The Edmonds Transportation Benefit District Board meeting was called to order at 10:03 p.m. by Board Member Steve Bernheim in the Council Chambers, 250 5th Avenue North, Edmonds.

OFFICIALS PRESENT
Steve Bernheim, Board Member
D. J. Wilson, Board Member
Michael Plunkett, Board Member
Dave Orvis, Board Member
Adrienne Fraley-Monillas, Board Member
Strom Peterson, Board Member
Diane Buckshnis, Board Member

STAFF PRESENT
Stephen Clifton, Community Services/Economic Development Director
Noel Miller, Public Works Director
Bertrand Hauss, Transportation Engineer
Rob English, City Engineer
Sandy Chase, City Clerk
Jana Spellman, Senior Executive Council Asst.
Jeannie Dines, Recorder

1. APPROVAL OF AGENDA
BOARD MEMBER WILSON MOVED, SECONDED BY BOARD MEMBER PETERSON, TO APPROVE THE AGENDA IN CONTENT AND ORDER WITH THE ADDITION OF ELECTION OF OFFICERS AS AGENDA ITEM 3A. MOTION CARRIED UNANIMOUSLY.

2. CONSENT AGENDA ITEMS
BOARD MEMBER WILSON MOVED, SECONDED BY BOARD MEMBER PETERSON, 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 JUNE 2, 2009,

3A. ELECTION OF OFFICERS
BOARD MEMBER WILSON MOVED, SECONDED BY BOARD MEMBER PLUNKETT, TO OPEN NOMINATIONS FOR PRESIDENT OF THE EDMONDS TRANSPORTATION BENEFIT DISTRICT BOARD. MOTION CARRIED UNANIMOUSLY.

Board Member Plunkett nominated Steve Bernheim for the position of President.

BOARD MEMBER PETERSON MOVED, SECONDED BY BOARD MEMBER WILSON, TO CLOSE NOMINATIONS FOR PRESIDENT OF THE EDMONDS TRANSPORTATION BENEFIT DISTRICT BOARD. MOTION CARRIED UNANIMOUSLY.
THE VOTE ON THE NOMINATION OF STEVE BERNHEIM AS PRESIDENT OF THE EDMONDS TRANSPORTATION BENEFIT DISTRICT BOARD CARRIED UNANIMOUSLY.

BOARD MEMBER WILSON MOVED, SECONDED BY BOARD MEMBER FRALEY-MONILLAS, TO OPEN NOMINATIONS FOR VICE PRESIDENT OF THE EDMONDS TRANSPORTATION BENEFIT DISTRICT BOARD. MOTION CARRIED UNANIMOUSLY.

Board Member Wilson nominated Strom Peterson for the position of Vice President.

BOARD MEMBER WILSON MOVED, SECONDED BY BOARD MEMBER FRALEY-MONILLAS, TO CLOSE NOMINATIONS FOR VICE PRESIDENT OF THE TRANSPORTATION BENEFIT DISTRICT BOARD. MOTION CARRIED UNANIMOUSLY.

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

3B. TRANSPORTATION BENEFIT DISTRICT – ANNUAL REPORT FOR YEAR 2009.

Public Works Director Noel Miller explained on behalf of the Edmonds Transportation Benefit District (TBD), the Washington State Department of Licensing (DOL) is currently collecting a $20 fee at the time a registered vehicle notice is issued within the City of Edmonds. The fee took effect on license tabs that expired on or after September 1, 2009.

According to Ordinance 3707, the funds generated by the TBD shall be used for transportation improvements that preserve, maintain and operate the existing transportation infrastructure of the City consistent with the requirements of RCW 36.73. As such, funds expended by the District are being used to preserve, maintain and operate 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.

Through December of 2009, the amount collected by the Department of Licensing and forwarded to the City of Edmonds TBD was $168,498. Although the amounts collected each month are increasing, they have not been at levels estimated prior to establishment of an Edmonds TBD in early 2009. At that time, using formulas provided by the Association of Washington Cities (AWC), the estimated monthly funds generated from annual TBD $20 vehicle license fee renewals was $59,000.

During the first few months of collections, cities with established TBDs all received revenue below what was estimated by each city prior to establishing a TBD. Although DOL acknowledged an internal coding error in December 2009, the City of Edmonds and other cities are concerned there may be additional problems related to address matching. AWC has asked DOL to review options to find an approach to resolving the DOL to Department of Revenue (DOR) address matching problem.

While there could be additional circumstances causing the less than expected revenues, City staff believes it is important to ensure DOL is applying the fee accurately. An ongoing conversation has been taking place between representatives from city-established TBDs and DOL over the past few months. Cities with established TBDs are expecting a more formal response from DOL in the near future regarding what is being done to address this issue. Representatives from all city-established TBDs have been invited to participate in a meeting with the Departments of Licensing and Revenue on March 26, 2010. City staff will update the Edmonds Transportation Benefit District Board on the outcome of this meeting.

Board Member Fraley-Monillas asked why the funds are not being provided. Community Services/Economic Development Director Stephen Clifton responded he has been the primary staff
contact with DOL, DOR and other cities. It is believed there is a geocoding issue; residents are receiving vehicle license renewal notices that do not contain an announcement regarding the TBD fee and are informed of the TBD fee at the time they purchase license tabs. DOL also missed numerous internet vehicle license renewal notices; DOL feels they have corrected that issue. In addition, DOR initially reversed the 4-digit revenue codes for Edmonds and Lake Forest Park, giving Edmonds’ revenue to Lake Forest Park and their revenue to Edmonds. Lake Forest Park has 1/3 the population of Edmonds, thus Edmonds received 1/3 the revenue it should have and Lake Forest Park received 3 times as much. The following payments were made to the Edmonds TDB for the year 2009:

1 - $1,643.40
2 - $7,306.20
3 - $74,269.80 (includes reimbursement due to coding error
4 - $37,659.60
5 - $47,619.00

Mr. Clifton pointed out the revenue amounts are increasing each month, indicating DOL is beginning to make the necessary corrections. This Friday staff and City Attorneys for all cities will meet with DOL and DOR to address that issue.

Board Member Fraley-Monillas asked if the discussion will include how to get the money back. Mr. Clifton responded once vehicle licenses have been renewed, there is no way for residents to pay the TBD license fee.

Board Member Fraley-Monillas asked whether Edmonds received the money mistakenly provided to Lake Forest Park. Mr. Clifton answered the third payment the City received in the amount of $74,269.80 included reimbursement due to the coding error.

Board Member Wilson suggested the TBD Board and the City send a letter to the Legislature expressing their displeasure with DOL’s customer service. Mr. Clifton responded the three questions highlighted in the TBD 2009 report were raised by one city on behalf of all the TBDs in response to Representative Upthegrove’s concern that cities are not collecting the amounts anticipated. The City has also communicated with its other Legislative Representatives.

Board President Bernheim asked how the approximately $168,000 collected to date has been spent. Mr. Clifton explained $288,745 in eligible expenses were identified; the $168,000 was used to offset those expenditures. An additional $120,000 of eligible expenditures occurred during the period the revenue was collected. Mr. Miller explained the expenditures were operation and maintenance of the City’s transportation system which includes patching of roadways, pavement preservation, traffic signal maintenance, and roadway striping.

Board Member Buckshnis asked how much the City expected to generate via the TBD vehicle license fee in 2010. Mr. Clifton answered a better idea of estimated revenue would be available following the meeting on Friday. Based on the last two payments, $37,000 and $47,000, he estimated revenue collection of at least $500,000 in 2010. He pointed out in 2009 and 2010, Fund 111 has a $700,000+ subsidy from the General Fund for street operations. If the City collects as much as $500,000 in 2010, the $500,000 subsidy will not be needed from the General Fund to fund street operations. Mr. Miller pointed out the importance of stabilizing this funding source to allow the TBD Board to allocate funds from this revenue source for specific transportation projects.

Board Member Wilson pointed out the TBD Treasurer is an ex-officio member of the TBD Board. The person in that position no longer works for the City and he suggested the Board nominate and approve
Stephen Clifton to serve as the Treasurer. Board President Bernheim suggested scheduling appointment of a Treasurer following the next agenda item.

4. REVIEW OF TRANSPORTATION CAPITAL FUNDING OPTIONS.

Transportation Engineer Bertrand Hauss introduced the Chair of the Transportation Committee Don Fiene and Planning Board Member and former Transportation Committee Chair Christiana Johnson.

Mr. Hauss explained the 2009 Transportation Plan identified the following projects over the next 16 years:

- (34) Walkway projects
- (13) Concurrency projects
- (7) Roadway Safety projects
- Bikeway projects
- Maintenance and Preservation projects

The 2010-2015 TIP falls well short of those Transportation Plan recommendations due to the funding gap. Most projects identified in the TIP are pending based on new transportation funding sources, such as the TBD. At their March 9 meeting the Community Services/Development Services Committee recommended this funding item be forwarded to the TBD Board for discussion. The purpose of this discussion is to obtain direction from the TBD Board regarding whether to pursue additional funding options to fund the capital transportation projects identified in the Transportation Plan.

He provided photographs of projects identified in the Transportation Plan including the 96th Avenue West walkway project near Madrona Elementary School where there are no sidewalks on either side of the street and 80th/180th adjacent to South Snohomish County Park where there are no sidewalks on either side of the street. Staff is applying for a grant for the 80th/180th sidewalk but the lack of matching funds may prevent the City from acquiring the grant. He displayed photographs of overlay projects including Meadowdale Beach Road, 88th Avenue West, and Olympic View Drive. Under the current funding scenario, the City’s overlay cycle is 80 years; the industry standard is 20 years for collectors and arterials and 25 years for local streets.

He provided an example of cost acceleration as a road deteriorated; the cost of routine maintenance is $2/square yard, in 5 years the cost of repair activities will increase to $21/square yard, the cost of resurfacing in 10 years will be $46/square yard and the cost of total reconstruction in 20 years is $146/square yard. He provided Five Corners as an example of a concurrency project; the existing level of service is F and the adopted level of service is D.

The total cost of projects in the Transportation Plan is $105 Million. Approximately $41 million in funding has been identified from the following sources, leaving a funding shortfall of $65 million:

- Traffic impact fees
- Real Estate Excise Tax
- Motor Vehicle Fuel Tax
- Joint Agency (County portion for 84th Avenue W improvement project)
- Utility Fund for resurfacing
- Parks Funding (Interurban Trail and 4th Avenue. Corridor)
- Grants

An initial $20 annual fee per registered vehicle was approved and the funds were to be used for operations and maintenance projects only. Additional TBD revenue options are subject to voter approval, up to an
additional $80 or 0.2% sales and use tax is available and must be project specific. As part of the adoption of the Transportation Plan in 2009, the City Council approved a provision to investigate increasing TBD revenue in 2010.

Mr. Hauss provided a summary of project types that could be funded via the current $20 fee and an additional $20, $40, $60 and $80 vehicle license fee.

Board Member Wilson inquired about the average revenue/year in the TBD options summary. Mr. Hauss explained that amount included all funds generated via various revenue sources including traffic impact fees, REET, grants, etc. Board Member Wilson pointed out the revenue from the TBD vehicle license fee was approximately $450,000 - $500,000/year rather than $700,000/year and the total average revenue/year including the existing fee is approximately $2.4 million and $3 million for the additional $20 TBD.

Transportation Committee Chair Don Fiene relayed the Committee’s recommendations. Although the Comprehensive Plan indicates an $80 TBD vehicle license fee is needed, in light of the economy, the Committee considered ways to utilize and adjust existing funding sources such as the following:

- Use Olympic View Franchise fees for transportation projects in areas served by Olympic View rather putting them in the General Fund.
- Redistribute REET to a 50% - 50% split rather than the first $750,000 to Parks and the remainder to transportation.
- $40 TBD vehicle license fee instead of the $80 TBD vehicle license fee in the Comprehensive Plan.

Mr. Fiene compared Mountlake Terrace’s 2009 transportation funding with Edmonds; Mountlake Terrace spent $11,000/mile compared to $2,000/mile in Edmonds.

Board Member Buckshnis inquired about Puget Sound Regional Council (PSRC) funding for transit. Planning Manager Rob English answered PSRC has a call for projects every two years for allocation of federal funds and funds are allocated by county. During the last call for projects in 2009 Edmonds submitted the Interurban Trail and the 228th/Hwy. 99 project. The City received funds for the Interurban Trail but not the Hwy. 99 project. Projects are scored based on readiness and availability of a local match. The 228th/Hwy. 99 project did not score well due to the lack of a local match.

Board Member Fraley-Monillas asked how projects were ranked such as a traffic light at 9th Avenue versus the Shell Valley access. Mr. English answered the list represented projects that could be funded via the TBD and was not adopted as part of the 2009 Transportation Plan. The Transportation Plan has criteria that are used to determine priorities.

Board President Bernheim observed that increasing the TBD vehicle license fee beyond $20 requires a public vote. He asked whether the TBD Board or City Council authorized the vote. Mr. English answered the TBD Board would authorize the public vote.

For Board President Bernheim, Mr. English explained this item was a follow-up on the provision adopted as part of the Transportation Plan in 2009 to investigate increasing the TBD revenue in 2010 to fund capital improvements. Staff is seeking direction from the Board regarding their interest in seeking an increase in the TBD license fee in 2010.

Board Member Wilson explained the project list the Council approved as part of the Transportation Plan assumed a $20 – $80 TBD fee. The TBD Board now needs to determine whether they are interested in
pursuing an increase in the TBD fee. If the TBD chooses not to, it will be up to the City Council to reconcile the project list with available funding.

Board Member Orvis pointed out the deadline to place a measure on the August ballot is May. He asked whether staff could provide a list of projects by May. Mr. English answered it would be a challenge but staff could develop a preliminary project list. The larger, more time consuming discussion would be the Board determining what projects to include and the additional TBD fee to ask the voters to approve.

For Board Member Fraley-Monillas, Mr. English explained the existing $20 TBD fee was dedicated to maintenance and operation.

Board Member Wilson explained he would not support an increase in the license fee or a pool bond until the City got its own financial house in order. Once the Council decided how to address operating expenses whether via a levy or another mechanism and when to place that measure on the ballot, the Council could then determine whether the next ask to the voters would be a capital bond for transportation/sidewalk improvements, etc.

Board Member Buckshnis commented the City was working on getting its finances in order. She cautioned this was completely separate because transportation projects are a public safety issue. Although she was uncertain whether she could support an $80 increase in the TBD fee, she did support some increase. She supported placing an increase in the TBD fee on the August ballot, noting the revenue would be targeted to specific projects.

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Board Member Orvis reminded the TBD was a separate government entity and in this process Board Members were not Councilmembers. The TBD Board was charged with fixing the streets and sidewalks.

Board Member Plunkett agreed with Board Member Buckshnis that transportation projects were public safety issues. He pointed out the voters needed to get used to being asked via local governments placing measures on the ballot.

Board Vice President Peterson pointed out in addition to the TBD license fee, the Board had other choices such as using Olympic View Franchise fees for transportation and changing the REET allocation. He acknowledged those choices would have a direct impact on the City’s General Fund. He agreed with Board Member Buckshnis that the TBD fee was a direct funding source; a person who drove a car paid the fee and the fee was used for transportation improvements. He supported a $40 fee and requested further information regarding the impact on the City’s General Fund of using the Olympic View Franchise fees for transportation and reallocating REET to a 50/50 split.

Board President Bernheim commented until further information was available regarding the collection of the TBD fee, he would not support asking voters to increase the fee. He questioned the rush to increase the fee, favoring a deliberative, slow approach and first proving to the public that the TBD could handle the funds they were currently collecting. He suggested the TBD Board prioritize funding of 3-4 projects, determine the exact cost of those projects and ask the voters for a TBD fee to fund that amount.

Board Member Wilson commented there was interest in addressing transportation under-funding. He agreed there was a public safety issue, particularly with regard to sidewalks but sidewalk and traffic calming projects could also be funded via the General Fund. In his opinion, there were other public safety issues such as the City has fewer Police Officers per capita than any other comparable city and the elimination of the entire Crime Prevention Program, that are more important than fixing potholes. He supported the suggestion to reallocate REET to a 50/50 split. He did not want to rush to the August ballot, particularly since staff was not confident they would have time to develop a project list and when
the City Council had a levy package that was nearly complete. He cautioned if the voters approved an additional $40 TBD fee, the City still would not have a full-time Economic Development Director or a Development Director, Crime Prevention, a plan for Yost Pool, funds for the Senior Center, or adequate funding for seasonable parks employees. He summarized there were more important matters to address than an increase in the TBD fee.

Mr. English asked for direction regarding next steps. Board President Bernheim referred to the list of projects approved as part of the Transportation Plan, commenting it was one thing to approve a laundry list of projects versus going to the voters to increase the TBD vehicle license fee. He preferred to see a list of 4-5 top priority projects that could be funded via an increase in the TBD fee. He suggested staff develop a list of accomplishable projects within the next 2-3 years based on a low, medium and high increase in the TBD fee. He did not support including traffic signals in those lists.

Board Member Wilson suggested staff also consider what transportation, parks, and public facility capital projects could be achieved via an operational levy increase. He preferred to wait until after the passage of an operational levy to place a non-TBD specific capital request on the ballot.

Board Member Orvis commented he could support an $80 increase with the existing project list which has been considered by the Transportation Committee for years. He cautioned using the Olympic View Franchise fees for transportation would have an impact on the City’s General Fund and a 50/50 allocation of REET would affect the project list in the Parks & Recreation Comprehensive Plan. An increase in the TBD fee would provide a discreet funding source that did not impact other City funds. He suggested the TBD Board determine an increase and determine what projects could be funded.

Board President Bernheim asked whether staff could develop a list of projects that could be funded via a $20, $40, $60 or $80 increase in the TBD fee. Mr. English answered yes, explaining the laws governing the TBD require any increase proposed to the voters be dedicated to specific projects. He suggested if the Board was interested in pursuing an increase, staff provide further details regarding projects and funding.

Mr. Clifton pointed out Lobbyist Mike Doubleday’s weekly update referenced TBD legislation under consideration by the House and Senate that would increase the flexibility regarding the type of projects that can be funded.

Board Member Wilson observed the TBD has an Interlocal Agreement with the City to pay for administrative services. If the voters approved an $80 increase in the TBD fee, he asked whether the TBD could hire 2-3 transportation engineers. Mr. Clifton offered to confer with the City Attorney, anticipating the Interlocal Agreement would need to be amended.

It was the consensus of the Board to request staff return with a range of options based on different TBD fee increases and projects that could be accomplished at various funding levels.

Mr. Hauss asked whether the Board was interested in pursuing the Olympic View Franchise fees and/or 50/50 allocation of REET. Board President Bernheim answered the Board wanted to keep it simple for the voters; only an increase in the TBD fee.

**Election of Ex-Officio TBD Board Treasurer and WCIA Representative**

| BOARD MEMBER ORVIS MOVED, SECONDED BY BOARD MEMBER FRALEY-MONILLAS, TO NOMINATE STEPHEN CLIFTON FOR THE EX-OFFICIO POSITION OF BOARD TREASURER. |  |  |
BOARD MEMBER WILSON MOVED, SECONDED BY BOARD MEMBER FRALEY-MONILLAS, TO CLOSE NOMINATIONS FOR TREASURER. MOTION CARRIED UNANIMOUSLY.

THE VOTE ON THE NOMINATION OF STEPHEN CLIFTON TO FILL THE EX-OFFICIO POSITION OF BOARD TREASURER CARRIED UNANIMOUSLY.

5. AUDIENCE COMMENTS

Roger Hertrich, Edmonds, expressed concern that the TBD Board has a great deal of taxing authority and wants to get as much as possible. He urged the Board to return to the basics. Because the fee is charged on vehicle license renewals, he urged the Board to utilize the revenue for road maintenance, not trails. He pointed out the availability of the SAFETEA-LU grant program for safe walkways to schools. He also suggested using crack-sealing to address deteriorating roadways. He was concerned with the number of projects on the Six-year TIP and suggested eliminating the $1.9 million Five Corners Roundabout. He also recommended removing the traffic signal projects, suggesting safety be used to determine the need for a signal rather than level of service.

6. BOARD COMMENTS

Board Member Plunkett pointed out the Board did not have the ability to tax the people of Edmonds; the Board was discussing allowing voters to decide whether they wanted to tax themselves to fund road improvements.

7. ADJOURN

With no further business, the TBD meeting was adjourned at 11:15 p.m.