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7 **City of Lynnwood**

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9 **Transportation Benefit District**

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15 **2016 Annual Report**

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20  
21 November 2017

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26 *RCW 36.73.160(2) - A district shall issue an annual report, indicating the status of*  
27 *transportation improvement costs, transportation improvement expenditures, revenues, and*  
28 *construction schedules, to the public and to newspapers of record in the district.*

29  
30 *TBD Charter 6.06 – In addition, the District, upon approval by the Board, shall issue an*  
31 *annual report, indicating the status of transportation improvement costs, transportation*  
32 *improved expenditures, revenues, and construction schedules, to the public and the*  
33 *newspapers of record in the District (the “Plan”). “Newspapers of record in the District”*  
34 *shall include all newspapers which have filed a request for public notice of meetings with the*  
35 *District.*  
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## **Lynnwood TBD Background**

A Transportation Benefit District (TBD) is a quasi-municipal corporation & independent taxing district created for the sole purpose of funding transportation improvements within the district. A TBD is created by ordinance of legislative authority (county or city) and may include other counties, cities, port districts, or transit districts through Inter-local agreements.

A law passed by the Washington State Legislature in 2007 allows city or county governments to create local transportation benefit districts and impose a local vehicle registration fee and/or sales and use tax to fund local transportation projects. TBDs in Washington State have primarily been funded by a vehicle registration fee, but a few cities have implemented a sales tax funded TBD. As of October 2017, 58 cities in Washington State have approved a vehicle registration fee funded TBD.

On May 24<sup>th</sup> 2010, the Lynnwood City Council approved Ordinance #2837 forming the Lynnwood Transportation Benefit District and adopting a new chapter to the Lynnwood Municipal Code, 12.14, entitled "Transportation Benefit District". The governing board of the Transportation Benefit District is the Lynnwood City Council, acting in an ex-officio and independent capacity. The ordinance specifies that the boundaries for the TBD be coextensive with the City limits.

At the November 29<sup>th</sup> 2010 Board Meeting the TBD Board adopted TBD Ordinance #2 enacting an annual \$20 vehicle registration fee (for each eligible vehicle registered in Lynnwood). At the July 27<sup>th</sup> 2016 Board Meeting the TBD Board adopted TBD Ordinance #10 increasing the fee to \$40. The \$40 fee (increase from \$20 to \$40) went into effect on February 1<sup>st</sup> 2017 and generates a total of approximately \$1,200,000 annually for transportation projects. On November 8<sup>th</sup> 2016, the Lynnwood voters approved a 0.1% sales and use tax increase to fund roads in Lynnwood through the TBD. The tax increase went into effect on April 1<sup>st</sup> 2017, lasts for 10 years, and is expected to generate approximately \$2,400,000 per year. The projects to be funded (in whole or in part) by both the vehicle registration fee and the sales and use tax include:

1. Preventative and routine pavement maintenance and reconstruction
2. Street and traffic maintenance and operations
3. Other capital projects as identified in the City's Transportation Plan

Although it is a separate legal entity from the City of Lynnwood, the TBD is reported as a blended component unit in the City's annual financial statements because its sole purpose is for the construction, preservation, maintenance, and operation of City streets.

## **2016 Meetings Summary**

The TBD Board held seven meetings in 2016. A brief summary of the meetings is listed as follows:

### **February 17, 2016 Special Meeting**

- Election of Board Officers
- Presentation and discussion: transportation funding status, needs and potential funding sources

- 1 • Presentation and discussion: Recent Legislative changes to TBD law

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3 **March 14, 2016 Regular Meeting**

- 4 • Administrative procedures for noticing TBD meetings
- 5 • Presentation and discussion: transportation funding status, needs and potential funding
- 6 sources
- 7

8 **April 20, 2016 Special Meeting**

- 9 • Presentation and discussion: transportation funding status, needs and potential funding
- 10 sources
- 11

12 **May 31, 2016 Special Meeting**

- 13 • Entrance Conference by State Auditor
- 14

15 **June 29, 2016 Special Meeting**

- 16 • Presentation, discussion and possible action related to a potential ordinance for
- 17 increase or decrease vehicle license fee funding options
- 18 • Prohibition on use of public facilities to support or oppose ballot measure
- 19 • Presentation, discussion and possible action related to a ballot proposition to impose a
- 20 sales and use tax
- 21

22 **July 27, 2016 Special Meeting**

- 23 • Ordinance #10 – Increased or decreased vehicle license fee
- 24

25 **October 19, 2016 Regular Meeting**

- 26 • Consideration, discussion, and possible action on Resolution #9 – Amend the TBD
- 27 Charter
- 28 • Consideration, discussion, and possible action on a contract amendment between the
- 29 TBD and the Washington State Department of Licensing
- 30 • Presentation, discussion and approval of the 2015 TBD Annual Report
- 31 • Presentation, discussion, and possible action on Ordinance #11 – 2016 Budget
- 32 Amendment
- 33 • Public hearing, consideration, discussion and possible action on Ordinance #12 – 2017
- 34 Budget
- 35

36 **2016 Revenue**

37 The TBD's revenues for the year ending December 31, 2016 are as follows:

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\$571,070	Vehicle Registration Fees
1,616	Interest
<hr/>	
\$572,686	Total Revenues

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1 **2016 Expenditures**

2 2016 TBD expenditures consist of administrative expenses, TBD insurance (through the  
3 Cities Insurance Association of Washington (CIAW)), and projects. The TBD's  
4 administrative expenses consist of staff time (Public Works and Finance), public meeting  
5 notices, and meeting minute recording/development. Total 2016 TBD expenditures are  
6 summarized as follows:

7	\$	5,026	Administration
8		13,972	Legal
9		6,114	Insurance
10		10,352	Intergovernmental (Ballot)
11		5,520	Professional Services
12		566,049	Projects
13	\$	607,033	Total Expenditures

14  
15 **Fund Balance**

16 The 2016 TBD ending fund balance is summarized as follows:

17			
18	\$	67,448	Beginning Fund Balance
19		572,686	Revenues
20		(607,033)	Expenditures
21	\$	33,101	Ending Fund Balance
22			

23 A schedule of revenues, expenditures and changes in fund balance is provided on the last page  
24 of this report.

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26 **TBD Project Expenses and Schedules**

27 Projects identified in TBD Ordinance #10 for potential TBD funding include:

- 28 1) Street and traffic maintenance and operations  
29 Street Fund 111  
30 2016 TBD Funding Contribution: \$181,740  
31 Schedule: Ongoing  
32 2) Preventative and routine pavement maintenance and reconstruction  
33 Overlay Program Fund 311  
34 2016 TBD Funding Contribution: \$384,309  
35 Schedule: Ongoing  
36  
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**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**City of Lynnwood, Washington**  
**Transportation Benefit District**  
**For the Year Ending December 31, 2016**

	Actual
<b>REVENUES</b>	
Annual Vehicle Registration Fees	\$ 571,070
Interest	<u>1,616</u>
<b>TOTAL REVENUES</b>	<u>\$ 572,686</u>
<b>EXPENDITURES</b>	
Administration Expenditures	\$ 5,026
Legal	13,972
Insurance	6,114
Intergovernmental	10,352
Professional Services	5,520
Projects	<u>566,049</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 607,033</u>
<b>Net Change in Fund Balance</b>	\$ (34,347)
<b>Fund Balance - Beginning</b>	<u>67,448</u>
<b>Fund Balance - Ending</b>	<u>\$ 33,101</u>