



LYNNWOOD FINANCE COMMITTEE - Regular Finance Committee Meeting
City Hall, Conference Room 4
WEDNESDAY, JUNE 25, 2025 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 [LMC Updates for tax remittance deadlines](#) - 20 minutes
Michelle Meyer, Finance Director
 - 4.B [LMC Updates for Utility Billing](#) - 20 minutes
Michelle Meyer, Finance Director
 - 4.C [Opioid Funding Contract Requirements](#) - 20 minutes
Michelle Meyer, Finance Director; Julie Moore, Assistant City Administrator
 - 4.D [SHB 1406 Funding Status](#) - 10 minutes
Michelle Meyer, Finance Director
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

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 for March 2025 sales (revenues received in May 2025) 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 May 2025.pdf](#)



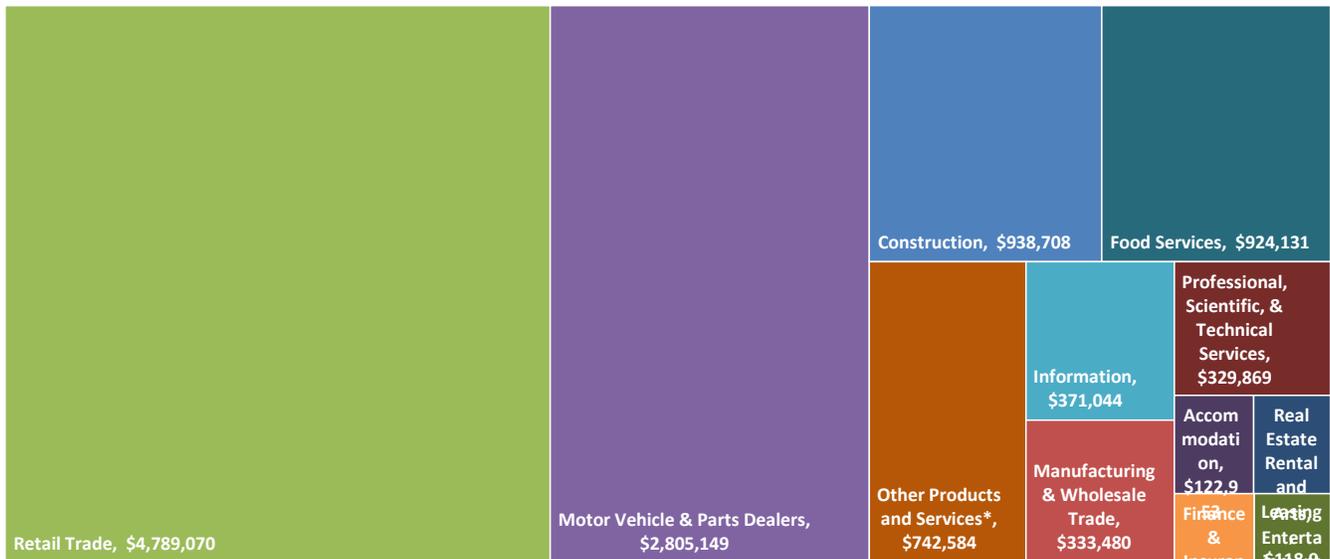
Sales Tax Analysis - Annual Summary
May 2025

Tax Categories	Jan - May 2022	Jan - May 2023	Jan - May 2024	Jan - May 2025
Construction	\$ 1,313,243	\$ 1,369,520	\$ 1,106,090	\$ 938,708
Manufacturing & Wholesale Trade	\$ 345,768	\$ 356,609	\$ 357,279	\$ 333,480
Retail Trade	\$ 4,299,647	\$ 4,934,371	\$ 4,792,683	\$ 4,789,070
Motor Vehicle & Parts Dealers	\$ 2,863,485	\$ 3,390,432	\$ 3,233,636	\$ 2,805,149
Information	\$ 252,902	\$ 368,863	\$ 317,467	\$ 371,044
Finance & Insurance	\$ 154,429	\$ 82,343	\$ 73,607	\$ 86,685
Real Estate Rental and Leasing	\$ 119,818	\$ 126,424	\$ 119,853	\$ 118,971
Professional, Scientific, & Technical Services	\$ 253,224	\$ 286,495	\$ 286,155	\$ 329,869
Arts, Entertainment, & Recreation	\$ 50,206	\$ 65,969	\$ 54,296	\$ 82,749
Accommodation	\$ 115,762	\$ 122,642	\$ 137,231	\$ 122,953
Food Services	\$ 722,429	\$ 846,199	\$ 915,318	\$ 924,131
Other Products and Services*	\$ 729,273	\$ 765,952	\$ 715,721	\$ 742,584
Total Sales Tax Collected**	\$ 11,220,186	\$ 12,715,819	\$ 12,109,336	\$ 11,645,393
Budgeted Sales Tax Collections	\$ 24,744,533	\$ 30,180,485	\$ 30,320,115	\$ 32,018,000
Realized Revenue as Compared to Budget	45%	42%	40%	36%

*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

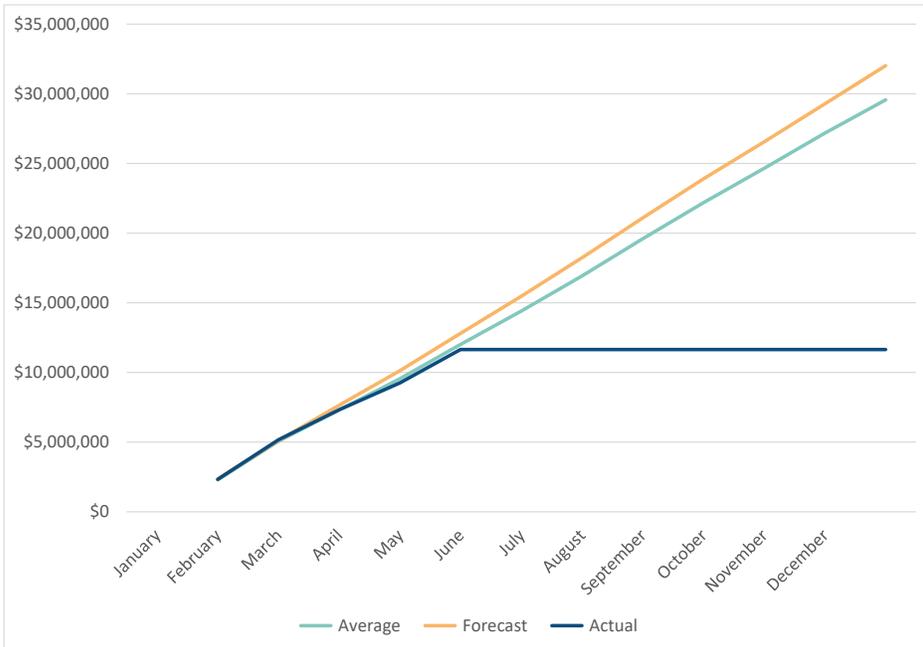




Sales Tax Analysis - Annual Summary
May 2025

	2022	2023	2024	4-Year Average Collection 2021 - 2024		Forecasted Budget 2025	Actual 2025	2025 Budget vs Actual	% Difference Budget vs Actual
				Rate	Amount				
January	\$ 1,901,553	\$ 2,599,135	\$ 2,371,961	7.34%	\$ 2,290,883	\$ 2,351,506	\$ 2,327,759	\$ (23,747)	-1.00%
February	2,074,600	2,998,393	3,222,619	8.60%	2,765,204	2,754,738	\$ 2,845,191	\$ 90,453	2.81%
March	2,568,511	2,266,392	1,942,924	7.91%	2,259,276	2,532,530	\$ 2,151,087	\$ (381,443)	-19.63%
April	2,271,016	2,250,420	2,159,099	7.74%	2,226,845	2,479,116	\$ 1,930,033	\$ (549,083)	-25.43%
May	2,404,506	2,601,479	2,412,733	8.38%	2,472,906	2,683,385	\$ 2,391,323	\$ (292,062)	-12.11%
June	2,631,081	2,257,082	2,281,087	8.34%	2,389,750	2,669,498	\$ -		
July	2,485,666	2,638,901	2,443,306	8.62%	2,522,624	2,759,108	\$ -		
August	2,380,789	2,806,745	2,798,531	8.94%	2,662,022	2,861,023	\$ -		
September	2,485,666	2,636,684	2,662,304	8.75%	2,594,885	2,801,440	\$ -		
October	2,380,789	2,500,319	2,529,350	8.29%	2,470,153	2,654,027	\$ -		
November	2,734,292	2,583,228	2,267,162	8.54%	2,528,227	2,732,739	\$ -		
December	2,658,768	2,284,091	2,198,929	8.55%	2,380,596	2,738,890	\$ -		
Total Sales Tax Collected**	\$ 28,977,237	\$ 30,422,869	\$ 29,290,005			\$ 32,018,000	\$ 11,645,393		
Increase (Decrease)		4.99%	-3.72%					\$ (1,155,882)	-9.03%
								YTD difference	YTD variance

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





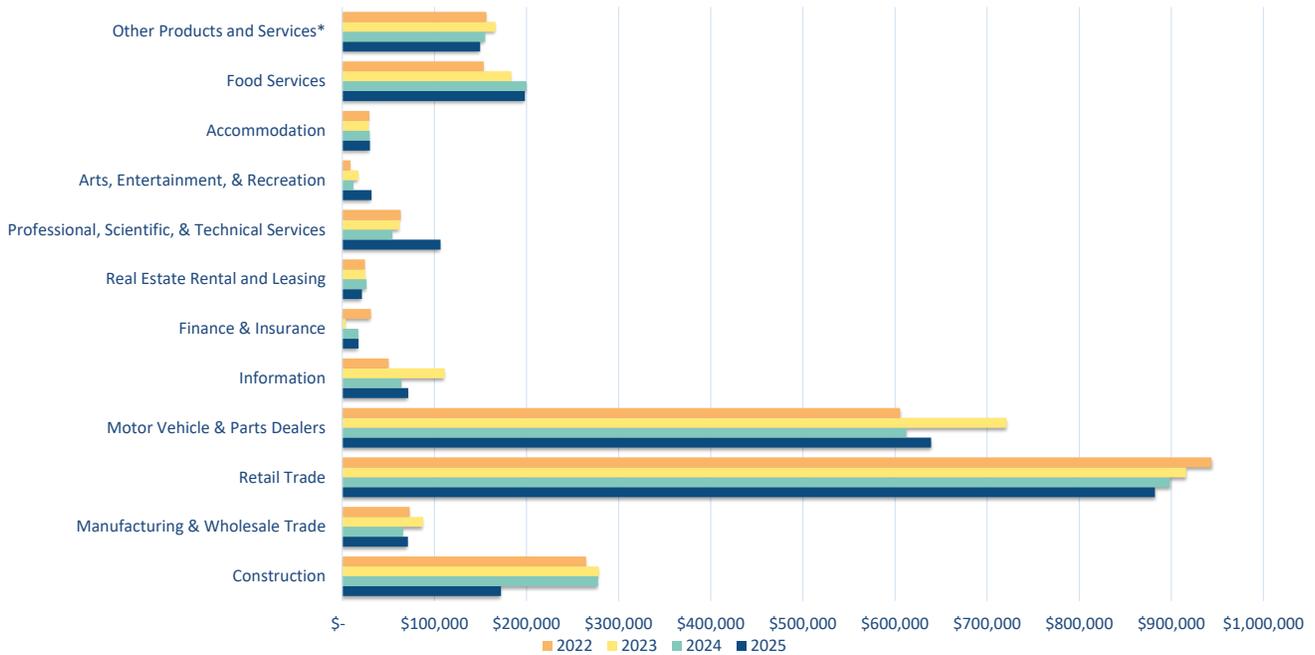
Sales Tax Analysis - Monthly Comparison
May 2025

Tax Categories	May 2022	May 2023	May 2024	May 2025	Change in Collections from Prior Year	
					\$	%
Construction	\$ 264,546	\$ 278,625	\$ 277,528	\$ 172,316	\$ (105,212)	-37.91%
Manufacturing & Wholesale Trade	73,064	87,808	65,921	71,229	5,308	8.05%
Retail Trade	943,555	916,047	898,119	882,183	(15,936)	-1.77%
Motor Vehicle & Parts Dealers	605,455	721,136	612,111	639,223	27,112	4.43%
Information	50,230	111,353	64,283	71,604	7,321	11.39%
Finance & Insurance	31,183	3,701	17,394	17,569	175	1.01%
Real Estate Rental and Leasing	24,572	25,029	26,310	21,297	(5,013)	-19.05%
Professional, Scientific, & Technical Services	63,516	62,131	54,405	106,542	52,137	95.83%
Arts, Entertainment, & Recreation	8,952	17,512	11,980	31,695	19,715	164.57%
Accommodation	29,489	28,594	29,785	29,915	130	0.44%
Food Services	153,534	183,340	199,940	198,197	(1,743)	-0.87%
Other Products and Services*	156,410	166,203	154,957	149,553	(5,404)	-3.49%
Total Sales Tax Collected**	\$ 2,404,506	\$ 2,601,479	\$ 2,412,733	\$ 2,391,323	\$ (21,410)	-0.89%

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

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

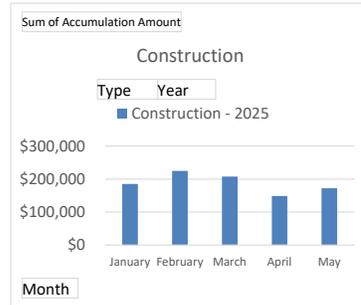
Monthly Sales Tax Comparison By Category





Sales Tax Analysis - Monthly Category Comparisons
January 2025

Sum of Accumulation Amount	Column Labels
Row Labels	Construction 2025
January	\$185,273
February	\$224,578
March	\$207,688
April	\$148,853
May	\$172,316
Grand Total	\$938,709



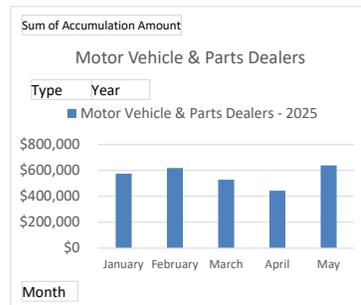
Sum of Accumulation Amount	Column Labels
Row Labels	Manufacturing & Wholesale Trade 2025
January	\$61,405
February	\$77,337
March	\$67,223
April	\$56,286
May	\$71,229
Grand Total	\$333,481



Sum of Accumulation Amount	Column Labels
Row Labels	Retail Trade 2025
January	\$995,202
February	\$1,321,357
March	\$806,535
April	\$783,793
May	\$882,183
Grand Total	\$4,789,070



Sum of Accumulation Amount	Column Labels
Row Labels	Motor Vehicle & Parts Dealers 2025
January	\$574,706
February	\$619,399
March	\$528,184
April	\$443,637
May	\$639,223
Grand Total	\$2,805,150



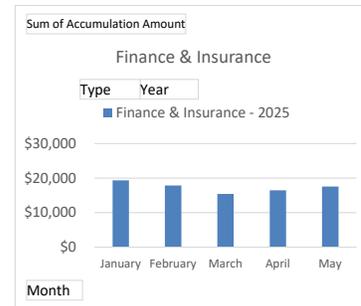


Sales Tax Analysis - Monthly Category Comparisons
January 2025

Sum of Accumulation Amount	Column Labels
Row Labels	Information 2025
January	\$62,905
February	\$91,277
March	\$71,443
April	\$73,815
May	\$71,604
Grand Total	\$371,045



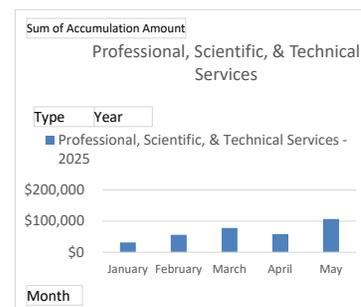
Sum of Accumulation Amount	Column Labels
Row Labels	Finance & Insurance 2025
January	\$19,348
February	\$17,870
March	\$15,424
April	\$16,474
May	\$17,569
Grand Total	\$86,686



Sum of Accumulation Amount	Column Labels
Row Labels	Real Estate Rental and Leasing 2025
January	\$23,444
February	\$32,475
March	\$20,921
April	\$20,834
May	\$21,297
Grand Total	\$118,972



Sum of Accumulation Amount	Column Labels
Row Labels	Professional, Scientific, & Technical Services 2025
January	\$31,311
February	\$56,116
March	\$77,731
April	\$58,169
May	\$106,542
Grand Total	\$329,869

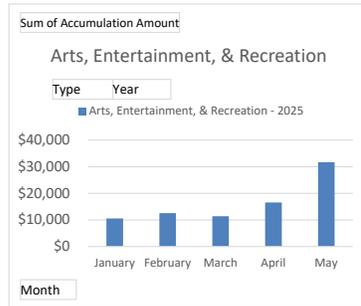




LYNNWOOD
WASHINGTON

Sales Tax Analysis - Monthly Category Comparisons
January 2025

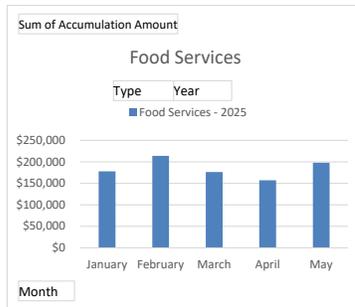
Sum of Accumulation Amount	Column Labels
Row Labels	Arts, Entertainment, & Recreation 2025
January	\$10,525
February	\$12,572
March	\$11,375
April	\$16,582
May	\$31,695
Grand Total	\$82,749



Sum of Accumulation Amount	Column Labels
Row Labels	Accommodation 2025
January	\$27,033
February	\$22,539
March	\$23,158
April	\$20,308
May	\$29,915
Grand Total	\$122,953



Sum of Accumulation Amount	Column Labels
Row Labels	Food Services 2025
January	\$178,157
February	\$214,157
March	\$176,353
April	\$157,267
May	\$198,197
Grand Total	\$924,131



Sum of Accumulation Amount	Column Labels
Row Labels	Other Products and Services 2025
January	\$158,450
February	\$155,514
March	\$145,052
April	\$134,015
May	\$149,553
Grand Total	\$742,584



FINANCE COMMITTEE 4.A

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE: LMC Updates for tax remittance deadlines

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

Discuss potential updates to LMC related to due dates for certain taxes

PRESENTER:

Michelle Meyer, Finance Director

ESTIMATED TIME:

20

BACKGROUND:

Various sections of the Lynnwood Municipal Code (LMC) refer to the deadline for submission of different taxes:

Section 3.41.050(A): Utility Tax

Section 3.43.100(B): Admissions Tax

Section 10.30.120(A): Gambling Tax

Utility Tax and Gambling Tax currently have a deadline of 15 days after the end of a quarter while Admissions Tax has a deadline of the last day of the month subsequent to a quarter (30 days). Staff recommends increasing this to 45 days to allow businesses time to accurately calculate and remit payments due.

A redlined copy of the proposed ordinance to update these due dates is attached.

SUGGESTED ACTION:

Discuss potential LMC updates

DEPARTMENT ATTACHMENTS

Description:

[LMC updates for deadline for tax remittance.pdf](#)



ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LYNNWOOD, WASHINGTON, AMENDING SECTIONS 3.41.050(A), 3.43.100(B), AND 10.30.120(A) OF THE LYNNWOOD MUNICIPAL CODE TO EXTEND THE DEADLINE FOR PAYMENT OF CERTAIN TAXES AND PROVIDING FOR SEVERABILITY; ESTABLISHING AN EFFECTIVE DATE; AND PROVIDING FOR SUMMARY PUBLICATION

WHEREAS, the City of Lynnwood collects various taxes in accordance with state law and sets the deadline for those payments through Lynnwood Municipal Code section 3.41.050(A) for Utility Tax, section 3.43.100 for Admissions Tax, and section 10.30.120(A) for Gambling Tax; and

WHEREAS, in order to allow taxpayers time to accurately calculate and remit payments due, the payment deadline will be extended to forty-five days;

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 extend the deadline for certain quarterly tax payments to forty-five days.

Section 2: Amendments.

Section 3.41.050(A) Quarterly Returns and Payment for Utility Taxes is hereby amended to read:

A. On or before the ~~fifteenth~~forty-fifth day following the end of each calendar quarter (i.e., ~~April-May~~ 15th, ~~July~~ August 15th, ~~October-November~~ 15th, and ~~January-February~~ 15th), each taxpayer shall remit payment for the preceding quarter's utility tax, accompanied by a quarterly statement showing the manner in which the quarterly payment is calculated. The quarterly statement shall be upon a form provided by the director and shall contain such information as may be necessary to enable the director to arrive at the lawful amount of the tax. The taxpayer shall, in a legible manner, provide all information required by the director on such returns, shall sign the same, and by affidavit shall swear or affirm that the information therein given is full and true and that the taxpayer knows the same to be so.

40 Section 3.43.100(B) Collection and Remittance for Admissions Tax is hereby amended to read:

41 B. The tax imposed by this chapter shall be due and payable on a quarterly basis ~~and~~
42 ~~remittance therefor shall accompany each return and be in the finance director's office~~
43 ~~by 5:00 p.m. P.S.T.~~ on or before the ~~last~~ fifteenth day of each ~~April~~ May, ~~July~~ August,
44 ~~October~~ November and ~~January~~ February, by the person, firm or corporation collecting
45 the same; provided, the finance director for good cause may require the return and
46 remittance of the admissions tax immediately upon its collection or at the conclusion of
47 the series of performances or exhibitions, or otherwise as the finance director deems
48 appropriate. The quarterly returns shall be made on forms provided by the finance
49 director, separately stating the number of admissions sold, the price for each admission,
50 and the amount of tax, shall be signed and verified by the person making the return, and
51 shall contain such other information as the finance director may specify.

52

53 Section 10.30.120(A) Tax Payments for Gambling Tax is hereby amended to read:

54 A. Quarterly. Quarterly payments of tax imposed by this chapter shall be due and
55 payable in quarterly installments, and remittance therefor shall be made on or before the
56 ~~fifteenth~~ forty-fifth day ~~of the month next succeeding~~ following the end of the quarterly
57 period in which the tax accrued. The remittance ~~shall be made by bond draft, certified~~
58 ~~check, cashier's check, money order, or in cash, and~~ shall be accompanied by a return on
59 a form to be provided and prescribed by the city finance ~~officer~~ director. The taxpayer
60 shall be required to swear or affirm that the information given on the tax return is full and
61 true and that the taxpayer knows the same to be so.

62

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

67

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

71

72 PASSED BY THE CITY COUNCIL THIS XX day of XXXXXXX, 2025.

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APPROVED:

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Christine Frizzell, Mayor

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82 ATTEST/AUTHENTICATED:

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86 _____
Luke Lonie, City Clerk

APPROVED AS TO FORM:

Lisa Marshall, City Attorney

FINANCE COMMITTEE 4.B

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE: LMC Updates for Utility Billing

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

Discuss potential updates to LMC related to utility billing

PRESENTER:

Michelle Meyer, Finance Director

ESTIMATED TIME:

20

BACKGROUND:

LMC Section 13.34 outlines specific procedures for the City's "Waterworks Utility" which refers to the water, sewer and surface water systems. Many of the procedures outlined in the LMC are based on the the Revised Code of Washington (RCW) Chapter 35, however much of the language in the LMC is not required in the RCW and can be updated by the municipality. Some sections of the code require small changes to update outdated language. Other sections require more in-depth review and updates to align with best practices and optimize billing software parameters while minimizing manual work outside of the system. The City is currently working with FCS to perform a utility rate study and staff will be working with FCS to review potential changes to rate structures and other LMC provisions.

A redlined copy of the proposed updates is not yet available but the segment of the LMC related to special utility rates and rebates is attached to inform the discussion.

SUGGESTED ACTION:

Discuss potential LMC updates

DEPARTMENT ATTACHMENTS

Description:

[LMC 13.20.080 .pdf](#)

13.20.080 Special utility rates and rebates.*

A. As provided and specified by the provisions of this section, qualifying low-income households shall be eligible to receive either special utility rates or a rebate on charges paid for water, sewer, and stormwater utility service.

1. Eligible residences must be within the corporate boundary of the city of Lynnwood and served by city of Lynnwood utilities.
2. Special utility rates and rebates apply to base rates, and volume charges as specified, for water, sewer, and surface water. Special utility rates and rebates do not apply to any other fee or to related utility taxes.
3. To be approved, applications for special utility rates or rebate shall include all information required by this section and be submitted during the specified time frames.
4. Households may be approved for a maximum of one special rate or rebate.
5. Subsection (I) of this section states special rates for water service. Special rates for sewer service are provided in LMC [14.40.040](#). Special rates for storm water service are provided in LMC [13.35.070](#). The Income Level Statuses A, B, and C used in the city code shall have the same meaning as income thresholds 1, 2, and 3 as defined by RCW [84.36.383](#).
6. The mayor is authorized to develop administrative policies and rules necessary for implementation of this section.
7. Table 13.20.080A.7 summarizes the application and renewal periods, and the owner or renter occupied requirements for each special rate or rebate program, as follows:

Table 13.20.080A.7. Summary of Special Rate and Rebate Programs

	Application Period	Renewal Period	Single Family Residence	Multifamily Residence	Mobile Home
Subsection B. Residence with	Any	Jan. 1 – Dec. 31	Owner occupied	Owner occupied	Owner occupied

	Application Period	Renewal Period	Single Family Residence	Multifamily Residence	Mobile Home
approved Snohomish County property tax exemption and a Lynnwood utility account. Special utility rate					
Subsection C. Residence with approved Snohomish County property tax exemption without Lynnwood utility account. Utility charge rebate	Jan. 1 – Nov. 1	Jan. 1 – Nov. 1	–	Owner occupied	Owner occupied
Subsection D. Residence receiving Washington State assistance. Special utility rate	Any	Nov. 1 – Dec. 31	Owner or renter occupied	–	–
Subsection E. Residence receiving Edmonds school district free and reduced-price meals. Utility	Aug. 1 – Oct. 31	Aug. 1 – Oct. 31	Owner or renter occupied	Owner or renter occupied	Owner or renter occupied

	Application Period	Renewal Period	Single Family Residence	Multifamily Residence	Mobile Home
charge rebate					
Subsection F. Low-income resident 61+ years of age or with a disability. Utility charge rebate	Jan. 1 – Aug. 31	Jan. 1 – Aug. 31	Owner or renter occupied	Owner or renter occupied	Owner or renter occupied
Subsection G. Resident with medical necessity to utilize large quantity of water. Special utility rate	Any	–	Owner or renter occupied	Owner or renter occupied	Owner or renter occupied
Subsection H. Preservation of mobile home park. Special utility rate	Any	–	–	–	Owner or renter occupied

B. Special Utility Rate Based on Snohomish County Real Property Tax Exemption.

1. The residential single-unit property, multiple-unit, or mobile unit shall have a valid property tax exemption from the Snohomish County assessor, pursuant to RCW [84.36.381](#) through [84.36.385](#).
2. A qualifying resident shall own and occupy the dwelling as their principal residence and have a household income level in accordance with RCW [84.36.381](#).

3. Upon verification of eligibility, the special utility rate shall be applied to the next billing period and shall continue through the remainder of the calendar year. Reapplication for each subsequent calendar year is required.
4. Applications for this special utility rate shall be accepted throughout the calendar year. Applications for the subsequent calendar year shall be accepted January 1st through December 31st.
5. The amount of the special utility rate shall be based upon the income level designated by the Snohomish County assessor as provided by Table 13.20.080B.5.

Table 13.20.080B.5.

Income Level Status Designated on Approved Property Tax Exemption	A	B	C
Special Utility Rate (percent of base rate and volume charges)	40%	45%	50%

C. Annual Utility Charge Rebate Based on Snohomish County Real Property Tax Exemption.

1. An annual rebate on utility charges shall be available to a qualifying owner and occupant of a residential multiple-unit or a mobile home unit without an individual water meter and without a city of Lynnwood utility account (i.e., owner and occupant of a condominium or of a mobile home in a mobile home park).
2. To qualify for a rebate for the current calendar year, applications shall be accepted January 1st through November 1st and demonstrate the applicant resided in the residential multiple-unit or mobile home for the full calendar year.
3. The amount of the annual rebate of utility charge rates shall be based upon the income level designated by the Snohomish County assessor’s office as provided by Table 13.20.080C.3, and shall be the stated percentage of the base rate for that type of account, assuming water usage within the minimum 10 CCF allowance.

Table 13.20.080C.3.

Income Level Status Designated on Approved Property Tax Exemption	A	B	C
Annual Utility Charge Rebate (percent of base rate)	40%	45%	50%

D. Special Utility Rate Based on Washington State Assistance Programs.

1. A special utility rate based on Washington State assistance programs shall be available to a qualifying resident of a residential single-unit under this subsection (D).
2. A qualifying resident of a residential single-unit shall have an award letter from the state of Washington for Temporary Assistance to Needy Families (TANF) or the Supplemental Nutrition Assistance Program (SNAP) that covers at least a portion of the year for which the special utility rate is requested.
3. Applicants shall occupy the residential single-unit as their principal residence and provide proof that they reside at the address and are responsible for their city of Lynnwood utility bills.
4. Upon verification of eligibility, the special utility rate shall be applied to the next billing period and shall continue through the remainder of the calendar year. Reapplication for each subsequent calendar year is required.
5. Applications for this special utility rate shall be accepted throughout the calendar year. Applications for the subsequent calendar year shall be accepted from November 1st to December 31st.
6. The amount of the special utility rate shall be 40 percent of the bimonthly base rate and volume charges.

E. Annual Rebate Based on Edmonds School District Free and Reduced-Price Meals.

1. An annual rebate on utility charges based on Edmonds school district free and reduced-price meal programs shall be available to a qualifying resident of a residential property under this subsection (E).

2. A qualifying resident shall have an award letter from the Edmonds school district for free and reduced-price meals for a child residing in the residence for all or a portion of the 12-month period for which the rebate is requested.
3. A qualifying resident shall occupy the residence as their principal residence as either owner or renter, for a minimum of six months, and shall be responsible for the rent or mortgage payments for the residence.
4. Applications for this rebate on utility charges shall be accepted from August 1st to October 31st. Reapplication for subsequent years shall be accepted from August 1st to October 31st.
5. Upon approval of the application, the rebate shall apply to utility charges occurring from October 1st in the prior year to September 30th of the rebate payment year.
6. The amount of annual rebate shall be up to 50 percent of the base rate for the type of account, assuming water usage within the minimum 10 CCF allowance, and prorated for the number of months that the applicant resided at the address.
7. Each year, the total amount of funds authorized and available for this rebate shall be \$100,000, and the total amount of rebates given to qualifying applicants in any year shall not exceed that amount. Depending on the number of eligible applicants, the amount of rebate awarded to a qualifying resident may be less than 50 percent of the base rate paid by that applicant during the rebate period. An equal percentage shall be awarded to applicants of each account type.

F. *Annual Rebate Based on Income Level and Age or Disability.*

1. An annual rebate on utility charges based on income level and age or disability shall be available to a qualifying resident of a residential property under this subsection (F).
2. A qualifying resident shall be at least 61 years of age or living with a disability and have a household income that is less than 70 percent of the Washington State area median income (AMI) as published by the Washington State Department of Social and Health Services (DSHS).
3. A qualifying resident shall occupy the property receiving utility services with or without a utility account as their principal residence as an owner or renter for a period of not less

than six months. Applicants shall confirm they are responsible for the rent or mortgage payments for the residence.

4. Applicants with a disability shall provide written proof of disability, such as a disability award letter from the U.S. Social Security Administration or U.S. Department of Veterans Affairs; a permanent disabled parking privilege issued by the Washington State Department of Licensing; or a Proof of Disability statement completed by a licensed physician.

5. Applications for this rebate on utility charges shall be accepted from July 1st to August 31st for the annual period from June 1st of the prior year to May 31st of the rebate year. Reapplication for subsequent years shall be accepted from June 1st to August 31st.

6. The amount of annual rebate shall be up to 50 percent of the base rate for the type of account, assuming water usage within the minimum 10 CCF allowance, and prorated for the number of months that the applicant resided at the address.

7. Each year, the total amount of funds authorized and available for this rebate shall be \$100,000, and the total amount of rebates given to qualifying applicants in any year shall not exceed that amount. Depending on the number of eligible applicants, the amount of rebate awarded to a qualifying resident may be less than 50 percent of the base rate paid by that applicant during the rebate period. An equal percentage shall be awarded to applicants of each account type.

G. Special Utility Rates Based upon Medical Necessity.

1. Qualifying residents shall be eligible for special utility rates based upon medical necessity under this subsection (G).

2. A qualifying resident who requires large quantities of water due to medical necessity (i.e., kidney dialysis) and who occupies the property receiving utility services as their principal residence as an owner or renter shall be eligible for special utility rates under this subsection (G). Applications for this special utility rate shall include written confirmation from the resident's medical care provider.

3. Qualifying residents shall be charged the special utility rates for Income Level Status C (50 percent).

4. Applications for this special utility rate shall be accepted throughout the calendar year. Following approval of a special utility rate under this subsection (G), the utility customer shall be responsible for notifying the city when the medical necessity for large quantities of water no longer exists.

H. *Special Utility Rates Based upon Preservation of Mobile Home Parks.*

1. For mobile home parks preserved pursuant to a development agreement in accordance with Chapter [21.29](#) LMC, the following residential-mobile per unit base rate and volume charges shall apply:

- a. Preservation for five to seven years: 50 percent of the base rate and volume charges.
- b. Preservation for seven years or more: 25 percent of the base rate and volume charges.

I. *Special Water Utility Rates for Residential Single-Units Based upon Income Level.*

Table 13.20.080I. Special Water Rates

Water Customer Classification	2023 Bimonthly Rate	2024 Bimonthly Rate	2025 Bimonthly Rate	2026 Bimonthly Rate	2027 Bimonthly Rate	2028 Bimonthly Rate
Special Water Rates, Income Level Status A (40%)						
Bimonthly Base Rate (incl. 10 CCF)	\$23.72	\$24.91	\$26.16	\$27.46	\$28.84	\$30.28
Bimonthly Volume Charge (> 10 CCF to 40 CCF)	\$1.36	\$1.43	\$1.50	\$1.58	\$1.66	\$1.74
Bimonthly Volume Charge (> 40 CCF)	\$2.05	\$2.15	\$2.26	\$2.37	\$2.49	\$2.62

The Lynnwood Municipal Code is current through Ordinance 3478, passed April 28, 2025.

Water Customer Classification	2023 Bimonthly Rate	2024 Bimonthly Rate	2025 Bimonthly Rate	2026 Bimonthly Rate	2027 Bimonthly Rate	2028 Bimonthly Rate
Special Water Rates, Income Level Status B (45%)						
Bimonthly Base Rate (incl. 10 CCF)	\$26.69	\$28.03	\$29.43	\$30.90	\$32.44	\$34.06
Bimonthly Volume Charge (> 10 CCF to 40 CCF)	\$1.53	\$1.61	\$1.69	\$1.77	\$1.86	\$1.96
Bimonthly Volume Charge (> 40 CCF)	\$2.30	\$2.42	\$2.54	\$2.67	\$2.80	\$2.94
Special Water Rates, Income Level Status C (50%)						
Bimonthly Base Rate (incl. 10 CCF)	\$29.66	\$31.14	\$32.70	\$34.33	\$36.05	\$37.85
Bimonthly Volume Charge (> 10 CCF to 40 CCF)	\$1.70	\$1.79	\$1.88	\$1.97	\$2.07	\$2.18
Bimonthly Volume Charge (> 40 CCF)	\$2.56	\$2.69	\$2.83	\$2.97	\$3.12	\$3.27

(Ord. 3426 § 2, 2022; Ord. 3393 § 1 (Exh. A), 2021)

* **Code reviser’s note:** Section 2 of Ord. [3426](#), which amended LMC [13.20.080](#) in its entirety, incorporated amendments to a prior version of this section. This ordinance has been treated as only amending Table 13.20.080I.

FINANCE COMMITTEE 4.C

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE: Opioid Funding Contract Requirements

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

Review of potential contract obligations for Opioid funding

PRESENTER:

Michelle Meyer, Finance Director; Julie Moore, Assistant City Administrator

ESTIMATED TIME:

20

BACKGROUND:

In May of 2022, City Council authorized the Mayor to sign a Memorandum Of Understanding to join the One Washington Opioid Settlement. This established a framework for distributing and sharing the settlement proceeds resulting from an agreement reached with McKesson, Cardinal Health, and AmerisourceBergen – also known as the ‘Big 3’ opioid distributors and one manufacturer, Johnson & Johnson for their role in fueling the opioid crisis. The settlement splits millions of dollars between the state and Washington cities and counties. Since the initial settlement, the State AG’s Office has filed seven additional suits for the state of Washington. The City of Lynnwood has signed on to participate in all of the available settlements.

City Council has taken allocation to allocate some funding for internal programs already, and have had recent discussions on potential uses of funding for external programs.

Staff will review requirements of the MOU and provide an overview of contract elements that would need to be considered/included for any external recipient. DRAFT versions of contract documents (similar to documents used for ARPA subrecipients) are included to inform the discussion but have not yet been reviewed by City contracting staff or the City Attorney.

SUGGESTED ACTION:

Discussion

DEPARTMENT ATTACHMENTS

Description:

[DRAFT simple contract template Opioid.pdf](#)

[COL Opioid Risk Assessment Tool Template 6.23.25.pdf](#)

[Template Opioid Subrecip Reimburse Req.pdf](#)

**AGREEMENT FOR OPIOID SETTLEMENT FUNDING
BETWEEN THE CITY OF LYNNWOOD AND XXX**

THIS AGREEMENT is entered into on this [] day of [] 2025, by and between the CITY OF LYNNWOOD, a Washington municipal corporation (“City”) and NAME, a Washington nonprofit organization (“Agency”).

RECITALS

A. The City has appropriated funds from its portion of Opioid Settlement funding to be used to pay for allowable expenditures as set forth in Exhibit A of the Agreement.

B. The Opioid Settlement Terms and Conditions apply to the Agency’s provision of services/work as set forth in Exhibit A. In case of conflict between the Opioid Settlement Terms and Conditions and the Agreement, the following order of priority shall be used: (1) Opioid Settlement Terms and Conditions, (2) Other Terms and Conditions governing funding under this Agreement.

C. The Agency is a nonprofit organization serving residents of Lynnwood.

D. The City recognizes that one of its essential functions is to secure the health and welfare of the community. The City of Lynnwood desires to contract with the Agency for the performance of the services/work described in Exhibit A.

E. The City has completed a risk assessment and finds that the Agency is qualified and willing to provide the services described herein, consistent with all requirements of Opioid Settlement funding requirements, state law, City ordinances, and all applicable regulations.

NOW, THEREFORE, the Parties mutually agree as follows:

AGREEMENT

1. **Award Amount.** The City shall reimburse Funds to the Agency up to the amount of eligible expenses in accordance with Exhibit A, Scope of Services/work.

2. **Use of Award for Eligible Expenses.** The Agency shall use the Funds to provide the services identified on Exhibit A hereto. The Agency acknowledges that the Funds will only be used to reimburse costs that are Eligible Expenses as outlined in Exhibit A. The Agency agrees to provide the services to all residents of Lynnwood who meet the Agency’s eligibility criteria for the duration of this Agreement. All other expenditures of the funds are not permitted and are deemed Ineligible Expenses and will not be reimbursed.

a. The Agency shall not use Opioid Funds to cover any expenses for which the Agency has received other federal, state, or regional funds.

b. Agency understands that the funding for the grant under this Agreement comes solely as reimbursement of payments made by the City from Opioid Settlement funds. The City has no independent obligation to provide the Agency with funds from any other source.

c. If the Agency expends or otherwise uses Funds on Ineligible Expenses or otherwise in violation of any State or federal law or requirement, the amount expended or used on the Ineligible Expenses shall be subject to recapture at the discretion of the City. The Agency agrees to repay to the City, within ten (10) days or such other the time period specified by the City, all Funds determined by the City to have been spent or otherwise used on an Ineligible Expense or otherwise in violation of any State or federal law or requirement. In the alternative the City may recapture such funds from payments due to Agency under this Agreement.

d. The Parties agree that Agency is and shall be a “subrecipient” for purposes of financial reporting. Agency shall be subject to all requirements applicable to subrecipients and the funding under this Agreement, and agrees to comply with all such terms, including providing any documentation required by such terms and compliance and assistance in all audit requests related to this Agreement. All such terms are incorporated by reference herein.

3. Time Period. All Funds must be expended by the Agency for the Eligible Expenses described in Exhibit A. Any expenses incurred outside this period are not Eligible Expenses for Funds.

4. Agency’s Documentation of Expenditures. As set out on Exhibit A hereto, the Agency shall provide the City with documentation in such form as the City may reasonably require supporting that Funds were utilized in conformity with this Agreement, prior to reimbursement.

5. Compliance with Federal, State and Local Laws; City’s Right to Recapture. The Agency shall comply with and obey all applicable federal, state and local laws, regulations, and ordinances, including but not limited to Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Award, 2 CFR 200, Subpart F – Audit Requirements. Should the Agency’s spending of the Funds be inconsistent with applicable laws, provisions of this Agreement, or otherwise inappropriate, the City shall have the right to the return of any portion of the Funds that are later determined to have been spent in violation of applicable laws.

a. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transaction. Agency certifies, by signing this Agreement that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal or State department or agency. The Agency agrees by signing this Agreement that it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the City.

6. Maintenance of Records. The Agency shall maintain accurate written records, including accounting records such as invoices, sales receipts, and proof of payment, books, documents, data and other evidence that reflects all of Agency's direct and indirect expenditures of Funds. These records must be sufficient to demonstrate that the funds have been used in accordance with Opioid Funding restrictions. The City may at any time review the documentation to determine the Agency's conformance with the requirements of the Program, and the Agency shall make available to the City, upon request, all of the Agency's records and documents with respect to all matters covered by this Agreement.

a. The Agency shall retain all records related to this Agreement for a period of six (6) years following the receipt of Funds. These records, including materials generated under the contract, shall be subject at all reasonable times to inspection and review by the City, and to an audit by the Office of the State Auditor, and federal and state officials so authorized by law, regulation, or agreement.

b. If any litigation, claim or audit is started before the expiration of the six (6) year period provided above, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

7. Termination. If the Agency fails to fulfill its obligations under this Agreement, or utilizes the Grant Funds for Ineligible expenses, the City may terminate this Agreement upon written notice to Agency specifying the reason for termination and the date of termination and may seek to recover any Funds paid to Agency.

8. No Employee Relationship. The Agency understands and acknowledges that neither the Agency nor any officer, employee or agent of the Agency shall be considered to be an employee of the City, nor entitled to any benefits accorded City employees, by virtue of the services provided under this Agreement. The City shall not be responsible for assuming the duties of an employer with respect to the Agency or any employee of the Agency.

9. No Conflict of Interest. No officer, employee, or agent of the Agency or any official, employee or agent of the City, who exercises any functions or responsibilities in connection with the planning and carrying out of the services provided herein, shall have any personal financial interest, direct or indirect, in the Agreement.

10. Indemnification. The Agency shall indemnify and hold the City harmless against any claim or liability of any nature in connection with or arising in any manner out of this Agreement or the Agency's receipt or use of Funds. In the event of any dispute between the Agency and its employees, contractors, subcontractors or any third party with a claim to some or all the Agency's Funds, the Agency shall be responsible for resolution of any such claim and the City shall have no responsibility or obligation in the resolution process or outcome. The Agency shall ensure that any sub-Agency of any Funds shall agree to defend and indemnify the City to the extent and on the same terms and conditions as the Agency.

11. Non-discrimination. The Agency shall conduct its business and use funds in a manner which assures fair, equal and non-discriminatory treatment of all persons, including

maintaining open hiring and employment practices, and compliance with all requirements of applicable federal, state or local laws or regulations related to hiring and employment practices and providing services to all persons, without discrimination as to any person's race, color, religion, sex, sexual orientation, disabled veteran condition, physical or mental handicap or national origin.

12. Complete Agreement. This Agreement sets forth the complete expression of the agreement between the Parties, and any oral representations or understandings not incorporated herein are excluded.

13. Waiver. Any waiver by the Agency or the City of the breach of any provision of this Agreement by the other party will not operate, or be construed, as a waiver of any subsequent breach by either party or prevent either party from thereafter enforcing any such provisions.

14. Modification. This Agreement may only be amended by written agreement signed by both Parties.

15. Severability. If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void, insofar as it is in conflict with said laws, and the remainder of the Agreement shall remain in full force and effect.

16. Notices. All notices or other communications required or permitted under this Agreement shall be in writing and shall be (a) personally delivered, in which case the notice or communication shall be deemed given on the date of receipt at the office of the addressee; (b) sent by registered or certified mail, postage prepaid, return receipt requested, in which case the notice or communication shall be deemed given three (3) business days after the date of deposit in the United States mail; or (c) sent by overnight delivery using a nationally recognized overnight courier service, in which case the notice or communication shall be deemed given one business day after the date of deposit with such courier. Notices shall be sent to the following addresses:

- a. Notices to the City of Lynnwood shall be sent to the following address:

City of Lynnwood
Attn: XXX
19100 44th Avenue W
Lynnwood, WA 98036

- b. Notices to the Agency shall be sent to the following address:

Name
Attn:
Address:
Lynnwood, WA

17. Assignment of Contract. The Agency may not assign this Agreement.

18. Venue. This Agreement shall be governed by the law of the State of Washington and venue for any lawsuit arising out of this Agreement shall be in Snohomish County.

19. Agreement Amendments. The Parties acknowledge that the Opioid Settlement Directing Administrator may require or request changes to the Agreement or its requirements or provisions. Any changes or alterations to the Agreement terms and conditions that are applicable or relevant to this Agreement shall be incorporated into this Agreement by amendment of this Agreement, upon notice by the City to the Agency.

20. Public Disclosure. All Agency documents and records comprising the Agreement, and all other documents and records provided to the City by the Agency, are deemed public records under the Washington Public Records Act, Ch. 42.56 RCW, and may be subject to disclosure by the City. The City may be required, upon request, to disclose the Agreement, and the documents and records submitted to the City by Agency, unless an exemption under the Public Records Act applies.

IN WITNESS WHEREOF, the City and the Agency have executed this Agreement as of the date first above written.

CITY OF LYNNWOOD, WASHINGTON By: _____ Christine Frizzell, Mayor	NAME of Org By: _____ Name
APPROVED AS TO FORM: By: _____ Lisa Marshall, City Attorney	

**EXHIBIT A
SCOPE OF WORK**

1. Program Administration for Opioid Settlement Funding.

The Subrecipient, **NAME**, shall administer the disbursement of the grant award of up to \$ **AMOUNT**. Program administration responsibilities include, but are not limited to the following:

- Provide documentation for reimbursement-eligible expenses including receipts, invoices, and proof of payment on a monthly basis using the forms provided by the City. A current W-9 and UEI number must be submitted prior to payment of the first reimbursement.
- In accordance with completed risk assessment, work with City staff to facilitate any training/technical assistance for program-related matters and authorize on-site or desk reviews of subrecipient's program operations.

2. **Allowable Uses.** The Funds provided pursuant to this Agreement shall be used to reimburse **NAME** for eligible expenses for the period of **Date of Award** through **xx,xxxx**, relating to **providing xxxxx services** in compliance with Opioid Settlement funding eligible use related to **addressing xxx**.

Reimbursement payments to awardees shall be made by as follows:

For award payments invoiced by the Subrecipient, the City shall pay the eligible amount of each invoice to the Subrecipient within thirty (30) calendar days of receipt of all required documentation. Invoices shall be reviewed in conjunction with the City's accounts payable process.



Risk Assessment Tool

Opioid Settlement Subrecipients

The City of Lynnwood is obligated to perform due diligence including a Risk Assessment to identify risks associated with issuing a subrecipient grant to an organization and put appropriate measures in place to ensure that funds are awarded in accordance with the intended uses outlined in program scope in the grant agreement, and the funding requirements related to opioid settlements.

After a risk assessment questionnaire is completed by the subrecipient organization, City staff will complete the attached scoring sheet and assign an overall organizational risk level:

- **High** A score of 36-50 requires intensive follow-up and improvement based on a thorough evaluation of the grant project and execution of the approved action plan
- **Medium** A score of 21-35 requires evaluating areas that need improvement and improving those areas based on the approval action plan
- **Low** A score of 20 or less generally identifies that the program is at lower risk for potential waste, mismanagement, non-compliance, or fraud

For medium or high scores, the following activities may be considered to mitigate risk as an alternative to denial:

- (1) Providing subrecipients with training and technical assistance on program-related matters;
- (2) Performing on-site or desk reviews of the subrecipient’s program operations;
- (3) Arranging for agreed-upon-procedures engagements as described in §200.425 Audit services

City of Lynnwood should consider the subrecipient’s performance using prior grant funding as part of the risk assessment determination and request technical assistance prior to engagement as needed.

Subrecipient/Contractor Name:	
Contract Number:	
Project Name:	
Risk Assessment Completed By:	
Date Risk Assessment Completed:	
Unique Entity ID (UEI alphanumeric)	

Agency Score: _____

Agency Risk Rating: _____

Reviewer Notes:

Prior Experience & Contract Amount

Place a "x" in the box to select the score

1. Agency's Experience Managing Contract Funds in The Past 5 Years	Score	"x"
5 years of experience with Local, State or Federal funding.	1	
Less than 5 years of experience with Local, State or Federal funding.	3	
No experience with Local, State or Federal Funding	5	
2.Total Grant Awarded	Score	"x"
\$0 – \$49,999.00 (\$43,000)	1	
\$50,000 - \$99,999.00	2	

Management Systems and Personnel

3. Substantial change in management systems (technology or other) in the past 12 months	Score	"x"
No or low change in key management systems.	1	
Recent change in management systems.	3	
Frequent or multiple changes in management systems.	5	
4. Key Personnel Turnover	Score	"x"
No or low turn-over of key agency staff (e.g., finance or management staff).	1	
Recent turn-over of key agency staff (e.g., finance or management staff).	3	
Frequent and multiple turn-over of key agency staff (e.g., finance or management staff).	5	
5. Agency has capacity to manage and implement federal regulations, including 2 CFR 200 and specific federal funder regulations.	Score	"x"
Yes	1	
No, and requesting technical assistance	3	
No	5	
6. Internal controls are reasonable in accordance with the applicable cost principles? (i.e., segregation of duties, handling of cash, contracting procedures, personnel & travel policies)	Score	"x"
Yes	1	
No	5	

Audit Reports and Findings

7. Agency's Audit Results (or similar Audit review)	Score	"x"
Audit with no findings or corrective actions.	1	
Audit with significant deficiency.	2	
Audit with material weakness finding(s).	3	
Audit with both material weaknesses and significant deficiency findings.	4	
No audit performed (if required).	5	

8. Audit Correction of Compliance Issues	Score	"x"
Not applicable - no audit finding/management letter	1	
Audit finding/management letter requiring corrective actions addressed in a timely manner.	2	
Audit finding/management letter requiring corrective actions NOT addressed in a timely manner.	3	
Audit finding/management letter requiring corrective actions NOT addressed at all	5	

Financial Stability

9. Accounting systems, procedures, and file management for recording transactions	Score	"x"
An automated accounting system that segregates expenditures is in place and use.	1	
Transactions are recorded in a combo accounting system (automated/manual), expenditures are segregated using combo system.	3	
Transactions are recorded in a manual accounting system; expenditures are segregated manually.	5	

10. The agency maintains central files for grants, loans, or other type of financial assistance	Score	"x"
Files are maintained centrally.	1	
Files are not maintained centrally.	5	

FINANCE COMMITTEE 4.D

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE: SHB 1406 Funding Status

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

Review of funds available

PRESENTER:

Michelle Meyer, Finance Director

ESTIMATED TIME:

10

BACKGROUND:

On May 26, 2020, City Council passed Ordinance No. 3357 authorizing and imposing a sales and use tax for affordable and supportive housing as provided by Substitute House Bill (SHB) 1406. This action authorized the city to impose a local sales and use tax (sales tax) for:

- Acquisition, construction, or rehabilitation of affordable housing or facilities providing supportive housing
- Operations and maintenance costs of affordable or supportive housing
- Providing rental assistances to certain low-income tenants.

The City of Lynnwood levied a tax rate of .0073 percent. The fund balance as of the end of April 2025 is \$943,355. The fund was averaging revenues of approximately \$20,000 per month when it started at the end of 2020 but that amount has been declining just like other City sales tax revenues. 2021 revenues were \$232,925, 2024 ended with revenues of \$189,938. The most recent months of March and April of 2025 reflected revenues of \$5,507 and \$18,429, respectively.

SUGGESTED ACTION:

Review of Fund Balance

PREVIOUS COUNCIL ACTIONS:

Last review of Fund Balance, November 2024 Finance Committee meeting.

DEPARTMENT ATTACHMENTS

Description:
