Langley Infrastructure Committee (LIC) Report

A New Look, “Paying It Forward” with The Langley Infrastructure Program (LIP)
Agenda

• Welcome & Introduction of LIC members: Councilperson Peter Morton
• State of Langley Utilities Today: Councilperson Peter Morton
• Potential for Langley Tomorrow: Councilperson Dominique Emerson
• How to Make It Happen: Mayor Tim Callison

Q & A will be at end of each section
Also a Question & Comment Sheet was handed out at entry

A handout summarizing the presentation is available
Slides will be posted on the city website
Langley Infrastructure Committee Charter

Formed by Mayor Callison in January 2018 to move the city onto a proactive rather than reactive utility management basis.

• Address critical issues today rather that at time of failure
• Fulfill the Growth Management Act (GMA) mandate that cities supply utilities to ALL residents
• Support the Langley Comprehensive Plan to increase affordable housing and utility services
• Protect our environment and citizens
• Increase the economic vitality of Langley

Make cost-effective investment in our future
LIC Members & Support

• City Council:
  ➢ Dominique Emerson (Chair)
  ➢ Peter Morton

• LIC Citizens:
  ➢ Langley Central: Hal Seligson
  ➢ East Langley: Jim Dobberfuhl and Susan Tomic

• Langley Staff:
  ➢ Mayor Tim Callison
  ➢ City Finance Director Debbie Mahler
  ➢ Public Works Director Stan Berryman
  ➢ Langley Utilities Supervisor Randi Perry
  ➢ Langley Assistant Treasurer Rose Hughes

• Consulting Support:
  ➢ Utility financial planning: Katy Isaksen of Katy Isaksen & Associates
  ➢ Bond Underwriter: Jim Nelson, Senior VP D. A. Davidson & Co.
  ➢ Engineering: Robin D. Nelson P.E., PACE Engineers Inc.

• Communications Focus Group
<table>
<thead>
<tr>
<th>Date</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/16/18</td>
<td>Mayor Callison directs workshop for East Langley residents</td>
</tr>
<tr>
<td>2/12/18</td>
<td>First public meeting on infrastructure with East Langley residents</td>
</tr>
<tr>
<td>3/4/18</td>
<td>Langley Infrastructure Commission (LIC) established by council</td>
</tr>
<tr>
<td>Apr 2018</td>
<td>LIC develops possible project scenarios</td>
</tr>
<tr>
<td>5/7/18</td>
<td>PACE Engineering engaged to develop a CIP cost estimate</td>
</tr>
<tr>
<td>6/19/18</td>
<td><strong>Langley Infrastructure Committee “Walkabout” with PACE</strong></td>
</tr>
<tr>
<td>Aug 2018</td>
<td>PACE Engineering 2019 Capital Improvement Projects report</td>
</tr>
<tr>
<td>Nov 2018</td>
<td>Jim Nelson financing options consultation meeting &amp; discussions</td>
</tr>
<tr>
<td>12/20/18</td>
<td>Katy Isaksen engaged to do utility rate analysis</td>
</tr>
<tr>
<td>3/5/19</td>
<td>Katy Isaksen first report received</td>
</tr>
<tr>
<td>Mar 2019</td>
<td>Funding analysis and grant application</td>
</tr>
<tr>
<td>4/1/19</td>
<td>Completed application for Rural County Economic Development funds grant</td>
</tr>
<tr>
<td>4/29/19</td>
<td>Council workshop on Langley Infrastructure Project funding strategies</td>
</tr>
<tr>
<td>5/14/19</td>
<td>Focus group convened</td>
</tr>
<tr>
<td>5/28/19</td>
<td>Public meeting</td>
</tr>
</tbody>
</table>
The State of Langley Utilities Today

Across America infrastructure is aging and in need of repair
Langley Utility Systems Customer Base

- **Water:** 676 Langley and 148 outside customers for 824 total customers
- **Sewer:** 496 customers
- **Storm:** 680 customers

**NOTES:**
Taxable Parcels in Langley: 718
Utility Systems Overview

- GMA ➔ City Comp Plan ➔ Utility Comp Plans
- By law, each utility has its own comp plan, maintenance/operations fund and reserve fund
- Utility rates cover required maintenance and operations; the residual is put into the reserve fund.
- Utility participation (hookup) fees go to the specific utility reserve fund
- The utility reserve fund finances Capital Improvement Projects (CIPs):
  - Identified deficiencies with potential for State permit violations
  - Recommended improvements to meet standard best management practices
  - Specified in Utility Comp Plan
  - Back up emergency funding
- City Council approves
  - Each year’s utility rates and CIPs during the overall budget process
  - Utility comp plans are renewed every 6 to 10 years depending on needs
- Majority of water and sewer distribution and collection pipes installed in 50’s, 60’s, 70’s
Water Utility System

Water: 824 customers

- 2002 Comp Plan identified 12 capital projects
  - Based on 20 year need and asset service life
  - 4 were completed, 8 were transferred to the 2012 Comp Planning cycle
- 2012-2018 Comp Plan completed 6 of the 2002 projects, 2 remain
  - Sandy Point from Furman to Wilkinson
- The substantial water subscriber base along with rate increases and new hookups have enabled successful project completions
- Problems are caused by aging, corroded and broken pipes leading to
  - Deteriorating drinking water quality
    - excessive brown water (turbidity)
    - poor taste
  - Increasing significant mainline water leaks are a major concern
    - In 1st Q 2019, 6 significant water leaks were repaired.
    - 58% of water produced by wells was lost
    - More drinkable water was lost through leaking pipes than used by customers
- Asbestos cement pipes are at end of their life
- Emergency repairs are delaying scheduled capital projects
WATER
Corrosion, root intrusion and Leaks

5/29/2019
Sewer Utility System

**Sewer:** 496 customers

- Aging sewer plant built in 1992 partially funded by city wide ULID #8.
- Only sewer plant on island that doesn’t haul off solid waste
- 30% of Langley is unserved even though they helped pay for the plant
  - Limits housing expansion
  - Limits economic prosperity
- Sewer plant needs
  - Upgrades to handle contemporary products
  - Improvements to backup systems
- City wide, aged pipes and connections have water infiltration and reduced flow due to
  - Root intrusion
  - Blockages, wearing out, corrosion, cracking, and sagging
- Processing of this infiltrated water raising our costs and using capacity
- CIP funds are growing slowly as no major developments are on the horizon. The average rate of new connections is about 4 per year
- The smaller sewer subscriber base inhibits reserve build up for system improvement and replacement
- Capital and operational needs are outpacing revenue causing reserves to be used for emergency maintenance
SEWER
Infiltration, Blockage, Old Pipes

Lift Station #2 (Generation Park) pump replacement in 2011
Storm Utility System

Storm: 680 customers

• 2009 Comp Plan created to address deficiencies and changing regulations
• Rates have been going up gradually from $2 to $28.63 (2019)
• System problems include:
  ➢ Root intrusion, blocked and broken pipes, and unserved areas
  ➢ Widespread street ponding during heavy rain undermines roads and creates hazardous walking conditions
  ➢ Fecal matter detected at discharge piping into sound in runoff monitoring in East Langley
• The current rates structure is not adequate to build enough of a reserve to address these issues
STORM
Inefficient, Blocked, Broken,
Hookup Rules

• Hookup Rules
  ➢ Water – Everyone must hookup to city water; no wells are allowed by ordinance
  ➢ Sewer – Must hookup to sewer if property within 200’ of main line:
    - Remodel more than 50% of appraised value at time of construction
    - Septic system fails
    - Home changes ownership
    - Want to add a 2nd ADU
  ➢ Storm –
    - All new developments must have onsite water catchment
    - Under special circumstances may connect to city storm system pipes (such as bluff)
Utility Participation Fees

• Capital Cost Contribution (Participation or Hookup Fees) for right to connect to the utility go into specific reserve fund for that utility

• Financial support for low income, aged or disabled of participation, assessment or bond/levy fees:
  ➢ For capital contribution, city may allow scheduled time payments
  ➢ City may assist in application for Community Development Block Grant (CDGB)

• Utilities
  ➢ Water – participation fee ($7,415.00)
  ➢ Sewer –
    ☐ Participation Fee ($5,614.00)
    ☐ Assessment for any Bond/Levies 
      e.g. ULID 8 ( $1,930.24) if new parcel
    ☐ Other potential costs to owners:
      ❖ Physical connection costs from house to main (variable)
      ❖ If have septic, cost of decommissioning septic system (pump out and fill with sand)
  ➢ Storm – no cost
Utility Finance Funding

• Monthly rate disparity against current comprehensive plans*
  Water $47, would be $55 (per 2012 Water Comp plan; 2019 update pending)
  Sewer $50, would be $57 (per 2015 Sewer Comp Plan)
  Storm $29, would be $39 (to be updated in next Storm Comp Plan)

• Participation fees in decline because housing development down; Reserve funds affected negatively

• Current reserve funds available with current customer base:
  Water - $400K
  Sewer - $100K
  Storm - $95K

• System failures take precedence over CIP Projects

• Emergent situations: funded by deferring capital projects or (conceivably) by emergency council action

*rounded residential base rates
Questions & Discussion
Potential for Langley Tomorrow
The Langley Infrastructure Committee recommends bundling necessary improvements to sewer, water & storm utilities, & pedestrian safety and roadway restoration into a single Langley Infrastructure Program voter-approved measure.

➢ Fund the Program with a combination of grant and levy bond
Infrastructure Project Distribution

Legend
- Water Improvements
- Sewer Improvements
- Storm Improvements
- Curb & Pavement Improvements
- PACE Project Number

Projects Selected By
- High priority
- Co-located
- Build customer base
- Equitable for all areas
General Infrastructure Project Description

• Water lines will be replaced along 4th, 6th, Island View, Furman and Edgecliff to Furman
• Sewer systems updated along sections of 3rd, 6th, Al Anderson and new mains installed along Furman, Decker and Edgecliff to Furman
• Storm systems will be updated along 6th and new systems installed along Furman, Decker and Edgecliff to the county outlet
• Pedestrian walkway along 6th street
• Repave and install curbs along Furman, Decker and Edgecliff
## Capital Improvement Projects – Location Overview East Langley

Preliminary Engineering Report from PACE

<table>
<thead>
<tr>
<th>#</th>
<th>Project Name</th>
<th>Location</th>
<th>Scope of Work</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Edgecliff Dr Utility Improvements</td>
<td>Edgecliff Dr &amp; Furman Ave</td>
<td>Water, Sewer, Storm extensions, pavement replacement, and curb construction</td>
<td>$1,390,000</td>
</tr>
<tr>
<td>2</td>
<td>Decker Ave Utility Improvements</td>
<td>Decker Ave between Sandy Pt Rd &amp; Edgecliff Dr</td>
<td>Sewer, Storm extensions, pavement replacement, and curb construction</td>
<td>$2,100,000</td>
</tr>
<tr>
<td>3</td>
<td>Furman Ave Utility Improvements</td>
<td>Furman Ave between Sandy Pt Rd &amp; Edgecliff Dr</td>
<td>Water, Sewer, Storm extensions, pavement replacement, and curb construction</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Edgecliff Dr Storm Improvements</td>
<td>Edgecliff Dr. between Camano Ave &amp; City Limits</td>
<td>Storm water collection system within Edgecliff Dr</td>
<td>$710,000</td>
</tr>
</tbody>
</table>

5/29/2019
Storm Water Examples

North of Edgecliff with thickened edge

Walkway on 6th Street and South side of Edgecliff w/o walkway
### Capital Improvement Projects Location
### Overview of Langley Center
### Preliminary Engineering Report from PACE

<table>
<thead>
<tr>
<th>#</th>
<th>Project Name</th>
<th>Location</th>
<th>Scope of Work</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Al Anderson Sewer Improvements</td>
<td>Al Anderson Ave between 6th Ave &amp; Louisa St</td>
<td>Sewer reconstruction or rehabilitation</td>
<td>$81,000</td>
</tr>
<tr>
<td>4</td>
<td>6th St Road improvements</td>
<td>6th St between Al Anderson Ave &amp; Cascade Ave</td>
<td>Storm water collection system, curbs, &amp; sidewalks</td>
<td>$630,000</td>
</tr>
<tr>
<td>6</td>
<td>6th St Sewer improvements</td>
<td>6th St between Al Anderson Ave &amp; Anthes Ave</td>
<td>Sewer rehabilitation or replacement</td>
<td>$110,000/$370,000</td>
</tr>
<tr>
<td>7</td>
<td>4th St Sewer improvements</td>
<td>4th St across partial frontage of Brookhaven (Housing Authority of Island County)</td>
<td>Sewer rehabilitation or replacement</td>
<td>$70,000/$140,000</td>
</tr>
<tr>
<td>8</td>
<td>3rd St Sewer improvements</td>
<td>3rd St across partial frontage of Brookhaven (Housing Authority of Island County)</td>
<td>Sewer rehabilitation or replacement</td>
<td>$65,000/$170,000</td>
</tr>
<tr>
<td>9</td>
<td>6th St Water replacement</td>
<td>6th St between Park Ave &amp; Cascade Ave</td>
<td>Water main replacement</td>
<td>$320,000</td>
</tr>
<tr>
<td>10</td>
<td>4th St Water replacement</td>
<td>4th St between Anthes Ave &amp; Cascade Ave</td>
<td>Water main replacement</td>
<td>$500,000</td>
</tr>
<tr>
<td>11</td>
<td>Island View Ln Water replacement</td>
<td>Island View Ln</td>
<td>Water main construction</td>
<td>$250,000</td>
</tr>
<tr>
<td>12</td>
<td>6th Street minor road improvements (W)</td>
<td>6th St. between Park Ave &amp; Al Anderson Ave</td>
<td>Storm water collection system, curbs, &amp; sidewalks</td>
<td>$160,000</td>
</tr>
</tbody>
</table>
Benefits of Langley Infrastructure Improvement Program
Water Utility Benefits

• Replaces some of asbestos concrete pipes
• Replaces undersized, damaged and corroded pipes
  ➢ Achieves proper flow rates and more consistent pressure
  ➢ Improves water quality
  ➢ Increases water circulation
  ➢ Lengthens system life span
• Decreases water leak occurrences
• Reduces impact of outages in water supply with additional isolation valves
• Upgrades fire protection with modern fire hydrants which need proper flow and pressure
Sewer Utility Benefits and Costs

• Reduces inflow and infiltration
• Sewage treatment plant has excess capacity so expansion does not place burden of existing plant
• Stabilizes rate of rate increases
• Supports economic growth for the whole city by providing housing expansion
• Positions Woodside and Cedar Circle to connect by gravity. Sets stage for remainder of Edgecliff to connect to main city sewer through a lift station.
• Impacts to those on septic
  ➢ Requires sewer fees, connections and monthly payments
  ➢ Eliminates costs for septic maintenance
  ➢ Ensures property usage if septic fails
• Increases property value
  ➢ Gain usable lot SQFT by converting septic area and reserve drain field to gardens, remodeling and housing
  ➢ Detached ADU possibility allows owners more options for development
• Reduces risk of fecal matter getting into storm water runoff
Storm Water Utility Benefits

• Decreases property damage by improving collection to outfall and moving water away from properties
• Decreases standing water which protects homes
• Reduces pedestrian hazards due to water on roadway or frozen puddles
• County outfall to be improved at end of Edgecliff by the county
• Channels West Edgecliff, Decker and Furman runoff to Noble Creek outfall
• Positive environmental impacts
  ➢ Reduces water infiltration by redirecting runoff to outfalls
  ➢ Offers potential for voluntary home site storm system hookup along bluff
Utility Benefits Summary

• Positions the entire city for a future of housing and economic growth
• Extends utility integrity and life expectancy
• Grows major city sector through sewer extension by gravity
• Enhances storm water management and pedestrian safety
• Improves outflow to Puget Sound and bluff stability
• Widens area of affordable housing development
• Connecting to sewer is available and optional for economic or contingent reasons
• Saves up to 30% economy of scale by bundling
• Limits to one time disruption for equipment staging and paving
• Potentially increases property values throughout the city
• Repaving of streets for improved drainage and safety
• Pulls projects out of current CIP allowing those further out to be done sooner
Questions & Discussion
Costs & Financing Strategies
# Overview of Projected Costs

## Table 1 Capital Improvement Projects

<table>
<thead>
<tr>
<th>Project #</th>
<th>Location</th>
<th>Water</th>
<th>Sewer</th>
<th>Storm</th>
<th>Streets</th>
<th>Sidewalk</th>
<th>Shared Project Costs*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIP -1</td>
<td>Edgecliff Drive</td>
<td>210,500</td>
<td>173,300</td>
<td>137,700</td>
<td>137,500</td>
<td></td>
<td>726,190</td>
<td>1,385,190</td>
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<tr>
<td>CIP -2</td>
<td>Furman &amp; Decker</td>
<td>175,500</td>
<td>311,300</td>
<td>286,300</td>
<td>232,300</td>
<td></td>
<td>1,096,946</td>
<td>2,102,346</td>
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<tr>
<td>CIP -3</td>
<td>Al Anderson-Louisa-6th</td>
<td>47,000</td>
<td></td>
<td>30,200</td>
<td></td>
<td>191,068</td>
<td></td>
<td>268,268</td>
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<tr>
<td>CIP -4</td>
<td>6th- Al Anderson - Cascade</td>
<td></td>
<td></td>
<td>134,900</td>
<td>120,800</td>
<td></td>
<td>374,542</td>
<td>630,242</td>
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<tr>
<td>CIP -5</td>
<td>Edgecliff Drive(Furman-Limits)</td>
<td></td>
<td></td>
<td>212,500</td>
<td>40,300</td>
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<td>453,916</td>
<td>706,716</td>
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<tr>
<td>CIP -6</td>
<td>6th-2 sections AA &amp; CC</td>
<td>80,200</td>
<td></td>
<td>53,000</td>
<td></td>
<td></td>
<td>231,826</td>
<td>365,026</td>
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<td>CIP -7</td>
<td>4th Street</td>
<td>41,300</td>
<td></td>
<td>16,400</td>
<td></td>
<td></td>
<td>98,396</td>
<td>156,096</td>
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<tr>
<td>CIP -8</td>
<td>Third Street</td>
<td>42,500</td>
<td></td>
<td>22,800</td>
<td></td>
<td></td>
<td>95,071</td>
<td>160,371</td>
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<tr>
<td>CIP -9</td>
<td>6th Park-Anthes</td>
<td>107,000</td>
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<td>37,500</td>
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<td></td>
<td>174,688</td>
<td>319,188</td>
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<tr>
<td>CIP -10</td>
<td>4th Street (Anthes-Cascade)</td>
<td>184,700</td>
<td></td>
<td>46,400</td>
<td></td>
<td></td>
<td>266,359</td>
<td>497,459</td>
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<tr>
<td>CIP -11</td>
<td>Island View</td>
<td>112,900</td>
<td></td>
<td></td>
<td></td>
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<td>130,633</td>
<td>243,533</td>
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<tr>
<td>CIP -12</td>
<td>6th Street-west</td>
<td>31,500</td>
<td></td>
<td>27,700</td>
<td></td>
<td></td>
<td>100,115</td>
<td>159,315</td>
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<tr>
<td><strong>Total Estimated Project Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>6,993,750</strong></td>
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</tbody>
</table>

*Shared Project Costs include contingency, temp traffic control, mobilization, sales tax, engineering, permitting, construction management, etc.*
### Table 3 CIP Package Split by Program

<table>
<thead>
<tr>
<th>CIP Package by Program</th>
<th>Water</th>
<th>Sewer</th>
<th>Storm</th>
<th>Streets/Sidewalk</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Project Cost</td>
<td>1,686,909</td>
<td>1,614,426</td>
<td>1,899,432</td>
<td>1,792,983</td>
<td>6,993,750</td>
</tr>
<tr>
<td>Percentage of CIP Package</td>
<td>24%</td>
<td>23%</td>
<td>27%</td>
<td>26%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**CIP Package by Program**

- **WATER**: 24% (STREETS / SIDEWALKS: 26%, SEWER: 23%, STORM: 27%)
Recommended Funding Model

After considering many funding models, the LIC chose the lowest cost option for each person in Langley

1. August: $3M grant decision
2. November election: $4M levy*
   1. Affects property taxes in amounts of approximately $240 per year *
   2. No impact of these projects on utility rates

* • Based on hypothetical $400K home
  • 30 year bond
  • 3.75% interest
  • 0.60/1000 levy rate
## Status of Funding Grant Application

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
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</thead>
<tbody>
<tr>
<td>4/1/2019</td>
<td>Mayor filed application for 2019 Rural County Economic Development Infrastructure Grant</td>
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</tbody>
</table>
| 5/28/19 10:00 am | Board of County Commissioners Orals in Coupeville  
Location: Island County Commissioners Hearing Room |
| 8/9/19     | Grant decision made public                                             |

If you desire to support the grant, you may:
- Attend the May 28 Orals in person
- Write a letter to any or all Island County Commissioners in support of the Grant. A suggested text is in your handout
Bond Levy Perspective

2018-2019 Property Tax Levy Breakdown

$4M 30YR Bond at 3.75% est. additional $.60 rate per $1000 a.v.
# Steps for Langley Infrastructure Program (LIP)

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Who?</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/14/19</td>
<td>City Hall</td>
<td>LIC</td>
<td>Focus Group presentation</td>
</tr>
</tbody>
</table>
| 5/14-28  |          |      | • City begins compiling “factual” voter information  
|          |          |      | • “YES” & “NO” Election Committees formed, begins work on voter campaign |
| 5/28/19  | LMC      | LIC  | Public Meeting |
| 5/28/19  |          | Staff| Notify bond attorney to begin drafting ballot title |
| 7/1/19   | City Hall| Council 1<sup>st</sup> Reading: Council reviews 1<sup>st</sup> draft ballot title and resolution |
| 7/15/19  | City Hall| Council 2<sup>nd</sup> Reading: Council approves ballot title and resolution |
| 8/6/19   | County   |      | Resolution filing deadline |
| 8/9/19   | County   |      | Grant decision public |
| 10/18/19 | County   |      | Ballots mailed |
| 11/5/19  | County   |      | Election Date |
| 12/17/19 | County   |      | Set final interest rates and present to Mayor & Finance Director |
| 12/18/19 | Staff    |      | Notify County Assessor & Treasurer of final payment for 2020 Tax Roll |
| 12/30/19 |          |      | Delivery Date of Bond proceeds for the project |
Questions & Discussion