



Date: April 28, 2016

To: City Council

CC: Jeff Johnson, Mayor
Pete Rose, City Administrator

From: Frank Zenk, Public Works Director
Chris Bothwell, Finance Director

Subject: 2015 Transportation Benefit District Annual Report, Use of Funds

Attachment: Exhibit A, 2015-2016 Funding Plan

The Lake Forest Park Transportation Benefit District (TBD) beginning fund balance for 2015 was \$100,754. The TBD received \$214,513 in vehicle license fees and \$234 in investment interest for total 2015 resources of \$315,501. The ending fund balance for the TBD at December 31, 2015 was \$108,212.

In 2015 the Transportation Benefit District had expenditures of \$207,289 as shown below.

<u>Description</u>	<u>Expenditure</u>
Preservation and Maintenance of Streets (Street Fund)	150,000
Roadway Projects (Transportation Capital Fund)	50,000
Audit Expense	3,573
Insurance Expense	2,500
Finance, Accounting, HR, and IT Services (General Fund)	1,216
Total	207,289

Use of Funds

The expenditure labeled above as preservation and maintenance of streets is for projects that preserve and maintain the City streets. Examples include pothole patching, crack sealing, skin patching, and signage.

The amount in the table labeled roadway projects primarily supports the annual overlay program. Portions of the following streets were included in the 2015 overlay: NE 191st Street, 32nd Avenue NE, 34th Avenue NE, 36th Avenue NE, NE 196th Street, and NE 197th Street. The total cost for the 2015 overlay program was \$258,620, \$50,000 of which was funded by the TBD, the remaining \$208,620 was funded by other sources. A benefit of the overlay program is

that the program maintains the existing streets to protect the initial investment in the street and to ensure an acceptable driving surface.

The amounts listed in the table as audit expense and insurance expense are costs associated with the TBD's separate entity status. As a legal entity that exists separate from the City, the TBD is required to have its own audit and insurance policy.

The administrative functions of the TBD are performed by City staff. The services performed by the City for the benefit of the TBD include: accounting and finance activities and preparation of the budget and annual report. The amount in the table is the 2015 charge from the General Fund for providing administrative services. The value of the services provided is calculated pursuant to the cost allocation plan.

TBD Separate Entity Dissolved December 31, 2015

Since its formation the Lake Forest Park Transportation Benefit District has been a separate legal entity from the City government. The operation and maintenance of a separate legal entity results in additional administrative burden and costs that effectively go away if the separate entity is dissolved.

The 2015 Legislature relaxed the separate entity requirement for transportation benefit districts allowing a city to assume the rights, powers, and responsibilities of a transportation benefit district without requiring a separate legal entity. The City of Lake Forest Park availed itself of the opportunity to dissolve the separate legal entity status of the Lake Forest Park Transportation Benefit District; the City assumed the TBD effective December 31, 2015. In the future the TBD will be reported as a special revenue fund of the City. No other changes will result from the assumption/dissolution.

TBD Fee Increase

Immediately preceding assumption of the TBD by the City, the TBD Board voted to increase the vehicle tab fee from \$20 per vehicle registered in the city to \$40. The now disbanded TBD Board noted that the fee increase was necessary to adequately fund the maintenance and upgrade of the transportation infrastructure in the city.

We look forward working with the TBD on future projects to preserve, maintain or expand the City's transportation infrastructure into the future.

If you have any questions concerning the use of the TBD funds, please feel free to contact Frank Zenk at 206-957-2803, fzenk@ci.lake-forest-park.wa.us or Chris Bothwell at 206-957-2816, cbothwell@ci.lake-forest-park.wa.us .

**Lake Forest Park Transportation Benefit District:
2015-2016 Funding Plan**

For fiscal years 2015-2016, the Lake Forest Park Transportation Benefit District will use Transportation Benefit District funding for street infrastructure preservation and maintenance projects and the administration of those projects consistent with RCW 36.73 and Chapter 12.35 Lake Forest Park Municipal Code.

LFPMC 12.35.030: The transportation improvements funded shall preserve and maintain the City's previous investments in the transportation infrastructure, reduce the risk of transportation facility failure, improve safety, continue the cost-effectiveness of the City's infrastructure investments, and continue the optimal performance of the transportation system.

Examples of the types of preservation and maintenance projects include, but are not limited to, pothole patching, crack sealing, skin patching, repairs, shoulder maintenance, guard rail repair, snowplowing/sanding and snow related equipment, signs, striping, crosswalks, signals, street drainage, labor, equipment and machinery, and contract work from King County. Funds can also be used for engineering, road overlays, and road and sidewalk construction projects.