

CITY OF ISSAQUAH
City Council Regular Meeting

7:00 PM
 June 21, 2021

Virtual Meeting

MINUTES

COUNCIL AND ADMINISTRATIVE PERSONNEL PRESENT

Alternate Meeting Format: On March 6, 2020 the Mayor declared a civil emergency due to the outbreak of novel coronavirus (COVID-19). On March 24, 2020 the Governor issued Proclamation 20-28 relating to the COVID-19 emergency and open public meetings. The proclamation has been extended. Due to these factors, the meeting was held using a remote meeting platform.

Councilmembers:

Barbara de Michele
 Stacy Goodman
 Zach Hall
 Victoria Hunt
 Tola Marts
 Chris Reh
 Lindsey Walsh

Administration/Staff:

Mary Lou Pauly, Mayor
 Wally Bobkiewicz, City Administrator
 Andrea Snyder, Deputy City Administrator
 Jim Haney, City Attorney
 Tisha Gieser, Deputy City Clerk

CALL TO ORDER

Mayor Pauly called the meeting to order at 7:00 PM.

PLEDGE OF ALLEGIANCE

Mayor Pauly led the Pledge of Allegiance.

AUDIENCE COMMENTS

The following individual provided public comment:

Kathy McCorry, representing the Greater Issaquah Chamber of Commerce, announced the launching of "Issaquah Jobs" website, and spoke in support of AB 8193 - American Rescue Plan Act Funding and Non-Profit Relief Grant Funding.

Council President Hunt summarized email comments received on tonight's agenda items.

COMMITTEE / REGIONAL REPORTS

Councilmember Hall:

Cascade Water Alliance Board - Announced upcoming meeting.
 Growth Management Planning Council Affordable Housing Committee - Announced upcoming meeting.

Councilmember de Michele:

Connect 2 Community Advisory Group - Made report.
 Eastside Transportation Partnership - Made report.
 Eastside Human Services Forum - Announced upcoming meeting.

Councilmember Walsh:

Council Rules Ad Hoc Committee - Met and discussed the Council new business action and form and several housekeeping changes which are scheduled to return to Council on July 6. Recognized need for future discussion of remote meeting participation. Due to implications to Council, staff and the public, determined the discussion should occur in front of the whole Council.

Title 18 Land Use Code Ad Hoc Committee - Met and discussed next iteration of the sign code, which is scheduled to return to the full Council at the July 27 Study Session. Also discussed Planning Policy Commission (PPC) feedback from their initial overview and the need for upcoming PPC discussion on land use, sustainability and equity.

Greater Issaquah Chamber of Commerce - Made report.

Councilmember Marts:

Puget Sound Regional Council Growth Management Policy Board - Announced upcoming meeting.

Sound Cities Association Public Issues Committee - Made report.

Deputy Council President Reh:

King County Growth Management Council - Announced upcoming meeting.

Council President Hunt:

King Conservation District Advisory Committee - Made report. Announced upcoming meeting.

MAYOR'S REPORT

The Mayor reported on the following topics:

- Executive Session - Was held earlier this evening.
- Issaquah Highland's Juneteenth Celebration
- Immigration Reform Proclamation
- City Hall Facilities Reopening Plan Update

INFORMATIONAL UPDATES

- a) **ID 0929 - Best Starts for Kids Levy, King County Prop. 1 (Regular Property Tax Levy for Children, Youth, Families and Communities)**

Marcy Miller, Seattle & King County's Public Health Policy Manager, provided an informational presentation on the Best Starts for Kids Levy.

Direction was later provided by the City Council under Good of the Order.

CONSENT CALENDAR

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

IT WAS MOVED BY HUNT, SECONDED BY REH; MOTION CARRIED (7-0), TO APPROVE THE CONSENT AGENDA AS PRESENTED.

- a) **ID 0823 - Accounts: Payables and Payroll of June 21, 2021, \$ 8,127,977.42; Approved.**
- b) **Minutes: City Council Regular Meeting, June 7, 2021; Approved.**

- c) **AB 8157 - Teamsters 117 Police Sergeants Collective Bargaining Agreement;** Approved the terms of the 2021-2022 Collective Bargaining Agreement between the City and Teamsters Local Union No. 117, representing Police Sergeants, and authorize the Mayor to enter into and execute the Agreement.
- d) **AB 8158 - Amend 2021 Salary Ordinance;** Adopted Ordinance No. 2944, amending the Non-Represented Employee Salary Schedule previously adopted by Ordinance No. 2928 to add three new classifications and provide for misc. Clerical updates and providing for an effective date of July 1, 2021; adopting revised 2021 salary schedules for AFSCME, IPOA, IPSSA, Teamsters 117 representing Police Commanders and Teamsters 117 representing Police Sergeants represented employees previously adopted by ordinance no 2928 and providing for a retroactive effective date of January 1, 2021; and, direct the Finance Director to include an additional \$18,000 for the Sustainability and Chief of Staff positions in a subsequent 2021 budget amendment.
- e) **AB 8185 - Maintenance Overlay Project;** Awarded the construction contract for the 2021 Maintenance Overlay Project to Lakeside Industries in the amount of \$1,277,379 (including sales tax).
- f) **AB 8190 - Amendment to Personnel Policies re: Telework;** Approved Resolution No. 2021-10, amending the City's Personnel Policies to add an updated Telework Policy; repealing the existing policy in Issaquah Administrative Manual 901-05; providing for superseding provisions, severability, and establishing an effective date of July 1, 2021.
- g) **AB 8192 - Confirmation of Mayor's Appointment of City Clerk;** Confirmed the Mayor's appointment of Tisha Gieser to the position of City Clerk.

REGULAR BUSINESS

- a) **AB 8193 - American Rescue Plan Act Funding and Non-Profit Relief Grant Funding**

Introduced by Mayor Pauly and presented by City Administrator Bobkiewicz and Senior Accountant Lindsay Misbin. Following Council discussion,

IT WAS MOVED BY HUNT, SECONDED BY REH, TO:

- 1) Authorize the Mayor to enter into and execute the necessary documents authorizing the Washington State Office of Financial Management to transfer American Rescue Plan Act funds to the City of Issaquah; and
- 2) Authorize the allocation of \$45,000 of American Rescue Plan Act funds for the Recovery Coordinator position; and
- 3) Direct the Finance Director to include \$45,000 for the Recovery Coordinator position in a subsequent 2021 budget amendment.

MOTION CARRIED, 7-0.

GOOD OF THE ORDER

Capital Financing Community Task Force City Council Appointments – This item will be addressed at a future meeting.

Councilmember Hall:

Cascade Water Alliance Lake Tapps Project - The Board of Directors is discussing a development fund for the project. The following concerns were shared:

- Issaquah may not need Lake Tapps water.
- Concern around collecting funds for rate payers now that may not be built in the future.

Councilmembers were asked to share any questions or concerns on the fund over the next few months.

A request was made to learn more about regional water demand and have Cascade Water Alliance come make a presentation to the City Council.

ID 0929 - Best Starts for Kids Levy, King County Prop. 1 (Regular Property Tax Levy for Children, Youth, Families and Communities)**IT WAS MOVED BY MARTS, SECONDED BY DE MICHELE, TO:**

Direct Administration to prepare a resolution in support of the Best Starts for Kids Levy for consideration by the Council at the July 19 Council meeting and schedule a related public hearing for the July 19, 2021 Council meeting.

MOTION CARRIED, 7-0.*Mayor Pauly:*

Upcoming Council Meetings - Announced anticipated agenda items.

EXECUTIVE SESSION – None.

ADJOURNMENT

There being no further business to come before the Council, the meeting was adjourned at 8:38 PM.

Tisha Gieser, Deputy City Clerk

Mary Lou Pauly, Mayor



State Department of Health Drinking Water State Revolving Fund (DWSRF) Loan

**Proposed Council Action:
Accept; Authorize Agreement**

| | |
|--------------------------------------|---|
| DEPARTMENT OF COUNCIL LIAISON | PW - Public Works Bob York |
| OTHER COUNCIL MEETINGS | n/a |
| COMP PLAN POLICY NOS. | Nov. 16, 2020; May 17, 2021 (AB 8179) |
| OTHER POLICIES | n/a |
| EXHIBITS | A. CIP Project Summary B. Loan Agreement |

SUMMARY STATEMENT

Introduction

This agenda bill seeks City Council authorization to accept the State Department of Health Drinking Water State Revolving Fund (DWSRF) Loan for the Sammamish Plateau Access Road (SPAR) Booster Pump Station Water System Project in the amount of \$5,000,000 and authorize execution of the loan agreement. See Update section for additional information.

~~This agenda bill seeks City Council authorization to apply for a Drinking Water State Revolving Fund (DWSRF) loan for the the Sammamish Plateau Access Road (SPAR) Booster Pump Station Water System Project.~~

Background

Staff is nearing completion of the design of the Sammamish Plateau Access Road (SPAR) Water System Project (WT 013). Construction costs are estimated to be \$6 million. While healthy, the City's Water Fund balance is not adequate to fund a project of this size without issuing debt, as was anticipated in the approved 2020-2025 CIP (Exhibit A).

The Drinking Water State Revolving Fund (DWSRF) makes funds available to drinking water systems to pay for infrastructure improvements. This program is funded through federal and state money and subject to state laws and additional federal regulations. The program provides: low-interest construction loans to publicly- (municipal) and privately-owned drinking water systems. These loans cover capital improvements that increase public health and compliance with drinking water regulations. The SPAR water system project meets the loan criteria.

Loan terms are very favorable, especially given today's low interest environment. A 20 year loan for up to \$5 million can be provided at an interest rate of 1.75 percent. Partial loan forgiveness is available for lower income communities, but Issaquah would not qualify for this program.

Proposal

The City's proposed 2021 budget includes the anticipation of issuing debt for \$2,946,450 for this project in mid-2021. Notwithstanding that assumption, to preserve options, Staff proposes to apply for a loan for the full \$5 million. If successful, the City could enter into an agreement for less money, or based on the loan environment at the time, pursue other financing options. There is no cost to apply for the loan.

Next Steps

The loan application is due Nov. 30, 2020. The City will be notified of our status before mid-2021, at which time staff would return to Council to authorize the loan.

Financial Information

The financing plan for this project is not yet finalized, but the Administration anticipates a combination of financing (such as the revolving loan opportunity) and water fund balance over the next couple of years. The loan fee of \$50,000 will be paid through the loan itself and will not have any immediate impacts on the water fund.

The City's proposed 2021 budget includes issuing debt for \$2,946,450 in mid-2021 for this project. Furthermore, this project anticipates an additional \$900,000 in 2022 to be supported by water revenue-backed debt. If the loan is awarded, staff will return to the Council with the final amount requested and to formally authorize entering into the loan.

Should the loan not be awarded by the DWSRF, the Finance Department will pursue other water revenue-backed debt financing options to support WT 013.

Administration's Recommendation

~~The Administration recommends that the Council authorize the application of the State Department of Health Drinking Water State Revolving Fund (DWSRF) Loan for the SPAR Booster Pump Station Water System Project.~~

The Administration recommends that the Council authorize the acceptance of the State Department of Health Drinking Water State Revolving Fund (DWSRF) Loan for the Sammamish Plateau Access Road (SPAR) Booster Pump Station Water System Project in the amount of \$5,000,000; and authorize the Mayor to enter into and execute a loan agreement in a form acceptable to the Mayor.

Update

The Administration was successful in being offered a State Department of Health Drinking Water State Revolving Fund (DWSRF) Loan for the full requested amount of \$5 million. The underlying interest rate is potentially even more favorable than anticipated, due to the clause that reduces the interest rate to 1.25 percent if the construction phase of the project is completed within 24 months after receiving the executed loan document.

The construction contract for the SPAR Booster Pump Station was awarded by Council action on May 17, 2021 (AB 8179), and the current schedule indicates construction completion well in advance of the 24 month requirement to receive the discounted interest rate. Other proposed terms are very favorable compared with other financing options.

Also, as explained in AB 8179, the base bid for the construction costs for the project have grown from \$6 million to slightly over \$7 million, due primarily to recent materials inflation. Given these factors, it is recommended that the City accept the full \$5 million loan amount.

A 1 percent loan fee is due shortly after accepting this loan. For a \$5 million loan, the loan fee would be \$50,000. This loan fee will be paid from the loan funds, and will not have any immediate impacts on the water fund.

The terms of the loan and the debt financing level are consistent with and/or more favorable than those assumed by the approved utility rate study and as anticipated by our Finance Department. The current and proposed 2022 project budget (based on the proposed CIP) has sufficient funds for the project, including the provision for adequate contingency, as described in AB 8179.

The Administration recommends the City Council authorize acceptance of the loan and execution of the loan agreement.

Alternative(s)

~~Do not authorize the loan application. (Impact: The Finance Department would seek alternative financing for the SPAR Booster Pump Station Water System Project that will likely have higher interest rates, thus increasing the cost of the project to the City.)~~

RECOMMENDATION

Administration / Public Works Department:

MOVE TO:

~~Authorize the application of the State Department of Health Drinking Water State Revolving Fund (DWSRF) Loan for the SPAR Booster Pump Station Water System Project.~~

MOVE TO: Authorize the acceptance of the State Department of Health Drinking Water State Revolving Fund (DWSRF) Loan for the Sammamish Plateau Access Road (SPAR) Booster Pump Station Water System Project in the amount of \$5,000,000; and authorize the Mayor to enter into and execute a loan agreement in a form acceptable to the Mayor.

Water Utility

SPAR Booster Pump Station

Project Number: WT 013
Project Manager: Robert York
Starting Year: 2016
Completion Year: 2021

Estimated Annual Ongoing Costs*: \$8,020

**Subject to change and does not represent a budget commitment*



Project Summary

Construct a 3,000-gallon per minute booster pump station (BPS) and transmission piping to increase overall reliability and provide redundancy within the City's water system.

Project Justification

This project is required to provide water access for future City growth, provide system reliability, and system redundancy. Eventually, a new 2.5 million gallon reservoir will be built at the same BPS site. Project design is being developed with consideration of the future reservoir.

| WT 013 - SPAR Booster Pump Station | | | | | | | |
|------------------------------------|------------------|------------------|------|------|------|------|--------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Future Years |
| Water Fund | 2,663,550 | 536,276 | - | - | - | - | - |
| Utility Supported Debt | 2,946,450 | 614,799 | - | - | - | - | - |
| Total Revenue | 5,610,000 | 1,151,075 | - | - | - | - | - |
| Construction & Permitting | 5,100,000 | 1,025,000 | - | - | - | - | - |
| Inflation | - | 23,575 | - | - | - | - | - |
| Contingency | 510,000 | 102,500 | - | - | - | - | - |
| Total Expenses | 5,610,000 | 1,151,075 | - | - | - | - | - |
| Net Revenue and Expenses | - | - | - | - | - | - | - |

June 18, 2021



City of Issaquah
Tony Nguyen
P.O. Box 1307
Issaquah WA 98027
tonyn@issaquahwa.gov

RE: Loan Contract Number: DWL26021

Dear Tony Nguyen:

Enclosed is the Drinking Water State Revolving Fund Loan Contract Number identified above for your signature. The Loan Contract details the terms and conditions that will govern the agreement between us, which includes the project's Scope of Work as a formal attachment. Failure to return the contracts within 60 calendar days of the date of this letter may result in your loan offer being withdrawn.

Review, print and sign the document. Once signatures are obtained, scan and return by email to dohcon.mgmt@doh.wa.gov or print and sign a hard copy, and return the originals to us for full execution.

Please note that the U.S. Environmental Protection Agency is the funding source for this program and the Catalog of Federal Domestic Assistance (CFDA) number is 66.468. Consequently, the loan funds are federal and subject to both state and federal requirements.

A non-refundable one-percent loan administration fee will be collected at contract execution (If applicable), including any subsequent amendments where funds are added. The loan amount may be modified to include an amount sufficient to cover the one-percent loan administration fee. In most cases, the fee will be collected in full at contract execution. Please review the terms and conditions of the Loan Contract and all attachments carefully for details.

A requirement of the DWSRF program is that you must maintain updated project records and yearly renewal of your registration in the System for Award Management at www.sam.gov.

Another requirement of the DWSRF program is that all entities are required to verify that the federal government has not suspended or debarred them from receiving federal funds. This includes, but is not limited to, project contractors, subcontractors, engineers, architects, consultants, and equipment vendors. The Exclusion Report can be accessed at www.sam.gov. Failure to provide this required certification may result in termination of your loan contract.

After the Loan Contracts have been signed by the Department or its designee, one fully executed original will be returned to you for your files. Instructions for drawing the loan funds will be returned to you with the executed Loan Contract, as well as the necessary forms. The Loan Contract specifies that draws may be made for costs that have been incurred within the contract period of performance, and which have supporting documentation such as receipts or bills.

We are looking forward to working with you over the course of this project. If you have any questions about this Loan Contract, please contact me.

Sincerely,

Dennis Hewitt
DOH Contract Manager
(360) 236-3017
Dennis.hewitt@doh.wa.gov

Enclosures:

ATTACHMENT I: SCOPE OF WORK (PROJECT)
ATTACHMENT II: ATTORNEY'S CERTIFICATION
ATTACHMENT III: FEDERAL AND STATE REQUIREMENTS
ATTACHMENT IV: DISADVANTAGED BUSINESS ENTERPRISE REQUIREMENTS
ATTACHMENT V: CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS
ATTACHMENT VI: DWSRF ELIGIBLE PROJECT COSTS
ATTACHMENT VII: LABOR STANDARD PROVISIONS FOR SUBRECIPIENTS THAT ARE GOVERNMENTAL ENTITIES

Washington State Department of Health

DWSRF Municipal Loan Boilerplate

May 2018

| Version History | | |
|------------------------|--|----------------|
| Date | Revision(s) | Version |
| 05-15-2018 | Original - developed via a team of the DWSRF Grant and Loan Unit Supervisor, the DOH Office of Drinking Water Finance Director, the DOH Office of Contracts and Procurement Technical and Policy Advisor, and DOH's Financial Services Assistant Attorney General. | 1 |
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1. CONTRACT FACE SHEET

2020 Loan Number: DWL26021
Washington State Department of Health (DOH)
Drinking Water State Revolving Fund (DWSRF)
Municipal

| | | | |
|--|---|---|---|
| 1. Borrower City of Issaquah PO Box 1307 Issaquah, WA 98027 | | 2. Borrower Doing Business As (optional) | |
| 3. Borrower Type Construction Loan | | 4. Borrower's Statutory Authority | |
| 5. Borrower Contract Manager Information Tony Nguyen Engineer | | 6. DOH Contract Manager Dennis Hewitt P.O. Box 47822 Olympia, WA 98504-7822 | |
| | | (425) 837-3400 tonyn@issaquahwa.gov | |
| | | 360-236-3017 dennis.hewitt@doh.wa.gov | |
| 7. Project Name City of Issaquah South Spar Booster Pump Station | | | |
| 8. Loan Amount: \$5,050,000.00 Loan Fee: \$50,000.00 Interest Rate: 1.75% | 9. Funding Source Federal: <input checked="" type="checkbox"/> State: <input checked="" type="checkbox"/> Other: <input checked="" type="checkbox"/> | 10. Start Date DOE | 11. End Date DOE + 20 Years |
| 12. Federal Funding Agency Environmental Protection Agency Catalogue of Federal Assistance (CFDA) Number 66.468 | | | |
| 13. Borrower Tax ID # 91-6001446 | 14. SWV # 0000310 | 15. Borrower UBI # 179000314 | 16. Borrower DUNS # 102591034 |
| 17. Contract Purpose DOH and the party identified above as Borrower, hereafter referred to as BORROWER, have entered into this contract to fund the project identified above that furthers the goals and objectives of the DOH DWSRF Program. The project will be done by the BORROWER as described in the scope of work and this contract. The rights and obligations of the parties are governed by this contract and the following documents incorporated by reference: General Terms and Conditions including Declarations; Attachment I: Scope of Work (Project); Attachment II Attorney's Certification; Attachment III: Federal and State Requirements; Attachment IV: Disadvantaged Business Enterprise Requirements; Attachment V: Certification Regarding Debarment, Suspension, and Other Responsibility Matters; Attachment VI: DWSRF Eligible Project Costs; and Attachment VII: Labor Standard Provisions for Subrecipients that are Governmental Entities. By the signature below, the parties acknowledge and accept the terms of this contract. | | | |
| FOR CONTRACTOR | | FOR DOH | |
| SIGNATURE AND DATE | | SIGNATURE and DATE | |
| NAME and TITLE | | NAME and TITLE | |
| | | APPROVED AS TO FORM ONLY Mark Calkins, AAG Signature on File | |