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7 **City of Lynnwood**

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9 **Transportation Benefit District**

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15 **2019 Annual Report**

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21 December 2020

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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.

On May 24th 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 29th 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 27th 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 1st, 2017 and generates a total of approximately \$1,200,000 annually for transportation projects. On November 8th, 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 1st, 2017, lasts for 10 years, and is expected to generate approximately \$2,800,000 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.

2019 Meetings Summary

The TBD Board held two meetings in 2019. A summary of the meetings is listed as follows:

March 20, 2019 Regular Meeting

- Consideration, discussion, and possible action on Resolution #10 - Amend the TBD Charter
- Presentation and discussion – Initiative-976 Update
- Election of Board Officers

November 20, 2019 Special Meeting

- Exit Conference by State Auditor
- Potential City Assumption of the TBD
- Presentation, discussion and approval of the 2018 TBD Annual Report
- Ordinance #19 – Public hearing, consideration, discussion and possible action on the 2020 Budget

2019 Revenue

The TBD's revenues for the year ending December 31, 2019 are as follows:

\$ 1,152,211	Vehicle Registration Fees
2,774,522	Sales and Use Tax
57,917	Interest
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\$ 3,984,650	Total Revenues

2019 Expenditures

2019 TBD expenditures consist of administrative expenses, TBD insurance (through the Cities Insurance Association of Washington (CIAW)), and projects. The TBD's administrative expenses consist of staff time (Public Works, Human Resources, and Finance), public meeting notices, and meeting minute recording/development. Total 2019 TBD expenditures are summarized as follows:

\$ 16,335	Administration
2,511	Professional Services
195	Legal Publications
6,163	Insurance
3,146,785	Projects
\$ 3,176,219	Total Expenditures

Fund Balance

The 2019 TBD ending fund balance is summarized as follows:

\$ 2,546,387	Beginning Fund Balance
3,984,650	Revenues
(3,176,219)	Expenditures
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\$ 3,354,818	Ending Fund Balance

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

1 **TBD Project Expenses and Schedules**

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

3 1) Street and traffic maintenance and operations

4 Street Fund 111

5 2019 TBD Funding Contribution: \$ 300,000

6 Schedule: Ongoing

7
8 2) Preventative and routine pavement maintenance
9 and reconstruction

10 Transportation Capital Infrastructure Fund 360

11 2019 TBD Funding Contribution: \$2,846,785

12 toward the following:

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14 ADA Ramps & Sidewalks Program \$ 75,000

15 Citywide Multimodal Transportation Planning 59,862

16 Pavement Preservation 2,711,923

17 \$ 2,846,785

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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, 2019

	Actual
REVENUES	
Annual Vehicle Registration Fees	\$ 1,152,211
Sales and Use Tax	2,774,522
Interest	<u>57,917</u>
TOTAL REVENUES	<u>\$ 3,984,650</u>
EXPENDITURES	
Administration Expenditures	\$ 16,335
Professional	2,511
Legal Publications	195
Projects	<u>3,146,785</u>
TOTAL EXPENDITURES	<u>\$ 3,176,219</u>
Net Change in Fund Balance	\$ 808,431
Fund Balance - Beginning	<u>2,546,387</u>
Fund Balance - Ending	<u>\$ 3,354,818</u>