

1 **AGENDA**
2 **City of Lynnwood**
3 **Transportation Benefit District (TBD) Board**
4 **Council Chambers, City Hall**
5 **19100 44th Avenue W, Lynnwood, WA, 98036**
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8 **Special Meeting**
9 **May 11, 2015**
10 **6:00 P.M.**
11

12 **10 Call to Order**

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14 **20 Roll Call**

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16 **30 Approval of Minutes – March 9, 2015 Regular Meeting**
17

18 **40 Citizen Comments and Communications**
19

20 **50 Presentation, Discussion and Possible Final Action or other Disposition:**
21 **Transportation Funding Status and Needs, Potential Funding Sources and Next**
22 **Steps for Potential Funding, Including But Not Limited to Options for Possible**
23 **Ballot Measure**
24

- **Possible motion relating to potential ballot measure resolution for increased**
25 **sales tax and/or increased or decreased vehicle registration fee funding**
26 **options**

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28 **60 Adjournment**
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1 City of Lynnwood
2 Transportation Benefit District Board
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4 **Item 30**
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6 Special Meeting
7 May 11, 2015
8 6:00 P.M.
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12 **TITLE:** Approval of Minutes – March 9, 2015 Regular Meeting
13

14 **DEPARTMENT:** Public Works
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16 **DEPARTMENT CONTACT:** David Mach
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18 **BACKGROUND:** The TBD Board held a regular meeting on March 9, 2015.
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20 **ACTION:** Approve the meeting minutes from the March 9, 2015 regular meeting
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22 **ATTACHMENTS:** March 9, 2015 regular meeting minutes
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CITY OF LYNNWOOD
TRANSPORTATION BENEFIT DISTRICT BOARD REGULAR MEETING MINUTES
March 9, 2015

10. CALL TO ORDER – The March 9, 2015 Regular Meeting of the City of Lynnwood Transportation Benefit District (TBD) Board, held in the Council Chambers of Lynnwood City Hall, was called to order by Board President Simmonds at 6:00 p.m.

20.

ROLL CALL

Board President Loren Simmonds
Board Vice President Sid Roberts
Board Member Van AuBuchon
Board Member Ian Cotton
Board Member Benjamin Goodwin (arr. after roll call)
Board Member M. Christopher Boyer
Board Member Ruth Ross

OTHERS ATTENDING

Public Works Director Franz
Deputy PW Director Elekes
Project Manager David Mach
Council Assistant Beth Morris
City Attorney Larson

Board President Simmonds read the Introductory Statement reviewing the formation and function of the TBD and the purpose of the meeting.

30 APPROVAL OF MINUTES – January 20, 2015 Meeting Minutes

Motion made by Board Member Boyer, seconded by Board Vice President Roberts, to approve the minutes of the January 20, 2015 Meeting.

Board Vice President Roberts noted that **Board Vice President Roberts** should be replaced with **Board Member Roberts**, and **Board Member Cotton** should be replaced with **Board Vice President Cotton** consistent with Council positions. Project Manager Mach explained that the since the TBD is separate from the City Council the TBD Board would have to hold separate elections for electing Vice President and President if that is the Board's wish. Board Vice President Roberts withdrew his amendment.

Motion passed unanimously.

40. VOUCHER APPROVAL

Motion made by Board Member Cotton, seconded by Board Member Boyer, to approve claims in the amount of \$13,556.83. Motion passed unanimously.

50. CITIZEN COMMENTS AND COMMUNICATIONS

None

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2 60. PRESENTATION AND DISCUSSION: TRANSPORTATION FUNDING STATUS,
3 NEEDS, POTENTIAL FUNDING SOURCES, AND NEXT STEPS
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5 Director Franz gave an update on the state's transportation package. The package passed the
6 senate on a 27-22 vote and will head to the house. It is a \$15 billion package over a 16-year
7 period which if approved as presented would include a 12-cent per gallon tax increase over
8 three years. It has about \$8 billion in capital projects statewide. Lynnwood's 196th Street
9 project would receive about \$14 million. (\$2 million in 2015-2017 and \$13 million in 2017-
10 2019). The City would be on target to spend the money in those time periods. The Poplar
11 Bridge didn't make the package. The legislation has some items that relate to Transportation
12 Benefit Districts such as the ability to go from \$20 councilmatic tab fees up to \$40 as long
13 as the TBD has enacted and had the \$20 tab fees on the boards for 24 months. It would
14 allow Sound Transit to go forward with their ballot measure to fund ST3 and local transit
15 agencies like Community Transit to go out for a vote on up to 0.3% sales tax increase.
16

17 Public Works Director Franz recalled that at the last meeting he had made a presentation
18 about the transportation program's unmet needs and lack of funds towards those needs. At
19 that time he focused on the operational side of the program, mainly the Street Fund 111 and
20 the overlay program. He stated tonight he would finish up talking about the capital program.
21 He then reviewed the spreadsheet on page 60-2 in the TBD packet *entitled Capital Funding*
22 *Needs and Revenues*.
23

24 Board Member Boyer agreed with Director Franz that the capacity projects would not be a
25 straight line development process and would likely end up costing significantly more due to
26 inflation in the later years. Director Franz concurred.
27

28 Board Member AuBuchon asked if Fund 110: Transportation Impact Fees is capped at
29 \$400,000 a year. Director Franz stated it is not. \$400,000 is staff's best guess at revenues
30 that would come in from projects. These fees come from development projects based on
31 trips generated. Board Member AuBuchon asked if this number might increase due to the
32 recent jump in permits. Project Manager Mach stated that it could, but it is not known for
33 certain yet. He stated that this is a conservative number and could be higher.
34

35 Director Franz referred to a question raised by Board Vice President Roberts at the previous
36 meeting about how the transportation program was funded back in the 70's when the City
37 was doing about seven times more overlays than it is currently funded to do right now. He
38 discussed the data on page 60-3 regarding *1976 City of Lynnwood Budget Analysis –*
39 *Transportation Spending and Funding*. He summarized that now the City has to rely more
40 on the General Fund, but in general the way the City funded the Street Fund in 1976 was
41 similar to today. He stressed that for the subject year the expenditures on transportation
42 projects were almost 50% of value of the General Fund. They also had a large beginning
43 fund balance. The motor vehicle fuel tax was used for capital. Back then there was a
44 significant federal grant. The most surprising portion was parking fees which accounted for
45 26% of the capital budget.
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1 Project Manager Mach discussed the two tables on page 60-1 (*TBD Funding Options* and
2 *Potential Election Dates*). He commented that the average household could possibly pay \$10
3 per year less if option E is implemented, but yet still generate \$3.5 million more than is
4 currently generated for transportation revenue. This is primarily due to the fact that the
5 majority of the purchases made in the City of Lynnwood are not made by Lynnwood
6 residents. He then reviewed potential election dates if the TBD Board chose to run another
7 proposition in the future. The cost to run the proposition would vary depending on whether
8 it is a primary or a general election and how many things are on the ballot. The bill for last
9 November's general election was \$8,000 which was less than anticipated because there were
10 quite a few other items on the ballot at that time.

11
12 Board President Simmonds said it is his understanding that Community Transit is vigorously
13 pursuing a 0.3% addition to sales tax to increase their service. Also, Sound Transit is
14 proposing to build light rail into Snohomish County. The package they are presenting
15 includes additional sales tax, an increase in their share of property tax, and car tab increases.
16 He summarized that his general impression is that this is somewhat of a time bomb. If the
17 City doesn't do it, somebody else will. He also pointed out that Edmonds tried to pass a tab
18 increase from \$20 to \$40, but was not successful. He spoke to the importance of educating
19 Lynnwood's citizens that it is to their advantage to adopt a plan that does not put all of the
20 cost of infrastructure on the residents of the City of Lynnwood because many, many people
21 come here every day. He stated he is not supportive of going out for a vote for \$40 car tabs,
22 but is interested in looking at how the costs can be spread more to people who are not
23 residents.

24
25 Board Member Cotton wondered if there is some way to capture volumetric users of the
26 road such as large trucks. Director Franz discussed the background on this type of approach.
27 There were legal challenges with implementing it in the past. Recently there are agencies in
28 the Puget Sound that are going more to a trip-based fee. That kind of approach can be
29 pursued. It would be appropriate to have that discussion as part of the City Council as
30 opposed to the TBD which just has tab fees and sales tax to deal with.

31
32 Board Vice President Roberts stated that Community Transit is in the legislature with a local
33 option and seems to be making progress. If it is passed by the senate and the house they will
34 have the authority on their own to put up to 0.03% sales tax on the ballot. Community
35 Transit is trying to pay for a second BRT from Canyon Park to Boeing. He believes it is
36 probable that this will be on the November ballot. He agreed with Board President
37 Simmonds that raising the tabs hurt every Lynnwood resident, so he was not supportive
38 about raising those fees. He believes that the 0.02% sales tax last time was just too much. He
39 is intrigued by the option that would be a tradeoff – an increase in sales tax minus a tab fee.
40 He noted that sales tax increases are another way to get to the issue of truck traffic. He urged
41 the Board to be mindful that the City is dependent on sales tax. He is concerned that if
42 Sound Transit and Community Transit get sales tax items on the ballot it won't be good. As
43 far as the timing of a ballot, he was in favor of spending the least amount possible, therefore,
44 a general election rather than a special election.
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2 Board Member Boyer commented on the importance of being clear on the goal which he
3 thinks should be to get as close to \$8 million as possible. This would allow the City to
4 maintain the roads and signals it already has without adding any new projects. New capital
5 projects are desirable, but at a minimum we need to get to at least \$8 million. Following the
6 voters' rejection of the last ballot measure, the Board needs to refocus and possibly lower its
7 sights a bit. He commented that funding option E would at least get the City to \$7 million
8 over the biennium. He commented that the plan to increase sales tax while removing the
9 vehicle tab is one that speaks directly to Lynnwood voters which is a good argument.
10 Ultimately all of this is distasteful to him because both the vehicle tab and sales tax are
11 regressive tax measures. They have the biggest impact on the people with the least to spend.
12 He urged the City to find ways to fund the City's needs without continually putting more of
13 the burden on the backs of the people who have the least. He acknowledged that this is a
14 state issue, but implored the staff to scour the legislation to find some way to start assessing
15 costs to people who can afford it better than the folks just trying to get by.
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17 Board Member AuBuchon recalled when he lived in Missouri there were city vehicle tax
18 decals that people had to buy which were based on the number of axles on the vehicle. He
19 thinks there should be a way to do something similar. If there is something in state law that
20 is blocking it, he recommended working to change it. He also commented that in 1976 the
21 Street Fund was 13% of the General Fund. Today it is only 4%. If the Street Fund was 13%
22 today this discussion would not be necessary. Rather than just raising taxes, maybe the City
23 needs to be looking more closely at the budget.
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25 Board Vice President Roberts commented that the cost of labor and other things are very
26 different from 1976. However, he referred to Budgeting for Outcomes and asked if the
27 General Fund should be reviewed for more contribution to the roads. He acknowledged that
28 this would be challenging, but is worth looking at.
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30 Board Member Boyer said he was hearing a consensus that it made more sense to get this on
31 the November 3 ballot. He noted that the November 3 ballot measure is due by August 4 and
32 asked staff about deadlines in order to prepare a ballot measure by that date. Director Franz
33 said ultimately staff would need direction from the Board to prepare something that the
34 Board could act on. City Attorney Larson commented that just directing the preparation of a
35 draft resolution doesn't mean the Board has made a decision to pass the resolution.
36

37 *Motion made by Board Member Boyer, seconded by Board Member Cotton, to hold a*
38 *Special Meeting of the Transportation Benefit District Board on May 11 at 6 p.m. to further*
39 *discuss potential funding options and to give staff direction to bring back a resolution at a*
40 *later date. Motion passed unanimously.*
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1 70. ADJOURNMENT

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3 *Motion made by Board Member Boyer, seconded by Board Member Cotton, to adjourn the*
4 *meeting. Motion passed unanimously.*
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6 The meeting was adjourned at 6:57 p.m.
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Loren Simmonds, TBD Board President

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Chris Johnson
15 Interim Finance Director

City of Lynnwood
Transportation Benefit District Board

Item 50

Special Meeting
May 11, 2015
6:00 P.M.

TITLE: Presentation, Discussion and Possible Final Action or other Disposition:
Transportation Funding Status and Needs, Potential Funding Sources and Next Steps for
Potential Funding, Including But Not Limited to Options for Possible Ballot Measure

- Possible motion relating to potential ballot measure resolution for increased sales tax and/or increased or decreased vehicle registration fee funding options

DEPARTMENT: Public Works

DEPARTMENT CONTACT: Bill Franz/David Mach

BACKGROUND: At the March 9, 2015 meeting, the TBD Board scheduled a special meeting of the Transportation Benefit District on May 11, 2015, at 6:00 p.m, to further discuss potential funding options and possibly provide direction regarding the drafting of a potential ballot measure resolution.

Staff will provide a recap of the presentations provided to the Board at their recent meetings regarding transportation funding status, needs, potential funding sources and next steps relating to the funding options. The TBD Board has the ability to proceed with funding options that include, but are not limited to, the following:

TABLE 1 – TBD FUNDING OPTIONS		
#	TBD Funding Options	New Annual Revenue
A	Postpone decision or no changes	\$0
B	Increase existing \$20 vehicle tab fee to \$100	\$20 to \$40 - \$0.5M \$20 to \$60 - \$1.0M \$20 to \$80 - \$1.5M \$20 to \$100 - \$2.0M
C	0.1% sales tax increase minus \$20 vehicle tab fee	\$1.5M
D	0.1% sales tax increase	\$2.0M
E	0.2% sales tax increase minus \$20 vehicle tab fee	\$3.5M
F	0.2% sales tax increase	\$4.0M

Regarding a potential ballot measure, the following table provides options for upcoming election dates in 2015 and 2016:

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TABLE 2 – POTENTIAL ELECTION DATES		
#	Election Date	Ballot Measure Due By
A	November 3, 2015	August 4, 2015
B	February 2016	December 2015
C	April 2016	March 2016
D	August 2016	May 2016
E	November 2016	August 2016

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ATTACHMENTS: 1) Potential transportation funding sources matrix
2) Board Members: Please bring the Transportation Binder which was provided by staff at the January 20, 2015 meeting

Potential Transportation Funding Sources				
Item	Description	Issues/Status	Range Yearly Amount \$	Notes:
Transportation Benefit District (TBD)	License tab fees (0-\$100)	* Lynnwood can increase existing tab up to \$100 * Requires public vote if >\$20	\$0.5M - \$2.5M	Low range based on \$20 veh. fee. High range based on \$100 vehicle fee.
Transportation Benefit District (TBD)	Sales tax increase up to 0.2%	* Lynnwood Sales Tax is already 9.5%. * Requires public vote	Up to \$4 million	
Levy LID Lift	Property tax	* Done by several other cities * City can define specific need and cost and timeline and put before voters	varies	
Local Improvement Districts (LIDs)	Specific Benefit area assessed for specific project	* Good for specific Capital Projects * Used many times in past	\$1M - \$3M	Many of the roads around the mall were originally financed with LIDs.
General Utility Taxes	All Citizens / Businesses taxed on any and all utilities	* Lynnwood has assessed very few * Most other cities use	\$ 700,000	Based on 1% across the board
Business & Occupation Taxes (B&O)	Businesses assessed based on % of their income	* Some cities use	\$1.9 million	Based on 0.05%
Business License Revenue	Allocated some of the business license revenue toward transportation		varies	
General Fund	Prioritization of the city's existing general fund expenditures	* Balance needs of the city (fire, police, streets, parks...)	varies	
Street Utility	Properties assessed based on land use and average use of system	* Not yet legal	\$0.3M - \$1.5M	Low range based on Corvallis OR (actual). High range based on Kent's WA (projection)

Potential Transportation Funding Sources (continued)				
Item	Description	Issues/Status	Range Yearly Amount \$	Notes:
Real Estate Excise Tax (REET)	0.5% tax on sales of properties in the City	There are some limitations on use for street O&M	\$1 million	Varies on house prices and number of sales
Grants	Various grant funding programs (federal, state, and local)	Significant fluctuations in availability	\$4 million	Value based on past 5 year annual average
Traffic Impact Fees	Paid by new developments to account for the cost of transportation improvements reasonably related to the demand created by the development	Can only be used for capacity improvements. Can not be used for existing deficiencies or O&M.	\$ 400,000	Varies depending on development cycles
Public Works Trust Fund (Loans)	A State sponsored loan program requiring repayment using local funds for a specific project	Need a dedicated funding source to pay back loan	varies	
General Obligation Bonds	Bonds supported by the City's general fund for repayment		varies	
WSDOT	WSDOT is responsible for the maintenance of State facilities within the City limits. They may also be a funding partner for major improvements to state facilities.		varies	WSDOT is responsible to maintain pavement on state routes in the city (196th Street SW and Hwy99)
Economic Development Infrastructure Policy	The City participates in the funding of public infrastructure that implement the City's economic development policies. Funded through sales tax, property sales, REET, and other sources		varies	Recently implemented by Council; Sales tax generated by the new Lynnwood Costco to pay back general fund loan used to pay for adjacent road improvements