The Bond Fund has previously been created and established in the office of the Finance Director as a special fund of the City, which fund is divided into two accounts, a Principal and Interest Account and a Reserve Account.

(a) So long as any Parity Bonds are outstanding against the Bond Fund, the City obligates and binds itself to set aside and pay into the Bond Fund all ULID Assessments and, out of the Net Revenue, certain fixed amounts without regard to any fixed proportion, namely:

(1) Into the Principal and Interest Account on or before each debt service payment date an amount which, together with ULID Assessments and other money on deposit therein, will be sufficient to pay the debt service coming due and payable on that next debt service payment date, including mandatory redemption amounts due on that date with respect to any Term Bonds; and

(2) Into the Reserve Account, either:

- (i) on the date of issue, and thereafter annually in regular installments an amount which, together with other money and Reserve Securities on deposit therein, will equal the Reserve Requirement for the outstanding Parity Bonds secured by such Reserve Account, which additional amount shall be accumulated by no later than five years from the date of issue; or
- (ii) one or more Reserve Securities the value of which, together with any amount deposited under subsection (i) above, are equal to the Reserve Requirement for the outstanding Parity Bonds secured by such Reserve Account.

(b) The City covenants and agrees that it will at all times maintain in the Reserve Account an amount (including the value of all Reserve Securities deposited therein) equal to the Reserve Requirement, except for withdrawals as authorized in this subsection, until there is a sufficient amount in the Principal and Interest Account and Reserve Account to pay the principal of and interest on all outstanding Parity Bonds secured by such account, at which time the money in the Reserve Account may be used to pay any such principal and interest so long as the money remaining on deposit in the Reserve Account is not less than the Reserve Requirement calculated based on the remaining outstanding Parity Bonds. If there are sufficient funds in the Bond Fund to pay all outstanding Parity Bonds secured by such Reserve Account and the Reserve Requirement as to those outstanding Parity Bonds is met, excess money in the Bond Fund may be used for any System purpose.

In the event that the amounts in the Bond Fund are insufficient to make any debt service payment on any outstanding Parity Bonds secured by the Reserve Account, amounts shall be withdrawn from the Reserve Account to make up that deficiency. Any deficiency created in the Reserve Account by reason of such a withdrawal shall then be made up from Net Revenue and from ULID Assessment payments, but only after necessary provision has been made for Operations and Maintenance Costs and for the required payments into the Principal and Interest Account.

With the consent of the owners of not less than 50% in aggregate principal amount of the Outstanding Parity Bonds, as provided in Section 24, the ordinance authorizing any Future Parity Bonds may establish a separate debt service reserve account for any such Future Parity Bonds and set forth the reserve account requirement for such bonds, which may be zero, or provide that some or all of such Future Parity Bonds be secured by the Reserve Account. The owners of the 2018 Bonds have consented and the Owner of the Bond by taking and holding the same shall be deemed to have consented to the adoption by the City of such supplemental ordinance. In addition, when the 2010 Bonds and 2015 Bonds are no longer outstanding, the Reserve Requirement for the 2018 Bonds and the Bond may be reduced.

If the Designated Representative determines that such consent requirements will be met on the Issue Date of the Bond, this ordinance and the ordinances authorizing the Outstanding Parity Bonds are deemed supplemented by the City Council for the purpose of allowing the Designated Representative to elect to create a separate reserve account for the Bond or any Future Parity Bonds, and establish a reserve requirement for such account, which may be zero, in which case the Reserve Account shall not secure the Bond or such Future Parity Bonds.

(c) All money in the Bond Fund may be kept in cash; deposited with an institution (as permitted by law) in an amount in each institution not greater than the amount insured by any department or agency of the United States Government; or invested in Permitted Investments or other legal investments permitted to the City maturing not later than the date when needed (for investments in the Principal and Interest Account) or the last maturity of any outstanding Parity Bonds (for investments in the Reserve Account). Income from investments in the Principal and Interest Account shall be deposited in that account. Income from investments in the Reserve Account shall be deposited in that account until the amount therein is equal to the Reserve Requirements of all Parity Bonds, and thereafter shall be deposited in the Principal and Interest Account.

(d) The City may create sinking fund accounts or other accounts in the Bond Fund for the payment or securing the payment of Parity Bonds as long as the maintenance of such accounts does not conflict with the rights of the owners of Parity Bonds.

(e) It is declared that in creating the Bond Fund and in fixing the amounts to be paid into it as aforesaid, the City Council has had due regard for Operations and Maintenance Costs and the debt service requirements of the outstanding Parity Bonds, and declares that it is not setting aside into the Bond Fund a greater amount than in its judgment will be available over and above such Operations and Maintenance Costs and the debt service requirements of the outstanding Parity Bonds.

If the City fails to set aside and pay into the Bond Fund the amounts set forth above, the owner of any of the outstanding Parity Bonds (or, for bonds insured by an Insurer, only the Insurer acting alone) may bring action against the City and compel the setting aside and payment.

Section 9. Rate Stabilization Fund. The Rate Stabilization Fund has previously been created and established in the office of the Finance Director. The City may at any time, as determined by the Finance Director and consistent with Section 14 of this ordinance, deposit into the Rate Stabilization Fund amounts from Gross Revenue and any other money received by the System and available to be used for that purpose, excluding principal proceeds of any Future Parity Bonds. The Finance Director may at any time withdraw money from the Rate Stabilization Fund for inclusion in the Net Revenue for the current fiscal year of the System, except that the total amount withdrawn from the Rate Stabilization Fund in any calendar year may not exceed the total debt service of the System in that year. Such deposits or withdrawals may be made up to and including the date 90 days after the end of the calendar year for which the deposit or withdrawal will be included as Net Revenue.

Earnings from investments in the Rate Stabilization Fund shall be deposited in that fund and shall not be included as Net Revenue unless and until withdrawn from that fund as provided in this section. The Finance Director may also deposit earnings from investments in the Rate Stabilization Fund into any System fund as authorized by ordinance, and such deposits shall be included as Net Revenue in the year of deposit.

No deposit shall be made into the Rate Stabilization Fund to the extent that such deposit would prevent the City from meeting the Coverage Requirement in the relevant calendar year.

Section 10. Finding as to Sufficiency of Revenue, Pledge of Revenue and Lien Position. The City Council finds and determines that the Gross Revenue and benefits to be derived from the operation and maintenance of the System at the rates to be charged for service from the System will be more than sufficient to meet all Operations and Maintenance Costs and to permit the setting aside into the Bond Fund of the amounts of Net Revenue that, together with ULID Assessments, will be sufficient to pay the principal of and interest on the Parity Bonds when due. The Net Revenue and all ULID Assessments are pledged for the payment of the Outstanding Parity Bonds, the Bond and all Future Parity Bonds. This pledge shall constitute a lien and charge upon the Net Revenue and ULID Assessments prior and superior to any other liens and charges whatsoever.

Section 11. Deposit of Bond Proceeds. Proceeds of the Bond in an amount required to fully fund the Reserve Requirement shall be deposited in the Reserve Account, if necessary. Alternatively, proceeds of the Bond can be used to provide a Reserve Security to meet the Reserve Requirement for the Bond. Proceeds of the Bond needed to refund the Refunded Bonds, if any are refunded, will be deposited with the Refunding Trustee to carry out the Refunding Plan.

Section 12. Prepayment. The City may prepay the Bond upon such terms as is acceptable to the Designated Representative.

Section 13. Failure to Pay the Bond. If the principal of the Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or

date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 14. Covenants. The City covenants and agrees with the Owner of the Bond as follows:

(a) It will establish, maintain, revise as necessary, and collect such rates and charges for the services furnished by the System (including those furnished under contract with wholesale customers) that will at least equal the Coverage Requirement.

(b) It will at all times maintain and keep the System in good repair, working order and condition, and also will at all times operate such utility and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) It will collect promptly all ULID Assessments. Such assessments may be used to pay the principal or interest on any Parity Bonds without those assessments being particularly allocated to the payment of principal of or interest on any particular series of Parity Bonds.

(d) It will not sell, lease, mortgage or in any manner encumber or dispose of all the property of the System unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of and interest on all outstanding Parity Bonds. Furthermore, it will not sell, lease, mortgage, or in any manner encumber or dispose of any part of the property of the System (or any portion of the System in excess of 5% of the value of the assets of the System with the consent of the registered owners of at least 50% of the Parity Bonds then outstanding) that is used, useful and material to its operation, unless provision is made (i) for the replacement of that portion of the System, or (ii) for the payment into the Bond Fund of an amount bearing the same ratio to the par amount of outstanding Parity Bonds as the amount of Net Revenue available for debt service derived during the preceding 12 month period from that portion of the System bears to the total Net Revenue available for debt service for such bonds for the same period. Any such money so paid into the Bond Fund shall be used to retire outstanding Parity Bonds at the earliest possible date and may be invested to the same extent and in the same manner as provided for the investment of money in the Reserve Account until so used.

(e) While any of the Parity Bonds remain outstanding it will keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the System, and it will furnish the owner or owners of the Parity Bonds or any subsequent owner or owners thereof, at the written request of such owner or owners, complete operating and income statements of the System in reasonable detail covering any calendar year not more than ninety days after the close of such calendar year. It will grant any owner or owners of at least 25 percent of the outstanding Parity Bonds the right at all reasonable times to inspect the entire System and all records, accounts and data relating thereto, and upon request of any owner of any of the Parity Bonds a copy of the most recently completed audit of the System accounts by the State Auditor of Washington.

(f) Except as permitted by law, it will not furnish any service of the System free of charge to any customer whatsoever.

(g) It will at all times carry fire and such other forms of insurance on such of the buildings, equipment, facilities and properties of the System as are ordinarily carried on such buildings, equipment, facilities, and properties by utilities engaged in the operation of similar utility systems to the full insurable value thereof, and also will carry adequate public liability insurance at all times. The premiums on such insurance policies are declared to be a normal part of Operations and Maintenance Costs.

(h) It will pay all Operations and Maintenance Costs and otherwise meet the obligations of the City as herein set forth.

(i) It will not change any rate or charge for services of the System as is now established by the existing rate resolution or resolutions of the City, or any contract with a Significant Wholesale Customer, if such change would substantially reduce the annual Net Revenue below that which would have been obtained before such change unless the City has on file a certificate from an Independent Utility Consultant, stating that after such change, the Net Revenue will remain sufficient to comply with all the covenants and requirements of this ordinance, including the Coverage Requirement.

(j) Except as provided in Section 16, the City will not create any special fund or funds for the payment of the principal of and interest on any other revenue obligations which will have any priority over or which will rank on a parity with the payments required by this ordinance to be made out of the Net Revenue and ULID Assessments.

Section 15. Tax Covenants.

(a) *Preservation of Tax Exemption for Interest on the Bond.* The City covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the City treated as proceeds of the Bond that will cause interest on the Bond to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bond.

(b) *Post-Issuance Compliance.* The Finance Director is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bond from being included in gross income for federal tax purposes.

(c) *Designation of the Bond as "Qualified Tax-Exempt Obligations."* The Bond may be designated as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code, if the following conditions are met:

- (1) the Bond does not constitute a “private activity bond” within the meaning of Section 141 of the Code;
- (2) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Bond is issued will not exceed \$10,000,000; and
- (3) the amount of tax-exempt obligations, including the Bond, designated by the City as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bond is issued does not exceed \$10,000,000.

Section 16. Parity Provisions.

(a) The City may issue Future Parity Bonds only for lawful System purposes and only if the following conditions are met and complied with at the time of the issuance of those Future Parity Bonds:

- (1) There must be no deficiency in the Bond Fund;
- (2) The ordinance providing for the issuance of such Future Parity Bonds must provide that all ULID Assessments (including interest on those assessments) imposed in any ULID created for the purpose of paying in whole or in part the principal of and interest on such Future Parity Bonds is to be paid directly into the Bond Fund;
- (3) The ordinance authorizing those Future Parity Bonds must provide for the payment of the principal of and interest thereon out of the Bond Fund;
- (4) Except in the case of Future Parity Bonds being issued for the sole purpose of providing for the refunding of Parity Bonds (for which no coverage certification under this subsection is required), no event of default, nor any event or condition that with notice and the passage of time would constitute an event of default shall have occurred and be continuing, nor shall the issuance of those Future Parity Bonds in and of itself cause an event of default or an event or condition which with notice and the passage of time would constitute an event of default;
- (5) The applicable ordinance authorizing those Future Parity Bonds must provide for the deposit into the Reserve Account or such other reserve account of any combination of Future Parity Bond proceeds, Reserve Security or other money legally available, in the amount necessary (if any) to make the amount on deposit in the Reserve Account or such other reserve account equal to the Reserve Requirement upon the issuance of those Future Parity Bonds; and
- (6) There shall be on file with the City a certificate (which may take into account the adjustments described in subsection 16(b)) of the City Finance Director, demonstrating that the Coverage Requirement was satisfied during any twelve consecutive calendar months out

of the immediately preceding 24 calendar months (assuming that (A) those Future Parity Bonds were outstanding and that the debt service payable on those Future Parity Bonds in that 12 month period was equal to the Average Annual Debt Service on those Future Parity Bonds, and (B) any Parity Bonds to be refunded by those Future Parity Bonds are not outstanding).

(b) In determining whether the City is able to comply with the terms of the parity conditions, the certificate required under subsection 16(a)(6) above, may take into account the following adjustments to the historical Net Revenue for the relevant 12 month period:

(1) Any rate change that has taken place or been adopted by ordinance or contract may be reflected, including any changes in the rates charged to any Significant Wholesale Customer in effect and being charged, or expected to be charged in accordance with a program of specific levels or increase (or decreases) in overall revenue.

(2) Revenue from customers added or projected to be added to the System after the relevant 12-month period, including revenue from new Significant Wholesale Customers, may be adjusted to reflect one year's Net Revenue allocable to those new customers.

(3) A full year's revenue may be included on a pro forma basis from any customer being served but who has not been receiving service for the full period of operation used as a basis for the certificate.

(4) Actual or reasonably anticipated changes in the Operations and Maintenance Costs subsequent to the relevant 12-month period shall be added or deducted, as is applicable.

(5) Net Revenue allocable to any person, firm, corporation or municipal corporation under any executed contract for water or other utility service, which revenue was not included in the historical Net Revenue, may be included in Net Revenue.

(6) Transfers into or out of the Rate Stabilization Fund pursuant to Section 9 may be taken into account, and those amounts may be added to or deducted from Net Revenues, as applicable.

(c) If Future Parity Bonds are being issued for the sole purpose of refunding Parity Bonds (including costs of issuance and providing for the Reserve Requirement), no coverage certification is required under this Section 16 if, as result of the issuance of those Future Parity Bonds, the Annual Debt Service on the Future Parity Bonds to be issued is not increased by more than \$5,000 over the Annual Debt Service for that year of the bonds being refunded.

Nothing contained in this Section 16 shall prevent the City from issuing revenue bonds having a junior lien on the Net Revenue or from pledging the payment of assessments in any ULID into a bond redemption fund or account created to pay and secure the payment of the principal of and interest on such junior lien bonds as long as such assessments are levied to pay part or all of the cost of improvements being constructed out of the proceeds of the sale of such junior lien bonds.

Section 17. Separate Utility Systems. The City may create, acquire, construct, finance, own and operate one or more additional systems for water supply, sewer service, water, sewage or stormwater transmission, treatment or other commodity or utility service. The revenue of that Separate System, and any ULID Assessments payable solely with respect to improvements to a Separate System, shall not be included in the Gross Revenue and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand the Separate System. Neither the Gross Revenue nor the Net Revenue may be pledged to the payment of any obligations of a Separate System except that the Net Revenue may be pledged on a basis subordinate to the lien of the Parity Bonds.

Section 18. Flow of Funds. The Net Revenue shall be used for the following purposes only and shall be applied in the following order of priority:

(a) To make when due the required payments into the Principal and Interest Account in respect of interest on the Parity Bonds.

(b) To make when due the required payments into the Principal and Interest Account in respect of principal of and premium, if any, on the Parity Bonds, whether at maturity or pursuant to redemption prior to maturity, and to make payments due under any reimbursement agreement with an Insurer that requires those payments to be made on a parity with the Parity Bonds.

(c) To make when due all payments required to be made into the Reserve Account or any reserve account created, all payments required to be made under any agreement relating to the provision of Reserve Security, and all payments required to be made under any reimbursement agreement with a Reserve Security provider that requires those payments to be made on a parity with the payments required to be made into the Reserve Account or any other reserve account.

(d) To make when due all payments required to be made under any reimbursement agreement with an Insurer other than payments to be made on a parity with the Parity Bonds, and all payments required to be made under any reimbursement agreement with a Reserve Security provider other than payments to be made on a parity with the payments to be made into the Reserve Account or any other reserve account, in any priority not inconsistent with this ordinance that the City may hereafter establish by ordinance.

(e) To make when due the required payments to be made into any revenue bond, note warrant or other revenue obligation redemption fund, debt service account or reserve account created to pay and secure the payment of any revenue bonds, warrants, notes or other obligations of the System having a charge upon the Net Revenue junior and inferior to the charge thereon for the payment of the principal of and premium (if any), and interest on the Parity Bonds, and all payments required to be made into the Reserve Account or any other reserve account under any ordinance authorizing an issue of Parity Bonds, in any priority not inconsistent with this ordinance, that the City may hereafter establish by ordinance.

(f) For any other lawful System purposes, in any priority not inconsistent with this ordinance that the City may hereafter establish by ordinance.

Section 19. Refunding or Defeasance of the Bond. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding

or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bond (the “defeased Bond”); (b) redeeming the defeased Bond prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bond in accordance with their terms, then all right and interest of the Owner of the defeased Bond in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bond shall cease and become void. Thereafter, the Owner of defeased Bond shall have the right to receive payment of the principal of and interest on the defeased Bond solely from the trust account and the defeased Bond shall be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bond to any lawful purpose.

Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of the Bond for any partial prepayment or defeasance shall be conducted, in the manner prescribed in this ordinance for the prepayment of the Bond.

Section 20. Refunding of the Refunded Bonds.

(a) *Appointment of Refunding Trustee.* The Designated Representative is authorized to appoint a Refunding Trustee in connection with the Bond.

(b) *Use of Bond Proceeds; Acquisition of Acquired Obligations.* The proceeds of the sale of the Bond used to refund the Refunded Bonds shall be deposited immediately upon the receipt thereof with the Refunding Trustee and used to discharge the obligations of the City relating to the Refunded Bonds under Ordinance No. 2856 by providing for the payment of the amounts required to be paid by the Refunding Plan. To the extent practicable, such obligations may be discharged fully with the Bond proceeds or by the Refunding Trustee’s simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amount required to be paid by the Refunding Plan. The Acquired Obligations, if acquired, will be listed and more particularly described in an exhibit to be attached to the Refunding Trust Agreement between the City and the Refunding Trustee, but are subject to substitution as set forth below. Any Bond proceeds or other money deposited with the Refunding Trustee not needed to purchase the Acquired Obligations and provide a beginning cash balance, if any, and pay the costs of issuance of the Bond shall be returned to the City at the time of delivery of the Bond to the initial purchaser thereof and deposited in the Bond Fund to pay interest on the Bond on the first interest payment date.

If payment of the costs of issuance of the Bond is not included in the Refunding Plan, the Bond proceeds that are not deposited with the Refunding Trustee will be deposited with the City to be used to pay the costs of issuance of the Bond.

(c) *Substitution of Acquired Obligations.* Prior to the purchase of any Acquired Obligations by the Refunding Trustee, the City reserves the right to substitute other direct,

noncallable obligations of the United States of America (“Substitute Obligations”) for any of the Acquired Obligations and to use any savings created thereby for any lawful City purpose if such substitution shall not impair the timely payment of the amounts required to be paid by the Refunding Plan, as verified by a nationally recognized independent certified public accounting firm.

After the purchase of the Acquired Obligations, if any, by the Refunding Trustee, the City reserves the right to substitute therefor cash or Substitute Obligations subject to the conditions that such money or securities held by the Refunding Trustee shall be sufficient to carry out the Refunding Plan, that such substitution will not cause the Bond or the Refunded Bonds to be arbitrage bonds within the meaning of Section 148 of the Code and regulations thereunder in effect on the date of such substitution and applicable to obligations issued on the issue dates of the Bond and the Refunded Bonds, as applicable, and that the City obtain, at its expense a verification by a nationally recognized independent certified public accounting firm acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute securities, if paid when due, and any other money held by the Refunding Trustee will be sufficient to carry out the Refunding Plan. Any surplus money resulting from the sale, transfer, other disposition, or redemption of the Acquired Obligations and the substitutions therefor shall be released from the trust estate and transferred to the City to be used for any lawful City purpose.

(d) *Administration of Refunding Plan.* The Refunding Trustee is authorized and directed to purchase the Acquired Obligations (or substitute obligations), if so directed by the Designated Representative, and to make the payments required to be made by the Refunding Plan from the Acquired Obligations (or substitute obligations) and money deposited with the Refunding Trustee pursuant to this ordinance. All Acquired Obligations (or substitute obligations) and the money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of Ordinance No. 2856, this ordinance, chapter 39.53 RCW and other applicable statutes of the State of Washington and the Refunding Trust Agreement. All necessary and proper fees, compensation, and expenses of the Refunding Trustee for the Bond and all other costs incidental to the setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs related to the issuance and delivery of the Bond, including bond printing, Bond Counsel’s fees, and other related expenses, shall be paid out of the proceeds of the Bond.

(e) *Authorization for Refunding Trust Agreement.* To carry out the Refunding Plan provided for by this ordinance, the Designated Representative is authorized and directed to execute and deliver to the Refunding Trustee a Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption, and retirement of the Refunded Bonds as provided herein and stating that the provisions for payment of the fees, compensation, and expenses of such Refunding Trustee set forth therein are satisfactory to it.

Section 21. Call for Redemption of the Refunded Bonds. The City calls for redemption on the date determined by the Designated Representative, all of the Refunded Bonds at par plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the Bond to the initial purchaser thereof. The date on which the Refunded Bonds are herein called for redemption is the first date on which those bonds may be called.

The proper City officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required by Ordinance No. 2856, in order to effect the redemption prior to their maturity of the Refunded Bonds.

Section 22. Findings with Respect to Refunding. The City Council authorizes the Designated Representative to issue the Bond to refund the Refunded Bonds, if such bonds will effect a savings to the City, if applicable, and is in the best interest of the City and its ratepayers. In making such finding and determination, the Designated Representative will give consideration to the fixed maturities of the Bond and the Refunded Bonds, the costs of issuance of the Bond and the known earned income from the investment of the proceeds of the issuance and sale of the Bond and other money of the City used in the Refunding Plan, if any, pending payment and redemption of the Refunded Bonds.

The Designated Representative may also purchase Acquired Obligations to be deposited with the Refunding Trustee, together with the income therefrom, and with any necessary beginning cash balance, which will be sufficient to redeem the Refunded Bonds and will discharge and satisfy the obligations of the City under Ordinance No. 2856 with respect to the Refunded Bonds, and the pledges, charges, trusts, covenants, and agreements of the City therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds shall no longer be deemed to be outstanding under such ordinance immediately upon the deposit of such money with the Refunding Trustee.

Section 23. Sale and Delivery of the Bond.

(a) *Manner of Sale of the Bond; Delivery of the Bond.* The Designated Representative is authorized to sell the Bond by direct bank placement based on the assessment of the Designated Representative of market conditions, in consultation with appropriate City officials and staff, Bond Counsel and other advisors. In determining the method of sale of the Bond and accepting the Final Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City.

(b) *Procedure for Direct Bank Placement.* If the Designated Representative determines that the Bond is to be sold by direct bank placement, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Agreement for the Bond shall set forth the Final Terms. The Designated Representative is authorized to execute the Bond Purchase Agreement on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

(c) *Preparation, Execution and Delivery of the Bond.* The Bond will be prepared at City expense and will be delivered to the Purchaser in accordance with the Bond Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Bond.

Section 24. Supplemental and Amendatory Ordinances.

(a) This ordinance shall not be modified or amended in any respect subsequent to the initial issuance of the Bond, except as provided in and in accordance with and subject to the provisions of this section.

(b) The City may from time to time and at any time, without the consent of or notice to the Registered Owners of the Parity Bonds, pass supplemental ordinances as follows:

(1) to cure any formal defect, omission, inconsistency or ambiguity in this ordinance;

(2) to impose upon the Bond Registrar (with its consent) for the benefit of the Registered Owners of the Bond any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with this ordinance as previously in effect;

(3) to add to the covenants and agreements of, and limitations and restrictions upon, the City in this ordinance other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this ordinance as previously in effect;

(4) to confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by this ordinance of any other money, securities or funds;

(5) to authorize a different denomination of the Bond and to make correlative amendments and modifications to this ordinance regarding exchangeability of the Bond of different authorized denominations, redemptions or prepayment of portions of the Bond of particular authorized denominations and similar amendments and modifications of a technical nature;

(6) to modify, alter, amend or supplement this ordinance in any other respect which is not materially adverse to the registered owners of the Bond and which does not involve a change described in subsection 24(c) of this section.

Before any supplemental ordinance pursuant to this Section 24(b) shall become effective, there be delivered to the City and the Bond Registrar an opinion of Foster Garvey P.C., or other nationally recognized bond counsel, stating that such supplemental ordinance is authorized or permitted by this ordinance and will, upon its effective date, be valid and binding upon the City in accordance with its terms and will not adversely affect the exemption from federal income taxation of interest on the Bond.

(c) Except for any supplemental ordinance passed pursuant to subsection 24(b) of this section, subject to the terms and provisions contained in this subsection 24(c) and not otherwise, Registered Owners of not less than a majority of the aggregate principal amount of the Parity Bonds then outstanding shall have the right from time to time to consent to and approve the passage by the City Council of the City of any supplemental ordinance deemed necessary or desirable by

the City for the purposes modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this ordinance.

However, unless approved in writing by each Registered Owners of each Parity Bond then outstanding, nothing contained in this section shall permit, or be construed at permitting:

(1) a change in the times, amounts or currency of payment of the principal of or interest on the Bond, or a reduction in the principal amount or redemption price of the Bond, or a change in the method or redemption price of the Bond, or a change in the method of determining the rate of interest thereon;

(2) a preference or priority of the Bond over any other Parity Bonds; or

(3) a reduction in the aggregate principal amount of the Bond the consent of the registered owners of the Bond of which is required for any such supplemental ordinance.

If at any time the City shall pass any supplemental ordinance for any of the purposes of this subsection 24(c), the Bond Registrar shall cause notice of the proposed supplemental ordinance to be given by first class United States mail to all registered owners of the then-outstanding Bond, to each Rating Agency that has provided a rating on an issue of the Parity Bonds, and to any Insurer. Such notice shall briefly set forth the nature of the proposed supplemental ordinance and shall state that a copy thereof is on file at the office of the Bond Registrar for inspection by all Registered Owners.

Within two years after the date of the mailing of such notice, the City may pass such supplemental ordinance in substantially the form described in such notice, but only if there shall have first been delivered to the Bond Registrar: (1) the required consents, in writing, of the Registered Owners, and (2) an opinion of Foster Garvey P.C., or other nationally recognized bond counsel, stating that such supplemental ordinance is authorized or permitted by this ordinance and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms and will not adversely affect the exclusion from federal income taxation of interest on the Bond.

Upon the execution and delivery of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this ordinance of the City, the Bond Registrar and all Registered Owners shall thereafter be determined, exercised and enforced under this ordinance subject in all respects to such modifications and amendments.

Section 25. General Authorization and Ratification. The Designated Representative and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of the Bond to the Purchaser thereof and for the proper application, use and investment of the proceeds of the Bond. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 26. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 27. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council of the City of Lynnwood, Washington, at a regular open public meeting thereof on the ____ day of _____, 2020, and signed in authentication of its passage this ____ day of _____, 2020.

Mayor

ATTEST:

Finance Director

APPROVED AS TO FORM:

Foster Garvey P.C., Bond Counsel

EXHIBIT A
DESCRIPTION OF THE BOND

- | | | |
|-----|-----------------------------|---|
| (a) | Principal Amount. | The Bond shall not exceed the aggregate principal amount of \$6,100,000. |
| (b) | Date or Dates. | The Bond shall be dated its Issue Date, which date may not be later than June 30, 2021. |
| (c) | Denominations, Name, etc. | The Bond shall be issued in Authorized Denominations and shall be numbered separately in the manner and shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative. |
| (d) | Interest Rate(s). | The Bond shall bear interest at a fixed or variable rate as determined by the Designated Representative. |
| (e) | Payment Dates. | Interest must be payable on such dates as are determined by the Designated Representative. Principal payments shall commence on a payment date determined by the Designated Representative and shall be payable at maturity or in installments on such dates as determined by the Designated Representative. |
| (f) | Final Maturity. | The Bond shall mature no later than December 1, 2030. |
| (g) | Prepayment Rights. | The Designated Representative may approve in the Bond Purchase Agreement provisions for the prepayment of the Bond. |
| (h) | Price. | The purchase price for the Bond shall be in an amount determined by the Designated Representative. |
| (i) | Savings. | There is a minimum net present value savings of 3.00% of the Refunded Bonds. |
| (j) | Other Terms and Conditions. | (1) The Designated Representative may determine whether it is in the City's best interest to provide for bond insurance or other credit enhancement; and may accept such additional terms, conditions and covenants as she or he may determine are in the best interests of the City, consistent with this ordinance. |

- (2) The Designated Representative must have determined that the Parity Conditions have been met and satisfied as of the Issue Date of the Bond.
- (3) The Designated Representative shall determine whether the consent requirements will be met on the Issue Date of the Bond, and if so, this ordinance and the ordinances authorizing the Outstanding Parity Bond are deemed supplemented by the City Council for the purpose of allowing the Designated Representative to elect to create a separate reserve account for the Bond or any Future Parity Bonds, and establish a reserve requirement for such account, which may be zero, in which case the Reserve Account shall not secure the Bond or such Future Parity Bonds.

CERTIFICATION

I, the undersigned, City Clerk of the City of Lynnwood, Washington (the “City”), hereby certify as follows:

1. The attached copy of Ordinance No. ____ (the “Ordinance”) is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on _____, 2020, as that ordinance appears on the minute book of the City.

2. That said meeting was duly convened and held in all respects in accordance with law (including Proclamation 20-28 made by the Governor of the State of Washington on March 24, 2020, as extended, and acts of the legislative leadership of the State of Washington) and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the members of the City Council was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper adoption or passage of said Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

3. The Ordinance will be in full force and effect five days after publication in the City’s official newspaper, which publication date is expected to be _____, 2020.

Dated: _____, 2020.

CITY OF LYNNWOOD, WASHINGTON

City Clerk



City of Lynnwood, Washington

Finance Committee | Utility System Revenue Refunding Bond, 2020

September 10, 2020

PFM Financial
Advisors LLC

1200 Fifth Avenue
Suite 1220
Seattle, WA 98101

Thomas Toepfer
(206) 858-5630
Steven Amano
(206) 858-5366

90.3-C-30



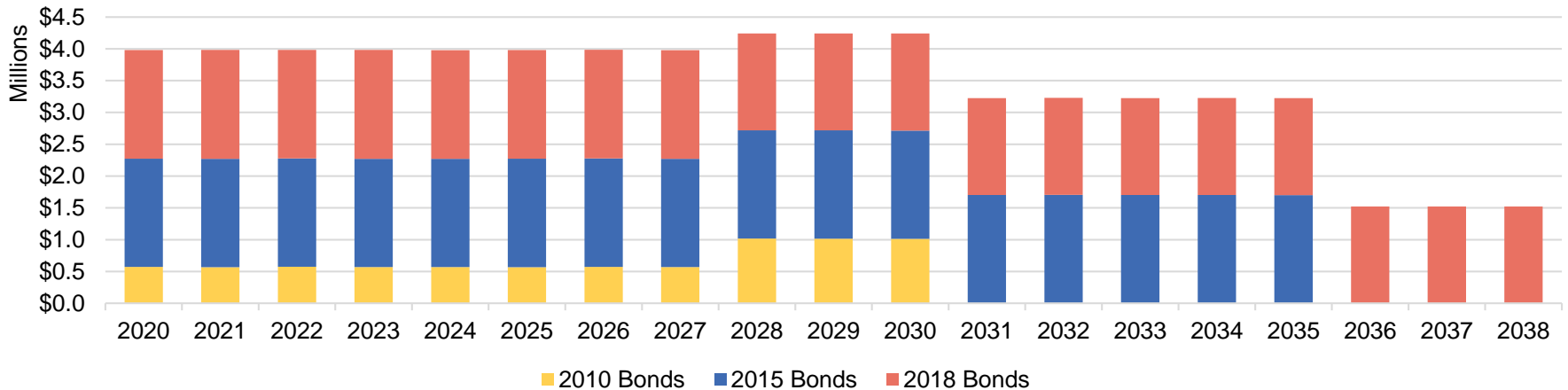
Utility System Revenue Bonds



Utility System Revenue Bonds Outstanding

Series	Purpose	Issue Size	Delivery Date	Final Maturity	Call Date	Outstanding Coupon(s)	Outstanding Par
2010	System improvements including the installation of a computerized monitoring and control system, meter, fire hydrant, and watermain replacements, sewer plant upgrades, and storm pipe replacements	\$7,720,000	11/9/2010	12/1/2030	12/1/2020	3.00% - 4.00%	\$5,905,000
2015	Additions and betterments and extensions of Utility System and to fund a deposit to the Reserve Account	24,075,000	10/28/2015	12/1/2035	12/1/2024	2.375% - 5.00%	20,815,000
2018	Current refund the Utility System Improvement and Refunding Bonds, 2008 and to finance system improvements	20,380,000	10/10/2018	12/1/2038	6/1/2028	3.00% - 5.00%	19,775,000
Total							\$46,495,000

Utility System Revenue Bonds



90.3-C-32



Background

- On November 9, 2010, the City issued its Utility System Revenue Bonds, 2010 (the “2010 Bonds”)
 - Original issue amount: \$7,720,000
 - Final maturity: December 1, 2030
 - Call date: December 1, 2020 (callable par of \$5,565,000)
- The City is considering the issuance of tax-exempt debt to refinancing the 2010 Bonds for debt service savings
 - A refinancing may be completed through a public market bond sale or a bank placement transaction (pros and cons described below)

Public Bond Sale		Direct Bank Placement	
Pros	<ul style="list-style-type: none">✓ Currently lower interest rates in the public market due to strong investor demand✓ Transparent, based on a credit spread compared to benchmark index✓ Large and diverse investor base	✓	<ul style="list-style-type: none">Faster transaction with lower issuance costs because banks do not require a bond rating nor a preliminary official statementOften allows for more flexible prepayment terms
Cons	<ul style="list-style-type: none">✗ Longer process and higher costs of issuance (rating and POS required)	✗	<ul style="list-style-type: none">Bank market is not transparent with respect to interest cost and terms – need to use RFP or direct outreach to get proposals from banks✗ Banks are typically limited in the amount they are willing to lend to an individual institution

- ***Due to the lower issuance costs, limited use of staff resources, and expeditious transaction process, the City is prepared to move forward with a Direct Bank Placement transaction***

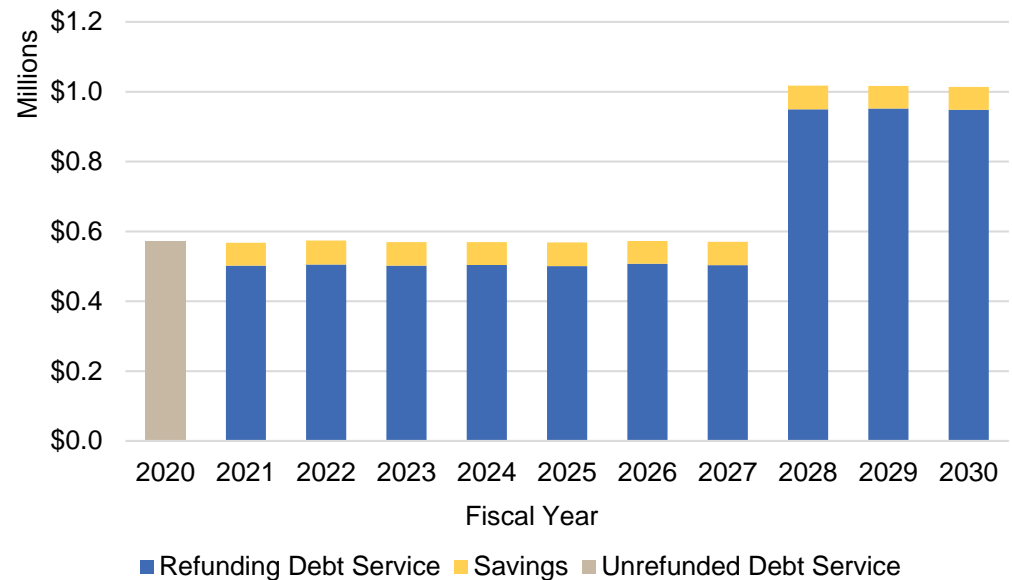


Current Refunding of Utility System Revenue Bonds, 2010

Refunding Statistics

Delivery Date	10/15/2020
NPV Savings	\$600,758
NPV Savings %	10.17%
Average Annual Savings	\$65,000
True Interest Cost	2.00%
Negative Arbitrage	\$14,670
Refunding Efficiency	97.62%
Refunded Par	\$5,905,000
Refunding Par	\$5,630,000

Estimated Savings



Tax Exempt Current Refunding - Interest Rate Sensitivity

Rates	TIC	NPV Savings (\$)	NPV Savings (%)	Negative Arbitrage
Current	2.00%	\$600,758	10.17%	\$14,670
+0.25%	2.25%	\$508,102	8.60%	\$16,568
-0.25%	1.75%	\$695,281	11.77%	\$12,769



Timing: Key Milestones

SEPTEMBER						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

OCTOBER						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Updated

<u>Milestones:</u>	<u>Timing</u>
Request for Financing Proposals (RFP) distributed to prospective lenders	9/8 9/15
Finance Committee Meeting – Discuss Plan of Finance (3:00 p.m.)	9/10
City Council Meeting – Work Session (6:00 p.m.)	9/21
Proposals due from prospective lenders (3:00 p.m.)	9/28 10/6
City Council Meeting – Consideration of Bond Ordinance (6:00 p.m.)	9/28
Bond Closing – funds delivered	10/15 10/22
2010 Bonds Redeemed	12/1



Market Update

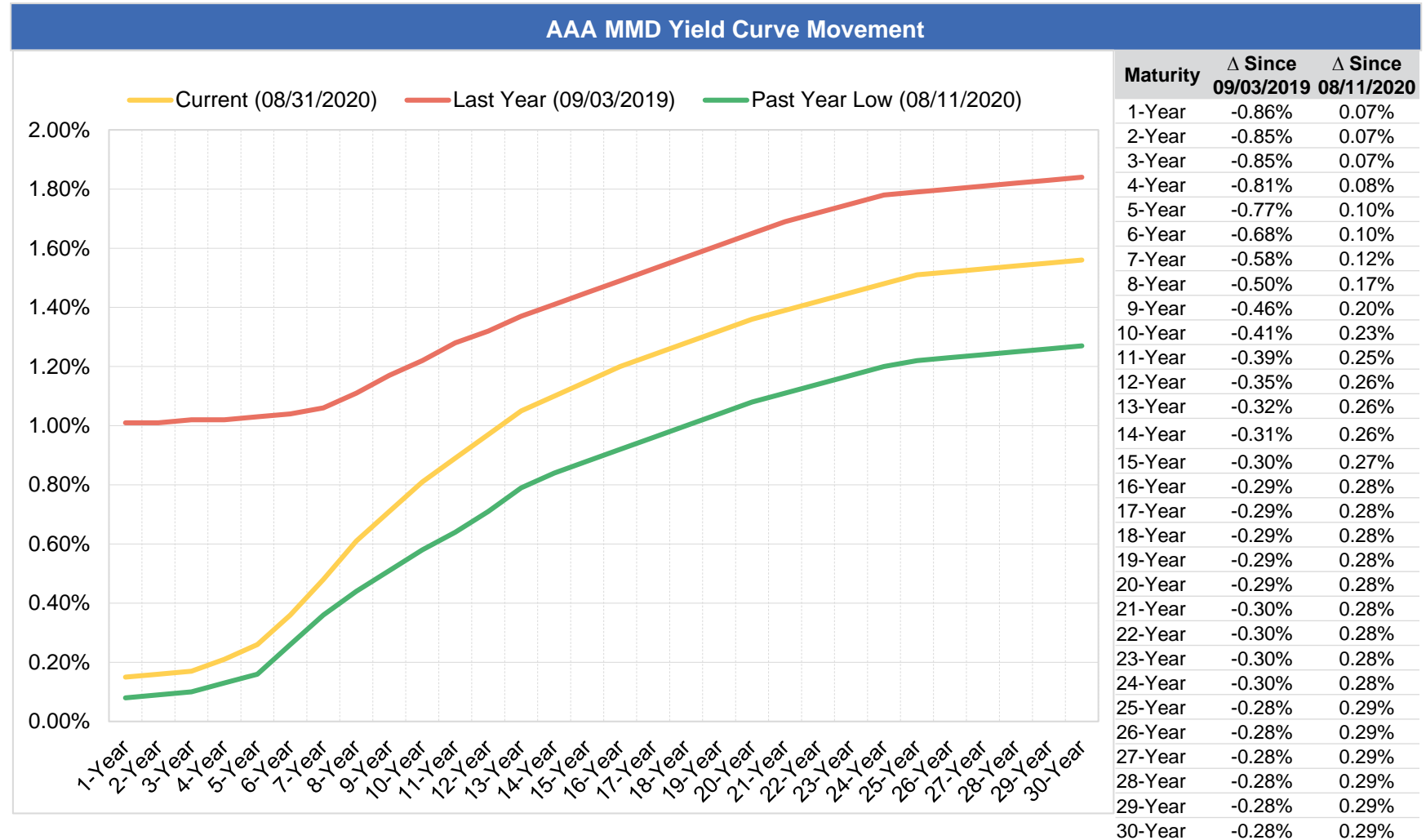


Market Update

- **The U.S. economy continues to slowly recover in the face of a recent resurgence in COVID-19 cases in several states.** At the same time, sharp tensions between the U.S. and China have emerged from the pandemic's shadow.
- **The Federal Reserve (Fed) left its policies unchanged at the July Federal Open Market Committee meeting and reinforced its commitment to support economic recovery with an expansive monetary policy.** The Fed intends to keep rates near zero, continue its purchase of government securities and maintain its support of the credit markets. These efforts are likely to remain until the monetary policy body is confident that the economy has weathered the virus and is on track to achieve its goals of maximum employment and stable prices.
- **The U.S. economy suffered a record contraction in the second quarter as gross domestic product fell by an annual rate of 32.9%.** The decline was driven by a deep pullback in consumer spending, which accounts for about 70% of economic activity. Business investment and residential housing also suffered sharp declines, while federal government spending rose. U.S. economic activity is expected to rebound in the second half of the year.
- **The U.S. economy added 1.8 million jobs in July following a record 4.8 million jobs in June. Job gains in leisure and hospitality and the government sector accounted for more than half of the total gains.** The unemployment rate continued to improve, falling from 11.1% to 10.2% in July. A job gap remains compared to pre-pandemic numbers, and there are 15 million fewer employed workers in the U.S.



Recent AAA MMD Yield Curve Movement

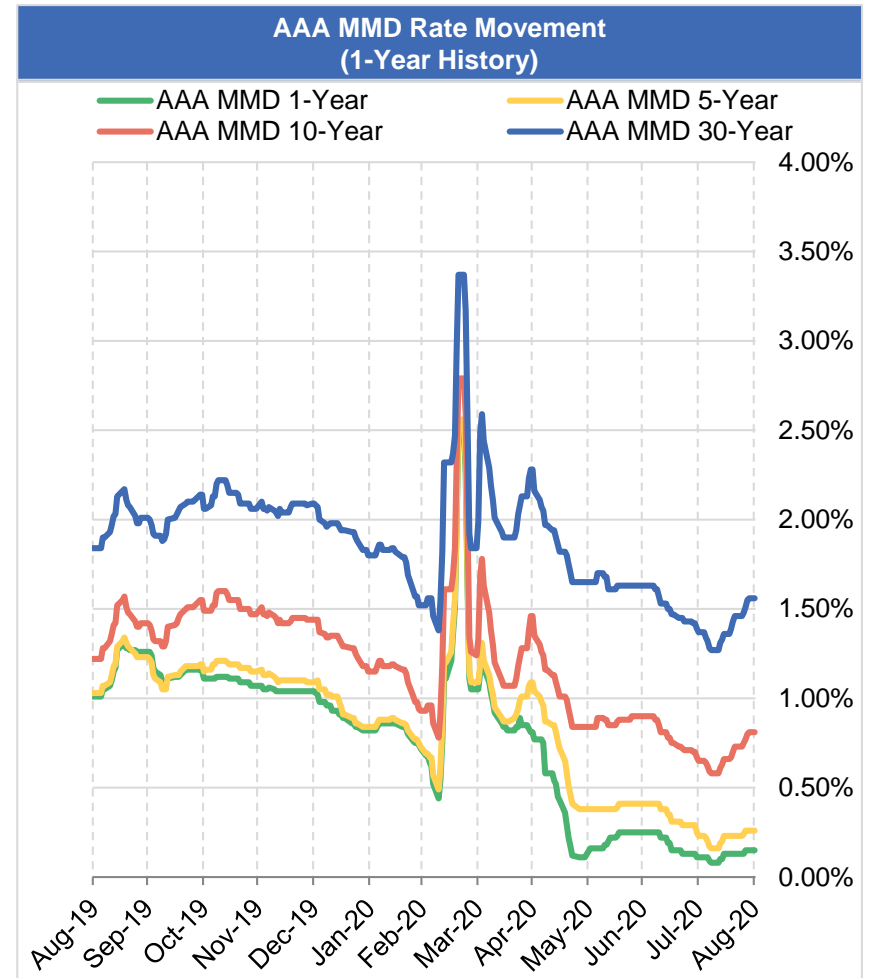
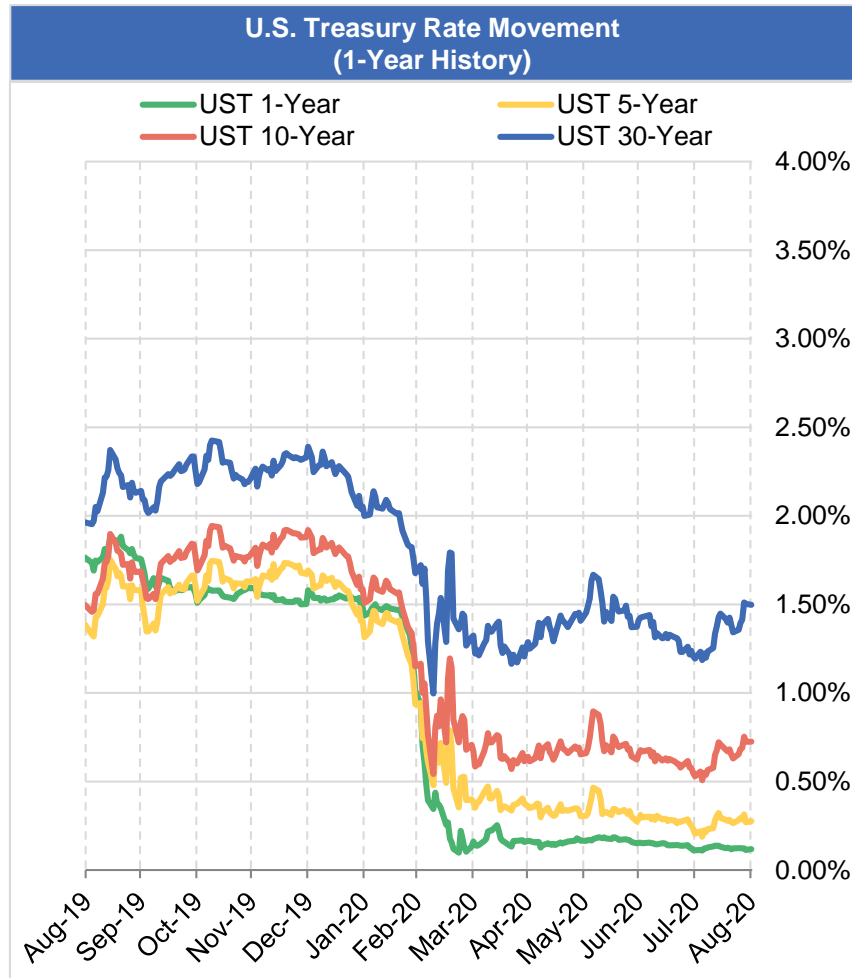


Source: Thomson Reuters

90.3-C-38



U.S. Treasury & AAA MMD Rate Movement

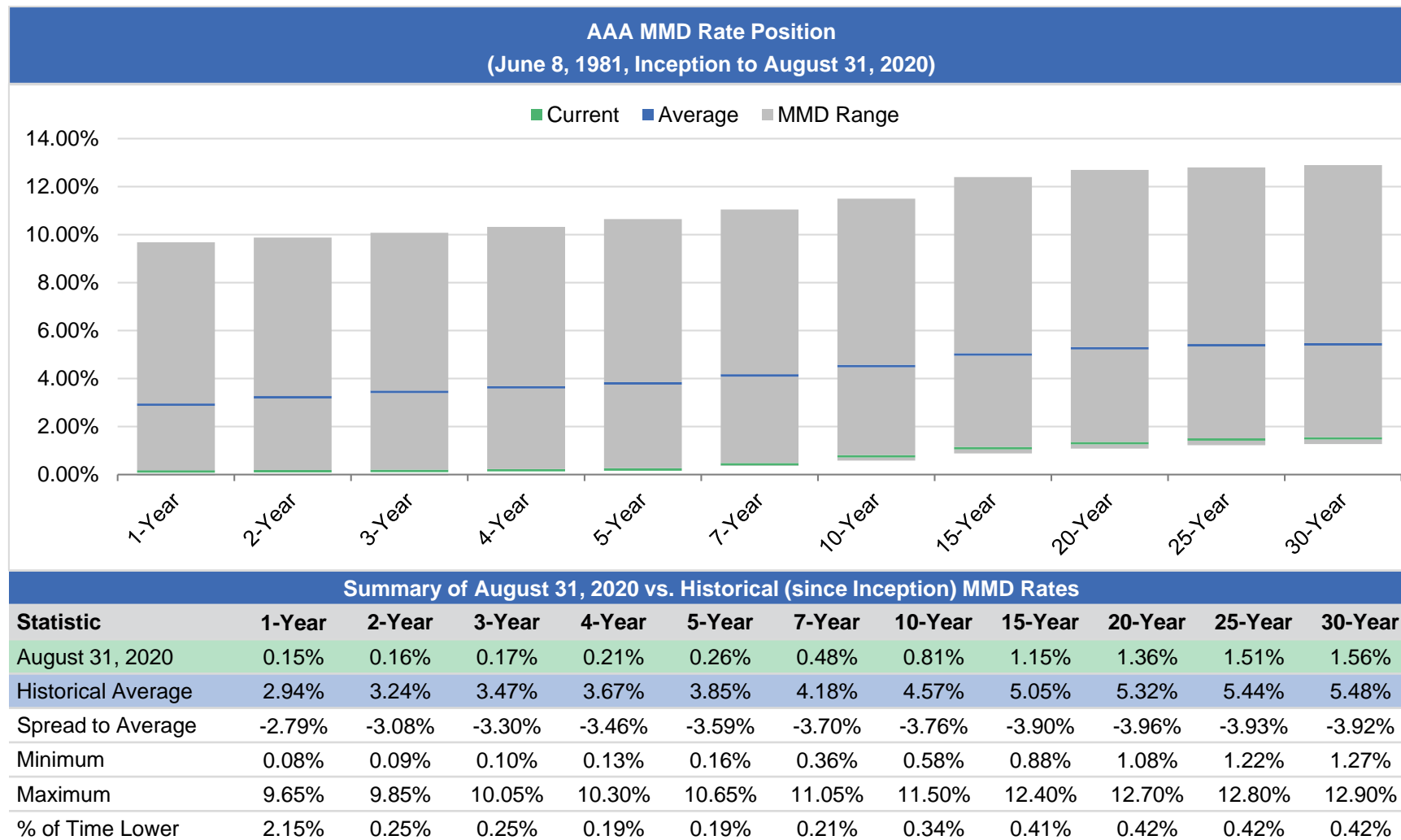


Source: Thomson Reuters

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AAA MMD Position Since Inception



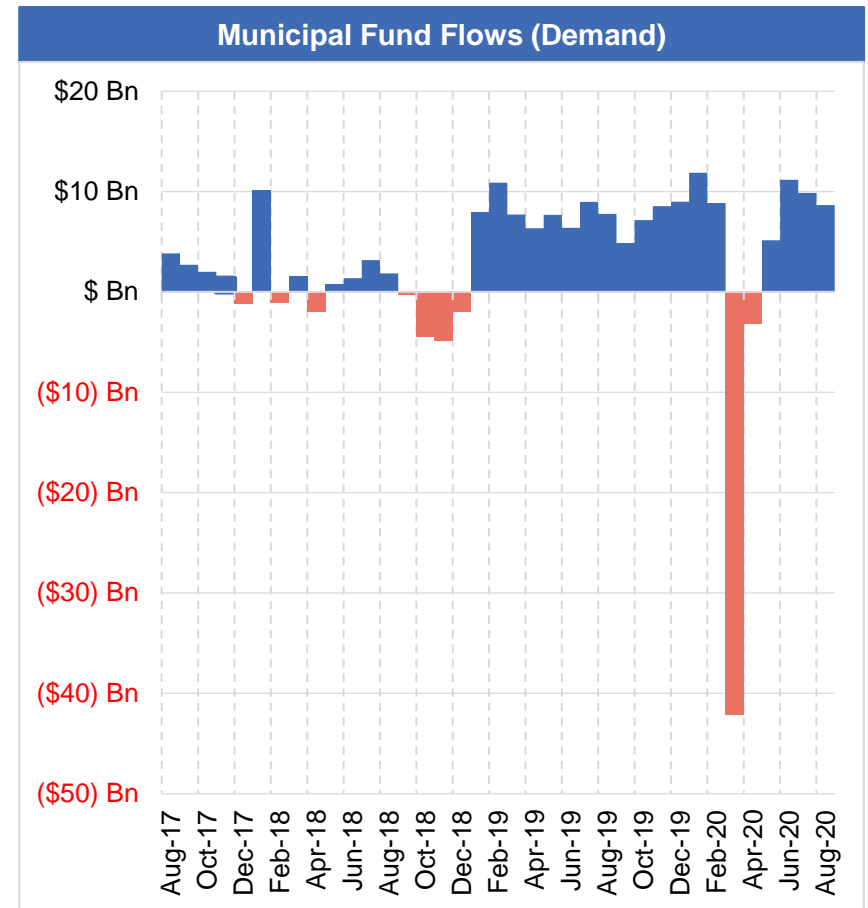
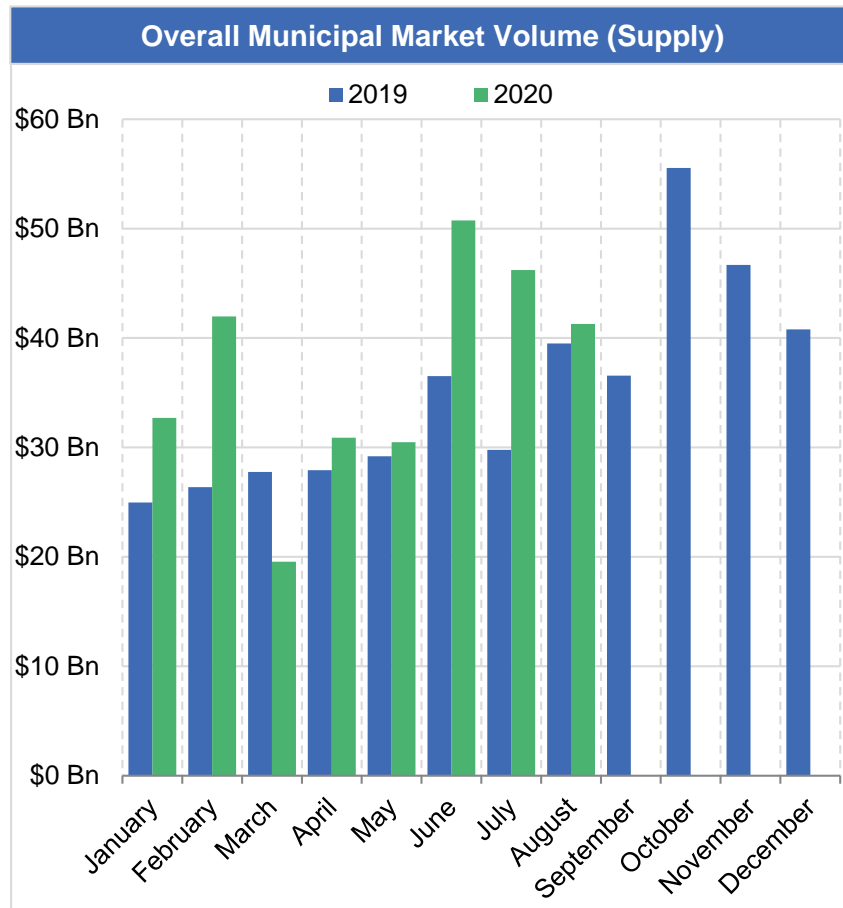
Source: Thomson Reuters

90.3-C-40



Municipal Market Supply & Demand

- New issuance volume was up by 4.52% year-over-year in August, while year-to-date new issuance volume was 21.43% higher than 2019 issuance through August.



Source: Bond Buyer, Investment Company Institute

90.3-C-41

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Request for Financing Proposals

Utility System Revenue Refunding Bond, 2020

September 15, 2020

Introduction

The City of Lynnwood, Washington (the "City") is requesting proposals for a Utility System Revenue Refunding Bond, 2020 (the "Bond") in accordance with the Proposed Financing Terms set forth below. If issued, proceeds of the Bond will be used to refund, on a current basis, the City's outstanding Utility System Revenue Bonds, 2010, which are callable on December 1, 2020 (outstanding par amount of \$5,905,000). A form of the authorizing ordinance is attached to this request for financing proposals.

The lender will be provided with an opinion from the City's bond counsel, Foster Garvey PC, relating to the City's authority to issue the Bond, enforceability of Bond, and its' tax-exempt status. The form of such opinion is attached to this request for financing proposals. The Bond will not be rated; however, the City's outstanding Utility System Revenue Bonds carry a rating of "AA"/stable rating from S&P Global Ratings.

By providing a rate proposal, each lender is agreeing to the Proposed Financing Terms herein, and is acknowledging the Schedule of Events set forth below. Each proposal must state an interest rate to be offered, and, if subject to adjustment prior to Bond closing, the methodology for such adjustment. Terms of each proposal should be firm through November 1, 2020.

Schedule of Events

The following sets forth the expected time schedule for events relating to the Bond:

Request for Proposal Distributed	September 15 th
City Council to consider Bond Ordinance.....	September 28th
Lender Proposals Due (3:00 p.m. Pacific Time).....	October 6th
Review of and acceptance of winning proposal by the City.....	By October 8 th
Finalize Financing Documents.....	By October 21 st
Closing Date	October 22nd

Proposed Financing Terms

Closing Date: October 22, 2020 (expected). Not later than November 1, 2020.

Principal Amount: \$5,735,000 (estimated); not-to-exceed \$6,500,000

Tax Status: Tax-exempt; bank-qualified

Final Maturity: December 1, 2030 (10 years). Principal payments are estimated as shown in the following table; however, principal payment amounts are subject to adjustment based on the final interest rate on the Bond.

Payment Date	Principal
12/1/2021	\$405,000
12/1/2022	420,000
12/1/2023	420,000
12/1/2024	425,000
12/1/2025	435,000
12/1/2026	445,000
12/1/2027	445,000
12/1/2028	900,000
12/1/2029	915,000
12/1/2030	925,000
Total:	\$5,735,000

Note: Preliminary; subject to change

Interest: Interest will be payable semi-annually with interest due on December 1 and June 1, commencing June 1, 2021. The City will only consider interest rates that are fixed and determinable on the issue date of the Bond.

Purpose: To refund, on a current basis, the City's outstanding Utility System Revenue Bonds, 2010, which were originally issued to finance general System improvements consisting of the installation of a computerized monitoring and control system, water improvements including meter, fire hydrant and watermain replacements; sewer improvements consisting of upgrades to the main plant drain station and treatment plant; and storm water improvements including storm basin studies and transportation and storm pipe replacement.

Security: Net Revenue of the System and all ULID Assessments are pledged for the payment of the City's Utility System Revenue Bonds. This pledge shall constitute a lien and charge upon the Net Revenue and ULID Assessments prior and superior to any other liens and charges whatsoever. The charge or lien upon the Net Revenue for the Bond shall be equal to the charge or lien upon the Net Revenue to pay and secure the payment of the principal of and interest on the City's outstanding Utility System Improvement and Refunding Revenue Bonds, prior and superior to any other charges of any kind or nature whatsoever. Parity Bonds are not subject to acceleration in the event of a default.

Financial and Other Information

To assist in the preparation of your proposal, links to the City's Comprehensive Annual Financial Report (CAFR) for the years 2015 through 2019 may be found below. In addition, the City has provided a discussion of COVID-19 Impact on Utility System in Exhibit A of this RFP.

1. 2019 CAFR:
<https://www.lynnwoodwa.gov/files/sharedassets/public/administrative-services/cafr/lynnwood2019cafrweblayout.pdf>
2. 2018 CAFR:
<https://www.lynnwoodwa.gov/files/sharedassets/public/administrative-services/cafr/2018-comprehensive-annual-financial-report.pdf>
3. 2017 CAFR:
<http://www.lynnwoodwa.gov/Assets/Departments/Administrative+Services/CAFR/2017+Audited+Comprehensive+Annual+Financial+Report.pdf>
4. 2016 CAFR:
<http://www.lynnwoodwa.gov/Assets/Departments/Administrative+Services/CAFR/2016+Audited+Comprehensive+Annual+Financial+Report.pdf>
5. 2015 CAFR:
<http://www.lynnwoodwa.gov/Assets/Departments/Administrative+Services/CAFR/2015+Audited+Comprehensive+Annual+Financial+Report.pdf>

Disclosure

PFM Financial Advisors LLC ("PFM") is serving as financial advisor to the City with respect to the issuance of the Bond.

PFM is soliciting interest in the above-named transaction pursuant to Securities and Exchange Commission Release No. 34-89074 (June 16, 2020) granting a temporary conditional exemption from the broker requirements of Section 15(a) of the Securities Exchange Act of 1934 for certain activities of registered municipal advisors. In connection with such solicitation please be advised of the following:

- I. PFM represents solely the interests of the City with respect to the above-referenced transaction and does not represent your interests.
- II. PFM has not conducted any due diligence on your behalf.
- III. Neither PFM nor the City have engaged a broker-dealer to act as a placement agent with respect to this transaction.
- IV. You may choose to engage the services of a broker-dealer to represent your interests.

We are required to obtain your acknowledgement that you received this disclosure. **Accordingly, please include acknowledgement of this disclosure via email and/or within your Proposal.**

In order to comply with the terms of the conditional exemption, at or prior to closing the Purchaser will be required to deliver a representation stating that it is a qualified provider (as defined under the temporary conditional exemption described above). A form of this representation is included as Exhibit B (Certificate of Qualified Provider) of this RFP. This representation is in addition to the Purchaser's certificate, the form of which is attached to this request for proposals.

Representation of Present Intent to Hold:

By submitting a proposal, each proposer represents that it has a present intent to hold the Bond subject to this transaction to maturity, earlier redemption, or for its loan portfolio, and has no present intention of

reselling or otherwise disposing of all or a part of such Bond. Each proposer acknowledges that PFM Financial Advisors LLC ("Financial Advisor" to the City) is relying on the foregoing representation and based on this representation this transaction meets the requirements for being a qualifying exception for purposes of MSRB Rule G-34, and the Financial Advisor is excepted and released from the requirement to request a CUSIP assignment on behalf of the City pursuant to MSRB Rule G-34 for the Bond.

Proposals

If your firm is interested in providing a proposal to the City, please include the requested information to be submitted by the date shown in the Schedule of Events.

Proposals should clearly state: the proposed interest rate; other fees and costs charged by purchaser (if any); prepayment terms; conditions (if any); and concurrence with the Schedule of Events set forth above.

The City reserves the right to seek clarification or negotiate modifications with one or more proposing firms, if needed to meet the City's needs.

Proposals will be evaluated based on responses to the information requested herein. The City will consider all information provided in response to this request in making its selection. The City further reserves the right, in its sole discretion, to select the proposal that is in the best interest of the City or to reject all proposals.

All proposals will be considered firm proposals and may not be changed from the date and time of submission through the dates of closing and settlement as set forth in the schedule above.

Proposals are to be submitted by e-mail to the City's financial advisor, PFM, at sea-advisors@pfm.com. Please contact Thomas Toepfer (toepfert@pfm.com or 206-858-5360) or Steven Amano (amanos@pfm.com or 206-858-5366) with any questions or if you require additional information.

EXHIBIT A

Discussion of COVID-19 Impact on Utility System

The coronavirus pandemic ("COVID-19") is currently affecting local, state, national, and global economic activity and has resulted in significant public health emergency response costs borne by all levels of government. COVID-19 is expected to adversely impact the financial condition of the State and local governments due to increased costs and reductions in revenue. This Request for Proposal (RFP) presents historical data that may not accurately predict near-term trends because of the unprecedented nature of COVID-19. Investors should exercise caution when relying on such data.

Pursuant to State law, the Governor of the State of Washington (the "Governor"), after proclaiming a state of emergency, may issue orders prohibiting activities as he or she reasonably believes is necessary to help preserve and maintain life, health, property, or the public peace. On February 29, 2020, the Governor proclaimed a state of emergency for all counties throughout the State as a result of COVID-19. (As of the date of this Request for Proposal, the Governor has issued proclamations prohibiting until October 15, 2020: (1) disconnecting any residential customers from energy, telecommunications, or water service due to nonpayment on an active account, except at the request of the customer; (2) refusing to reconnect any residential customer who has been disconnected due to nonpayment; (3) charging fees for late payment or reconnection of energy, telecommunications, or water service; and (4) disconnecting service to any residential customer who has contacted the utility to request assistance from the utility's COVID-19 customer support program. These prohibitions do not relieve a utility customer from the obligation to pay for utility services.

As of the date of this Request for Proposal, the City has not extended the due date of System utility bills for any class of customer; however, the City has adopted a temporary policy to postpone all disconnections of water service and to suspend past-due penalties for the duration of the COVID-19 emergency. Under that policy, regular penalty and disconnection procedures will be reestablished the first day of the month following the termination of the Governor's proclamation declaring an emergency due to the results of COVID-19. The City cannot predict what additional actions the Governor may take, if any, regarding the authority of the City to disconnect or refuse to reconnect System customers for nonpayment or to assess late fees for delinquent charges or what effect, if any, such actions or subsequent events may have on the financial condition or operations of the System or on the repayment of the Bonds.

As of the date of this Request for Proposal, (i) the City offices are closed to public access, business with the public is being conducted by phone, email or appointment only, wearing a mask is required in the office and certain City employee work schedules have been impacted due to the State's Stay Home-Stay Healthy Proclamation; and (ii) the City Council is conducting meetings online only.

As of the date of this Request for Proposal, the adverse economic effects of the COVID-19 pandemic have affected the City utility collections. Although the City does not write off accounts because past due balances can be recovered when a property is sold, accounts over 90 days due have are estimated at \$835,741 as of August 31, 2020 compared \$298,076 as of August 31, 2019. This increase of \$537,665 is approximately 2.32% of the annual system operating revenue due to the suspension of disconnections resulting from COVID-19 related issues. The City has approved the waiver of late payment penalties and suspension of disconnections of service through at least October 15, 2020 and is offering long-term payment arrangement plans to customers.

The City anticipates that existing fund reserves and the continuing review and management of expenses will be adequate to manage the impacts of the COVID-19 pandemic. Any information relating to the impacts of the COVID-19 pandemic is preliminary and subject to change. The City continues to closely monitor and respond to the impacts of COVID-19 on City operations.

EXHIBIT B

CERTIFICATE OF QUALIFIED PROVIDER

[Date]

The undersigned, on behalf of [Name of Qualified Provider] (the "Purchaser"), in connection with the purchase of the City of Lynnwood, Washington Utility System Revenue Refunding Bond, 2020 (the "Bond") hereby represents and warrants as follows:

1. The Purchaser is a "Qualified Provider" as required by Securities and Exchange Commission Release No. 34-89074 (June 16, 2020) which is defined as (i) a bank as defined in Section 3(a)(6) of the Exchange Act of 1934; (ii) a wholly-owned subsidiary of a bank engaged in commercial lending and financing activities, such as an equipment lease financing corporation; or (iii) a federally- or state-chartered credit union.
2. The Purchaser is capable of independently evaluating the investment risks of the transaction.
3. The Purchaser is not purchasing the Bond with a view to distribute it.
4. The Purchaser will not transfer any portion of the Bond within one year of its issuance date, except to another purchaser that meets the definition of Qualified Provider in clause (1) above.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first mentioned above.

[QUALIFIED PROVIDER NAME]

By: _____

Name: _____

Title: _____

Bank-Placement RFP Distribution List

Bank	Individual	Email	Phone
<i>Baker Boyer Bank</i>	Mark Hess	hessm@bakerboyer.com	509-526-1315
<i>Bank of America</i>	Julie Elliott	Julie.elliott@bofa.com	206-358-0806
<i>Banner Bank</i>	Darwin Parker	dparker@bannerbank.com	509-735-0889
	Roy Wallace	rwallace@bannerbank.com	206-770-7188
<i>Capital One Public Funding, LLC</i>	Jeff Sharp	jeffrey.sharp@capitalone.com	877-698-2018
	Brenda Barnes	Brenda.barnes@capitalone.com	860-422-3612
<i>Cashmere Valley Bank</i>	Tom Brown	TBrown@cashmerevalleybank.com	425-688-3936
<i>Columbia Bank</i>	Sharon Guisande	SGuisande@columbiabank.com	503-279-3906
	Luke Pingel	lpingel@columbiabank.com	206-223-4550
<i>Deutsche Bank</i>	Nick Attard	Nick.attard@db.com	
<i>First Interstate Bank</i>	Bill Kuhn	Bill.kuhn@fib.com	541-617-3559
	Michael Ralph	Michael.Ralph@fib.com	
	Mike Groza	mike.groza@fib.com	
	Greg Richichi	Greg.richichi@fib.com	541-334-4150
	Jen Barcus	jen.barcus@fib.com	541-330-7610
<i>First Security Bank</i>	Albert Suh	albert.suh@fsbwa.com	425-563-2061
<i>Hancock Whitney Bank</i>	Mark Stanley	mark.stanley@whitneybank.com	504-312-2286
<i>HomeStreet Bank</i>	Greg Gratz	Gregory.gratz@homestreet.com	206-442-5316
	Brad Williamson	bwilliamson@islandersbank.com	360-378-1246
<i>JP Morgan</i>	Belynda Walls	Belynda.walls@jpmorgan.com	206-500-1020
	Lindsay Sovde	Lindsay.a.sovde@jpmorgan.com	206-500-4019
<i>Key Bank</i>	Matt Zehnder	matt.a.zehnder@key.com	206-343-6960
	Caitlin Caldwell	Caitlin_caldwell@key.com	206-684-6040
	Kendall Hansen	Kendall.hansen@key.com	503-701-8476
	Danny Bild	Daniel.bild@key.com	720-904-4262
<i>Kitsap Bank</i>	Alan Crain	acrain@kitsapbank.com	360-876-7887
<i>North Cascades Bank</i>	Jim Tinker	jim.tinker@northcascadesbank.com	800-603-9342
<i>Pacific Premier</i>	Dmitry Semenov	dsemenov@opusbank.com	916-724-5470
<i>Peoples Bank</i>	Patrick Kennedy	Patrick.kennedy@peoplesbank-wa.com	206-619-4200
<i>Puget Sound Bank</i>	Sean Brennan	seanbrennan@pugetsoundbank.com	
<i>Riverview Bank</i>	Kim Capeloto	KimCapeloto@riverviewbank.com	360-693-6257
<i>Seattle Bank</i>	Bryan Petersen	bpetersen@seattlebank.com	
<i>Truist Bank</i>	William DaSilva	wdasilva@bbandt.com	704-954-1704
<i>Umpqua Bank</i>	William Weiand	William.weiand@umpquabank.com	206-749-7337
	Melody Stricklin	melodystricklin@umpquabank.com	916-774-3931
<i>Union Bank</i>	Anne Kupfer	anne.kupfer@unionbank.com	213-236-6434
<i>U.S. Bank</i>	David Olson	david.olson@usbank.com	206-344-4720
	Ashley Martin	ashley.martin1@usbank.com	213-615-6241
<i>Washington Federal</i>	Pete Sullivan	pete.sullivan@wafd.com	206-626-8111
<i>Washington Trust</i>	Phil von Buchwaldt	pvonbuchwaldt@watrust.com	509-353-3616
	John Pearson	jpearson@watrust.com	206-515-4761
<i>Wells Fargo</i>	Brennan Church	brennan.k.church@wellsfargo.com	206-833-4002
	Robbi Stedman	robbi.stedman@wellsfargo.com	206-751-2987
<i>Zions Bank</i>	Andrew Face	Andrew.Face@zionsbancorp.com	206-438-1264

CITY COUNCIL ITEM 90.3-D

CITY OF LYNNWOOD Community Development

TITLE: Ordinance: Development Agreement and Binding Site Plan Code Amendments

DEPARTMENT CONTACT: Ashley Winchell, AICP

SUMMARY:

The proposed code changes will expand flexibility provided through Development Agreements citywide, with the exception of Single Family zones. Flexibility through Development Agreements is currently only permitted in the City Center and Regional Growth Center. Proposed changes will also allow Binding Site Plans to vest to Development Agreement timelines.

POLICY QUESTION(S) FOR COUNCIL CONSIDERATION:

Should flexibility through Development Agreements be extended in non-single family zones citywide?

Should Binding Site Plans be able to vest to timeframes established through Development Agreements?

ACTION:

Make a decision regarding the proposed ordinance.

BACKGROUND:

Development Agreements (DAs) are a tool to provide certainty and flexibility, when appropriate, to developments while negotiating for public benefits beyond the base requirements. Changes adopted to the Development Agreement code in 2019 allowed for flexibility and identified possible public benefits for developments within the City Center and Regional Growth Center.

The proposed code amendments:

1. Expand Development Agreement eligibility citywide in non-single family zones;
2. Allow for longer vesting periods to align with Development Agreement timelines;
3. Provide flexibility in Binding Site Plan requirements; and
4. Recoup City costs related to these activities.

Development Agreements

The main purpose of this ordinance is to expand the benefits and flexibility of development agreements citywide, with the exception of single-family residential zones. It also clarifies and aligns approval timelines, as Development Agreements sometimes establish longer vesting periods than permitted outright by the code. The proposed changes benefit the community by incentivizing development through flexibility and project timeline consistency.

The code amendment also proposes a mechanism to recoup some of the City's costs to prepare a Development Agreement. Currently, there are no costs to the applicant for Development Agreements. The City is responsible for paying for all city attorney fees and notification costs. The code amendment proposes a \$2,500 fee to be deposited to a trust fund. These fees would be used to cover city attorney fees and notification costs. If fees are accrued beyond \$2,500 they will be billed to the applicant and required to be paid before a City Council hearing. If excess fees remain after project approval they will be refunded to the applicant. Staff time would continue to be offered at no cost to the applicant.

Binding Site Plans

The code amendment also includes a provision to amend the Binding Site Plan code (Chapter 19.75 LMC). A Binding Site Plan is an alternate process to subdivide non-single-family residential property. The purpose of a Binding Site Plans is to divide land into smaller lots that can be legally sold and developed, typically for commercial and mixed-use projects.

All subdivisions, including Binding Site Plans, have two phases: preliminary and final. Preliminary Binding Site Plans show the overall site including proposed streets, lots and covenants for the review of a general layout. The final Binding Site Plan is the drawing of record for the County Auditor that shows all requirements per code. Recording of the Binding Site Plan officially divides the land. Before the Binding Site Plan can be recorded improvements, such as roads and utilities, must be constructed or bonded.

Currently, the code does not allow for phasing of subdivisions and requires all improvements associated with a Binding Site Plan to be constructed within three years of the approval of the preliminary Binding Site Plan. This provision is far more restricted than the Washington State RCW. This requirement has been identified as potentially problematic when associated with Development Agreements with longer vesting timelines.

For example, a Development Agreement may vest a project over a 10-year time frame to enable a project to be completed in phases. The current structure of the LMC requires the developer to either:

1. Make all improvements at once. This can be cost-prohibitive and difficult since road and utility improvements are often constructed at the time of building construction; or
2. File several Binding Site Plans over the years. This is difficult for staff as they cannot assess the larger project at once and subjects the developer to greater uncertainties.

The proposed changes would allow the entire development to be reviewed at the time of preliminary Binding Site Plan. The phasing will be locked in with the approval of the Binding Site Plan and will correspond to the Development Agreement timing. This will enable each final Binding Site Plan to come in as phases. This allows the developer to only build what is necessary at the time of development. This is helpful as these improvements are often financially tied to individual building construction.

The amendment proposes breaking the Binding Site Plan fees into a preliminary payment and final payment. Currently the Binding Site Plan fee is a one-time payment of \$15,000. This includes review of the preliminary and final stage. The current fee structure does not take multiple final plat reviews into account. The proposed fee structure is \$10,000 for preliminary review and \$5,000 for each final plat review. This ensures the city can recoup costs based on added work from proposed phasing.

PREVIOUS COUNCIL ACTIONS:

On September 8, 2020 City Council held a work session to discuss the proposed ordinance. On September 14, 2020 City Council held a public hearing to take testimony and further discuss the proposed ordinance.

FUNDING:

None.

KEY FEATURES AND VISION ALIGNMENT:

The proposed amendments relate to the following vision statement: "To encourage a broad business base in sector, size and related employment, and promote high quality development."

ADMINISTRATION RECOMMENDATION:

Adopt Ordinance _____, an ordinance making amendments to LMC 3.104.190 – Title 19 Fees and Charges; LMC 3.104.210 – Title 21 Fees and Charges; Chapter 19.75 Binding Site Plans; and Chapter 21.29 Development Agreements.

DOCUMENT ATTACHMENTS

Description:	Type:
<u>Development Agreement and Binding Site Plan Ordinance</u>	Ordinance

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WHEREAS, on DATE, the City Council held a public hearing on the revisions to the Lynnwood Municipal Code stated in this Ordinance, and all person wishing to be heard were heard; and

WHEREAS, the City Council after due consideration finds that the provisions of this Ordinance are consistent with and implement the City's Comprehensive Plan, are consistent with applicable state law, and are to the best interest of the public health, safety and general welfare; and

WHEREAS, the City Council finds that there are sufficient reasons to take action to ensure that development agreement may be a development tool to provide adequate flexibility to meet market demands while providing additional public benefits.

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

Section 1: Findings. Upon consideration of the provisions of this Ordinance, the City Council finds that the new code and amendments contained herein are: a) consistent with the comprehensive plan; and b) substantially related to the public health, safety, or welfare; and c) not contrary to the best interest of the citizens and property owners of the city of Lynnwood.

Section 2: Purpose. The purpose of this ordinance is expand flexibility provided through Development Agreements citywide. Flexibility through Development Agreements is currently only permitted in the City Center and Regional Growth Center. Changes will also allow Binding Site Plans to vest to Development Agreement timelines.

Section 3: LMC Title 19 Fees and Charges. LMC 3.104.190 is amended to read as follows:

3.104.190 LMC Title 19 fees and charges.

The fees and charges set forth in Table 3.104.190 are the city of Lynnwood fees and charges related to the provisions of LMC Title 19.

Table 3.104.190 – LMC Title 19 Fees and Charges

Type of Fee		
LMC TITLE 19 – SUBDIVISION FEES		
Boundary line adjustment		1,500.00
Lot combination		1,500.00
Subdivision		15,000.00
Short subdivision	Creating two lots	2,000.00

Table 3.104.190 – LMC Title 19 Fees and Charges

Type of Fee		
LMC TITLE 19 – SUBDIVISION FEES		
	Creating 3-9 lots	7,500.00
Preliminary Binding Site Plan		10,000.00
Final Binding Site Plan		5,000.00
City Attorney Support	Actual cost	
Hearing Examiner	Actual cost	
Public Notice Requirements		
Posting costs	Hourly rate (posting notification on proposed project site and civic sites)	
Mailing costs	Actual cost of postage plus staff hourly rate	
Publication in newspaper	Actual cost	

69 **Section 4: LMC Title 21 Fees and Charges.** LMC 3.104.210 is amended to read as follows:

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3.104.210 LMC Title 21 fees and charges.

The fees and charges set forth in Table 3.104.210 are the city of Lynnwood fees and charges related to the provisions of LMC Title 21.

Table 3.104.210 – LMC Title 21 Fees and Charges

Type of Fee		
LMC TITLE <u>21</u> – ZONING FEES		
Accessory Dwelling Unit		500.00
Administrative Amendment (LMC <u>1.35.180</u>)		1,500.00
Conditional Use Permits		5,000.00
Development Agreements *		2,500.00
* * Development Agreement fees are deposits to trust accounts to cover city attorney fees and public notice costs, which shall be paid from the deposit. Excess funds remaining after approval, denial or withdrawal of the development agreement application will be refunded to the applicant. City attorney fees and public notice costs that exceed the original deposit shall be charged to the applicant, who shall pay the excess costs within 30 days of receipt of an invoice from the City for the excess costs.		
Essential Public Facility	Local	1,500.00
	Regional or State	20,000.00
Miscellaneous Plan Review	Fee for review not related to a permit (e.g., parking lot)	263.00
Parking Alternatives Review		1,500.00
Planned Unit Development (PUD)		10,000.00
Preapplication Meeting		200.00

3.104.210 LMC Title 21 fees and charges.

The fees and charges set forth in Table 3.104.210 are the city of Lynnwood fees and charges related to the provisions of LMC Title 21.

Table 3.104.210 – LMC Title 21 Fees and Charges

Type of Fee		
LMC TITLE <u>21</u> – ZONING FEES		
*Fee credited towards development review charges.		
Project Design Review	Under 5,000 gross sq. ft.	3,500.00
	5,000 gross sq. ft. and above	15,000.00
Reclassification (Rezone)		10,000.00
Variance, Single-Family		500.00
Variance, Standard (Non-Single-Family)		3,000.00
Wireless Communication Facility (WCF)		5,000.00
Small wireless facility ¹ , permit review	Up to five small wireless facilities	500.00
	Each additional small wireless facility	100.00
Small wireless facility, right-of-way access and/or attachment to city-owned pole/structure	Per year, per pole/structure	270.00
Zoning Code Interpretation		1,000.00
Zoning Certification Letter		150.00
Signs with Searchlights	Per permit	86.00
City Attorney Support	Actual cost	
Hearing Examiner	Actual cost	

3.104.210 LMC Title 21 fees and charges.

The fees and charges set forth in Table 3.104.210 are the city of Lynnwood fees and charges related to the provisions of LMC Title 21.

Table 3.104.210 – LMC Title 21 Fees and Charges

Type of Fee

LMC TITLE 21 – ZONING FEES

Public Notice Requirements

Posting costs

Hourly rate (posting notification on proposed project site and civic sites)

Mailing costs

Actual cost of postage plus staff hourly rate

Publication in newspaper

Actual cost

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74 **Section 5: Chapter 19.75.060 Binding Site Plan Amendments – Timing and Flexibility.**

75 LMC 19.75.060 is amended to read as follows:

76 **19.75.060 Time limits, extensions, ~~and~~ effect of preliminary binding site plan approval, ~~and~~**
77 **~~flexibility through development agreements.~~**

78 A. The city shall approve, approve with conditions, disapprove or return to the applicant for
79 modification all binding site plans within 90 days from the date of filing thereof unless the
80 applicant consents to an extension of time; provided, that if an environmental impact statement
81 (EIS) is required pursuant to Chapter [43.21C](#) RCW, or other environmental studies required for a
82 determination of nonsignificance, or if a variance or other similar applications are required, the
83 90-day period shall not include time spent preparing and circulating a required EIS, or the time
84 required for processing the other application(s).

85 ~~B. The applicant shall have three years from the date of preliminary approval to submit to the~~
86 ~~city a final binding site plan meeting all requirements of this chapter. Failure to do so will result~~
87 ~~in the expiration of preliminary binding site plan approval. However, an applicant who files a~~
88 ~~written request with the mayor's office at least 30 days before the expiration shall be granted one~~
89 ~~one-year extension upon a showing that the applicant has attempted in good faith to submit the~~
90 ~~final binding site plan within the three year period.~~

91 ~~BC.~~ Approval of a preliminary binding site plan by the mayor is approval of the proposed
92 binding site plan's design, and relationship with adjoining property. The engineering,
93 construction and installation of improvements and final detail shall be subject to approval of the
94 public works director. Approval of the preliminary binding site plan shall authorize the applicant
95 to proceed with the preparation of the final binding site plan in conformance with the approved
96 preliminary binding site plan and the conditions stipulated. Upon the approval of detailed
97 construction plans by the public works director, construction and installation of the
98 improvements may proceed.

99 ~~C. The applicant shall have three years from the date of preliminary approval to submit to the~~
100 ~~city a final binding site plan meeting all requirements of this chapter, except as authorized by~~
101 ~~LMC 19.75.060.D. Failure to do so will result in the expiration of preliminary binding site plan~~
102 ~~approval. However, an applicant who files a written request with the mayor's office at least 30~~
103 ~~days before the expiration shall be granted one one-year extension upon a showing that the~~
104 ~~applicant has attempted in good faith to submit the final binding site plan within the three-year~~
105 ~~period.~~

106 ~~D. Binding site plan review and approval procedures may be revised for flexibility when~~
107 ~~associated with an approved development agreement, including modification or deferral of~~
108 ~~submittals required by LMC 19.75.035.B.7. When associated with an approved development~~
109 ~~agreement, time limits for preliminary and final binding site plan must be established at the time~~
110 ~~of preliminary binding site plan approval. The city may require the applicant to submit a single~~
111 ~~preliminary binding site plan showing the full extent of the project. The city may approve several~~
112 ~~subsequent final binding site plans to be recorded in phases. In no case shall the time frames for~~
113 ~~the binding site plan exceed the time frames of the development agreement.~~

114

115

Section 6: Chapter 19.75.065 Binding Site Plan Amendments – Improvements. LMC

19.75.065 is amended to read as follows:

19.75.065 Methods and procedure for carrying out improvements.

If the preliminary binding site plan is approved by the mayor, the city may accept a bond or other secure method providing for and securing to the city the actual construction and installation of minimum improvements in accordance with the provisions of LMC 19.75.105 within one year by any of the following methods, **except where modified in accordance with the provisions of LMC 19.75.060.D:**

A. By furnishing the city of Lynnwood with a performance bond satisfactory to the city attorney, in which guarantee is given the city that the installation of the minimum improvements will be carried out as provided in LMC 19.75.060 herein and in accordance with city specifications within one year;

B. By actual installation of improvements in accordance with the provisions of LMC 19.75.060 contained herein and in accordance with the installation requirements and under the supervision of appropriate city departments and furnishing a bond approved by the city attorney securing successful operation of the improvements for a period of 24 months following completion and acceptance thereof by the city;

C. By formation of a local improvement district;

D. By a cash deposit with the city or suitable escrow;

E. By a combination of these methods; and

F. By such other reasonable guarantee acceptable to the city attorney.

The applicant may then make application for such permits from the local officers, officials and authorities as are necessary to proceed with the installation of the binding site plan improvements.

After completing all minimum improvements, the applicant shall make a request to the appropriate department for inspection. After finding that all improvements have been completed or provided for in accordance with the installation standards, the appropriate department shall so notify the community development director.

If applicant uses another approved method for carrying the improvements out, the appropriate department will so notify the community development director.

Upon receipt of this notification, the community development director shall advise the applicant that a final binding site plan may be submitted for that portion of the area contained in the proposed binding site plan, or dedication in which minimum improvements have been installed or concerning which a performance bond or other acceptable surety has been posted. The applicant may then submit the final binding site plan application in accordance with LMC 19.75.070. (Ord. 2463 § 15, 2003)

Section 7: Chapter 21.29 Development Agreement Amendments. LMC 21.29 is amended to read as follows:

21.29.010 Purpose.

Certainty in the development review process can significantly encourage development or redevelopment of real property. This certainty is especially important for large-scale or multiphase developments that take years to complete and that require substantial financial commitments at an early stage. The city may, when appropriate, enhance certainty by entering into a development agreement with a project sponsor that addresses the “ground rules” for review of the development application and construction of the project. A development agreement provides the opportunity for the city and the developer to agree on the scope and timing of the project, applicable regulations and requirements, mitigation requirements and other matters relating to the development process. A development agreement promotes the general welfare by balancing the public and private interests, providing reasonable certainty for a development project, and addressing other matters, including reimbursement over time for the financing of public facilities.

21.29.020 Authority.

A. Pursuant to RCW 36.70B.170 through 36.70B.210, the city council may approve and enter into a development agreement with any person, partnership, corporation or other entity that controls real property within the city or within the city’s urban growth area.

B. The city council may approve and enter into a proposed development agreement if the council finds, in its sole discretion, that the proposed agreement is consistent with the city’s comprehensive plan, the development regulations and the purpose of this chapter, and that entering into the agreement is in the city’s best interest.

21.29.030 Agreement contents.

A proposed development agreement shall, at a minimum, include provisions required by RCW 36.70B.170 through 36.70B.210, and shall set forth the development standards and other provisions that shall apply to and govern the use and development of the real property for the duration specified in the agreement. An agreement may also contain such other provisions as the city and the property owner or person controlling the property may mutually agree on, such as, but not limited to, the financing for or timing of mitigation and the vesting of development rights. A development agreement shall be consistent with applicable development regulations, including this chapter.

21.29.040 Public notice.

A. The applicable department director shall distribute the notice at least 20 calendar days before the hearing in the following manner:

1. Publishing the notice in the official newspaper of the city (LMC 1.08.010);
2. Posting the notice at the official posting place(s) of the city (LMC 1.12.010) and at the subject property so that the notice is readable from all adjacent public streets; and

193 3. Mailing the notice by regular mail to owners of property within at least 600 feet of the
194 boundary of the subject property.

195 B. The notice requirement(s) of this section shall be satisfied by substantial compliance with
196 such requirements.

197 **21.29.050 Public hearing.**

198 A. Prior to acting on a proposed development agreement, the city council shall hold a public
199 hearing on the proposed agreement, at which time all those wishing to speak shall be heard. The
200 applicable department director shall prepare a notice of the public hearing that contains the
201 following:

- 202 1. Name of the property/project to which the agreement would apply;
- 203 2. Street address and/or a description of the property in nonlegal terms;
- 204 3. Statement that a development agreement is proposed for the subject property and
205 reference to this chapter;
- 206 4. Brief summary of the proposed development agreement;
- 207 5. Date, time and place of the hearing; and
- 208 6. Statement of the right of any person to participate in the hearing.

209
210 ~~**21.29.070 Decision criteria.**~~

211 ~~The city council may approve and enter into a proposed development agreement if the council~~
212 ~~finds, in its sole discretion, that the proposed agreement is consistent with the city's~~
213 ~~comprehensive plan, the development regulations and the purpose of this chapter, and that~~
214 ~~entering into the agreement is in the city's best interest.~~

215 **21.29.090 Recording.**

216 ~~The applicant shall be responsible to record the agreement with the Snohomish County pursuant~~
217 ~~to RCW 36.70B 190. The development agreement shall include a provision that requires the~~
218 ~~applicant to record the agreement with the Snohomish County Auditor's Office.~~

219 **21.29.100 Mobile home park preservation.**

220 The owner of an existing mobile home park that is identified in policy MH-1 of the
221 comprehensive plan may preserve the mobile home park pursuant to a development agreement
222 that:

223 A. Is processed and approved in accordance with this chapter;

224 B. Preserves and maintains the mobile home park for a minimum term of five years, which term
225 shall renew automatically for additional periods as agreed to by the city and the owner, unless

the owner notifies the city and the residents and occupants of the mobile home park in writing of termination of the development agreement at least one year before the termination date;

C. Includes special rates for water, surface water and sewer service as set forth in this code;

D. Waives all permit, approval, processing and inspection fees for any construction or repair to maintain, operate or improve the mobile home park during the agreement period, and renewals thereof; and

E. Contains additional terms and conditions that are agreed to by the owner and the city council.

**21.29.200 Development agreement in the Regional Growth Center or City Center.
Decision Criteria.**

~~The City Council may utilize development agreements on properties located within the designated Regional Growth Center as adopted by the Puget Sound Regional Council or the Lynnwood City Center.~~

A. ~~Additional Criteria for Approval. For development agreements within the Regional Growth Center and/or City Center, in addition to the criteria of LMC 21.29.070, the City Council may enter into an development agreement if the following criteria are met:-~~

- ~~1. The development agreement must be consistent with the comprehensive plan and any applicable subarea plan the City Center Subarea or Regional Growth Center Plan;~~
- ~~2. The agreement must provide public benefits, including but not limited to those provided in LMC 21.29.200.C, that would not otherwise be achieved under the Code.;~~
~~and~~
- ~~3. The City Council determines the agreement serves the public interest, including but not limited to achieving the City Center Subarea the comprehensive plan and any applicable subarea plan or Regional Growth Center Plan policies vision;~~
- ~~4. The property is not zoned single-family residential; and~~
- ~~5. The agreement must be consistent with the purpose of this chapter.~~

B. Flexibility. The development agreement may provide flexibility to the following:

- ~~1. Flexible Development Regulations. The development agreement may provide flexibility in the development regulations by proposing alternative requirements as agreed to by City Council. In no case shall the development agreement allow uses that are not otherwise permitted under this title.~~
- ~~2. Public Infrastructure Requirements. The development agreement may allow modifications to public infrastructure standards to achieve project implementation.~~
- ~~3. Timing. The development agreement may provide flexibility in timing for any division of land, land use, or construction permit review, approval, expiration, or extension requirements.~~

- C. Public Benefits. The City Council may seek to balance flexibility for development with additional public benefits by incorporating public benefit elements into the development agreement. The development agreement may include, but **need** not **be** limited to, benefits such as the following:
1. Sustainability. The support of sustainability may be sought by including any of the following:
 - a. Green Building standards such as USGBC LEED or equivalent are incorporated into the development. The level of certification may be determined at time of development agreement approval.
 - b. Electric Vehicle Charging Stations are provided throughout the development and are made available to the public.
 - c. Greenhouse Gas (GhG) inventories are conducted annually and reported to the City of Lynnwood.
 2. Affordable Housing. The development may be required to provide a portion of units to be affordable **housing, as defined by RCW 84.14.010** units. The range of income qualifications, number of units, and term length shall be determined at time of development agreement approval;
 3. Park and Open Space. Development may be required to dedicate a portion of land for the use of parks and open space as consistent with the adopted **Pparks-, Rrecreation, Oopen Sspace Pplan and/or city-center parks-plan or any other applicable parks plan**. Land dedication may be used to offset Park Impact Fees per LMC 3.107;
 4. Economic Benefits. The City Council may require an Economic Benefits Analysis to be conducted prior to or following the adoption of the development agreement;
 5. Public Infrastructure. The development agreement may outline public infrastructure improvements that **serve the City Center and** are provided by the developer. These projects may be credited to applicable service, connection, or impact fees;
 6. Public Art and Placemaking. The development agreement may outline elements of public art and other placemaking methods that exceed currently adopted requirements; or
 7. Other Public Benefits. The agreement may include other public benefits as proposed by an applicant and approved by the City Council.

21.29.300 Previously approved land use agreements.

Previously approved land use agreements including, but not limited to, contract rezones and concomitant zoning agreements shall be terminated concurrent with the approval of a development agreement applicable to the same property. Any amendments or other changes to an

approved contract rezone, concomitant zoning agreement, or other land use agreement, shall be adopted as a development agreement.

Section 6. Effective Date: This ordinance or an approved summary thereof consisting of its title shall be published in the City's official newspaper of record and shall take effect and be in full force five days following its publication.

Section 8. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase or word of this ordinance.

PASSED BY THE CITY COUNCIL THIS XX day of XXXXXXXX 2020.

APPROVED:

Nicola Smith, Mayor

ATTEST/AUTHENTICATED:

APPROVED AS TO FORM:

Sonja Springer, Finance Director

Rosemary Larson, City Attorney

PASSED BY THE CITY COUNCIL:

PUBLISHED:

EFFECTIVE DATE:

ORDINANCE NUMBER:

CITY COUNCIL ITEM 90.3-E

CITY OF LYNNWOOD Administrative Services

TITLE: Ordinance: LMC Chapter 2.92 Contract Threshold

DEPARTMENT CONTACT: Cathy Robinson, Interim Procurement Manager and Karen Fitzthum, Interim City Clerk

SUMMARY:

The current Procurement and Contracts LMC Chapter 2.92 was last revised in 2018, establishing the contracting authority for the Mayor at \$250,000. At the September 21, 2020 Council workshop meeting, Councilmembers expressed a desire to lower the Mayor's contracting authority to \$100,000.

POLICY QUESTION(S) FOR COUNCIL CONSIDERATION:

When should the ordinance lowering the Mayor's delegated contracting threshold of LMC Chapter 2.92 take effect?

ACTION:

Adopt an ordinance to LMC Chapter 2.92 lowering the Mayor's contracting delegation authority from \$250,000 to \$100,000.

BACKGROUND:

On May 14, 2018, Council approved the current LMC Chapter 2.92 Procurement code. Since the updates were adopted, some Councilmembers expressed a desire to revisit the topic of the contracting threshold for the Mayor. At the September 21, 2020 Council workshop, Councilmembers expressed a desire to approve an ordinance lowering the Mayor's contracting threshold.

Staff recommends an effective date of January 1, 2021 for the proposed threshold change. This allows staff time to update internal department delegations and policies of contracting authority, communicate the change to the departments, and update the threshold level permissions in the City's financial system. These components are necessary to comply with state audit requirements to prevent a potential finding.

PREVIOUS COUNCIL ACTIONS:

Council approved the current LMC Chapter 2.92 Procurement and Contracts code on May 14, 2018.

DOCUMENT ATTACHMENTS

Description:	Type:
Ordinance XXXX	Backup Material
LMC Chapter 2.92	Backup Material



ORDINANCE NO. XXXX

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
LYNNWOOD, WASHINGTON, AMENDING LMC 2.92.020 A,
2.92.080 D (2) and 2.92.100 H, UPDATING THE PROCUREMENT
AND CONTRACT AWARD PROVISIONS; PROVIDING FOR
SEVERABILITY; ESTABLISHING AN EFFECTIVE DATE; AND
PROVIDING FOR SUMMARY PUBLICATION**

WHEREAS, in Title 2.92 of the Lynnwood Municipal Code, the City of Lynnwood has established a system of procurement and contract authority as authorized by state law; and

WHEREAS the City of Lynnwood desires to conduct competition in an open, fair, transparent and inclusive environment; and

WHEREAS the City of Lynnwood ensures that the award of contracts is accountable, ethical and professional; and

WHEREAS the City of Lynnwood requires clear and efficient rules to govern the contract award processes;

WHEREAS the Lynnwood City Council desires to lower the delegated contracting authority of the Mayor from \$250,000 to \$100,000;

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

Section 1: Chapter 2.92 LMC relating to and regulating the procurement and contracting process is amended as written and provided by Exhibit A to this Ordinance.

Section 2. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase or word of this ordinance.

Section 3. Effective Date: This ordinance or an approved summary thereof consisting of its title shall be published in the City's official newspaper of record and shall take effect January 1, 2021.

PASSED BY THE CITY COUNCIL THIS ____ day of _____ 2020.

APPROVED:

Nicola Smith, Mayor

ATTEST/AUTHENTICATED:

APPROVED AS TO FORM:

Karen Fitzthum, City Clerk

Rosemary Larson, City Attorney

Exhibit A

Title 2

Chapter: 2.92 Procurement and Contracting

Sections:

2.92.010	Applicability, administration, and grant fund compliance.
2.92.020.	Authorization.
2.92.030	Definitions.
2.92.040	Receipt and opening of bids, proposals or statements of qualification.
2.92.050	Procurements of goods and services.
2.92.060	Procurements of professional services and public works contracts.
2.92.070	Procurement of small works roster and limited public works projects.
2.92.080	Procurement of noncompetitive purchases and contracts.
2.92.090	Emergency purchases.
2.92.100	General provisions.
2.92.110	Credit card payments by officers and employees.
2.92.120	Collusion.
2.92.130	Cooperative purchasing.
2.92.140	Protest and appeal procedures.

2.92.010 Applicability, administration, and grant fund compliance. To ensure open, fair and competitive procurement processes, to establish a procurement system of quality and integrity and to maximize the purchasing value of public funds, this chapter applies to contracts for the procurement of goods, services, professional services, and public work entered by city elected officials, department heads and their designees. Except where exempt by state law or city ordinance, city procurement shall be administered through the procurement and contract services division to maximize economies of scale, consistency in city practices, and accountability.

When a procurement involves the expenditure of federal, state, or county assistance, grants or funds, the manager shall conduct the procurement in accordance with this chapter unless the federal, state, or county agency specifically requires otherwise. This chapter does not limit the city's authority to procure goods, services, professional services, or public work in a manner otherwise provided for in law.

2.92.020 Authorization.

- A. The city council authorizes the mayor to enter into and execute on behalf of the city contracts involving a total cost of ~~\$100,000~~250,000 or less without individual approval of each contract by the city council, so long as the contract is consistent with the approved budget for the city, the contractor selection is in accordance with this chapter, and the city's liability under the contract does not exceed available fund balances.

- B. Department directors and city officers shall be responsible for verifying the availability of fund balances for any contracts, agreements or purchases attributable to their departments, and ensuring that any contract is consistent with the approved budget for the city, and the city's liability under the contract does not exceed available fund balances
- C. The Mayor is hereby authorized to take all actions necessary and appropriate to implement the policies and provisions in this chapter, and to promulgate such rules, regulations and guidelines as the Mayor deems necessary to carry out the purposes or provisions of this chapter.

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

- A. "Bid" or "proposal" means an offer to provide goods, services, professional services, or public work in response to a solicitation for bids or proposals issued by the city.
- B. "Bidder" or "proposer" means a person, firm, partnership, corporation or other entity that formally submits a bid, proposal or offer to provide goods, services, professional services, or public work to the city in response to a solicitation for bids or proposals or request for qualifications issued by the city.
- C. "Collusion" means a willful act to defraud others of their rights or to obtain an unfair advantage in a public contracting process.
- D. "Contract" means a mutually binding legal relationship or any modification thereof obligating a person, firm, partnership, corporation, or other entity to provide goods, services, professional services or public work to the city, and that obligates the city to compensate the other party.
- E. "Day" means a calendar day.
- F. "Director" means the city's finance director.
- G. "Goods" means equipment, supplies, materials and goods, and includes both tangible and intangible personal property that is movable, subject to ownership, and has exchange value.
- H. "Manager" means the city's procurement manager.
- I. "Mayor" means the Mayor or the Mayor's designee.
- J. "Personal services" means those consulting services where the work is primarily intellectual in nature, and the reports or recommendations are incidental to the required performance.
- K. "Professional services" means those services provided by licensed or certified individuals or consulting firms associated with either the development, design or construction, or any combination thereof, of a public works project.
- L. "Public work" means all work, construction, alteration, enlargement, repair, demolition or improvement, other than ordinary maintenance, executed at the cost of the city or that is by law a lien or charge on any property therein.
- M. "Sealed bid" means a method for submitting a bid to provide or perform work on a contract, inclusive of electronic sealed bidding systems, and where all bids are opened at the same time.
- N. "Services," except for professional services, means the furnishing of labor, time or effort by a contractor.

- O. "Waiver" means a process whereby the manager may procure without formal solicitation procedures because of the uniqueness of circumstances related to that procurement action, or a declared emergency.

2.92.040 Receipt and opening of bids, proposals or statements of qualification.

- A. Sealed bids shall be received in the manner and form, including electronically if specified by the city in the invitation to bid, and at the location the manager shall designate up to the time and date identified in the invitation to bid. The bids shall be time-recorded by a city representative when received. After the expiration of the time for the receipt of bids, the bids will be publicly opened and read. The city reserves the right to reject any bid, any portion of any bid, or all bids and to waive immaterial irregularities in accordance with applicable law.
- B. Written proposals or statements of qualification shall be received in the manner and form, including electronically if specified by the city in the request for proposals or qualifications, at the location the manager shall designate up to the time and date identified in the request for proposals or qualifications. The proposals or statements shall be time recorded by a city representative when received. After expiration of the time for receipt of proposals or statements, a submittal list shall be compiled and made public. The city reserves the right to reject any proposal or statement of qualification, any portion thereof, or all proposals or statements of qualification and to waive immaterial irregularities in accordance with applicable law.

2.92.050 Procurements of goods and services.

This section applies to contracts or procurements for goods and services, including personal services. Contracts shall be solicited under the following competitive process thresholds, with the price inclusive of taxes, freight, and any related costs.

- A. For purchases and contracts below \$10,000, inclusive of taxes, freight and any related cost employees and officials are responsible for selecting goods and services in the open market and ensuring best value for the city.
- B. For purchases and contracts between \$10,000 and \$50,000, informal price quotations shall be secured. Employees must:
1. Research the good or service, and provide a clear and open description of the needs of the city;
 2. Secure a written price quote from multiple sources;
 3. Identify the best price;
 4. Provide written quotes to the manager; and
 5. Manager reviews the informal price quotations and approves or rejects the purchase.

Procurement may conduct quotations on behalf of departments and offices when requested.

- C. Purchases and contracts more than \$50,000 must be formally advertised in a public manner.
1. The manager or the manager's designee shall advertise solicitations for the submittal of bids, qualifications or proposals. The notice shall state the date and time for submissions. The solicitation for submittals shall state the relative importance of price and all other evaluation factors.
 2. All bids submitted shall be reviewed for the responsiveness to the bid requirements and for the responsibility of the firm to perform the work described. When all factors have been evaluated, the award of the contract shall be to the lowest responsible, responsive bidder.
 3. For Requests for Proposals or Qualifications and other solicitation methods where price is not the only determining factor, discussions may be conducted with responsible proposers to determine which proposals should be evaluated in more detail or which proposers should be requested to enter negotiations, or both. Negotiations may be conducted concurrently or sequentially. The city may request clarifications and consider adjustments in the proposals to better understand the proposals and to qualify them for further consideration, though information discussed or obtained from one proposer shall not be disclosed to competing proposers during the discussions and negotiations.
 4. Contract award, if at all, shall be made to a responsible offeror(s) whose bid or proposal is determined to be the most advantageous to the city, taking into consideration price and the other established evaluation factors.

2.92.060 Procurements of professional services and public works contracts.

This section applies to the procurement and contracting for public works contracts, architect and engineering services and construction management services.

- A. Contracts for architect and engineering services shall be solicited in accordance with chapter 39.80 RCW.
- B. Contracts for professional services, other than architectural or engineering, shall be solicited using the procedures in chapter 39.80 RCW, with price as an additional element of consideration.
- C. Public works contracts shall be solicited and awarded in accordance with the authority granted by state law, including but not limited to Titles 35A and 39 RCW, and any additional requirements prescribed by city ordinance or executive policy.

2.92.070 Procurement of small works roster and limited public works projects.

The city may award public works contracts using the small works roster or the limited public works projects procedures authorized by 39.04.155.

- A. The manager or the manager's designee shall be responsible for the administration of the small works roster system, including any limited public works process authorized under RCW 39.04.155.

- B. In the discretion of the manager or the manager's designee, solicitations under the small works roster system or limited public works process may be conducted in writing or electronically, including but not limited to using a web-based solicitation process. The manager may use a regional small works roster or limited public works project system when it is deemed to benefit the city and potential contractors.

2.92.080 Procurement of noncompetitive purchases and contracts.

- A. The competitive procurement provisions of this chapter shall not apply to the lease or purchase of goods or services that are clearly and legitimately limited to a single source of supply, involve special facilities, special design or special market conditions. The price shall be established by direct negotiations by the manager. The manager shall provide a procedure for requesting a waiver of the competitive process for purchases under this section. Departments and offices requesting such waivers shall secure the manager's approval prior to any such purchase.
- B. Notwithstanding subsection A. of this section, the competitive bidding requirements for public works may not be waived based on a single source of supply, special facilities, special design, or special market conditions.
- C. The following expenditures, purchases and contracts, based on their nature, are exempt from the competitive processes of this chapter:
 - 1. Real Estate related contracts;
 - 2. Utilities limited to one source;
 - 3. Legal settlements;
 - 4. Membership fees and dues;
 - 5. Registration and travel for training;
 - 6. Employment and personnel matters;
 - 7. Grant agreements;
 - 8. Contracts to acquire goods and services which are purchased on another governmental entity's bid documents, contract or other cooperative purchasing arrangement, in accordance with state law and LMC 2.92.130; and
 - 9. Items purchased for resale to the public in support of a city program or facility, such as inventory for resale at the city golf course, as determined by the manager.
 - 10. Agreements or contracts which carry out or implement a provision of the Lynnwood Municipal Code or established city policy, e.g., maintenance or performance bonds for plat improvements.
 - 11. Interlocal Agreements

The manager may determine other similar expenditures, purchases and contracts which are exempt from competitive processes. The manager shall provide a list of any additional exempt expenditures, purchases and contracts to all offices and departments.

D. Mayor's approval authority.

1. The Mayor may approve the following agreements and expenditures without individual Council approval, regardless of dollar amount:

- a) Utilities limited to one source;
- b) Membership fees and dues;
- c) Registration for training;
- d) Grant agreements;
- e) Contracts to acquire goods and services which are purchased on another governmental entity's bid documents, contract or other cooperative purchasing arrangement, in accordance with state law and LMC 2.92.130;
- f) Payments required by the processing of payroll, such as deductions for taxes, insurance, union dues and similar disbursements.
- g) Payments the City is legally required to make to local, state or federal agencies.
- h) Agreements or contracts which carry out or implement a provision of the Lynnwood Municipal Code or established city policy, e.g., maintenance or performance bonds for plat improvements

2. The Mayor may approve the following agreements and expenditures up to ~~\$100,000~~\$250,000 without individual Council approval:

- a) Real Estate related contracts;
- b) Legal settlements;
- c) Employment and personnel matters; and
- d) Items purchased for resale to the public in support of a city program or facility, such as inventory for resale at the city golf course, as determined by the manager.
- e) Interlocal Agreements

2.92.090 Emergency purchases.

- A. In the event of an emergency, as defined in RCW 39.04.280, as now in effect and as hereinafter amended, the Mayor may issue a declaration of emergency. The declaration shall recite the facts constituting the emergency and may include a waiver of the requirements of this chapter, with reference to any contract relating to the city's lease or purchase of goods or services, contracts for public works, or to the selection and award of either professional service or consultant contracts.
- B. The Mayor, or designated director, shall report such emergency expenditures to the city council within forty-five days of determining an emergency.
- C. Waivers shall continue to have force and effect until terminated by order of the Mayor or action of the council, or until it expires, which shall be twenty days after the declaration. The Mayor may extend a waiver beyond the twenty-day period as necessary to complete a contract for any work already undertaken to address the emergency.
- D. In the event a waiver authorized under this section expires or is terminated, no further contracts or purchases may be made without complying with the nonemergency contracting provisions of this chapter.

- E. Reasonably necessary expenditures to respond to the emergency will not result in contracts or purchases being null and void, notwithstanding the lack of an appropriation. If the responsible director determines that the expenditures were more than the amount appropriated, the mayor will request an appropriation, specifying the source of funds.

2.92.100 General provisions.

- A. The sale of surplus property with an estimated value of \$50,000 or less, which has been certified for disposition, may be made by the manager in accordance with any applicable law and best practice to ensure the most favorable financial return and risk reduction.
- B. Splitting purchases or breaking down the requirements of any purchase or contract into units to avoid the maximum dollar thresholds requirements above is strictly prohibited.
- C. The contract approval threshold amount includes all amendments. Amendments that do not exceed in total 10 percent of the amount may be entered into without prior council approval unless the new total of the contract would then require council approval for the first time. Amendment in excess of 10% of a council awarded amount require council approval prior to the Mayor entering into the contract.
- D. The Mayor may delegate certain purchasing and contracting authority to a department or office of the city, such as procurement card activities, low dollar contracts using established templates, or public works contracting activities.
- E. Prequalification of goods or services may occur before procurement of the items. Under those circumstances, only goods or services that are determined to meet the qualifying criteria will be acceptable in the subsequent procurement.
- F. Technology procurements. All purchases of information technology products and services, including, but not limited to, hardware, software or applications, cellular or mobile devices, computer-related peripherals or components, audio-visual equipment, telecommunications systems or equipment, drones, or technology services or consulting shall be approved in advance by the city's chief technology officer and City Clerk, or designees to ensure system and equipment compatibility, records retention, and reporting capacity. The purchase of electronic data and telecommunications systems may be made by competitive negotiations in accordance with RCW 39.04.270.
- G. The Mayor or manager may elect to request council approval of any agreement, contract, or expenditure.
- H. Interlocal agreements or contracts with an expense to the City below \$100,000~~250,000~~ may be made by the Mayor.

2.92.110 Credit card payments by officers and employees.

- A. The manager shall implement the following system for the authorization, distribution, control, implementation and administration of credit cards by officers and employees:
 - 1. Credit cards may be distributed to those city officers and employees who, as determined by the manager, have job responsibilities that would benefit from, or otherwise be facilitated by, the use of a credit card;
 - 2. Credit cards may only be used for purchases or acquisitions the user would be authorized to make with city cash, purchase order, or voucher;
 - 3. Credit cards may not be used for cash advances;
 - 4. Policies and procedures and accounting controls shall be developed and implemented to ensure the proper usage of credit cards and credit card funds including compliance with city code and city purchasing policies and procedures;
 - 5. Credit cards may be required to be immediately surrendered if used in a manner inconsistent with city code, policies, or procedures; and
 - 6. Credit limits shall be set on each credit card issued.
- B. The manager may adopt any additional policies and procedures the manager determines are necessary to implement, and are not inconsistent with, this chapter.

2.92.120 Collusion. Regardless of whether bids or proposals have been solicited by the city for the purchase of goods or the performance of services, the manager shall report to the executive any suspected collusion. The Mayor may order the suspected collusion to be reported to the appropriate authorities.

2.92.130 Cooperative purchasing. The manager shall have authority to join with other units of government in cooperative purchasing when the best interests of the city would be served thereby, but each of the participating units shall be separately invoiced by the vendors for the purchases and the city shall not be obligated for purchases other than those required for its own use. Interlocal purchasing agreements may be made by the manager. The city may utilize federal, state or local governments' contracts that, in the determination of the manager, have conducted a fair and open competition for the contracting opportunity, and such purchases or contracts shall not be subject to the competitive procedures of this chapter. The manager may establish a purchasing administrative fee to recover costs from the contractor associated with other public agencies' use of these contracts.

2.92.140 Protest and appeal procedures. The Mayor shall establish procedures for considering and determining bid and proposal protests and appeals. The Mayor or designee shall render the final administrative determination on all such protests and appeals.

CITY COUNCIL ITEM 90.3-F

CITY OF LYNNWOOD City Council

TITLE: Executive Session: Personnel Interview

DEPARTMENT CONTACT: Nicola Smith, Mayor

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available