



Date: February 3, 2017

To: City Council

CC: Jeff Johnson, Mayor
Pete Rose, City Administrator

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

Subject: 2016 Transportation Benefit District Annual Report

Attachment: Exhibit A, 2015-2016 Funding Plan

The Lake Forest Park (LFP) Transportation Benefit District (TBD) began 2016 with beginning cash and investments valued at \$108,212. During the year the TBD received \$268,528 in vehicle license fees and \$797 in investment interest. The TBD also booked miscellaneous revenue of \$108,212. 2016 expenditures were \$212,015. The TBD's ending cash and investments value at December 31, 2016 was \$165,522.

Revenue Analysis

Vehicle license fees collected in 2016 were higher than prior years, due to an increase in the vehicle license fee, but, below budgeted amounts due to the compounded effects of staff's optimistic timeline for implementation of the fee increase and delays by the Washington Department of Licensing (DOL) to update the TBD fee. The City has an agreement with the DOL to collect TBD fees, the agreement recognizes that under normal circumstances changes to the TBD fee will take up to six months to implement. The DOL required additional time to implement the fee increase due to the launch of an entirely new licensing system that was occurring during the same window of time as the implementation of the LFP fee increase. The agreement between the City and the DOL establishes that the DOL is not liable for any fees that it did not collect.

Additionally, the TBD recognized \$108,213 of miscellaneous revenue in 2016. This item of revenue lacks substance and amounts to an accounting entry to move the assets of the TBD to the City following the assumption of the TBD by the City on January 1, 2016. The

characterization of this entry as revenue is required by a Governmental Accounting Standards Board (GASB) pronouncement.¹

Expenditure Analysis

In 2016 the Transportation Benefit District had expenditures of \$212,015 as shown in the table below.

<u>Description</u>	<u>Expenditure</u>
Preservation and Maintenance of Streets (Street Fund)	\$ 150,000
Roadway Projects (Transportation Capital Fund)	50,000
Speed Capture Signs	11,500
Finance and Accounting Services	515
Total Expenditures	\$ 212,015

The expenditure labeled above as Preservation and Maintenance of Streets was for small projects that preserve and maintain the City streets, the work was performed by the Street Fund. Examples of the small projects include pothole patching, crack sealing, skin patching, and signage. The purpose of this expenditure was to extend the useful life of the City's roads.

The amount in the table labeled Roadway Projects supported the work of the City Engineer on transportation projects including the completion and close-out of the NE 178th Street Project, the Safe Streets and Safe Highways Projects, and inventorying the City's ADA ramps. The purpose of this expenditure was to improve mobility and safety for vehicles and pedestrians in the City.

The expenditure labeled Speed Capture Signs was for the purchase of interactive signs that display the speed traveled by vehicles and collect speed data of vehicles on certain streets in the City. The signs will increase driver awareness and are intended to improve safety on the City's roadways.

City staff provide the finance and accounting services for the TBD. The amount in the table is the 2016 charge from the General Fund for providing these services. The value of the services provided is calculated pursuant to the cost allocation plan.

If you have any questions concerning the LFP TBD, then please 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.

¹ GASB Statement No. 69. "Government Combinations and Disposals of Government Operations" (2013), Section 45. "In a government acquisition, the assets...should be recognized by the acquiring government as a special item in the statement of revenue, expenditures, and changes in fund balances in the period of acquisition".