



Agenda Bill AB25-072

Meeting Date: July 21, 2025

Agenda Item: IX.A

☒ **Regular Business Meeting**

☐ **Workshop/Study Session**

☐ **Special Business Meeting**

Submitted By: Mike Connelly, Project Manager and Steve King, PW Director

Date Submitted: July 17, 2025

Department: Public Works

Contact Phone: 360-531-2761

SUBJECT: Feedback on preferred design alternative in preparation for funding request through Public Works Board (PWB) Construction Loan/Grant application and Department of Ecology (DOE) Centennial Clean Water Grant application for the Lawrence Street Combined Sewer Separation Project

CATEGORY:

- ☐ Consent ☐ Resolution
☒ Staff Report ☐ Ordinance
☐ Contract Approval ☒ Other: Motion
☐ Public Hearing (Legislative, unless otherwise noted)

BUDGET IMPACT: N/A

Expenditure Amount: \$0

Included in Budget? Yes ☒ No ☐

☐ **3-Year Strategic Plan:** 4 - Ensure sustainable future for public services and facilities

Cost Allocation Fund(s):

SUMMARY STATEMENT:

Background:

The Lawrence Street Combined Sewer Separation Project is a critical infrastructure project that addresses some of the oldest infrastructure left in Port Townsend along Lawrence Street from Harrison to Monroe Streets. The original sewer system was constructed as a combined sewer system meaning the system conveys both stormwater and raw sewage in the same pipes. This configuration poses concerns for overflow during heavy rainfall events.

During rain events, stormwater enters the sanitary system in volumes that potentially overwhelm downstream capacity of the sewer system (Monroe Lift Station), leading to the risk of untreated sewage discharging into Port Townsend Bay. Fortunately, no overflows have occurred due to rain storms yet. However, the General Sewer Plan recognizes that this is a near term problem that needs to be addressed through this project and an upgrade to the Monroe Lift Station. At peak flow, the station must operate all three pumps simultaneously at over 80% capacity during a significant rain event. This imposes undue stress on the facility, accelerates wear and tear, and shortens its useful life, increasing the likelihood of failure and the need for costly capital upgrades.

The 2025 Council approved budget included this project as well as in July 2024, the City Council approved pre-design efforts via Agenda Bill AB24-114, which funded stormwater inflow verification (using smoke and dye testing, plus CCTV inspections), sewer condition assessment, and conceptual design development led by RH2 Engineering.

The sewer separation project is included in the City sewer and stormwater rates models with an assumption that 50% of the funding would come in the form of grant funding. The sewer and stormwater rate model also assumes that loans and/or bonds are needed to fund the capital program.

The challenge the City faces is how to best implement the capital program to achieve the outcomes of the General Sewer Plan and maximize any options for efficiency to save costs. Therefore, the purpose of this Council report is to lay out the options for moving this project forward recognizing that low interest loan opportunities exist through the State Public Works Board and the State Department of Ecology Centennial Clean Water program. Loan applications are due August 8th and September 3rd respectively. Sometimes, these loans include a forgivable portion of the total or in effect a grant. We will not know whether any forgivable portion of the loan is available until award. This means we need to proceed with the presumption that 100% of our request will be a low interest loan. The City qualifies for hardship based on low area median income and as an example, received 50% forgiveness on the Public Works Board loan for the Water Street Sewer Repair and Replacement project.

The sewer separation portion of the project is relatively simple to define. The impacts to the street and how those impacts are addressed is where costs can be evaluated against available funding, competitiveness in the loan programs, and impacts to city budgets. **As such, the main purpose of this agenda report is to present options for street repair and receive City Council feedback in preparation for a resolution for commitment to a loan application at the August 4, 2025 City Council meeting. The direction will help staff determine whether to include street work in the loan application or apply for separate grants or limit the street work.**

In consideration of the options, the following key points are given for all options:

1. A new storm pipe is required.
2. Sections of existing sewer line need to be replaced and other sections need rehabilitation
3. Water services and strategic investments in the water mains will be included.
4. Since the street is being reconstructed due to utility trenching, ADA upgrades at intersections are required.
5. The work already completed between Harrison and Tyler is a huge bonus to allowing this section of street to be repaired and paved since all ADA improvements have been constructed.

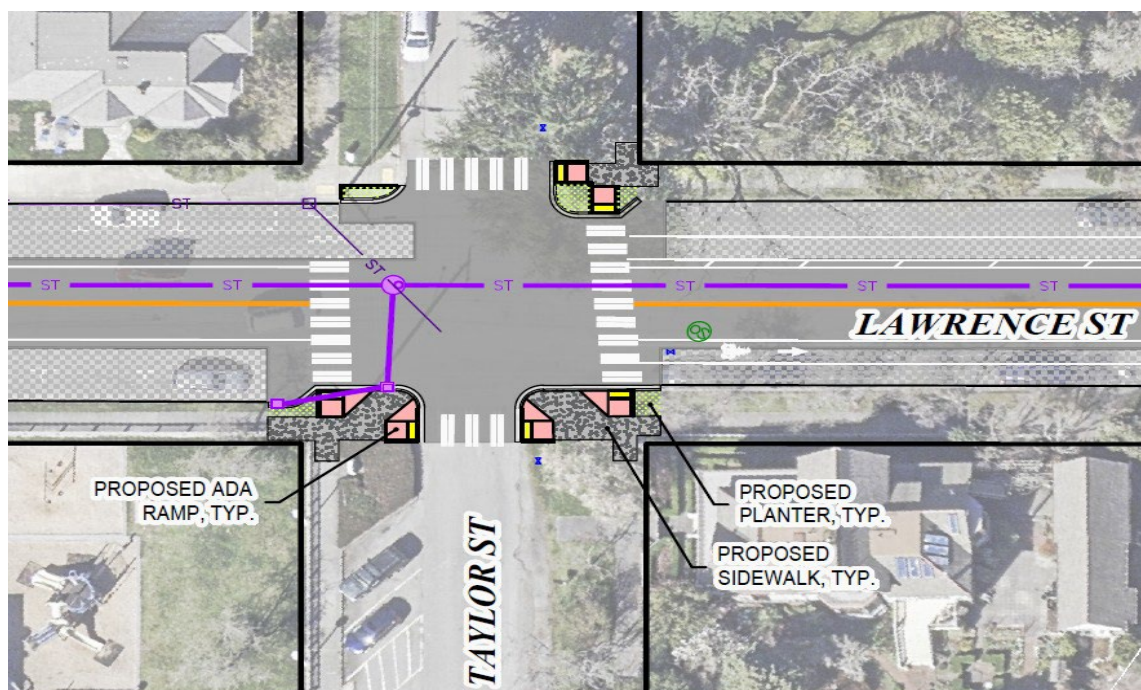
Concept Alternatives:

At present, there are three conceptual design alternatives based on utility replacement, stormwater treatment, ADA compliance, and pavement restoration scope. Each alternative includes consistent street section that matches same configuration already constructed between Harrison and Tyler with narrow travel lanes, bike lanes, and parking as shown below. This section will accommodate full sewer separation, and consistent water/sewer improvements. The primary differences between alternatives lies in the extent of pedestrian and stormwater improvements. An overview of each option along with key differences is shown below.

Current Street Configuration to Match with Alternatives:



Option 1 – Minimum ADA Compliance (No Stormwater Treatment):



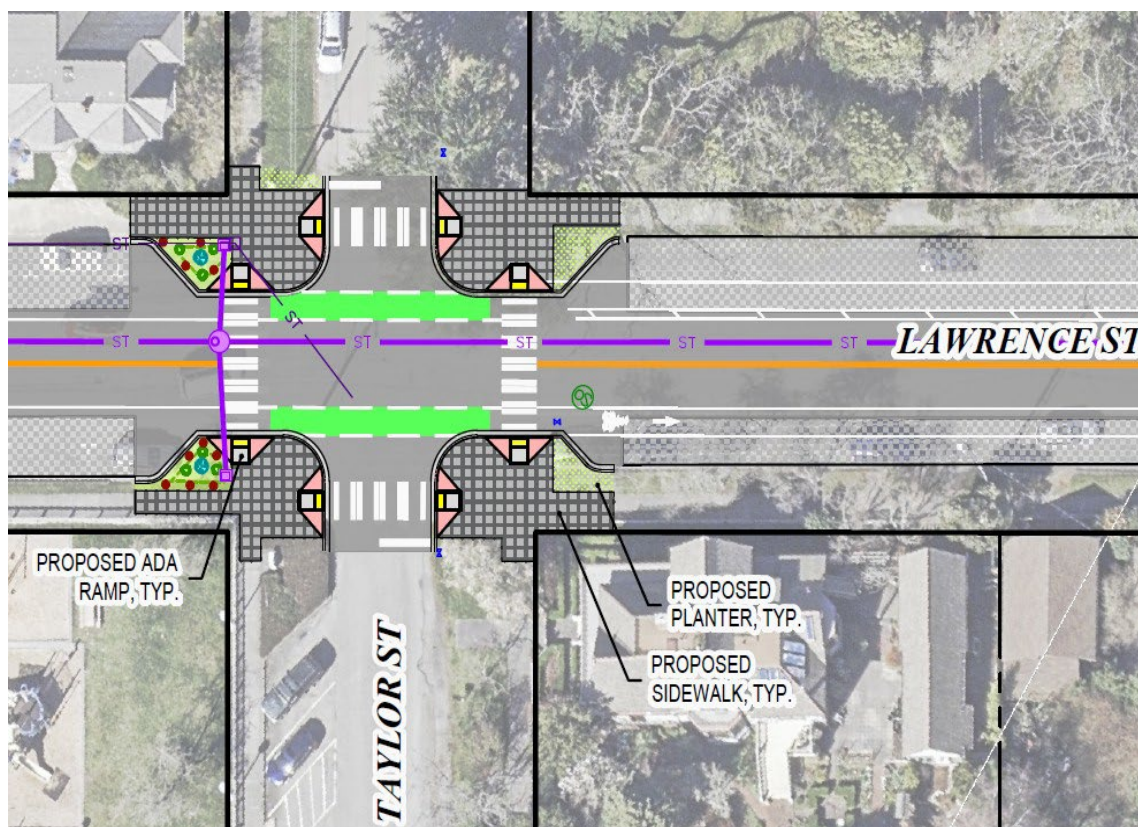
Option 1 Summary:

- Upgrades only the ADA ramps that are directly impacted by construction.
- Reconstructs the travel lanes using cement-treated base (CTB).
- Applies a full-width pavement overlay over the existing street.
- No bulb-outs or stormwater treatment facilities are included.

Option 1 Key Characteristics:

- Lowest cost.
- Meets minimum regulatory requirements for ADA and stormwater compliance
- Provides least improvement in pedestrian safety and water quality
- Limited aesthetic or long-term drainage enhancements.
- Does not repair existing failed sidewalk (Note existing sidewalk is typically 2 inches and is severely cracked)

Option 2 – Targeted Bulb-Outs with Stormwater Treatment:



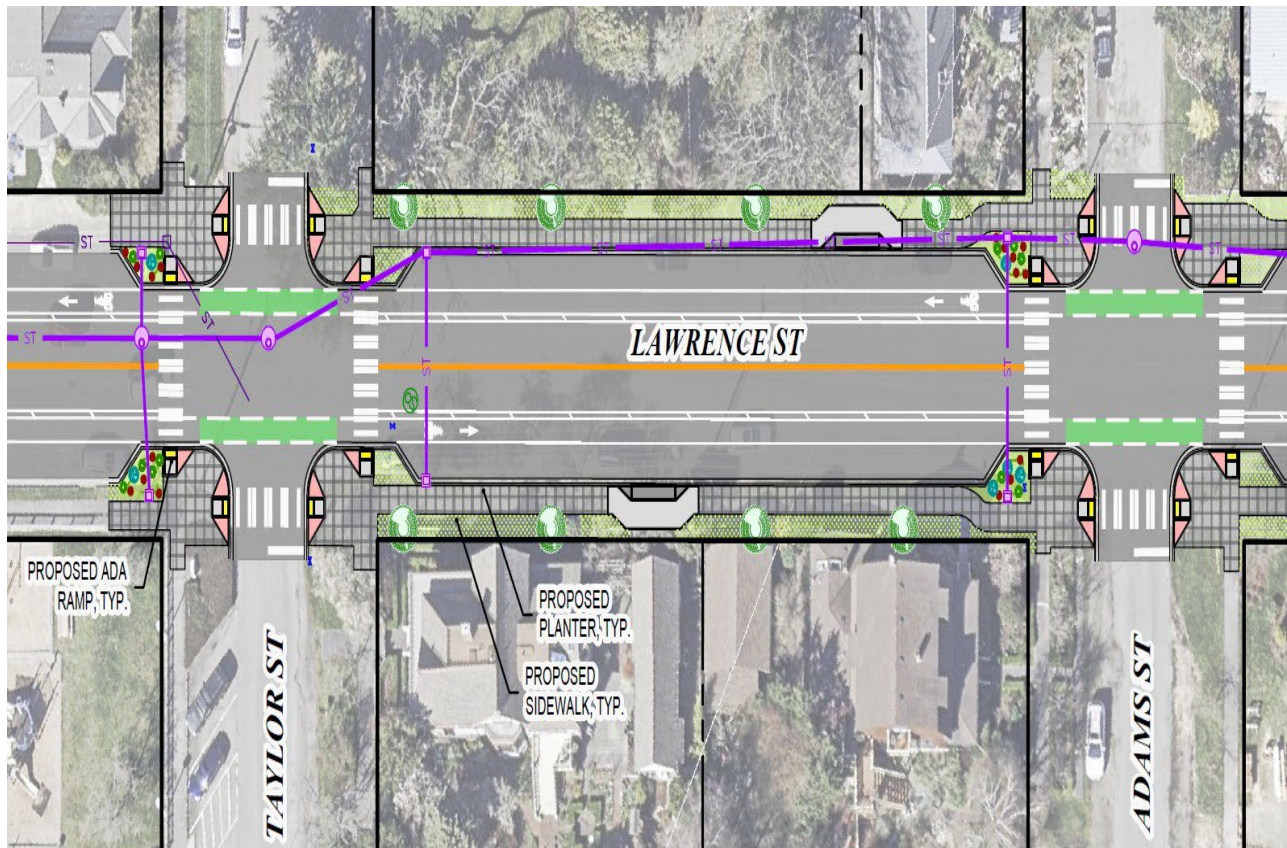
Option 2 Summary:

- Replaces non-compliant ADA ramps.
- Adds bulb-outs at select intersections (Taylor, Quincy Streets) to shorten pedestrian crossings and improve safety. The bulbouts also provide traffic calming.
- Includes rain gardens at bulb-out locations for stormwater treatment.
- Uses CTB for reconstructed travel lanes, followed by full pavement overlay (same as Option 1)

Option 2 Key Characteristics:

- Moderate cost.
- Provides a mix of safety and stormwater benefits while controlling costs.
- A balanced approach between baseline compliance and full-corridor improvement.

Option 3 –Bulb-Outs and Stormwater Treatment All Intersections:



Option 3 Summary:

- Fully upgrades all ADA ramps and installs bulb-outs at every intersection.
- Integrates rain gardens at all bulb-out locations for additional stormwater treatment.
- Reconstructs everything within Right-of-Way on both sides of street (curbs, gutters, sidewalks, planter strips, and street trees.)
- Uses CTB on reconstructed travel lanes, followed by full pavement overlay (same as Option 1)

Option 3 Key Characteristics:

- Highest upfront cost.
- Maximizes benefits for ADA accessibility, stormwater quality, and long-term pavement durability
- Aligns best with City's sustainability, infrastructure resilience, and multimodal goals.
- Has the greatest impact to the Transportation Benefit District Fund.

Full renderings and cost breakdowns are included in the Conceptual Design & Cost Evaluation (RH2, July 2025), attached to this agenda bill.

Funding Strategies:

The following table illustrates the cost for each utility and the streets.

Project Cost Estimates

Component	Option 1	Option 2	Option 3
Sanitary Sewer Improvements	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
Water Main Replacement	\$ 700,000	\$ 700,000	\$ 700,000
Stormwater Collection and Treatment	\$ 650,000	\$ 800,000	\$ 1,100,000
Roadway and ADA Improvements	\$ 2,800,000	\$ 3,200,000	\$ 3,850,000
Total Estimated Cost	\$ 5,250,000	\$ 5,800,000	\$ 6,750,000

*Portion of street cost:	\$200,000	\$600,000	\$1,250,000
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*The portion of street cost is determined by the additional investment over that which is impacted by the utility work.

Sources of City funds includes the following:

- \$2.4 million from Sewer in the form of loan equivalent to a payment of up to \$162,000 annually assuming 1% interest over 20 years for PWB or 3.0% over 20 years for Department of Ecology.
- \$2.4 million from Stormwater in the form of loan equivalent to a payment of up to \$162,000 annually assuming 1% interest over 20 years for PWB or 3.0% over 20 years for Department of Ecology.
- It is possible that the amount of funding identified for Monroe Lift Station in the General Sewer Plan will not be fully needed based on some successful innovations and implementation of pump upgrades for the Water Street Sewer Project. And this project reduces inflow or demands on the Monroe Lift Station. Currently the General Sewer Plan has a schedule for a complete rebuild of the Monroe Lift Station completed in year 2030. The Water Street project innovations may provide additional capacity of Uptown infill residential housing. Staff will be testing the lift station to determine if these innovations will be realized. It is anticipated that 50% of the \$6.5 million cost to completely rebuild the lift station will be saved.
- The Council could dedicate Transportation Benefit District Funding to the street improvement portions of the project. This is most important for options 2 and 3 where there is street work beyond the scope of the utility work. This can be in the form of cash and/or loan.
- The last option for street funding would be to apply for Transportation Improvement Board grants. This is not a likely option for 2026 given the City was just funded for the other portion of Lawrence this year. Grants could be applied for enabling Option 3.

The following funding strategy is recommended for each option as follows:

Option 1

Loan Amount (PWB/Centennial Clean Water), \$4,350,000

Water, \$700,000

TBD – overlay, \$200,000

Option 2

Loan Amount (PWB/Centennial Clean Water), \$4,500,000

Water, \$700,000

TBD – overlay, \$600,000

Option 3a

Loan Amount (PWB/Centennial Clean Water), \$4,800,000

Water, \$700,000

TBD – overlay, \$1,250,000 (needs to include PWB loan)

Option 3b

Loan Amount (PWB/Centennial Clean Water), \$4,800,000

Water, \$700,000

TIB, \$1,000,000

TBD (20% match to grant) – overlay, \$250,000

The above options represent principles for funding. City staff is looking for feedback and may modify the funding approach over the next couple of weeks in preparation for August 4th Council meeting.

Next Steps:

- August 4th Council meeting; Resolutions committing to PWB and ECY Centennial Clean Water grant/loan applications
- Submit funding applications:
 - PWB Construction Loan/Grant – Due August 8, 2025
 - ECY Centennial Clean Water Grant – Due September 3, 2025.
- Continue design toward 30% design milestone for core utility work and public outreach (Winter 2025)

ATTACHMENTS: Conceptual Design & Cost Evaluation (RH2, July 2025), Existing Conditions Lawrence Street Photos

CITY COUNCIL COMMITTEE RECOMMENDATION: N/A

RECOMMENDED ACTION:

Discussion only, no recommended action. Follow up action on August 4th for commitment to loan application.

ALTERNATIVES:

- ☒ Take No Action ☐ Refer to Committee ☐ Refer to Staff ☐ Postpone Action
☐ Remove from Consent Agenda ☐ Waive Council Rules and approve Ordinance _____

☐ Other: