



**CITY OF LANGLEY**

**SPECIAL COUNCIL MEETING AGENDA**

**Monday, January 22, 2024, 7:00 pm**  
**Soundview Center**  
**432 Third Street, Langley, WA 98260**

**And via Zoom:**

<https://us02web.zoom.us/j/81333791577?pwd=ZTcyaVVBeFQ0NUpFdVVva2syQ1p4dz09>

Meeting ID: **813 3379 1577** Passcode: **444379** or **Dial US: +1 253 215 8782**

**SPECIAL NOTICE IS HEREBY GIVEN**

A quorum of the Langley City Council, Finance and Personnel Legislative Commission, Parks and Open Space Commission, Planning Advisory Board, and Climate Action Commission may be in attendance for this meeting.

This will be an informational community meeting to discuss the Public Works Board Loan opportunity for the Langley Infrastructure Project (LIP) and to answer questions.

1. **CALL TO ORDER** - 5 minutes

- a. Opening Words/Minute of Silence
- b. Roll Call

2. **NEW BUSINESS** – 5 minutes

Memo regarding conversation with Washington Public Works Board Manager - Councilmember Rhonda Salerno

3. **PRESENTATION** – 1 hour, 45 minutes

- a. Public Works Board Loan opportunity for the Langley Infrastructure Project (LIP) – Director of Public Works, Randi Perry
- b. Q & A

4. **ADJOURN**

**Public Comment:** Please note that all comments are limited to three minutes and should address subjects, not individuals, and should be delivered in an orderly and courteous manner. Please state your name, address, and the subject of your comment.

Thank you for participating!

**If reasonable accommodation for a disability is needed, please contact us at (360) 221-4246 at least 48 hours prior to this meeting.**



**To:** Langley City Council Members

**From:** \_\_Rhonda Salerno, Council Member, Position 2\_\_

**Date:** \_\_1/22/24\_\_

**Topic:** \_\_Report from PWB, Project Manager \_\_

**Number of pages** (including this one): 3

**Introduction/Summary:** On Friday January 12, 2024, I had a conversation with Max Wedding, Project Manager at the Public Works Board and included here are my notes from that conversation.

**Council Action Request:** Please read before the Special City Council meeting on January 22nd

**List all Attachments:** Notes from 1/12/24 conversation

Conversation with Max Wedding, January 12, 2024  
(My questions and info in purple)

Max Wedding (he/him)  
max.wedding@commerce.wa.gov  
PWB Project Manager  
Public Works Board  
360.764.0392

When is the deadline for signing the offer?

"There is no hard or fast deadline to sign the loan offer, but we like to have them complete sometime in March. Ava Gombosky (360 338- 5739) has the contracts ready and only needs the scope of work from your Public Works Director for a quick turn around."

If we need to apply for another such loan in the near future (our sewer treatment plant is nearing the trigger number for being redesigned), will our acceptance of this particular loan be considered as a factor in any future loan application for needed infrastructure? Does it hinder us at all in asking for another loan?

"No, it is not considered in another loan application, but there are two things to note:

- 1) a jurisdiction can take up to \$10 million per biennium, so that means you could take out another \$6.5 million in this two-year cycle, and
- 2) the board always looks at underwriting, in other words, they look at whether the jurisdiction is capable of paying back what is offered."

What are the consequences of our City not signing this loan offer? Will it make us less likely to receive loans in the future from your department?

"No, there are no consequences. We always have some folks who decline the offer, as circumstances change. Only the two considerations above are relevant."

Do you have any suggestions for sources of revenue that a small town like ours can access when in need of an infrastructure project such as sewer expansion?

"Yes, the Infrastructure Assistance Coordinating Council (IACC). A team of techs (from PWB, DOE, RCED and other agencies) work together put together a suggested plan tailored to your needs."

IACC at <https://infrafunding.wa.gov> offers technical assistance at <https://infrafunding.wa.gov/technical-assistance/>:

IACC can coordinate technical assistance for your infrastructure project through our member organizations. This assistance may range from putting you in contact with the appropriate agency staff to an informal meeting between state and federal staff and your project leadership. These informal technical assistance meetings are often referred to as "Tech Teams". The information you provide is used to bring together the right mix of regulatory and financial program staff to move your project forward. The intent of these meetings is to:

- Discuss the infrastructure issue you are facing.
- Understand your unique situation.
- Explore multiple solution options.
- Create an actionable plan to move forward.
- Move your project from problem to success.

Here is the application:

**Infrastructure Technical Assistance Request**

Use this form to request technical assistance throughout the year. Please share as much information about your infrastructure challenge as possible. Complete information will allow us to bring together the right regulatory, technical, and funding assistance to address your unique challenge.

**Jurisdiction/Entity\***

**County\***

**Contact Person\***

**Phone Number\***

**Email Address\***

**Project or System Type\***

**Project / Problem**

What project or problem is your community working on?

**Have you done any planning or design for this project?**

**Information about your community**

Is there anything about your community we need to understand to best help you?  
For example, population size, median household income, and number of customers.

Thank you

Your response is important to us and someone will be in contact with you shortly to discuss your Tech Team Request.



# LANGLEY INFRASTRUCTURE PROJECT (LIP)

HISTORY, CURRENT STATE, FUNDING, AND MOVING FORWARD

RANDI PERRY, DIRECTOR OF PUBLIC WORKS, CITY OF LANGLEY

JANUARY 22, 2024

## PRESENTATION TOPICS



1. LIP origins
2. How we got here
3. Goals & success criteria
4. Overview and geographic focus areas
5. Cost changes
6. Funding sources
7. Funding scenario analysis
8. Next steps



## LIP ORIGINS

Nearing completion of 2018 comprehensive planning and starting 2015 sewer comprehensive plan implementation, the City found significant:

### System deficiencies and chronic year over year project rollover

- 25 water projects
- 22 sewer projects
- 12 stormwater projects (2009)

### Annual rate payer increases based on predicted fund shortfalls

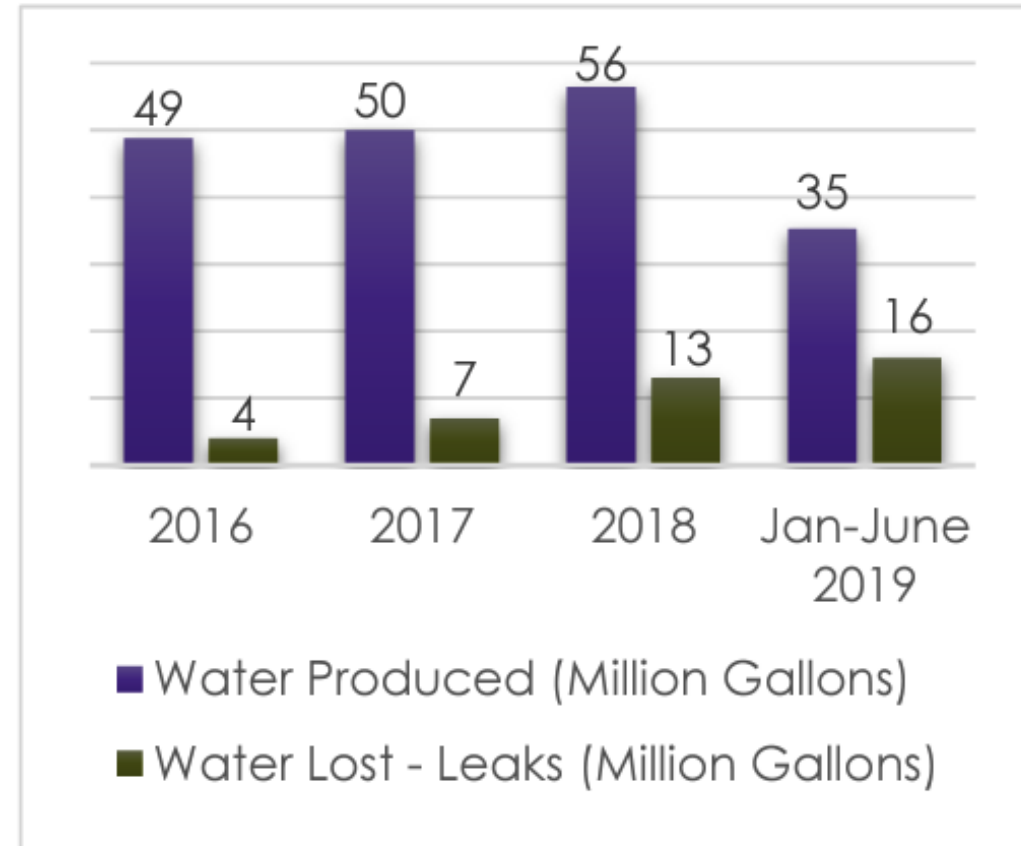
- 12% - 24% (with loans)
- 50% (without loans)

*We needed a concerted “catch up” initiative to address problems and prevent further systemic decline*

## LIP ORIGINS: SIGNIFICANT SYSTEMIC ISSUES



## WATER LOSS DATA

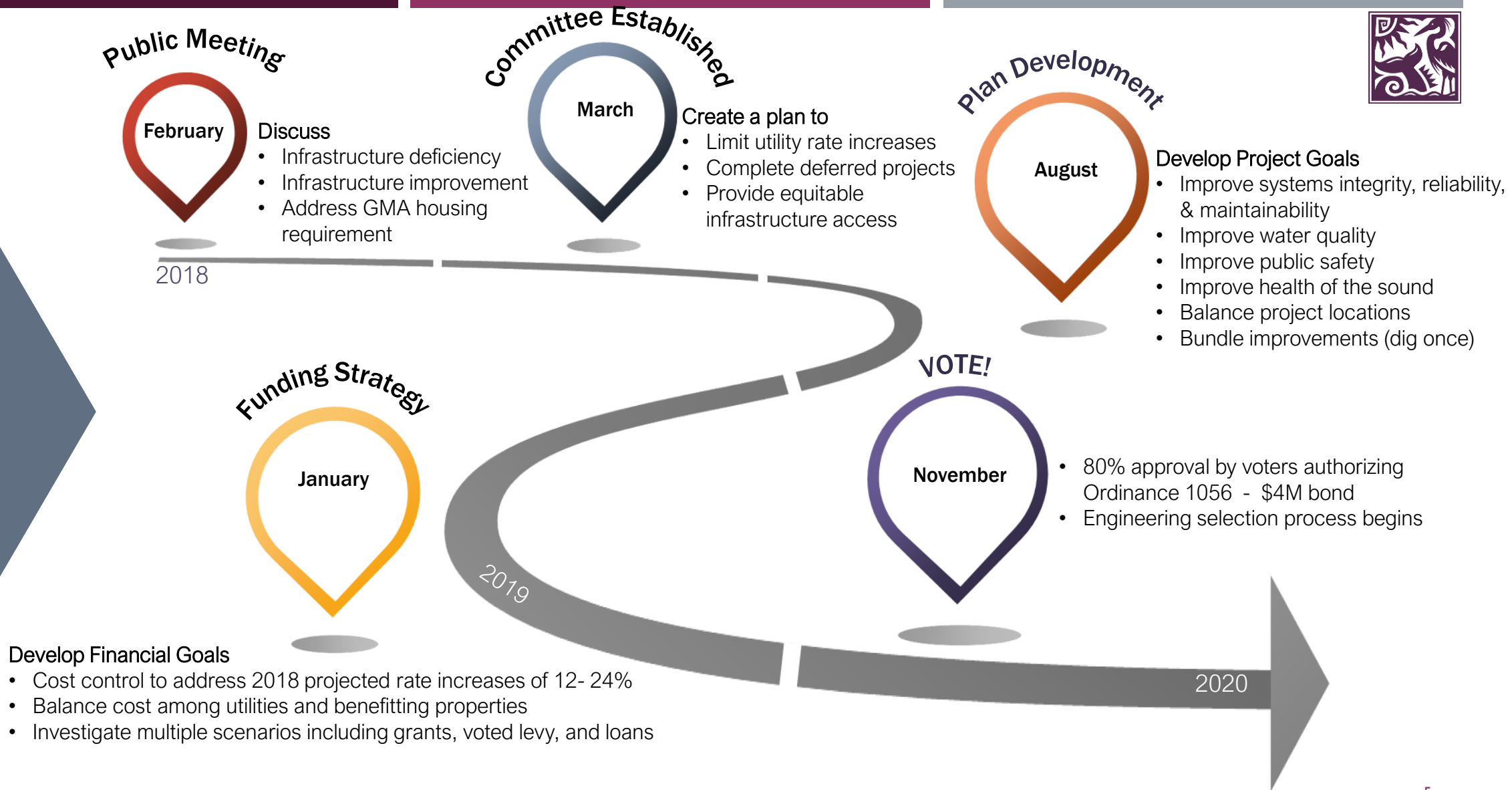




# HOW WE GOT HERE



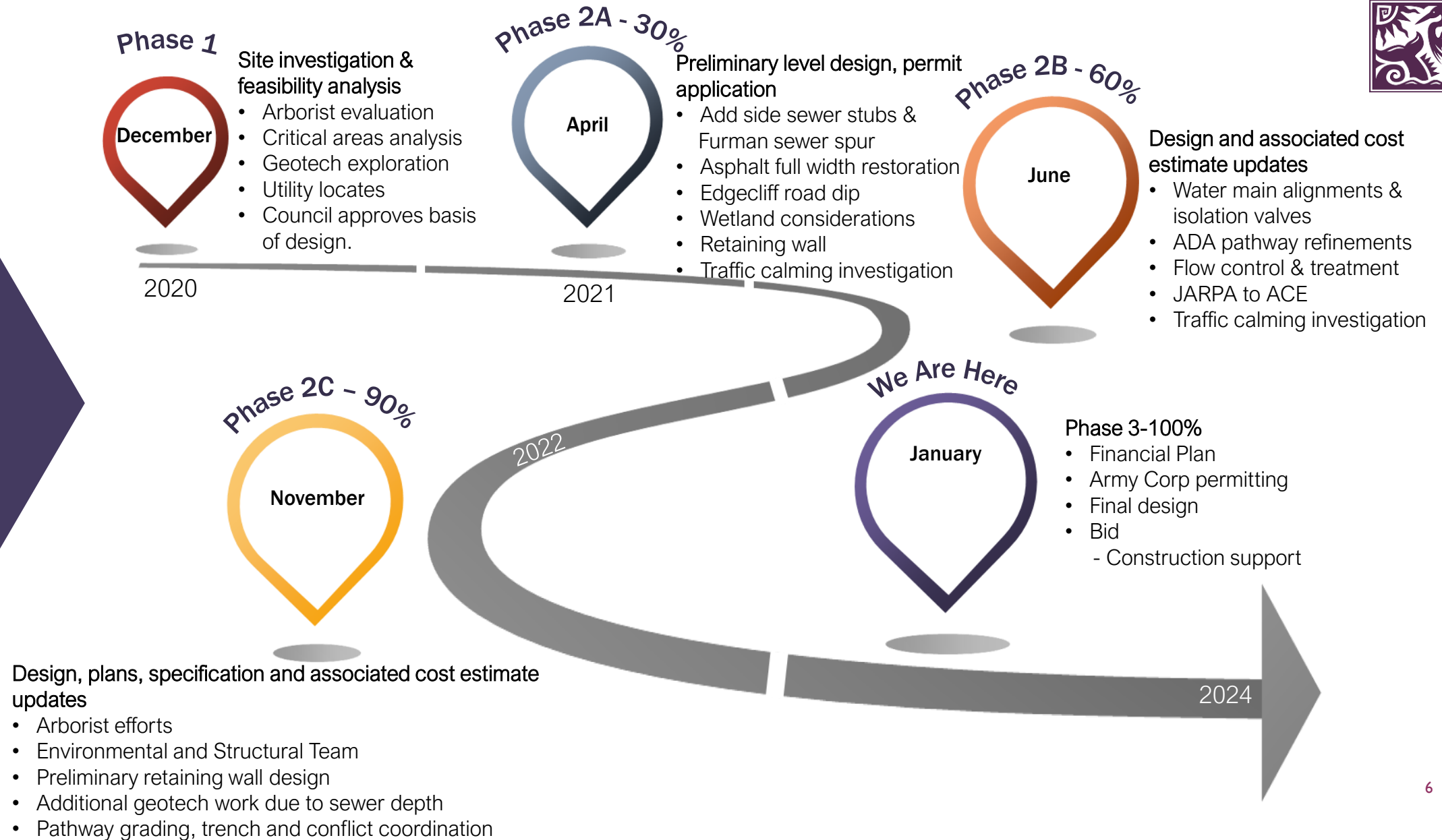
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# HOW WE GOT HERE



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## GOALS & SUCCESS CRITERIA

### Goals

#### Improve utility integrity, reliability, & maintainability

- Reduce water leaks
- Use isolation valves to localize issues when they occur

#### Improve water quality

#### Improve Public Safety

- Install fire hydrants to meet current code
- Improve walkability
- Remove hazardous conditions

#### Improve the health of the Sound

#### Catch up on delayed projects

### Success Criteria

#### Equitable project benefits

- Balance costs amongst benefitting properties
- Balance Improvements in each utility and streets
- Balance location of improvement throughout town

#### Control cost

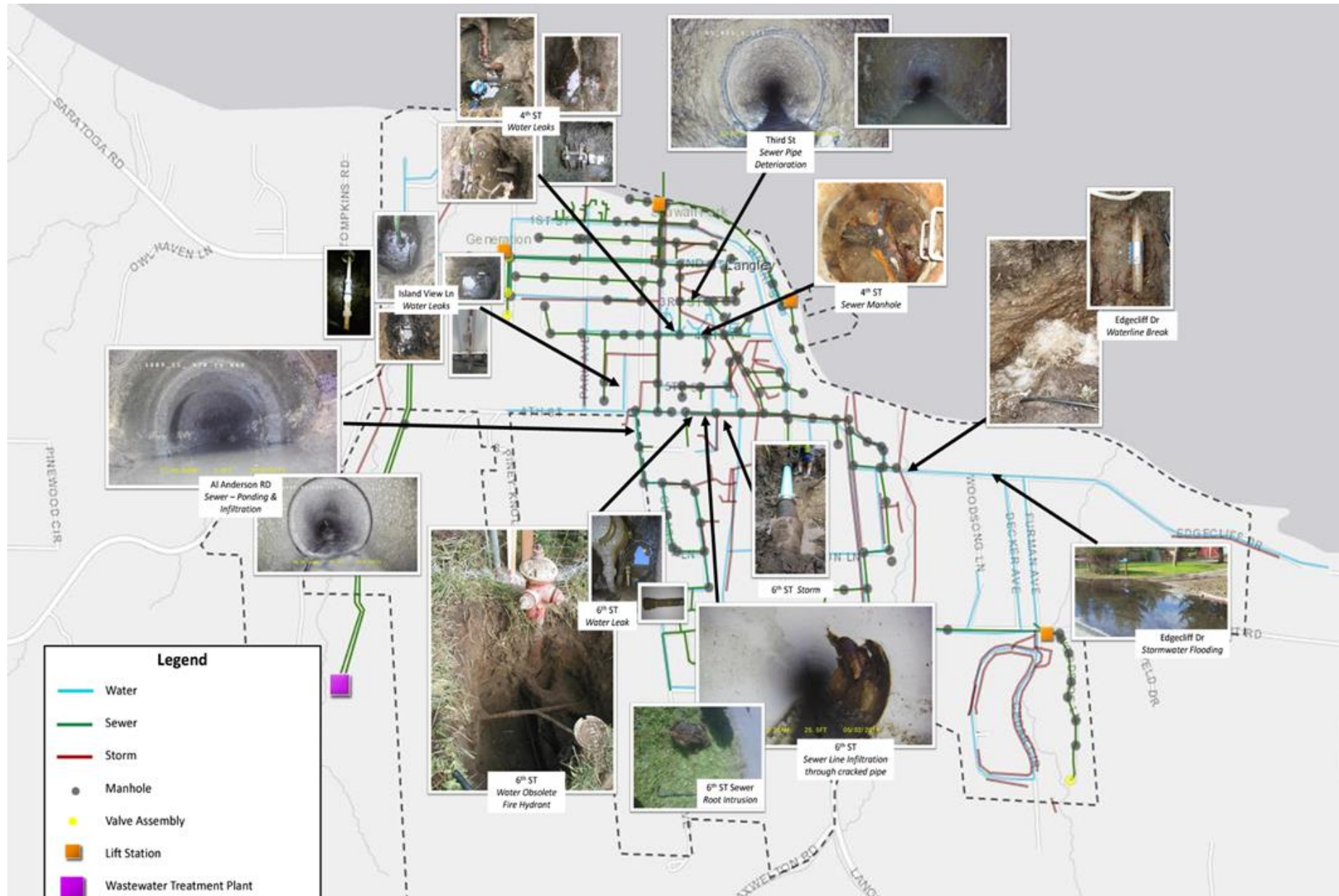
- 2018 rate projections were 17%, 11% annually
- Lessen rate burden on rate payers over time

#### Invest in economic growth

Enable housing at greater density on Decker and Furman

#### “Dig once” to create efficiencies of scale

# GEOGRAPHICAL OVERVIEW



## GEOGRAPHIC FOCUS: EDGECLIFF, FURMAN, DECKER



### PROJECTS 1,2

#### Sewer

- Fulfill legal obligation to provide sewer services

#### Water

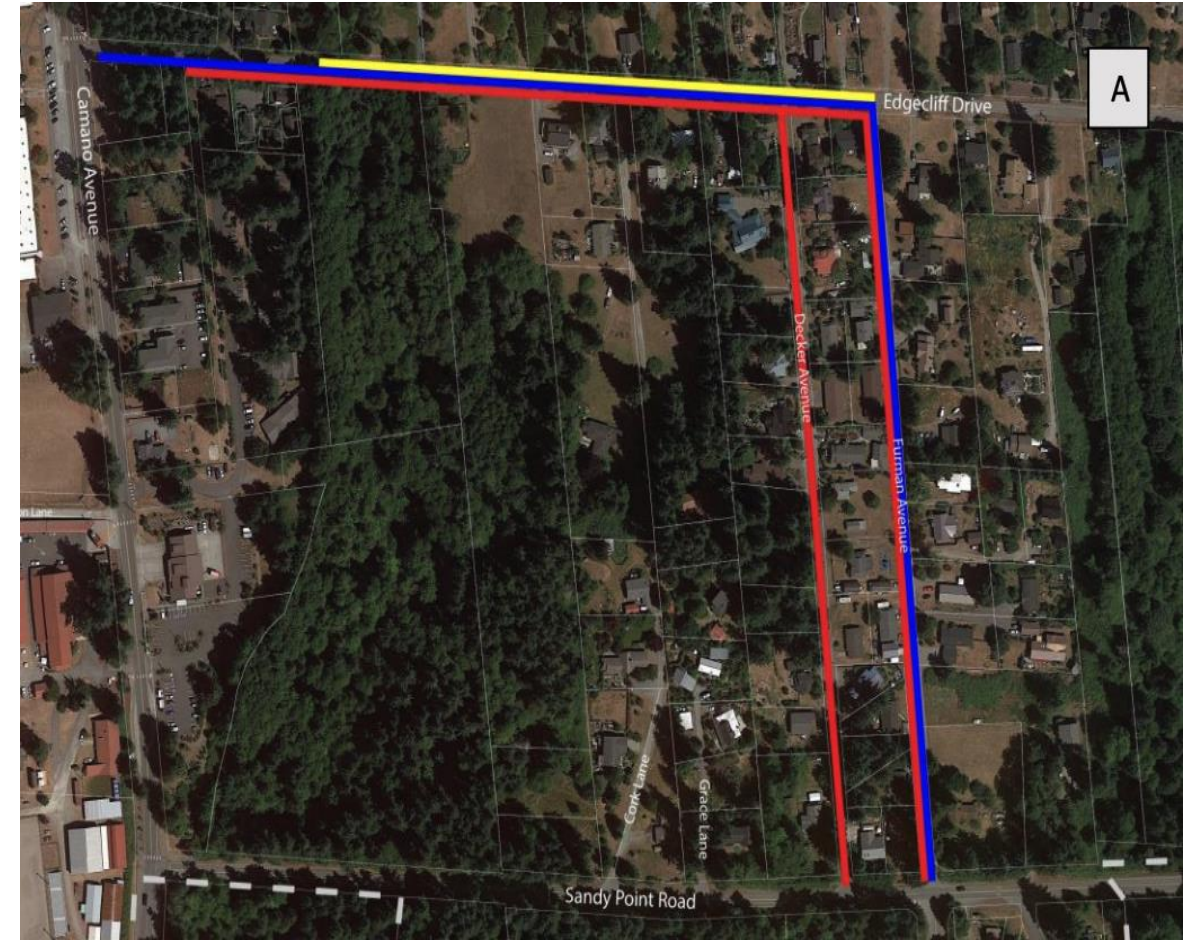
- Replace asbestos drinking water pipes
- Improve fire flow and system isolation

#### Storm Water

- Eliminate ponding issues
- Detain and treat roadway runoff prior to discharge to Noble Creek and the Sound

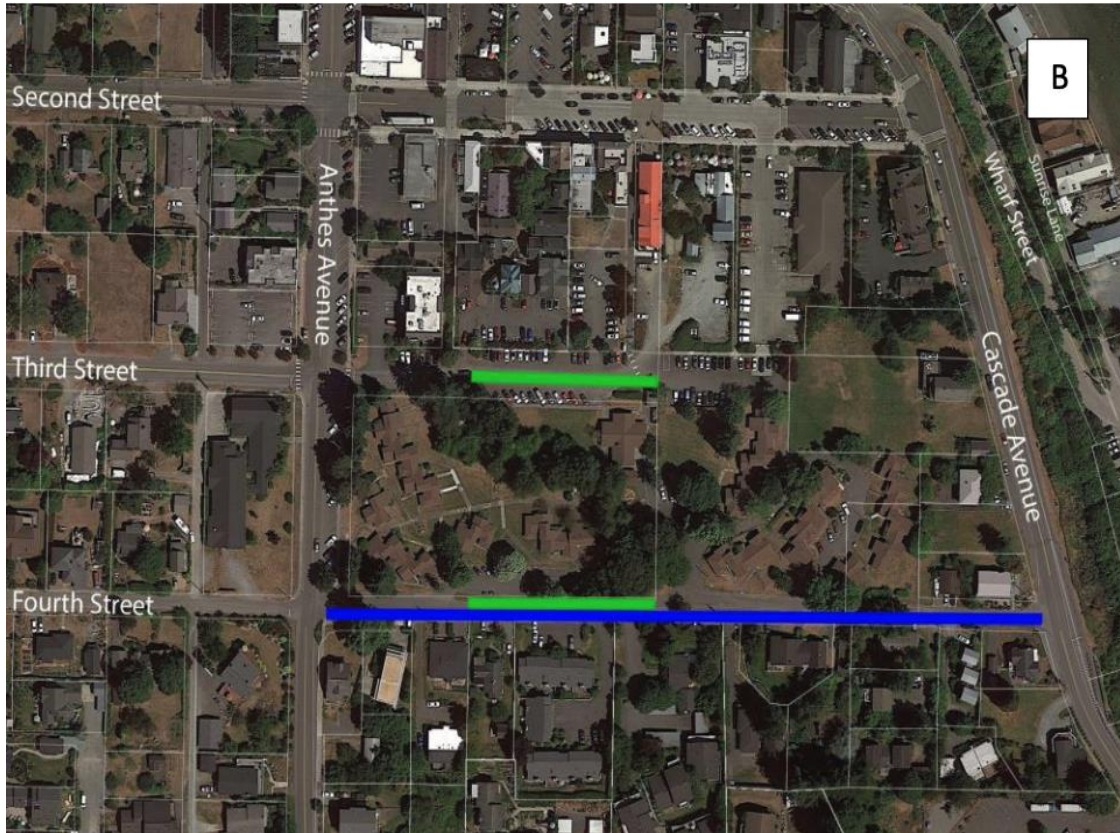
#### Full width pavement restoration

- Reduce street maintenance costs



— Sewer      — Water      — Storm

## GEOGRAPHIC FOCUS: 3<sup>RD</sup> & 4<sup>TH</sup> STREETS



— Sewer      — Water

### PROJECTS 7, 8, 10

Sewer rehab/replacement

- Reduce ground water infiltration
- Improve maintainability

Water main replacement

- Replace asbestos cement pipe
- Improve fires flow and system isolation

4th Street pavement restoration

- Reduce street maintenance costs

## GEOGRAPHIC FOCUS: 6<sup>TH</sup> STREET, AL ANDERSON, ISLAND VIEW



Projects 3,4,6,9,11,12,14

Sewer - Reduce ground water infiltration with rehab/replacement

Water

- Replace asbestos drinking water pipes
- Improve fire flow and system isolation

Improve pedestrian safety

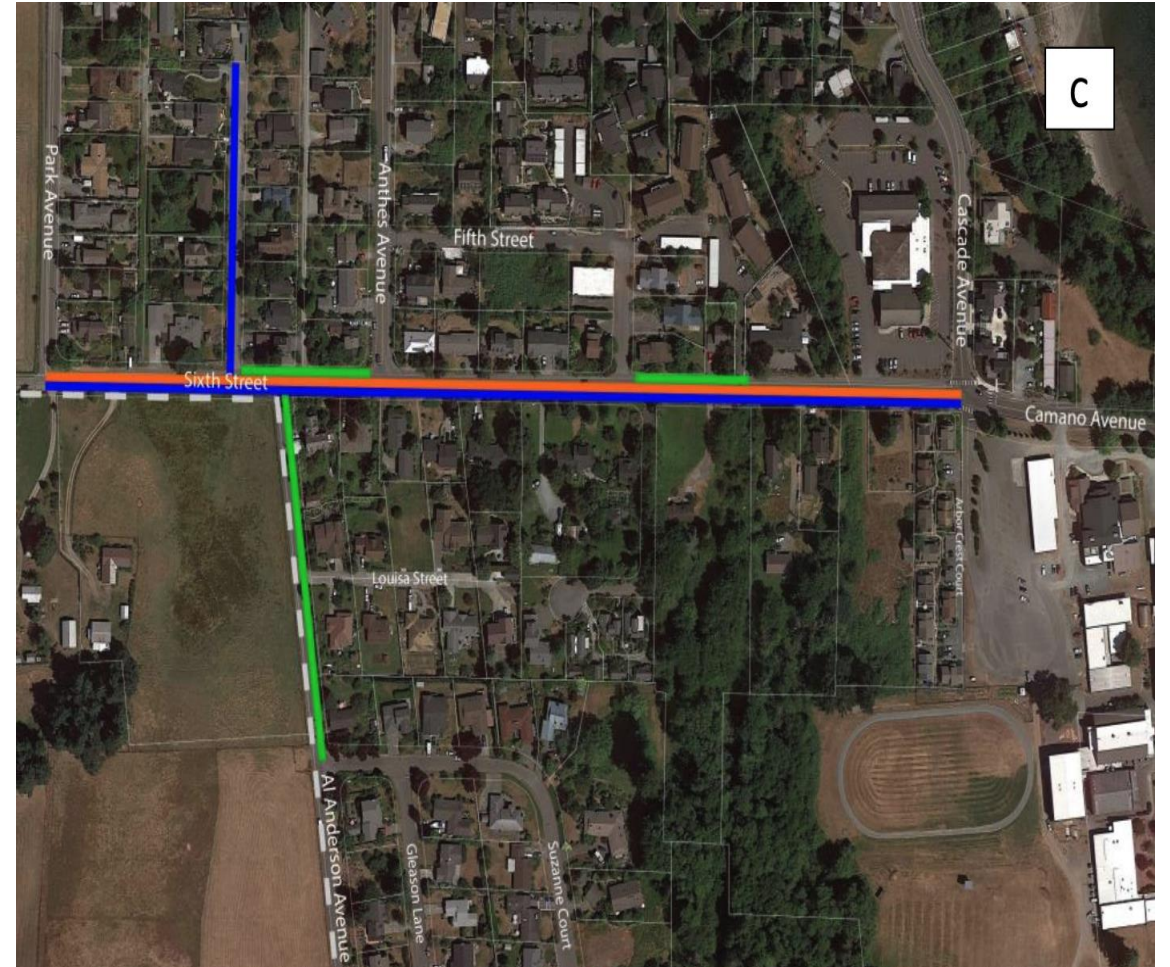
- Separate walkway Al Anderson to Cascade
- Eliminate overland flow at Groom

Stormwater - Improve collection, containment and direct flow

Full width pavement restoration

6th St: Park-Cascade & Al Anderson: 6th-Louisa

- Reduce street maintenance costs



— Sewer — Water — Walkway & Storm

## GEOGRAPHIC FOCUS: EDGECLIFF-FURMAN TO CITY LIMITS



### PROJECTS 5, 13

#### Water main replacement

- Replace asbestos cement pipe
- Improve fires flow and system isolation

#### Stormwater - update to capture roadway run off

#### Full width pavement restoration

- Reduce street maintenance costs



— Water

— Storm





## CHANGES IN ESTIMATED COSTS - SUMMARY

Phased **estimation is iterative**. Costs fluctuate as new information is learned in each phase.

- Preliminary estimates are “ideal”/conceptual based on standard engineering matrix +25%.
- Subsequent phases shift based on increasingly detailed, real-world discovery, findings and public input.

Project Area	Prelim Est. 08/2018	30% Est. 4/23/2021	60% Est. 12/23/2021	90% Est. 3/3/2023	Difference
Edgecliff, Furman, Decker	\$3,490,000	\$5,518,307	\$3,367,964	\$4,270,471	\$1,492,900
Third and Fourth Streets	\$631,490	\$651,380	\$547,371	\$782,858	\$151,368
6th Al Anderson Island View	\$1,337,000	\$2,533,190	\$2,208,588	\$2,764,732	\$1,186,427
Edgecliff-Furman to City Limits	\$2,174,600	\$2,612,183	\$1,596,598	\$2,045,911	\$1,481,918
TOTAL	\$7,811,600	\$11,315,060	\$7,720,521	\$9,863,972	<b>\$2,052,372</b>

### Why did we ask for \$3.5 million?

- Total Wetland mitigation costs are not determined until ACE permit requirements identified
  - Tree monitoring requirement plan is still under development and will add cost
    - Utility conflicts are still being determined
- **History and experience tells us that cost can fluctuate. Total costs aren't fully realized until the project is complete.**

## CHANGES IN ESTIMATED COSTS - DETAIL

Preliminary estimate: \$7,811,600



30% Estimate	60% Estimate	90% Estimate
<b>\$11,315,060</b>	<b>\$7,720,521</b>	<b>\$9,863,972</b>
<p>Survey, utility locations, arborist and geotechnical data revealed conditions not apparent at the start.</p> <p>Scope increased to address findings and public input:</p> <ul style="list-style-type: none"> <li>• Added air spading process to protect critical tree root zones</li> <li>• Wetland constraints identified</li> <li>• Additional pipe required to serve Furman Sewer spur and</li> <li>• Edgecliff road at Noble creek needs to be raised to provide sewer pipe cover</li> <li>• Added full depth asphalt restoration</li> <li>• Added 6<sup>th</sup> street traffic calming elements</li> </ul>	<ul style="list-style-type: none"> <li>• Full project air spading was eliminated due to cost and field exploration results. (Air spading will be included in the bid so that it can be used if necessary.)</li> <li>• Added side sewers connection from the main to the property line to allow private connection without pavement damage</li> <li>• Trenchless technologies and traffic calming elements were removed due to high costs.</li> <li>• Pavement restoration reduced in some areas</li> <li>• Wetland mitigation site identified</li> <li>• Waterline on Edgecliff brought back to city limits (scope reduction)</li> <li>• Includes construction management costs and compaction testing</li> </ul>	<ul style="list-style-type: none"> <li>• Pavement restoration added back into the project in some areas where no other funding is available for future restoration</li> <li>• Includes remaining engineering costs</li> <li>• Waterline to extend past Edgecliff Stormwater Outfall in the county</li> <li>• Storm treatment added to Brookhaven creek and Noble Creek discharge</li> </ul>

## FUNDING SOURCE: ISLAND COUNTY RURAL ECONOMIC DEVELOPMENT GRANT



\$3,000,000 grant

(\$1,828,600 remaining)

### Allowed uses

- Complete Engineering design for projects 1-12
- Construct new infrastructure
  - Sewer on Edgecliff (priority 1)
  - Stormwater on Edgecliff (priority 2)

### Deadline

Fund to be expended under current agreement by 12/31/2024.  
(extended 6/22 from original deadline of 12/31/22).

**Funding approval was contingent upon Langley voters passing bond**



## FUNDING SOURCE: CITY OF LANGLEY BOND OBLIGATION



\$4,000,000 Bond

Allowed uses: Expenses related to all projects 1-12

November 2019 Voter Approval of 80% YES

Financed over 30-years, estimated tax levy of 58 cents (\$0.58) per \$1,000 of assessed value

For example, the estimated cost to a \$400,000 home is approximately \$19.33 per month or \$232 per year. The impact varies based on each property's assessed value.



## FUNDING SOURCE: PUBLIC WORKS BOARD (PWB) LOAN



### \$3,500,000 loan

Allowed uses: Construction costs for all water projects and wetland mitigation (1,2,9,10)

- 20-year loan @ 1.72% interest (term ends 2029)
- .5 % interest rate reduction OR 1.22% if completed within 3 years - which is likely
- Loan is flexible:
  - We incur only the debt that we need
  - No requirement to incur full amount of loan
  - Works like a line of credit
- PWB requests acceptance by March 8, 2024
  - While there is some flexibility in signing the agreement, delay could affect the interest rate.

# FUNDING SOURCE: CAPITAL RESERVE FUNDS



## Water Reserve (405)

- \$1,086,480\*
- Allowed use:  
Construction, reconstruction or acquisitions of capital improvements or equipment acquisition.

## Sewer Reserve (408)

- \$1,266,257\*
- Allowed use:  
Construction, reconstruction or acquisitions of capital improvements or equipment acquisition.  
  
Extension to be paid by development per Sewer Comp plan.

## Stormwater Reserve (407)

- \$630,752\*
- Allowed use:  
Construction, reconstruction or acquisitions of capital improvements or equipment acquisition.

## Streets Fund (101)

- \$194,453 (yr end 2024)
- Allowed use:  
Transportation operations and Road resurfacing

## Capital Reserves Fund (303)

- \$289,038\*
- Allowed use:  
City-wide capital improvements

\*Balances based on as of 11/30/23 and includes 2023 projected transfers in from operating funds minus fund specific CIP/TIP Project costs budgeted for 2023-2025

## FUNDING SCENARIO ANALYSIS



Finance and Personnel Legislative Commission (FPLC) analyzed 3 scenarios to determine optimal funding approach for cost control and long-term reduction of rate payer impact:

Scenario 1: Existing reserves, bond, grant and rate increase

Scenario 2: Grant and bond funds only (with reduced project scope and project deferral)

Scenario 3: Existing Reserves, Bond, Grant, PWB Loan

Keeping success criteria in mind:

- Equitable project benefits
- Cost control
- Invest in economic growth (support housing at greater density)
- “Dig once” to create efficiencies of scale

## FUNDING SCENARIO 1: RESERVES, GRANT, BOND & RATES\*



### Summary

- Projects deferred
- Allowable funding shortfall is financed with existing reserves, grant bond and increasing rates\*.
- PWB loan declined.
- Some utility and capital reserve funds used.
- City pursues grants to fund
  - Stormwater, pavement, and pedestrian improvements.

\* Operation inflation increases are not projected in the analysis

\*1 Sewer and Storm rate impacts and Street fund (general) have not been evaluated

**Pros:** Some projects will be completed

### Cons:

- No creek detention or treatment (Brookhaven and Noble Creeks)
- Full width road restoration not possible.
- Fails economies of scale goal
  - Additional costs for bid package preparation (multiple efforts), mobilization, survey, permitting, etc.
- Water rates escalate 4% annually to \$95.69/month (2032) to fund projects\*1
- Doesn't meet all goals within the developed framework
- Current CIP projects deferred and pushes others out further
  - Increases risk and frequency of major failures
  - Increases operations and maintenance costs
    - reduces capital savings
    - reduces staff capacity
    - requires steeper rate increases to address.





## FUNDING SCENARIO 2: GRANT & BOND FUNDS ONLY

### Summary:

- Some projects are deferred
- PWB loan declined
- City pursues grants to fund
  - \$954,912 in water improvements
  - \$515,704 in sewer improvements
  - \$2,417,872 in storm, pavement, & pedestrian improvements.
- PWAC prefers Scenario 3 but if this option is chosen, they recommend prioritizing:
  - Edgecliff, Furman, Decker (Location A)
  - Third and Fourth Streets (Location B)
- Staff recommends inserting priority projects to utilize all bond funds (an adjustment of \$746,671)

\* Operation inflation increases are not projected in the analysis

\*1 Sewer and Storm rate impacts and Street fund (general) have not been evaluated

### Pros:

- Adheres to preliminary project cost estimate

### Cons:

- Does not meet goals within the developed framework
- Scenario proposed by PWAC does not utilize all bond funds
  - The legal ramifications and penalties need to be investigated.
- Scope is significantly reduced.
- CIP projects deferred
  - Increases risk of major failures
  - Increases O&M costs, reduces capital savings and requires rate increases to address.
- Full width road restoration not possible.
  - Trench patching already failing road surfaces leads to rapid deterioration of remaining pavement
- Water rates escalate 3-4% annually to \$80.82/month in 2032 to fund projects. \*1



## FUNDING SCENARIO 3: ACCEPT PWB LOW INTEREST LOAN (ANALYSIS – WATER FUND REPAYS)

### Summary

- All LIP projects are completed
- Funding shortfall is financed using PWB loan
- City continues to pursue grants to reduce amount financed by loan.
- *This option is supported by* Public Works Advisory Commission, Mayor Horstman, City Administrator, Director of Public Works, Public Works Crew, Director of Community Planning, Finance Director.

Staff recommends this option as it represents the best option for the community.

### Pros

- All 14 projects are complete in their entirety
- Accomplishes goals within original framework
  - Dig once efficiencies realized
- Allows awaiting projects to be completed sooner
  - Reduces risk of major pipe failure
  - Reduced maintenance costs
- Takes full advantage of “dig once” efficiencies
- Otherwise difficult to fund roadway infrastructure gets paved.
- Interest rate is less than inflation costs to defer projects.
- Water rates do not increase *as a result of accepting the loan.* (However we expect annual operating inflation increases.)

### Cons

- City takes on debt

## NEXT STEPS



- **01/23/2024 – 01/30/2024**  
City Council, Mayor and staff will collect, organize, and consider all public input.
- **01/2024** Army Corp of Engineer Permitting response
- **02/05/2024**  
City Council will make a decision by voting on how to finance the LIP moving forward.
- **Remaining items**
  - Contract Engineering - 100% Design and Construction Management
  - Incorporate ACE comments mitigation requirements
  - Project to Bid - Contractor Contract
  - Construction!!



City Council, Mayor Horstman and Staff want to hear from you.

Please share your perspective:

Randi Perry  
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[publicworks@langleywa.org](mailto:publicworks@langleywa.org)

Langley City Council  
[council@langleywa.org](mailto:council@langleywa.org)