

**CITY OF EDMONDS
TRANSPORTATION BENEFIT DISTRICT BOARD
APPROVED MINUTES
April 26, 2011**

The Edmonds Transportation Benefit District Board meeting was called to order at 6:34 p.m. by Board Member Steve Bernheim in the Council Chambers, 250 5th Avenue North, Edmonds.

OFFICIALS PRESENT

Steve Bernheim, Board Member
Strom Peterson, Board Member
D. J. Wilson, Board Member
Michael Plunkett, Board Member
Lora Petso, Board Member
Diane Buckshnis, Board Member

OFFICIALS ABSENT

Adrienne Fraley-Monillas, Board Member

STAFF PRESENT

Al Compaan, Police Chief
Stephen Clifton, Community Services/Economic
Development Director
Phil Williams, Public Works Director
Carrie Hite, Parks & Recreation Director
Carl Nelson, CIO
Jeff Taraday, City Attorney
Sandy Chase, City Clerk
Megan Cruz, Video Recorder
Jeannie Dines, Recorder

1. APPROVAL OF AGENDA

BOARD MEMBER BUCKSHNIS MOVED, SECONDED BY BOARD MEMBER PETERSON, TO APPROVE THE AGENDA IN CONTENT AND ORDER. MOTION CARRIED UNANIMOUSLY.

2. CONSENT AGENDA ITEMS

BOARD MEMBER PETERSON MOVED, SECONDED BY BOARD MEMBER BUCKSHNIS, TO APPROVE THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY. The agenda items approved are as follows:

A. ROLL CALL

B. APPROVAL OF TRANSPORTATION BENEFIT DISTRICT MEETING MINUTES OF AUGUST 3, 2010.

3. ELECTION OF TRANSPORTATION BENEFIT DISTRICT BOARD PRESIDENT, VICE PRESIDENT AND TREASURER FOR 2011

Board Member Bernheim opened nominations for President of the Transportation Benefit District Board.

BOARD MEMBER PLUNKETT NOMINATED STROM PETERSON AS PRESIDENT OF THE CITY OF EDMONDS TRANSPORTATION BENEFIT DISTRICT BOARD.

Hearing no further nominations, Board Member Bernheim closed nominations for President.

THE VOTE ON THE NOMINATION OF STROM PETERSON AS PRESIDENT OF THE CITY OF EDMONDS TRANSPORTATION BENEFIT DISTRICT BOARD CARRIED UNANIMOUSLY.

Board President Peterson opened nominations for Vice President of the Transportation Benefit District Board.

BOARD MEMBER BUCKSHNIS NOMINATED ADRIENNE FRALEY-MONILLAS AS VICE PRESIDENT OF THE CITY OF EDMONDS TRANSPORTATION BENEFIT DISTRICT BOARD.

BOARD MEMBER BERNHEIM NOMINATED LORA PETSO AS VICE PRESIDENT OF THE CITY OF EDMONDS TRANSPORTATION BENEFIT DISTRICT BOARD.

Hearing no further nominations, Board President Peterson closed nominations for Vice President.

THE VOTE ON THE NOMINATION OF ADRIENNE FRALEY-MONILLAS AS VICE PRESIDENT OF THE CITY OF EDMONDS TRANSPORTATION BENEFIT DISTRICT FAILED (1-5), BOARD MEMBER BUCKSHNIS VOTING YES.

THE VOTE ON THE NOMINATION OF LORA PETSO AS VICE PRESIDENT OF THE CITY OF EDMONDS TRANSPORTATION BENEFIT DISTRICT BOARD CARRIED UNANIMOUSLY.

Board President Peterson relayed State law mandates that the Treasurer of any Transportation Benefit District (TBD) Board formed in the State is the City's Finance Director. Therefore, the City's Interim Finance Director is the TBD's Interim Treasurer and when a new Finance Director is hired, he/she will be the TBD's Treasurer.

4. EDMONDS TRANSPORTATION BENEFIT DISTRICT – ANNUAL REPORT FOR YEAR 2010.

Public Works Director Phil Williams explained the State statute enabling the TBD as well as the ordinance requires that staff submit an annual report to the Board. Mr. Williams provided background on the TBD:

- Edmonds formed the ETBD under Ordinance 3707 on November 18, 2008.
- TBD Board enacts \$20/year fee with Ordinance 1 on February 17th, 2009 limiting the uses of funds collected to maintenance and preservation of streets and related assets.
- 1% of funds collected retained by State for administrative purposes.
- Administrative efforts with Department of Revenue and Department of Licensing result in less than projected revenue collection in 2009.
- \$168,000 collected in 2009 spent on maintenance and preservation of City streets, including pavement repair & maintenance, signage management, markings (buttons, curb paint, etc.), crosswalks, and traffic signals.
- \$589,545 collected in 2010 – first full year – all spent on the same list of activities.
- A total of \$670,147 (47% of approved 2010 street budget) was spent on these activities in 2010, the additional \$80,602 was provided by gas tax.

Mr. Williams described other activities funded with TBD revenue including crack sealing, graffiti removal, asphalt replacement, pothole patching, and signal maintenance and programming. He also provided the following information:

- \$750,000 budgeted in 2010 and 2011 in gas tax (\$160,000 goes to Fund 112 for Street capital projects).
- The City only received \$723,000 in 2010 from gas tax, likely the result of continual decline in the economy.
- Gas tax collections YTD 2011 are 3% below last year, likely due to high gas prices. Gas tax in 2011 is now projected to be 6% or \$46,000 below budget.

- Total gas tax in Washington 55.9 cents/gallon (7th highest in the nation) – fixed, does not fluctuate with the price of gas.
- Gas tax comprised of a 18.4 cents/gallon federal and 37.5 cents/gallon State.
- State law allows a local gas tax (county level) with voter approval.
- \$600,000 budgeted for 2011 in TBD revenue.
- Zero dollars in General Fund transfers budgeted in 2011.
- The City has not paved any streets with its own resources since 2008.
- The Water Utility will pave some streets next year when water mains are replaced; not necessarily streets in greatest need of paving.
- An additional \$1.5 million is needed above and beyond current funding levels to provide a sustainable street condition. This doesn't include capital projects.

Mr. Williams described the pavement rating system:

- **(New)** – Overlaid within the last 5 years.
- **(Good)** – Very few longitudinal or transverse cracks. No block cracking. No shoulder or curb failure and minimal rutting and weathering. Prime for cracksealing.
- **(Fair)** – Some longitudinal and transverse cracking. Block cracking has not deteriorated to alligator cracking (or small, very limited alligator cracking). Some edge raveling. Limited wheel rutting and no noticeable weathering or polished aggregate. Repairs and/or utility cuts are in good shape. May have some limited reflective cracking. Surface is suitable for crack sealing.
- **(Poor)** – Extensive cracking with large alligatored areas. Numerous patches and temporary repairs. Extensive wheel rutting and may have pushing at the intersections. Petromat will be needed on over 25% of the surface. Surface is too deteriorated for effective crack sealing.
- **(Severe)** – Total reconstruction or more than 50% dig out for base failure. Pavement is deteriorated to the point of possible claims due to the roughness of the surface and numerous potholes.

Mr. Williams displayed a bar graph illustrating miles of roadway rated as new, good, fair, poor and severe 2004-2010.

Board Member Buckshnis observed 29,750 cars registered in Edmonds pay the TBD fee. She asked whether less revenue is projected due to fewer cars as people try to reduce their carbon footprint or purchase electric vehicles. Mr. Williams agreed over time people will begin to wean themselves from single occupant vehicles which will reduce the number of vehicles licensed and have the added affect of reducing revenue from a per vehicle license fee. He preferred to live with that versus additional cars. With regard to electric vehicles, the same discussion is occurring in the legislature regarding how electric vehicles contribute to gas tax. Electric vehicles are subject to the vehicle license fee.

Board Member Buckshnis asked his opinion about putting an additional \$20 vehicle license fee on the ballot. Mr. Williams answered that is a policy question for the Board and potentially the Council. He emphasized the need for additional financing; whether that is achieved via a change in the local license fee is up to the TBD Board and/or Council. There are other options in the TBD statute for raising revenues such as sales tax and property tax. The sooner additional funding is identified the better due to ever increasing costs. He summarized it was not whether the City would fix the streets but how much it would pay to do so and when it would occur.

Board Member Wilson asked the total miles of roadway in the City. Mr. Williams advised there were 133 centerline miles of City streets and about 288 lane miles. Board Member Wilson noted a road rated “good” needed repairs such as crack sealing. He referred to the bar graph illustrating miles of roadway rated as new, good, fair, poor and severe 2004-2010. He noted of the 130+ miles of roads, there are 4.7

miles that do not need repairs of some magnitude. Mr. Williams agreed 4.7 miles of the 133 miles of roads are less than 5 years old. Board Member Wilson noted conversely, approximately 97% of the City's roads need some repair.

Board Member Wilson asked for an example of a location of the 8 miles of roads that are rated severe, that need to be reconstructed. Mr. Williams advised a map that identifies poor and severe streets was prepared at the time of the TBD ballot measure and is available on the City's website. Board Member Wilson asked how an Edmonds resident experienced a severe road. Mr. Williams explained streets are rated in segments, from intersection to intersection. One end of a segment may be in very poor condition and fairly good at the other end; the rater takes that into consideration when applying an overall rating. The rating is based on surface deflection, cracking, extent to which cracks are entwined, etc.

Board Member Wilson asked whether the TBD vehicle license fee was allocated to a specific type of maintenance. Mr. Williams answered there are pure maintenance activities such as crack sealing, restriping, and other tasks that are done annually. Grinding the street and applying 2-inches of asphalt is called a maintenance/preservation overlay. The City does maintenance as funds are available but does not have sufficient resources to do pave streets with the TBD funds.

Board Member Wilson commented the TBD funds subsidize what historically was funded out of the General Fund. Mr. Williams explained the TBD funds are used to maintain City streets in the categories he outlined previously. He recalled there was a desire to assure the public the funds would not be used for tasks that were more controversial such as capital projects like trails, etc. The TBD funds are used for this subset of activities, street maintenance.

Mr. Williams explained the current funding, TBD and gas tax, is approximately \$1.426 million a year. Another \$1.5 million is needed for paving. Neither of those numbers include any improvement/congestion relief capital projects. There was a list of 37 capital projects prepared for the TBD ballot measure, only 1 of which was paving. The other 36 were system improvements for congestion relief, pedestrian safety, and other worthwhile projects.

Board Member Wilson noted it is important to remind voters that the TBD is one of many unique, creative funding sources utilized by Edmonds due to the 1%/year increase in property taxes.

BOARD MEMBER BUCKSHNIS MOVED, SECONDED BY BOARD MEMBER PETSO, TO EXTEND THE MEETING FOR 15 MINUTES. MOTION CARRIED UNANIMOUSLY.

Board Member Petso requested Mr. Williams email his PowerPoint presentation to the Board. She asked about expenditures utilizing TBD funding. For example, the approximately \$184,000 vehicle charge. Mr. Williams explained there are two rates in the 511 fund, an internal rate that a department pays to use a vehicle and an external rate that includes more overhead for use of vehicles outside the City. The \$184,000 is the total amount of vehicle use on those activities at the internal rate.

Board Member Petso referred to the professional services expenditure, assuming that was for attorney fees. Mr. Williams offered to verify that the \$6,889 was for legal fees.

5. AUDIENCE COMMENTS

Al Rutledge, Edmonds, expressed support for an increase in the TBD vehicle license fee to provide additional funding. He supported the previous ballot measure although a majority of voters did not. He often encourages residents to contact Public Works to request repair of a pothole, noting staff will usually do the repair within three weeks. If a levy does not pass, he recommended the TBD Board place an

increase in the vehicle license fee on the ballot. He also recommended forming committees to help educate citizens.

Roger Hertrich, Edmonds, explained the reason a proposed increase in the vehicle license fee was defeated by voters last year was because there were too many projects. He suggested the TBD propose a vehicle license fee to fund only road repair and construction. That would eliminate the need to use REET funds for transportation as well as provide citizens a clear idea of how the funds will be spent. He suggested removing funding for street overlays from any levy proposal.

6. BOARD COMMENTS

Board Member Bernheim suggested scheduling additional TBD Board meetings to discuss funding options for transportation. He agreed the TBD could provide a fund raising proposal for transportation rather than include funding for transportation in a levy. He commented although it may sound like a good idea to have an amount in a levy dedicated solely to road repair, he was uncertain whether voters would support it because they want the roads repaired or oppose it because they want the roads fixed and not pay any more in taxes.

Board President Peterson commented as levy discussions continue and there is a need for parallel discussions with the TBD Board, additional meetings can be scheduled.

In response to public comment, Mr. Williams stated it typically did not take staff three weeks to repair a pothole and citizens could expect a repair within five working days. With regard to a levy versus funding via the TBD, he noted a levy was for a specific time period of one to six years which is a good way to fund a project with a beginning and end. The \$1.5 million street paving is an ongoing, annual expense and needs to be adjusted for inflation in future years. The TBD may be a more interesting model for that type of expense rather than a levy.

Board Member Wilson asked whether a property tax for the TBD did not need to be time specific. Mr. Williams responded that the statute states the money continues to be collected for the purpose identified until the project is complete. If the project is the need for a certain amount of annual paving, then that project has no obvious expiration date. Conversely a TBD created to fund a bridge, new signal, etc. ceases to exist once the project is paid for. Board Member Wilson requested City Attorney Jeff Taraday research TBD funding options.

Board Member Plunkett asked the amount of revenue generated by an additional \$20 vehicle license fee. Mr. Williams answered the statute allows voters to approve up to a \$100 total local vehicle license fee, an additional \$80. The previous proposal for a \$60 total fee was defeated by voters. A \$20 vehicle license fee generates approximately \$600,000/year; \$40 would provide \$1.2 million. A \$60 vehicle license fee would provide approximately the amount needed for maintenance paving. Out of the previous \$60 ballot measure, only \$500,000 was dedicated to paving, the remainder funded capital projects.

Board Member Plunkett commented a project for overlays may be more appealing to voters than 36 capital projects citywide.

Board President Peterson commented in addition to a vehicle license fee, funding options for the TBD include a property tax assessment and a sales tax assessment.

7. ADJOURN

With no further business, the TBD Board meeting was adjourned at 7:12 p.m.