AGENDA
City of Lynnwood
Transportation Benefit District (TBD) Board
Council Chambers, City Hall
19100 44th Avenue W, Lynnwood, WA, 98036

Regular Meeting
March 9, 2015
6:00 P.M.

10 Call to Order

20 Roll Call

30 Approval of Minutes – January 20, 2015 Special Meeting

40 Voucher Approval

50 Citizen Comments and Communications

60 Presentation and Discussion: Transportation Funding Status, Needs, Potential Funding Sources and Next Steps

70 Adjournment
Item 30

Regular Meeting
March 9, 2015
6:00 P.M.

TITLE: Approval of Minutes – January 20, 2015 Special Meeting

DEPARTMENT: Public Works

DEPARTMENT CONTACT: David Mach

BACKGROUND: The January 20, 2015 special meeting was the most recently held Board meeting.

ACTION: Approve the meeting minutes from the January 20, 2015 special meeting

ATTACHMENTS: January 20, 2015 special meeting minutes
CITY OF LYNNWOOD
TRANSPORTATION BENEFIT DISTRICT BOARD SPECIAL MEETING MINUTES
January 20, 2015

10. CALL TO ORDER – The January 20, 2015 Special 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 Benjamin Goodwin
   Board Member M. Christopher Boyer
   Board Member Ruth Ross
   Board Member Ian Cotton

OTHERS ATTENDING
   Public Works Director Franz
   Deputy PW Director Elekes
   Project Manager David Mach
   Council Assistant Beth Morris
   Interim Finance Dir. Chris Johnson
   Budget Supervisor Harrigan

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 – November 19, 2014 Special Meeting Minutes

   Motion made by Board Member Boyer, seconded by Board Vice President Roberts to approve the minutes of the November 19, 2014 Special Meeting. Motion passed unanimously.

40. CITIZEN COMMENTS AND COMMUNICATIONS

   None

50. PRESENTATION: 2014 General Election Proposition 1 Results

   Project Manager Mach recounted the results of the elections noting that Proposition 1 which would have raised the General Sales Tax Rate in Lynnwood from 9.5% to 9.7% did not pass. Page 50-1 in the Board’s packet shows the percentage results. The Proposition was about 470 votes shy of passing.

60. PRESENTATION AND DISCUSSION: TRANSPORTATION FUNDING STATUS, NEEDS, AND POTENTIAL FUNDING SOURCES

   Public Works Director Bill Franz gave a PowerPoint presentation. He summarized that making city streets safe for drivers and pedestrians should be one of the highest priorities based on Lynnwood’s Vision Statement. He commented that transportation is consistently reported as an area of concern by Lynnwood’s citizens. He noted he has heard it said many times by leadership that the City’s first and highest priority as a city is public safety. He
indicated that transportation is linked to public safety, since statistics show that traffic
crashes are the leading cause of death.

Director Franz then reviewed the City’s transportation funding status and project needs. He
commented that since Lynnwood has been a city, over $5 billion has been invested in
transportation infrastructure. He asserted that an investment of that magnitude should be
protected and maintained. The Operations and Maintenance portion of transportation
funding (Street Fund 111) relates to daily maintenance of potholes, signs, and pavement
markings. Currently there are 10 FTEs in the Street Fund, but the two of them are shared
with the Storm Department. Not only are there not many people, but there also is not a lot of
money and supplies in the budget. He noted that in the 1970’s the City had one more crew
member in the Street Department than it does now.

Capital infrastructure investment or reinvestment includes the overlay program, traffic
signals (57 signals) and sidewalks (200 miles). He noted that what is in the current two-year
budget is about $614,000 per year for the overlay program. This is enough by current
requirements to pave about .35 miles a year of roads which is about .1% of the City’s 300
lane miles of road. At this rate it will take 857 years to repave the City. Back in the 70’s the
City was paving 1.6-2.8 miles a year and its overall amount of roads was much smaller.

Lynnwood’s Operation and Maintenance need is about $4.6 million a biennium compared to
about $4.2 million which is budgeted. As far as Capital Maintenance, the City needs $7.5 to
$8 million over the biennium for overlays. He reviewed numbers for signal rebuilds and
sidewalks as shown in the presentation. He summarized that the total need for the biennium
is approximately $13.2 million; currently they have $5.4 million budgeted. He explained that
a good chunk of this comes from the General Fund allocation. The MD fuel tax hasn’t
changed for two decades or more. There is some revenue from licenses and fees. The City
has also asked for some REET (Real Estate Excise Tax) funds to help plug some holes. The
current contribution from the $20 tabs is about $500,000 a year. There are also some Utility
contributions that go toward paving because of the cutting of the streets that the Utilities do
to put in water, sewer, etc.

The Capital program to build new projects is another huge need over the next 20 years.
These projects include things like the Poplar Bridge, 196th, and 36th. There is little to no
funding sources for that right now. This is a topic that is important and will need to be
discussed as well. Director Franz explained over last seven or so biennia, the General Fund
contribution to Streets was pretty much the same (around $2 million annually) except for the
2013-2014 biennium when monies were shifted around and concerns were raised over the
appropriate funding source. He asserted that streets and transportation is an obligation of the
City no matter what funding source it comes from.

Over the long term from 1992 to 2014, the Street Fund is funded one FTE less while other
parts of the city have gone up dramatically in FTEs. Streets have kept costs down over many
years. From 1992 to 2014 the yearly budget has only gone up 1.3 times. Based on inflation it
should have gone up 2.7 times. He concluded that the City has not chosen to put money into
the street system for many years. He showed pictures of the status of streets around the City
and discussed how staff is handling it. Board Member Boyer commented that crack seals are
important for the integrity of the pavement, but create visual difficulties for drivers. Director
Franz summarized that the City is falling dangerously behind on maintenance with
implications to safety as well as aesthetics and economics. The long-term financial
sustainability issue is a huge one if they don’t address this now.

Project Manager Mach referred to the Transportation Traffic Task Force presentation in the
Board’s binders and reviewed potential funding sources as follows:
- License tab – Vehicle tab tax is currently $20, but can be increased up to $100. This
could increase revenue from $500,000 to $2,500,000, but would require a public
vote. Director Franz commented that there has been talk in Olympia about increasing
the Cuncilmatic amount to $40.
- Increase in sales tax – would generate up to $4 million a year.
- City Council Levy LID lift
- Local Improvement Districts – Certain subsets of the City are assessed an increased
property tax that goes toward a certain improvement that benefits their properties.
This has been implemented many times around the mall.
- General utility taxes – can be increased to generate $700,000 additional revenue
- Business & Occupation taxes – could generate $1.9 million additional revenue.
- General Fund – Council can determine how much of the General Fund money needs
to go to the different departments. The Council can adjust the revenue to meet the
priorities of the City.
- Street Utility Tax – not currently an option, but has been discussed elsewhere.

Comments and Questions:

Board Member Cotton asked staff about the overlay study that was done showing the
requirements to put the City on track. He asked how far behind the City is now based on that
schedule. Deputy Director Elekes replied that they are way behind. On a scale of 0 to 100,
the City is around 50 and heading downward. The analysis that staff prepared for the Board
last summer showed that the City needs to spend an average of $3.5 to $4 million annually
in a mix of overlays, chip seals, etc.

Board Member Boyer asked about the street utility tax which is labeled “not yet legal.” City
Attorney Larson replied that the option is not legal in Washington right now because it is a
property tax that is not imposed at a uniform rate. There was some discussion about the
history of this tax in Washington State. Board Member Boyer referred to the various options
and noted that the sales tax, property tax, and utility taxes could be considered regressive
taxes because they don’t take into account the greater or lesser ability of the taxpayer to pay.
However the street utility is at least based on a function of usage which seems like a more
fair way to allocate the costs. Project Manager Mach pointed out that the street utility tax
would capture properties in Lynnwood, but it would not capture trips that are coming into
the City from outside.

Board Vice President Roberts expressed concern about how this could work when some of
the biggest roads in the City are mainly used by people passing through. He wondered if the
mall, who is the recipient of all that traffic, could somehow pay for it. He then expressed
appreciation for the reference to the Vision Statement, noting that the citizens have said this
is important to them, although the City is not funding it. He wondered if the reason the sales
tax increase didn’t pass is because it might have been too much. He suggested a combination
approach where they look at several sources to fund this. He asked where the money was
coming from back in the 70’s when they were paving a lot more. Director Franz did not have
that information, but indicated he might be able to find it. Board Vice President Roberts
thought that data would be helpful.

Board President Simmonds commented that there are only 36,000 residents in Lynnwood,
but the large volume of traffic that goes through the community on a daily basis is three to
four times that amount. Because of that factor he leans toward letting those that come
through here help share in the costs. He wondered if it would have helped if the City had
stated they would eliminate the $20 vehicle tab fee if the measure passed. He commented
that he thinks the problem is going to get worse before it gets better based on what is going
on around the mall. He then asked about a comment staff had made about stormwater money
being tied in with the streets. Deputy Director Elekes noted that the City currently taps into
the stormwater utilities for about $233,000 a year which was a policy decision the Council
made to address issues caused by waterline or sewer repairs. He explained that the
stormwater utility rates could be increased to cover more maintenance of the drainage
system, but this has not been discussed.

Board Member AuBuchon referred to an email sent out by Board Vice President Roberts
concerning an article that appeared in this morning’s paper. He observed that according to
the article, Snohomish County received $81.8 million in federal funding from the state. King
County received $3.9 billion which is about 50 times more than what Snohomish County
received. He thinks that the Mayor is on the right track by spending money on a legislative
assistant to lobby in Olympia. Director Franz clarified that the numbers referred to by Board
Member AuBuchon are what the Governor put in his proposed transportation package for
2015-2017, not what was actually received. He agreed that the allocation didn’t make sense
to him either especially considering the huge manufacturing industry in Snohomish County.

Board Member Ross asked about using LIDs for maintenance. Director Franz replied that
LIDs can’t be used for maintenance unless it can be proven that there is an inherent benefit.
If the road is there today it’s the City’s responsibility to maintain it; however if we are going
to widen it, expand it, or increase its capacity in some fashion, that can be looked at from a
LID standpoint. Routine maintenance is not allowed. Board Member Ross asked if there is
anything the City can address on this topic in Olympia. She thinks maintenance is going to
increase the value of anybody’s property as long as the roads are passable.

Board Vice President Roberts asked what traffic impact fees can be used for. Project
Manager Mach replied that traffic impact fees are a fee that is assessed on new development
and can primarily be used for capacity improvements, but not safety or maintenance
improvements. He explained that some of the funds are being used for the 204th Street
project, may be used for part of 36th for the right of way, and possibly another project. This
has been a solid revenue source. The idea of the traffic impact fees is that that Growth pays
for growth.
Board President Simmonds asked if LIDs could be used to widen 196th. Deputy Director Elekes replied that it could because the road widening could have a benefit to the adjacent property. Director Franz added that traffic mitigation fees could be used on that project also because the growth has caused a capacity issue.

Board Member AuBuchon asked Director Franz if the numbers on the budget breakdown include the developer of the ring road. Director Franz replied that they do not. Those numbers are for operational budgets and that funding is a capital expenditure. He reminded the Board that there was a grant for that area. The City also took out a loan which will be paid back by future sales tax.

70. ADJOURNMENT

Board President Simmonds stated that the next regularly scheduled TBD Board Meeting would be held on March 9, 2015 at 6:00 p.m.

Motion made by Board Vice President Roberts, seconded by Board Member Cotton, to adjourn the meeting. Motion passed unanimously.

The meeting was adjourned at 6:58 p.m.

Loren Simmonds, TBD Board President

Chris Johnson
Interim Finance Director
City of Lynnwood
Transportation Benefit District Board

Item 40

Regular Meeting
March 9, 2015
6:00 P.M.

TITLE: Voucher Approval

DEPARTMENT: Finance/Public Works

DEPARTMENT CONTACT: Dean Rohla/David Mach

BACKGROUND: The TBD has incurred various expenses since the last voucher approval at
the November 19, 2014 special meeting. Staff is asking for voucher approval at this time.

ACTION: Approve claims in the amount of $13,556.83.

ATTACHMENTS: None
City of Lynnwood
Transportation Benefit District Board

Item 60

Regular Meeting
March 9, 2015
6:00 P.M.

TITLE: Presentation and Discussion: Transportation Funding Status, Needs, Potential Funding Sources and Next Steps

DEPARTMENT: Public Works

DEPARTMENT CONTACT: Bill Franz/David Mach

BACKGROUND: Staff will provide a recap of the presentation provided to the Board at their January 20, 2015 meeting as well as discuss current capital funding needs vs. revenues. The TBD Board has the ability to proceed with the following funding options:

<table>
<thead>
<tr>
<th></th>
<th>TBD Funding Options</th>
<th>New Annual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Do nothing</td>
<td>$0</td>
</tr>
</tbody>
</table>
| 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                    |

If the Board decides to move forward with a potential ballot measure, the following table provides options for upcoming election dates:

<table>
<thead>
<tr>
<th></th>
<th>Election Date</th>
<th>Ballot Measure Due By</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>August 4, 2015</td>
<td>May 8, 2015</td>
</tr>
<tr>
<td>B</td>
<td>November 3, 2015</td>
<td>August 4, 2015</td>
</tr>
<tr>
<td>C</td>
<td>Sometime in 2016</td>
<td>-</td>
</tr>
</tbody>
</table>

ACTION: Discussion

ATTACHMENTS: 1) Current capital funding needs vs. revenues
2) 1976 Transportation Spending Analysis and Comparison
3) Board Members: Please bring the Transportation Binder which was provided by staff at the January 20, 2015 meeting
### Capital Funding Needs and Revenues

**DRAFT, 2/26/2015**

**Transportation Funding**

<table>
<thead>
<tr>
<th>Continuous, secured funding sources</th>
<th>Biennium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund 110: Trans. Impact Fees</td>
<td>$ 800,000</td>
</tr>
<tr>
<td>Fund 128: Paths/Trails</td>
<td></td>
</tr>
<tr>
<td>Fund 150: Trans. Benefit District</td>
<td>$ 650,000</td>
</tr>
<tr>
<td>Fund 199: Program Devel.</td>
<td></td>
</tr>
<tr>
<td>Fund 224: LID Guarantee</td>
<td></td>
</tr>
<tr>
<td>Fund 330: REET 2</td>
<td>$ 900,000</td>
</tr>
<tr>
<td>Fund 331: REET 1</td>
<td>$ 900,000</td>
</tr>
<tr>
<td>Fund 333: Capital Devel.</td>
<td>$ 300,000</td>
</tr>
<tr>
<td>EDIP (loan and multi-yr payback)</td>
<td>$ 10,000</td>
</tr>
<tr>
<td>Fund 411: Utilities</td>
<td>$ 560,000</td>
</tr>
</tbody>
</table>

Sub total** $ 4,120,000

<table>
<thead>
<tr>
<th>Other Funding Sources, Unsecured</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$ 1,500,000</td>
</tr>
<tr>
<td>Fund 150: TBD new resolution, sales tax</td>
<td>$ 8,000,000</td>
</tr>
</tbody>
</table>

Sub total $ 9,500,000

**TOTAL REVENUE** $ 13,620,000

<table>
<thead>
<tr>
<th>Capital Needs: Transportation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overlays</td>
<td>$ 7,500,000</td>
</tr>
<tr>
<td>Signal Rebuild Program</td>
<td></td>
</tr>
<tr>
<td>Sidewalks</td>
<td>$ 500,000</td>
</tr>
<tr>
<td>Capacity Projects to Support Growth and Vision (i.e. 36th Ave W, Poplar Bridge, 196th St SW)</td>
<td>$ 600,000</td>
</tr>
<tr>
<td>TOTAL NEEDS</td>
<td>$ 26,600,000</td>
</tr>
</tbody>
</table>

**DIFFERENCE** $ (12,980,000)

*assumes passage of TBD and secured grants

**assumes all capital funding resources to be used towards Transportation
### 1976 City of Lynnwood Budget Analysis
#### Transportation Spending and Funding

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1976 Budget</td>
<td>% of GF</td>
<td>15-'16 Compare</td>
<td>% of GF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>$2,560,685</td>
<td></td>
<td>$104,088,370</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Street Fund, 111</td>
<td>$328,085</td>
<td>13%</td>
<td>$4,200,000</td>
<td>4%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Funded by:</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>General Fund</td>
<td>$126,443</td>
<td>39%</td>
<td>$1,960,000</td>
<td>47%</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Motor Veh. Fuel Tax</td>
<td>$119,606</td>
<td>36%</td>
<td>$1,459,560</td>
<td>35%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Misc. (BFB, Permits, etc.)</td>
<td>$82,036</td>
<td>25%</td>
<td>$789,720</td>
<td>19%</td>
<td></td>
<td></td>
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<tr>
<td>Capital Transportation Budget</td>
<td>$1,203,476</td>
<td>47%</td>
<td>$5,500,000</td>
<td>5%</td>
<td></td>
<td></td>
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<tr>
<td>Funded by:</td>
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</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>$424,608</td>
<td>35%</td>
<td></td>
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<td></td>
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<tr>
<td>Motor Veh. Fuel Tax</td>
<td>$85,573</td>
<td>7%</td>
<td></td>
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<tr>
<td>Misc.</td>
<td>$20,850</td>
<td>2%</td>
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<tr>
<td>Federal Grants</td>
<td>$282,600</td>
<td>23%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>State Shared Revenue</td>
<td>$74,000</td>
<td>6%</td>
<td></td>
<td></td>
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<tr>
<td>Parking Fees</td>
<td>$315,845</td>
<td>26%</td>
<td></td>
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<td></td>
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<td></td>
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<tr>
<td>Total Spent on Transportation</td>
<td>$1,531,561</td>
<td>60%</td>
<td>$9,700,000</td>
<td>9%</td>
<td></td>
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</tbody>
</table>

1976 Projects: Overlays, 36th, 188th, Beech Road
1956-16 Projects: 196th, Poplar Bridge, 36th, Overlays