



LYNNWOOD FINANCE COMMITTEE - regular Finance Committee meeting

Conference room 4, City Hall

WEDNESDAY, SEPTEMBER 25, 2024 3:30 PM

-
1. CALL TO ORDER
 2. ROLL CALL
 3. FINANCIAL REPORTS
 - 3.A [Sales Tax Report](#) - 20 minutes
Michelle Meyer, Finance Director
 4. DISCUSSION ITEM
 - 4.A [Opioid Settlement Funding](#) - 30 minutes
Julie Moore, Assistant City Administrator; Cole Langdon, Police Chief; Michelle Meyer, Finance Director
 - 4.B [Tax Increment Financing Overview](#) - 30 minutes
Bob Stowe, Stowe Development & Strategies; Ben Wolters, Economic Development Manager
 5. ADJOURN

FINANCE COMMITTEE 3.A

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE: Sales Tax Report

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

Review of Sales Tax Revenues through August 2024

PRESENTER:

Michelle Meyer, Finance Director

ESTIMATED TIME:

20

BACKGROUND:

The City receives Sales Tax revenue distributions on a monthly basis for sales that occurred two months prior. Detailed reports through June 2024 sales (revenues received through August 2024) will be reviewed.

SUGGESTED ACTION:

Review of Sales Tax detail

PREVIOUS COUNCIL ACTIONS:

The Finance Committee reviews monthly sales tax detail at each meeting.

DEPARTMENT ATTACHMENTS

Description:

[Lynnwood Sales Tax Analysis Through Aug 2024.pdf](#)



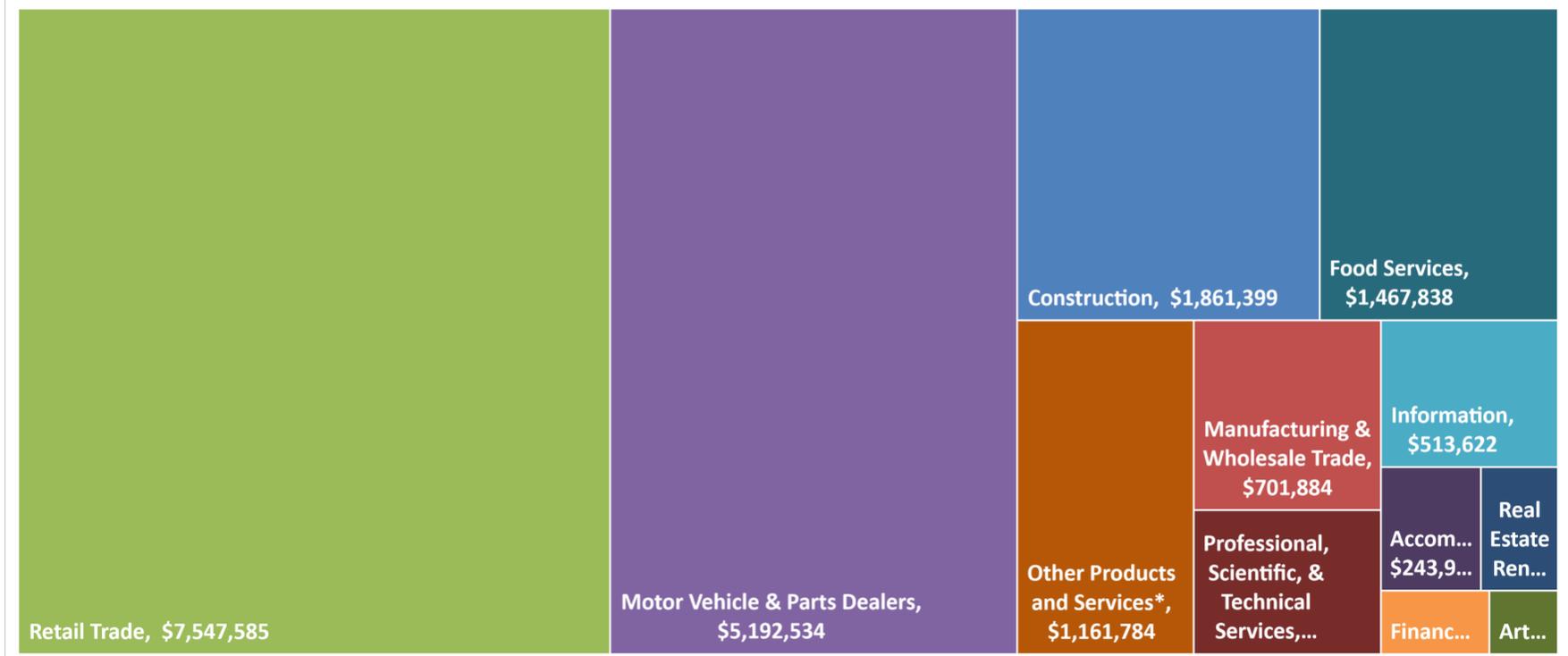
Sales Tax Analysis - Annual Summary
August 2024

Tax Categories	Jan - Aug 2021	Jan - Aug 2022	Jan - Aug 2023	Jan - Aug 2024
Construction	\$ 1,997,803	\$ 2,298,523	\$ 2,169,665	\$ 1,861,399
Manufacturing & Wholesale Trade	\$ 631,507	\$ 562,194	\$ 587,242	\$ 701,884
Retail Trade	\$ 6,789,296	\$ 7,346,356	\$ 7,829,806	\$ 7,547,585
Motor Vehicle & Parts Dealers	\$ 4,455,998	\$ 4,571,303	\$ 5,559,479	\$ 5,192,534
Information	\$ 412,523	\$ 418,037	\$ 494,953	\$ 513,622
Finance & Insurance	\$ 266,131	\$ 232,449	\$ 136,175	\$ 135,155
Real Estate Rental and Leasing	\$ 189,040	\$ 201,165	\$ 199,204	\$ 188,495
Professional, Scientific, & Technical Services	\$ 572,709	\$ 390,622	\$ 479,637	\$ 532,301
Arts, Entertainment, & Recreation	\$ 59,501	\$ 81,190	\$ 101,727	\$ 85,693
Accommodation	\$ 150,311	\$ 231,767	\$ 230,078	\$ 243,965
Food Services	\$ 1,054,365	\$ 1,196,171	\$ 1,395,333	\$ 1,467,838
Other Products and Services*	\$ 969,822	\$ 1,187,945	\$ 1,235,251	\$ 1,161,784
Total Sales Tax Collected**	\$ 17,549,006	\$ 18,717,722	\$ 20,418,550	\$ 19,632,255
Budgeted Sales Tax Collections	\$ 24,453,852	\$ 24,744,533	\$ 30,180,485	\$ 30,320,115
Realized Revenue as Compared to Budget	72%	76%	68%	65%

*Categories with small amounts of sales tax revenues have been combined

**Totals do not reflect deduction of admin fees paid to the State

YEAR TO DATE SALES TAX COLLECTION BY CATEGORY

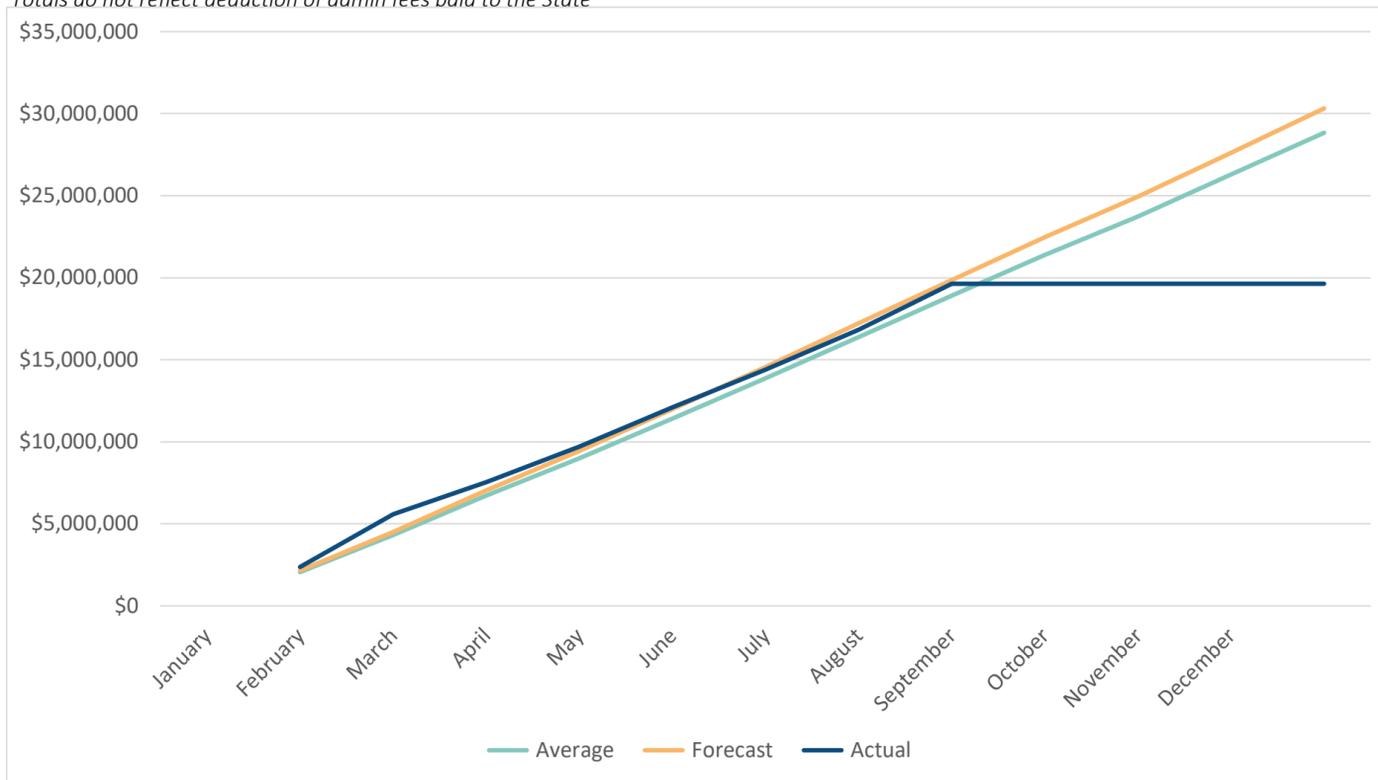




Sales Tax Analysis - Annual Summary
August 2024

	2021	2022	2023	3-Year Average Collection 2021 - 2023		Forecast 2024	Actual 2024	% Change 2023 - 2024
				Rate	Amount			
January	\$ 1,673,176	\$ 1,901,553	\$ 2,599,135	7.09%	\$ 2,057,955	\$ 2,150,616	\$ 2,371,961	-9.58%
February	1,733,822	2,074,600	2,998,393	7.80%	2,268,938	2,366,224	3,222,618	6.96%
March	2,355,720	2,568,509	2,266,392	8.34%	2,396,874	2,527,224	1,942,924	-16.65%
April	2,267,311	2,271,016	2,250,420	7.87%	2,262,916	2,385,189	2,159,099	-4.23%
May	2,286,658	2,404,506	2,601,479	8.43%	2,430,881	2,555,587	2,412,733	-7.82%
June	2,456,345	2,631,081	2,257,084	8.52%	2,448,170	2,583,479	2,281,087	1.05%
July	2,405,512	2,485,667	2,638,901	8.71%	2,510,027	2,640,648	2,443,305	-8.01%
August	2,370,461	2,380,789	2,806,745	8.73%	2,519,332	2,646,757	2,798,530	-0.29%
September	2,348,178	2,485,667	2,636,686	8.64%	2,490,177	2,618,532	-	NA
October	2,191,649	2,380,789	2,500,321	8.17%	2,357,586	2,478,280	-	NA
November	2,296,275	2,734,291	2,583,228	8.80%	2,537,931	2,668,133	-	NA
December	2,717,370	2,658,769	2,284,092	8.90%	2,553,410	2,699,446	-	NA
Total Sales Tax Collected**	\$ 27,102,477	\$ 28,977,237	\$ 30,422,876			\$ 30,320,115	\$ 19,632,255	
Percentage Increase(Decrease)		6.47%	4.75%					

**Totals do not reflect deduction of admin fees paid to the State

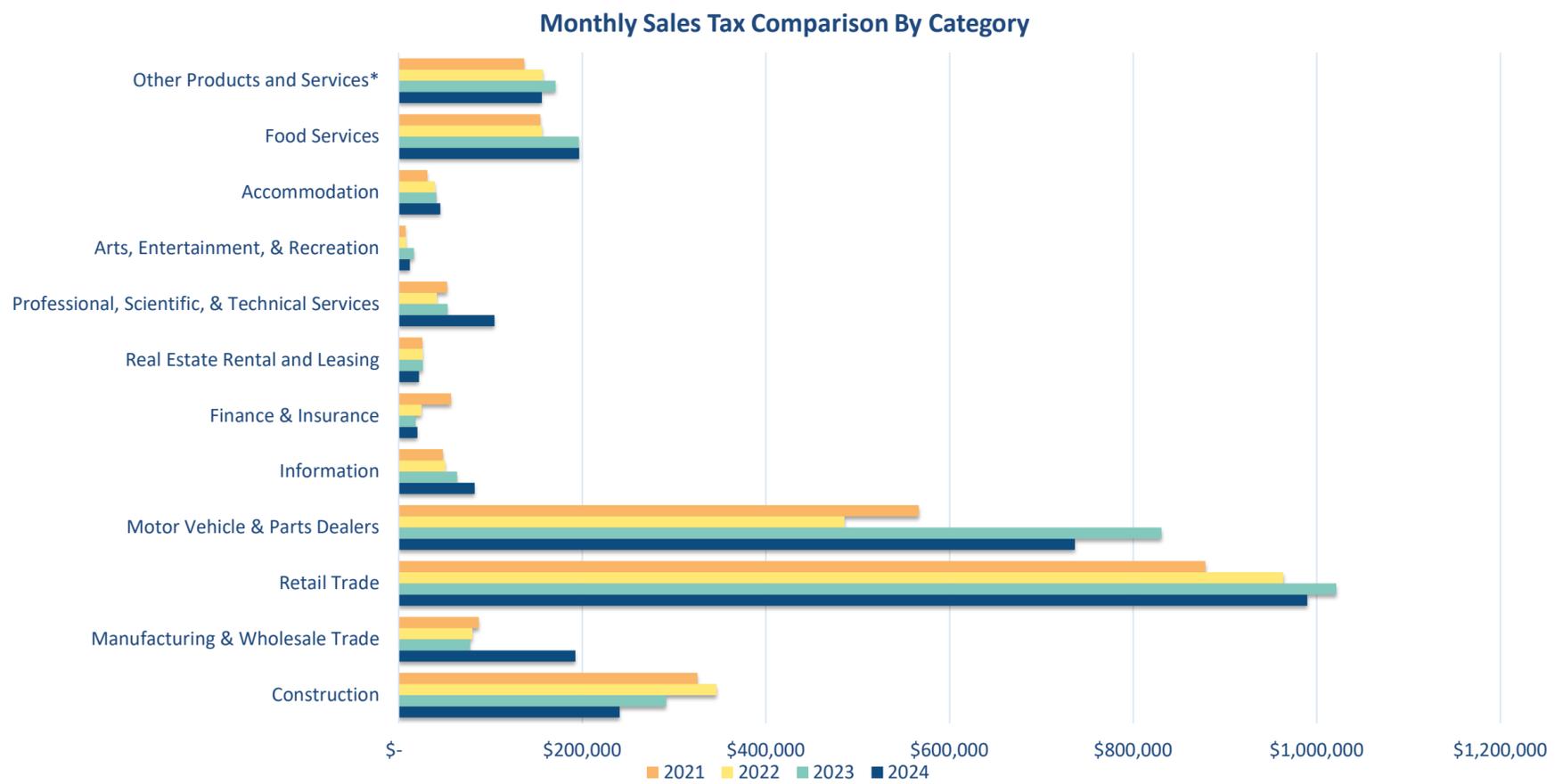




Sales Tax Analysis - Monthly Comparison
August 2024

Tax Categories	August 2021	August 2022	August 2023	August 2024	Change in Collections from Prior Year	
	\$	\$	\$	\$	\$	%
Construction	\$ 325,354	\$ 346,384	\$ 291,474	\$ 240,750	\$ (50,724)	(17.40%)
Manufacturing & Wholesale Trade	87,387	80,352	77,545	192,476	114,931	148.21%
Retail Trade	878,446	963,608	1,021,155	989,740	(31,415)	(3.08%)
Motor Vehicle & Parts Dealers	566,465	485,615	830,708	736,612	(94,096)	(11.33%)
Information	48,186	50,896	63,516	82,644	19,128	30.12%
Finance & Insurance	56,821	24,784	18,285	20,191	1,906	10.42%
Real Estate Rental and Leasing	25,806	26,191	26,261	22,221	(4,040)	(15.38%)
Professional, Scientific, & Technical Services	52,696	41,727	53,130	104,152	51,022	96.03%
Arts, Entertainment, & Recreation	7,586	7,938	16,622	12,255	(4,367)	(26.27%)
Accommodation	31,011	39,695	40,979	45,182	4,203	10.26%
Food Services	154,135	156,344	196,102	196,483	381	0.19%
Other Products and Services*	136,569	157,255	170,968	155,825	(15,143)	(8.86%)
Total Sales Tax Collected**	\$ 2,370,460	\$ 2,380,789	\$ 2,806,745	\$ 2,798,530	\$ (8,214)	-0.29%

*Categories with small amounts of sales tax revenues have been combined. **Totals do not reflect deduction of admin fees paid to the State





Sales Tax Analysis - Monthly Category Comparisons
August 2024

Sum of Accumulation Amount	Column Labels
Row Labels	Construction 2024
January	\$230,394
February	\$260,649
March	\$129,642
April	\$207,877
May	\$277,528
June	\$267,392
July	\$247,167
August	\$240,750
Grand Total	\$1,861,399



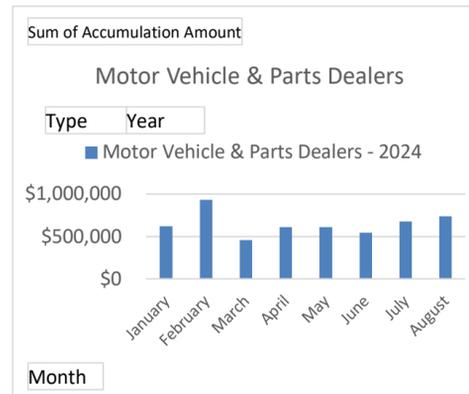
Sum of Accumulation Amount	Column Labels
Row Labels	Manufacturing & Wholesale Trade 2024
January	\$62,020
February	\$75,409
March	\$61,810
April	\$92,119
May	\$65,921
June	\$69,359
July	\$82,770
August	\$192,476
Grand Total	\$701,884



Sum of Accumulation Amount	Column Labels
Row Labels	Retail Trade 2024
January	\$975,418
February	\$1,327,483
March	\$815,474
April	\$776,189
May	\$898,119
June	\$872,310
July	\$892,853
August	\$989,740
Grand Total	\$7,547,585



Sum of Accumulation Amount	Column Labels
Row Labels	Motor Vehicle & Parts Dealers 2024
January	\$621,865
February	\$933,351
March	\$457,203
April	\$609,106
May	\$612,111
June	\$543,604
July	\$678,682
August	\$736,612
Grand Total	\$5,192,534



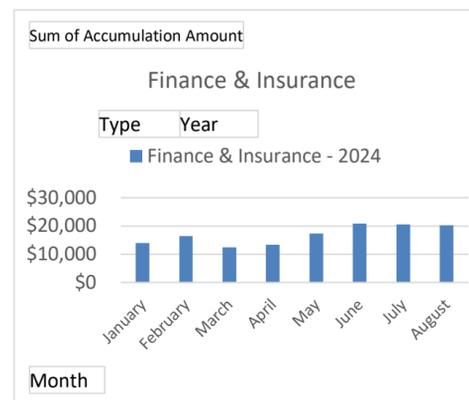


Sales Tax Analysis - Monthly Category Comparisons
August 2024

Sum of Accumulation Amount	Column Labels
Row Labels	Information 2024
January	\$61,909
February	\$79,509
March	\$56,764
April	\$55,002
May	\$64,283
June	\$53,714
July	\$59,798
August	\$82,644
Grand Total	\$513,622



Sum of Accumulation Amount	Column Labels
Row Labels	Finance & Insurance 2024
January	\$13,981
February	\$16,449
March	\$12,451
April	\$13,332
May	\$17,394
June	\$20,852
July	\$20,504
August	\$20,191
Grand Total	\$135,155



Sum of Accumulation Amount	Column Labels
Row Labels	Real Estate Rental and Leasing 2024
January	\$22,268
February	\$31,194
March	\$21,684
April	\$18,397
May	\$26,310
June	\$25,942
July	\$20,480
August	\$22,221
Grand Total	\$188,495



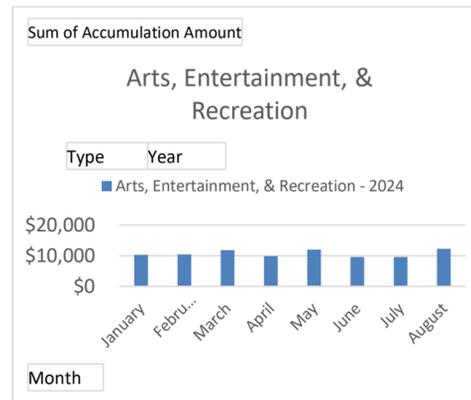
Sum of Accumulation Amount	Column Labels
Row Labels	Professional, Scientific, & Technical 2024
January	\$45,116
February	\$100,104
March	\$45,550
April	\$40,980
May	\$54,405
June	\$80,214
July	\$61,782
August	\$104,152
Grand Total	\$532,301





Sales Tax Analysis - Monthly Category Comparisons
August 2024

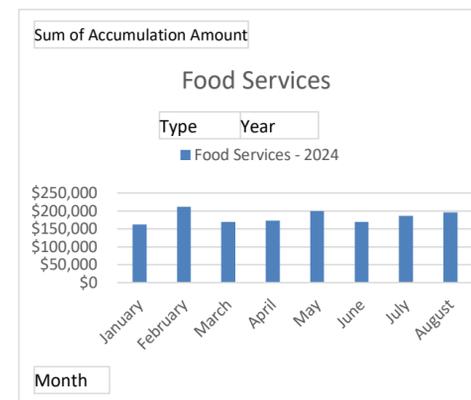
Sum of Accumulation Amount	Column Labels
Row Labels	Arts, Entertainment, & Recreation 2024
January	\$10,231
February	\$10,417
March	\$11,822
April	\$9,846
May	\$11,980
June	\$9,615
July	\$9,528
August	\$12,255
Grand Total	\$85,693



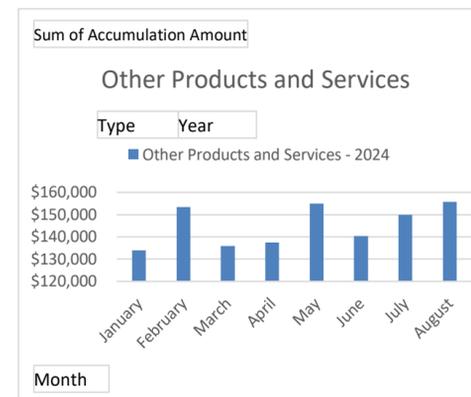
Sum of Accumulation Amount	Column Labels
Row Labels	Accommodation 2024
January	\$33,165
February	\$22,736
March	\$25,383
April	\$26,162
May	\$29,785
June	\$28,036
July	\$33,516
August	\$45,182
Grand Total	\$243,965



Sum of Accumulation Amount	Column Labels
Row Labels	Food Services 2024
January	\$161,561
February	\$211,812
March	\$169,326
April	\$172,679
May	\$199,940
June	\$169,712
July	\$186,325
August	\$196,483
Grand Total	\$1,467,837



Sum of Accumulation Amount	Column Labels
Row Labels	Other Products and Services 2024
January	\$134,033
February	\$153,506
March	\$135,815
April	\$137,410
May	\$154,957
June	\$140,337
July	\$149,901
August	\$155,825
Grand Total	\$1,161,784



FINANCE COMMITTEE 4.A

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE: Opioid Settlement Funding

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

Review of opioid settlement funds and limited uses

PRESENTER:

Julie Moore, Assistant City Administrator; Cole Langdon, Police Chief; Michelle Meyer, Finance Director

ESTIMATED TIME:

30

BACKGROUND:

In May, 2022, City Council authorized the Mayor to enter into the One Washington Opioid Settlement Memorandum of Understanding initiated from the Washington State Attorney General's Office. Since that time, the City has entered into multiple opioid settlement agreements, with varied funding amounts and schedules. The attached presentation will review the various settlements, available funding and limited uses.

SUGGESTED ACTION:

Review balance of opioid settlement funds and discuss limited uses.

PREVIOUS COUNCIL ACTIONS:

May of 2022: Council authorization to participate in the first opioid settlement agreement with McKesson, Cardinal Health, AmerisourceBergen and Johnson & Johnson.

April of 2023: Council authorization to participate in additional opioid settlement agreement with CVS, Walgreens, Walmart, Teva, and Allergan.

March of 2024: Council authorization to participate in additional opioid settlement agreement with Janssen.

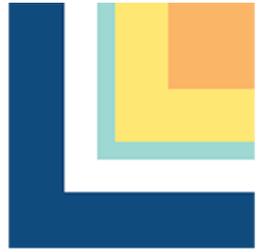
July of 2024: Council authorization to participate in additional opioid settlement agreement with Kroger.

FUNDING:

DEPARTMENT ATTACHMENTS

Description:

[Opioid funding 9.2024.pdf](#)



LYNNWOOD
WASHINGTON

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Opioid Settlement Funds

Julie Moore, Assistant City Administrator

Background

- In May of 2022, City Council authorized the Mayor to sign an MOU to join the One Washington Opioid Settlement.
- Since the initial settlement, the State AG's Office has filed six additional suits for the state of Washington. The City of Lynnwood has signed on to participate in all of the available settlements.
- Another suit is forthcoming, and the Council will be asked to authorize the Mayor to enter into this additional suit.

Conditions

- As a condition of receiving a direct payment, each Participating Local Government, we agree to undertake the following actions:
 - Develop a methodology for obtaining proposals for use of Opioid Funds.
 - Ensure there is opportunity for community-based input on priorities for Opioid Fund programs and services
 - Receive and review proposals for Opioid funds for approved purposes.
 - Receiving funds from the Trustee for approved proposals and distributing the Opioid Funds to the recipient.
 - Reporting to the OAC and making publicly available all decisions on Opioid Fund allocation applications, distribution and expenditures.

Funding Amounts

Settlements	Total Settlement	Settlement Term Years	Est. Lynnwood Disbursement	Total Received to Date	Est. Remaining Disbursement	Avg. Annual Disbursements
Distributors Settlement	\$215,000,000	17	\$1,585,976	\$300,699	\$1,285,277	\$91,805
Pharmacies & Manufacturers						
- Teva	\$45,350,000	13	\$275,064	\$42,643	\$232,421	\$21,129
- Allergan	\$25,000,000	7	\$163,741	\$47,057	\$116,684	\$23,337
- CVS	\$55,300,000	10	\$362,347	\$46,948	\$315,399	\$39,425
- Walgreens	\$60,150,000	15	\$394,073	\$50,470	\$343,603	\$26,433
- Walmart	\$30,361,000	1	\$205,209	\$205,209	-	-
- McKinsey		1	\$32,608	\$32,608	-	-
- Janssen Washington		1	\$424,306	\$424,306	-	-
TOTAL	\$431,161,000		\$3,443,324	\$1,149,940	\$2,293,384	\$202,129

Opioid Abatement Strategies – Approved Use of Funds

- A. Treat opioid use disorder
- B. Support people in treatment and recovery
- C. Connect people who need help to the help they need (connections to care)
- D. Address the needs of criminal-justice involved persons
- E. Address the needs of pregnant or parenting women and their families, including babies with neonatal abstinence syndrome
- F. Prevent over-prescribing and ensure appropriate prescribing and dispensing of opioids
- G. Prevent misuse of opioids
- H. Prevent overdose deaths and other harms
- I. First responders
- J. Leadership, planning and coordination
- K. Training
- L. Research

Potential Use of Funds

- Release funding to Snohomish County
- Training for employees on the use of Narcan, signs of overdose
- Peer Navigator Position with the Lynnwood Police Department, based in the Lynnwood Jail
- Social Worker, or Case Management Position with the Lynnwood Police Department
- Medically Assisted Treatment (MAT) for individuals in the Lynnwood Jail
- Flex Fund Monies available to the Community Health and Safety Section of the Lynnwood Police Department
- Funding for Community Court / Therapeutic Court
- Education and outreach to individuals impacted by opioids
- Narcan Kits for public distribution

FINANCE COMMITTEE 4.B

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE: Tax Increment Financing Overview

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

Overview of Tax Increment Financing

PRESENTER:

Bob Stowe, Stowe Development & Strategies; Ben Wolters, Economic Development Manager

ESTIMATED TIME:

30

SUGGESTED ACTION:

Overview of Tax Increment Financing Laws, Uses and District Formation

FUNDING:

DEPARTMENT ATTACHMENTS

Description:

[TIF PRESENTATION 2024.pdf](#)

Tax Incremental Financing Lynnwood Finance Committee Meeting



SDS TIF Work

The SDS/ECO team have completed a Project Analysis for the seven cities below and are working with several more cities and counties for the next Tax Increment Area (TIA) formation which occurs June 1, 2025.

City	Public Improvements	TIF Revenue Support
City of Pasco	Streets, utilities, signalization, & highway loop ramp	\$32 - \$39 million
City of Kirkland	Sewer main, park development, & roadway widening	\$18 - \$58 million
City of Chelan	Reservoir/booster pump & related water main extensions	\$9 - \$16 million
City of College Place	Streets, signalization, & downtown parking lots	\$8.2 million
City of Blaine	Streets, electrical, sewer, & water	\$3.5 million
City of Lakewood	Parks Acquisition and Development	\$15 million
City of Moses Lake	Streets and Utilities	\$14 million

All the above cities, except Blaine, have formed a TIA effective June 1, 2024.

Additional SDS TIF Agencies

In Progress TIF Agencies

- Renton
- Sequim
- Douglas County
- Lynnwood
- Burien
- Yakima (Paused)
- Washougal (Paused)
- Chambers Bay (Paused)

Tax Increment Financing

Chapter 39.114 RCW

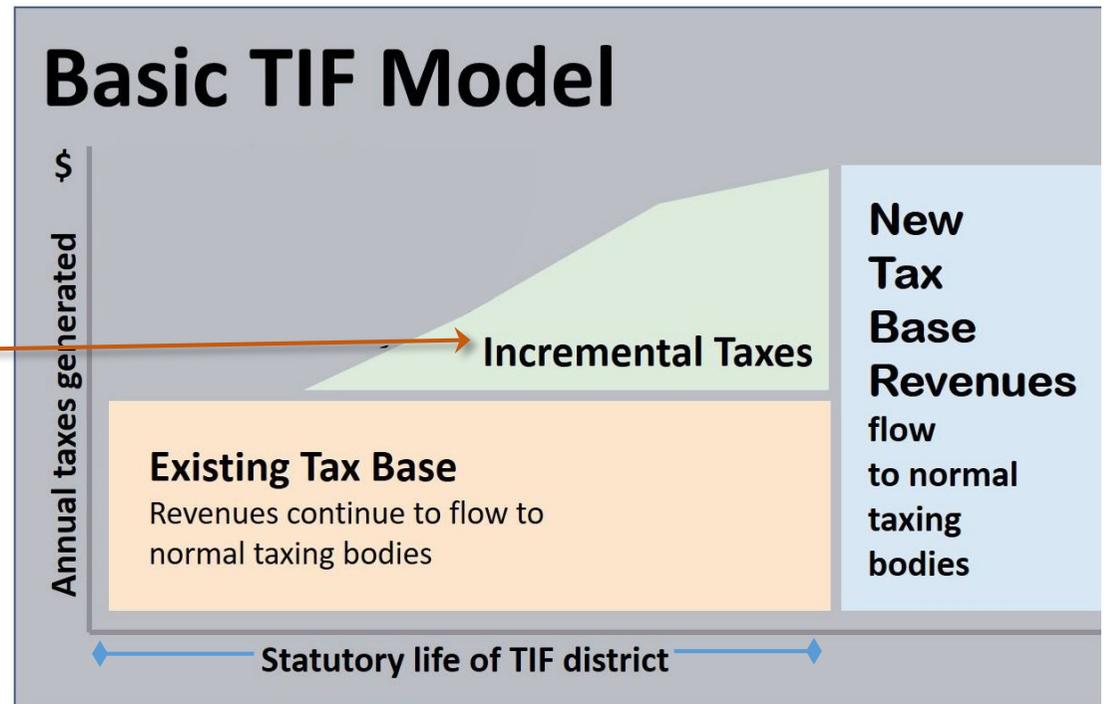
Model

Generally, TIF captures property taxes generated from increased assessed valuation on the site that results from private development following infrastructure investment.

Washington State TIF law excludes State property tax and voter approved school levies.

Revenues from **REGULAR** property taxes assessed against the **Increment Value** only, are captured:

- ✓ To pay “**public improvement costs**”
- ✓ To **repay bonds** issued for “public improvements”



Overview of Tax Increment Financing

SUMMARY

- Available to cities, counties, and ports.
- Powerful economic development tool.
- Designed for specific project/site – Not build infrastructure and hope/wait for development.
- Projects will not occur “but for” the public investment in infrastructure – “But-For” Requirement.
- Results in creation of new assessed value, public benefits, construction of desired development and short/long-term jobs.
- Taxes from the development fund the public infrastructure needed by the development.

Overview of Tax Increment Financing

KEY ELEMENTS

Adoption of ordinance designating increment area, public improvements, and whether bonds will be issued. Limitations:

- No more than two active increment areas and they may not overlap.
- Increment areas may not total more than \$200 million in assessed valuation, or more than 20% of the total assessed valuation of the sponsoring jurisdiction, whichever is less.
- Cannot add additional public improvements or change the boundary of the increment area once adopted.
- Must include a deadline by when construction of public improvements will begin.
- The local government may only receive TIF revenues for the period of time necessary to pay the costs of the public improvements.
- If the local government finances the public improvements, the increment area must be retired no more than 25 years.

Overview of Tax Increment Financing

KEY ELEMENTS

Eligible Infrastructure improvements owned by a local government within or outside of and serving the increment area that include:

- Street and road construction;
- Water and sewer system construction and improvements;
- Sidewalks and other non-motorized transportation improvements and streetlights;
- Parking, terminal, and dock facilities;
- Park and ride facilities or other transit facilities;
- Park and community facilities and recreational areas;
- Stormwater and drainage management systems;
- Electric, broadband, or rail service;
- Mitigation of brownfields; **or**

Eligible expenditures for any of the following purposes:

- Purchasing, rehabilitating, retrofitting for energy efficiency, and constructing housing for the purpose of creating or preserving long-term affordable housing;
- Purchasing, rehabilitating, retrofitting for energy efficiency, and constructing child care facilities serving children and youth that are low-income, homeless, or in foster care; Providing maintenance and security for the public improvements; or
- Historic preservation activities authorized under RCW 35.21.395.

Overview of Tax Increment Financing

KEY ELEMENTS

Project Analysis

- Description of the expected private development within the TIA, with and without proposed public improvements – ***But For Requirement***
- An assessment of any impacts to the following:
 - Affordable and low-income housing
 - Local business community
 - Local school districts
 - Local fire service, public hospital districts, and emergency medical services
 - Other junior taxing districts

Overview of Tax Increment Financing

KEY ELEMENTS

Project Analysis

If 20% of the assessed value in the public hospital district or fire district impacted or the fire district's annual report or adopted capital facilities plan demonstrates an increase in the level of service directly related to the increment area, a mitigation plan must be negotiated.

If parties can not agree, the parties must proceed to arbitration – 3 member board with one appointed by TIF sponsor, one appointed by junior taxing districts and one appointed by other two arbitrators.

Overview of Tax Increment Financing

KEY ELEMENTS

Project Analysis – Continued

- Must include either specific or general description of public improvements along with cost estimates.

Note: Public Improvement don't need to be located inside of TIA, but there must be a nexus to private development.

- Must include a jobs analysis.
- Must include a risk assessment and mitigation plan.

Note: Passage of the TIA Ordinance does not commit a TIF sponsor to fund any of the proposed public improvements.

Overview of Tax Increment Financing

KEY ELEMENTS

- Provide notice to all local governments within increment area 90 days before submitting project analysis to OST.
- Submit to OST for review its 90-day review period.
- Submit Project Analysis to all local governments 90 days prior to anticipated TIA ordinance adoption.
- Hold two public briefings exclusively on the project no earlier than 90 days after submitting the project analysis to OST.
- Publish notice in public newspaper.
- Notice to county treasurer, county assessor, and governing body of each taxing district where the increment area is located.
- Increment area effective June 1 of any year.

TIF Observations

- TIF works best when private development projects are ready to go if not for the public improvement needs.
- Early outreach to other taxing districts is important.
- On average, we have seen TIF revenues generating about 5 percent of total increased value over 25-year period. Ex.- for every \$100M of AV increase, will support \$5M of public improvement debt.
- More education is needed regarding any impacts to other taxing districts.
- Subject to the scope and timing of private development, TIF revenues may be sufficient to pay for some or all of the identified infrastructure costs.

TIF Observations

- TIF sponsor will be responsible for any debt it issues regardless if development materializes. How to mitigate?
 - Development agreement that identify both private and public development responsibilities and timing will help mitigate surprises and any revenue shortage to cover annual payments.
 - Financial agreement in which developer(s) will financially backstop (some to all) annual debt not covered by TIF revenues.
 - Some also considering reimbursement agreements where developer is constructing and funding improvements and requests/receives TIF revenue when received by the TIF sponsor.



www.stowedes.com