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7 **City of Lynnwood**

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9 **Transportation Benefit District**

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15 **2017 Annual Report**

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21 November 2018

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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 2018, 60 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.

## **2017 Meetings Summary**

The TBD Board held three meetings in 2017. A brief summary of the meetings is listed as follows:

### **March 15, 2017 Regular Meeting**

- Presentation, discussion and possible action or other disposition related to Ordinance #13 for decreasing the vehicle licensing fee including potential scheduling of a public hearing

- Election of Board Officers

### **October 18, 2017 Regular Meeting**

- Ordinances #14 and #15 – Decreasing or eliminating the vehicle licensing fee

### **December 4, 2017 Special Meeting**

- Ordinance #10 – Increased or decreased vehicle license fee
- Presentation, discussion and approval of the 2016 TBD Annual Report
- Presentation, discussion, and possible action on Ordinance #16 – 2017 Budget Amendment
- Public hearing, consideration, discussion and possible action on Ordinance #17 – 2018 Budget

### **2017 Revenue**

The TBD's revenues for the year ending December 31, 2017 are as follows:

\$	994,604	Vehicle Registration Fees
	1,493,202	Sales and Use Tax
	257,292	Fund 311 Previously Unspent Monies
	5,333	Interest
\$	2,750,431	Total Revenues

1 **2017 Expenditures**

2 2017 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 2017 TBD expenditures are  
6 summarized as follows:

7	\$	350	Administration
8		194	Legal
9		5,642	Insurance
10		4,823	Professional Services
11		1,000,000	Projects
12	\$	1,011,009	Total Expenditures

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14 **Fund Balance**

15 The 2017 TBD ending fund balance is summarized as follows:

16			
17	\$	33,101	Beginning Fund Balance
18		2,750,431	Revenues
19		(1,011,009)	Expenditures
20	\$	1,772,523	Ending Fund Balance

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

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25 **TBD Project Expenses and Schedules**

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

- 27 1) Street and traffic maintenance and operations  
28 Street Fund 111  
29 2017 TBD Funding Contribution: \$250,000  
30 Schedule: Ongoing  
31 2) Preventative and routine pavement maintenance and reconstruction  
32 Overlay Program Fund 360  
33 2017 TBD Funding Contribution: \$750,000  
34 Schedule: Ongoing  
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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, 2017**

	Actual
<b>REVENUES</b>	
Annual Vehicle Registration Fees	\$ 994,604
Sales and Use Tax	1,493,202
Fund 311 Previously Unspent Monies	257,292
Interest	<u>5,333</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,750,431</u>
<b>EXPENDITURES</b>	
Administration Expenditures	\$ 350
Legal	194
Insurance	5,642
Professional Services	4,823
Projects	<u>1,000,000</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,011,009</u>
<b>Net Change in Fund Balance</b>	\$ 1,739,422
<b>Fund Balance - Beginning</b>	<u>33,101</u>
<b>Fund Balance - Ending</b>	<u><u>\$ 1,772,523</u></u>