

Public Hearing

Consider Forming Transportation Benefit District

Longview City Council
August 25, 2016

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PUBLIC HEARING – TRANSPORTATION BENEFIT DISTRICT

- **What is a Transportation Benefit District?**
- **Why is the City considering forming a Transportation Benefit District (TBD)?**
- **How is a TBD formed?**
- **How is a TBD funded?**

What is a Transportation Benefit District (TBD)?

A TBD is a quasi-municipal corporation and independent taxing district that can raise revenue and complete specific transportation improvement projects.

PUBLIC HEARING – TRANSPORTATION BENEFIT DISTRICT

**Why is the City considering forming a
Transportation Benefit District (TBD)?**

Pavement Maintenance Shortfall

Annual Funding	
Current Pavement Maintenance Funding	\$ 610,000
Funding Level Needed to preserve streets *	\$ 2,800,000
Annual Funding Deficit	\$ 2,190,000

* Per Infrastructure Management Services pavement condition evaluation (2011)

Impact of Funding Shortfall

- Road network asset value is dropping ~1.3%/year
- Pavement condition rating is dropping ~2 points/year
- Every dollar “saved” by deferring maintenance is lost to declining asset value and increased future rehabilitation/replacement costs.

Pavement Maintenance Shortfall

Annual Funding	
Motor Vehicle Fuel Tax – General Fund	\$ 470,000
Other General Fund & Capital Projects Fund Allocation	<u>\$ 140,000</u>
	\$ 610,000
Motor Vehicle Fuel Tax – Arterial Street Fund	\$ 240,000
ASF Expenses: CWCOG; Planning; Misc.	(\$ 20,000)
Bridge Repairs	(\$ 20,000)
Bridge inspections	(\$ 10,000)
Washington Way Bridge Debt Service	(\$ 72,000)
ASF Available Balance (Typically used to match state & federal grants)	\$ 118,000

Funding Options Other Than Forming TBD

Potential Non-TBD Funding Sources

- Levy Lid Lift – General Fund [Voter Approved]
- M & O Levy – General Fund [Voter Approved]
- County-wide Fuel Tax [Voter Approved]
- General Obligation Bond [Council Approved]
- General Obligation Bond [Voter Approved]
- Federal STBG Grants
- Local Improvement District [Petition or Council Approved]

TRANSPORTATION BENEFIT DISTRICT FORMATION

- ❖ RCW 36.73 governs process to form TBD
- ❖ Council adopts ordinance and transportation improvement plan following a public hearing
- ❖ City Council members serve as Board of Directors for TBD
 - ❑ Must hold TBD meetings and take action separate from city council meetings
 - ❑ Adopt charter, by-laws, and operating procedures
 - ❑ Approve fees/taxes to fund TBD if improvements to be completed
 - ❑ Adopt policy to address material changes to improvement plan, costs, and schedule

Funding a Transportation Benefit District

Potential Funding Sources	
Vehicle License Renewal Fee [Board Approved]	Up to \$20/vehicle/year (some exemptions) As of Oct. 2011: 27,945 vehicles eligible \$20 fee = \$559,000/year in full effect 1% Dept of Licensing fee
	Up to \$40/vehicle/year • ≈ \$1,118,000/year • \$20 fee must be in effect at least 24 months before fee increase
	Up to \$50/vehicle/year • ≈ \$1,398,000/year • \$40 fee must be in effect at least 24 months before fee increase • Non-voter approved fee above \$40 subject to referendum

Funding a Transportation Benefit District

Potential Funding Sources –Cont.	
Vehicle License Renewal Fee [Voter Approved]	Up to \$100/veh./year (some exemptions) Fee increase subject to voter approval As of Oct. 2011: 27,945 vehicles eligible \$100 fee = \$2,795,000 1% Dept of Licensing fee
Development Fees [Board Approved]	TBD projects must mitigate impacts of development; no preservation Residential buildings exempt Must credit SEPA mitigation fee against TBD fee
Sales and Use Tax [Voter Approved]	Up to 0.2% TBD rate at 0.2% $\approx$ \$1.46 million Expires in 10 years; voters may renew

Funding a Transportation Benefit District

Potential Funding Sources – Cont.	
M & O Property Tax Levy [Voter Approved]	One-year
General Obligation Bond [Board Approved]	Limited to 1.5% of District A.V. (\$40.5 Million for city-wide) Available bond capacity = \$38.4 Million Example Bond: \$11.25 Million 20 Year term at 4% \$0.31 Levy Rate
General Obligation Bond [Voter Approved]	Limited to 5.0% of District A.V. (\$131.6 Million for city-wide) Available bond capacity = \$129.5 Million

Funding a Transportation Benefit District

Potential Funding Sources –Cont.	
Revenue Bonds [Board Approved]	Limited by TBD revenue to pay debt Revenue may require voter approval
Local Improvement District [Petition or Board Approved]	Not likely to meet requirement of increased property value
Vehicle Tolls [Board Approved]	Must be approved by legislature for tolls on state routes All tolls must be approved by state transportation commission

TRANSPORTATION BENEFIT DISTRICT FUNDING

- ❖ Current TBDs are funded with annual vehicle license fee or sales tax:
 - 89 TBDs formed by cities
 - Funded with vehicle license fees – 51 TBDs
(1 at \$10; 3 at \$40; 1 at \$80; 46 at \$20)
 - Funded with sales tax – 29 TBDs
(1 at 0.1% rate; 1 at 0.13% rate; 25 at 0.2%)
 - Funded with Both vehicle license fee and sales tax -3 TBDs
 - Funding repealed or Unfunded – 12 TBDs

Which Vehicles are Exempt from TBD Fee

- ❖ Vehicles exempt from license fee (RCW 82.80.140)
 - Campers
 - Semi-Trailer Converter Gear
 - Farm; Farm Combination; Farm Exempt
 - Federally Owned
 - Horseless Carriage
 - Moped
 - Non-powered Commercial; Non-powered Log Hauler
 - Off -road Vehicles
 - Restored and Collector
 - Single-axle Personal-Use Trailers (less than 2,000 pounds)
 - Snowmobiles
 - State, County, and City Owned; Private School
 - Vehicles registered under RCW 46.87 and International Registration Plan

TRANSPORTATION BENEFIT DISTRICT PURPOSE

Recommended Purposes of TBD:

1. Preserve, maintain, operate, reconstruct, construct, and expand transportation infrastructure and services within the city of Longview, consistent with existing and hereafter amended local, regional, and state transportation plans. Such activities may include, but are not limited to, crack sealing, seal coating, chip seals, spot repairs, asphalt or concrete overlays, full replacement, and the purchase of equipment and material necessary to perform the work.
2. Acquire, construct, improve, provide, and fund transportation improvements and services within the city of Longview that are consistent with any existing local, regional, or state transportation plans and necessitated by existing or reasonably foreseeable safety issues and congestion levels.

TRANSPORTATION BENEFIT DISTRICT PURPOSE

Recommended Purposes of TBD (cont.):

3. All the usual powers of a corporation for public purposes as well as all other powers that may now or hereafter be specifically conferred by statute, including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, to acquire, hold, and dispose of real and personal property, and to sue and be sued.
4. To carry out the purposes of RCW 36.73, and subject to the provisions of RCW 36.73.065, to impose the following taxes, fees, charges, and tolls, as and when deemed appropriate:
 - a) A sales and use tax in accordance with RCW 82.14.0455;
 - b) A vehicle fee in accordance with RCW 82.80.140;
 - c) A building or development fee or charge in accordance with RCW 36.73.120.
 - d) Vehicle tolls on state routes, city streets, or county roads, within the boundaries of the district, unless otherwise prohibited by law.
 - e) Ad-valorem property tax in excess of one-percent

TRANSPORTATION BENEFIT DISTRICT FORMATION

Recommendation:

Direct staff to prepare a final ordinance and transportation improvement plan to form a Transportation Benefit District