



CITY OF SNOHOMISH

Founded 1859, Incorporated 1890

116 UNION AVENUE □ SNOHOMISH, WASHINGTON 98290 □ TEL (360) 568-3115 FAX (360) 568-1375

NOTICE OF REGULAR MEETING

SNOHOMISH TRANSPORTATION BENEFIT DISTRICT

in the
George Gilbertson Boardroom
1601 Avenue D

TUESDAY
March 3, 2015
6:00 p.m.

AGENDA

*Estimated
time*

- | | | |
|------|----|--|
| 6:00 | 1. | CALL TO ORDER |
| | | a. Pledge of Allegiance |
| | | b. Roll Call |
| 6:05 | 2. | APPROVE AGENDA contents and order |
| 6:10 | 3. | CITIZEN COMMENTS on items not on the Agenda |
| 6:20 | 4. | ACTION ITEM - AMEND Transportation Benefit District Interlocal Agreement (<i>P.1</i>) |
| 6:30 | 5. | DISCUSSION ITEM – 2015 Projects (<i>P.15</i>) |
| 6:40 | 6. | CONSENT ITEM – APPROVE the minutes of the regular meeting of December 2, 2014 (<i>P.19</i>) |
| 6:45 | 7. | OTHER BUSINESS/INFORMATION ITEMS |
| 6:55 | 8. | ADJOURN |

NEXT MEETING: Tuesday, July 7, 2015, regular meeting at 6 p.m., in the George Gilbertson Boardroom, Snohomish School District Resource Center, 1601 Avenue D.

The City Council Chambers are ADA accessible. Specialized accommodations will be provided with 5 days advanced notice. Contact the City Clerk's Office at 360-568-3115.

This organization is an Equal Opportunity Provider.

ACTION ITEM 4

Date: March 3, 2015
To: TBD Board
From: Jennifer Anderson, Finance Director
Subject: **First Amendment to TBD Inter-Local Agreement – Warrants Approval**

The purpose of this agenda item is for the TBD Board's consideration of and authorization of the First Amendment to the Inter-Local Agreement between the City of Snohomish, Washington and the Snohomish Transportation Benefit District (See Attachment A). This amendment is proposed in response to recommendations from the State Auditor's staff.

BACKGROUND: An Inter-Local Agreement between the City of Snohomish and Snohomish TBD was established on December 7, 2010 to coordinate administrative, financial, project management and construction activities as it relates to transportation improvement projects (See Attachment B).

The Snohomish TBD, being a separate Municipal Corporation under State law, is subject to an independent audit review from the Washington State Auditor. The first accountability audit review of the district was conducted for the period of January 1, 2011 through December 31, 2013. Once audit fieldwork is completed, an Audit Exit Conference and report is prepared by the Auditors (See Attachment C). As part of the 2011-2013 Accountability Audit, recommendations were provided for management's consideration and implementation. One recommendation pertained to the City Council and TBD Board's approval of vouchers (payments or warrants) and the requirement for formal TBD Board approvals.

To comply with auditor recommendations, staff has reviewed Chapter 39.34 RCW (Inter-local Cooperation Act) that permits local governmental units to make efficient use of powers by allowing them to cooperate and avoid duplication of efforts. The Auditor's recommendations were considered and staff believes that the existing ILA between the City and TBD requires amending to specifically include delegation of authority for approval of warrants; however, as the State Auditor's office is not willing to have our ILA amendment reviewed by its attorney in advance of our next audit, Council should be aware that no assurances have been offered by the Auditor's staff that the amendment will resolve this matter appropriately in their view. Nevertheless, staff and City Attorney review of this matter has resulted in proposing this change, which our analysis supports as being consistent with state law.

STRATEGIC PLAN REFERENCE: None

RECOMMENDATION: That the Snohomish Transportation Benefit District Board **AMEND** the 2010 Inter-local Agreement between the City of Snohomish, Washington and the Snohomish Transportation Benefit District as per Chapter 39.34 RCW.

ACTION ITEM 4

ATTACHMENTS:

- A. First Amendment to Inter-Local Agreement
- B. Inter-Local Agreement Between the City of Snohomish, Washington and the Snohomish Transportation Benefit District
- C. 2013 Washington State Auditor TBD Exit Conference Recommendations

ACTION ITEM 4

ATTACHMENT A

FIRST AMENDMENT TO INTERLOCAL AGREEMENT BETWEEN

**THE CITY OF SNOHOMISH, WASHINGTON
AND**

THE SNOHOMISH TRANSPORTATION BENEFIT DISTRICT

This First Amendment to the Interlocal Agreement (“ILA”) entered into December 7, 2010 between the City of Snohomish, Washington (“Snohomish”), and the Snohomish Transportation Benefit District (“TBD”), each of whom is organized as a Municipal Corporation under the laws of the state of Washington, is entered into this ____ day of February, 2015 as follows:

WHEREAS, Chapter 39.34 RCW (Interlocal Cooperation Act) permits local governmental units to make the most efficient use of their powers by enabling them to cooperate on the basis of mutual advantage; and

WHEREAS, the TBD and Snohomish are each empowered to operate, maintain, construct, and reconstruct, public street infrastructure within the Snohomish City limits in accordance with the powers granted pursuant to RCW 35A.11.020 and Chapter 35A.47 RCW; and

WHEREAS, pursuant to Ordinance 2197, Snohomish established the TBD for any purpose allowed by law, including to operate the District and to make transportation improvements consistent with existing state, regional, and local transportation plans; and

WHEREAS, in order to promote the efficient use of TBD and City resources, to coordinate efforts of the two public entities and to avoid duplication of efforts, and as authorized under the broad powers enumerated in Chapter 39.34 RCW, the Interlocal Cooperation Act, the TBD and the City entered into an ILA dated December 7, 2010;and

WHEREAS, Section 3 of the ILA sets forth several functions of the TBD which are delegated to and to be provided by the City to carry out on behalf of the TBD, including, but not limited to “... the preparation of an annual work plan, finance plan, reporting, advertising, design, contracting, analysis, construction management, accounting, overhead charges such as utilities, information technology, office supplies, and equipment ...”; and

WHEREAS, in order to clarify the intent of the functions referenced above to include the delegation of authority for approval of warrants by the City on behalf of the TBD, the parties hereto agree that the ILA should be amended to specifically reference approval and payment of TBD warrants; and

WHEREAS, under State law and City ordinance the governing Board of the TBD and the governing body of the City (the City Council) are the same seven individuals; and

WHEREAS, RCW 39.34.030(1) reads as follows:

RCW 39.34.030

Joint powers — Agreements for joint or cooperative action, requisites, effect on responsibilities of component agencies — Financing of joint projects.

ACTION ITEM 4

- (1) Any power or powers, privileges or authority exercised or capable of exercise by a public agency of this state may be exercised and enjoyed jointly with any other public agency of this state having the power or powers, privilege or authority, and jointly with any public agency of any other state or of the United States to the extent that laws of such other state or of the United States permit such joint exercise or enjoyment. Any agency of the state government when acting jointly with any public agency may exercise and enjoy all of the powers, privileges and authority conferred by this chapter upon a public agency ; and

WHEREAS, RCW 39.34.080 reads as follows:

RCW 39.34.080

Contracts to perform governmental activities which each contracting agency is authorized to perform.

Any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform: PROVIDED, that such contract shall be authorized by the governing body of each party to the contract. Such contract shall set forth fully the purposes, powers, rights, objectives, and responsibilities of the contracting parties and

WHEREAS, the City and the TBD each have authority to perform the ministerial function of approving the payment of warrants and are, therefore, authorized under the Interlocal Cooperation Act to delegate and contract for the review and approval of warrants;

NOW, THEREFORE, the parties have entered into this First Amendment to the ILA as follows:

1. Section 2 of the ILA is hereby amended to read as follows:
 2. Obligations to the TBD. In accordance with the requirements of Chapter 36.73 RCW, Snohomish Ordinance 2197, the TBD Rules and Procedures, and TBD Resolution 1, the Transportation Benefit District agrees to:
 - a. Provide to the City of Snohomish all funding received from any and all lawful sources which the TBD in its sole discretion may levy for the purpose of completing the TBD's authorized projects.
 - b. Continue the annual provision of funding for the projects approved by the TBD, so long as the TBD remains in existence. Such funding shall be in accordance with and limited by the provisions of Ordinance 2197 and Resolution 1, the Rules and Procedures of the TBD, and Chapter 36.73 RCW.
 - c. Review and ratify (payment vouchers) warrants for costs of the TBD's authorized projects that include predesign, design, engineering, construction management and construction from time to time as per Chapter 47.26.260 RCW and review and approve such other costs and payments as the TBD is authorized under law to incur.

ACTION ITEM 4

2. Section 3 of the ILA is hereby amended to read as follows:

3. Undertakings of Snohomish. Snohomish shall:

- a. Provide all staff and necessary related support to the TBD. The costs of such support shall be accounted for as a part of Snohomish's annual report to the TBD. TBD funding shall first be applied to the reasonable charges incurred in establishing and staffing the TBD. Annual services provided may include the services provided by contract employees that serve the TBD and any associated costs for such contract services, including, but not limited to reporting, advertising, design, contracting, construction management, and any and all other actual charges or Snohomish/TBD agreed upon percentage of charges associated with the proper application of TBD funding in accordance with law and ordinance. In consideration of the benefits derived by Snohomish, services provided by City staff that serve the TBD and any associated costs, including, but not limited to the preparation of an annual work plan, finance plan, reporting, advertising, design, contracting, analysis, construction management, accounting, overhead charges such as utilities, information technology, office supplies, and equipment shall be a contribution of Snohomish to the parties' joint goals and objectives and need not be directly charged back to the TBD.
- b. Maintain for the period established by the State Archivist retention schedule, financial records, kept in accordance with generally accepted accounting practice and governmental accounting requirements, as necessary to document that any and all funding received through the TBD is used only for the projects authorized in accordance with law and ordinance.
- c. Immediately alert the TBD of any material changes in scope, schedule, or cost increases of 20% or greater to improvements funded in part or whole with TBD funds.
- d. Review and approve (payment vouchers) warrants for cost of the TBD's authorized projects that include predesign, design, engineering, construction management and construction as project work progresses and approve such other costs and payments as the TBD is authorized under law to incur. On at least an annual basis, submit a warrants approval report to the TBD for review and ratification.
- e. Utilize funding provided for projects shown on the TBD's annual work plan in accordance with the TBD's material change policy, law, and ordinance.

3. Other Provisions of the ILA unaffected. Except as provided herein, each and every other provision of the ILA shall remain in full force and effect.

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4. Effective Date. This agreement shall be effective upon the last authorizing signature affixed hereto and when listed by subject on the City of Snohomish's website or other electronically retrievable public source as required by RCW 39.34.040.

IN WITNESS WHEREOF, the parties have executed this agreement on the date first written above.

**SNOHOMISH TRANSPORTATION
BENEFIT DISTRICT**

CITY OF SNOHOMISH

Tom Hamilton, Chair

Karen Guzak, Mayor

ATTEST

APPROVED AS TO FORM

Torchie Corey, City Clerk

Grant K. Weed, City Attorney

ACTION ITEM 4

ATTACHMENT B

**AN INTERLOCAL AGREEMENT BETWEEN
THE CITY OF SNOHOMISH, WASHINGTON
AND
THE SNOHOMISH TRANSPORTATION BENEFIT DISTRICT**

This agreement between the City of Snohomish, Washington (“Snohomish”), and the Snohomish Transportation Benefit District (“TBD”), each of whom is organized as a Municipal Corporation under the laws of the state of Washington, is dated this 7th day of December, 2010.

WHEREAS, Chapter 39.34 RCW (Interlocal Cooperation Act) permits local governmental units to make the most efficient use of their powers by enabling them to cooperate on the basis of mutual advantage; and

WHEREAS, Snohomish is empowered to operate, maintain, construct, and reconstruct, public street infrastructure within its City limits in accordance with the powers granted pursuant to RCW 35A.11.020 and Chapter 35A.47 RCW; and

WHEREAS, pursuant to Ordinance 2197, Snohomish established the TBD for any purpose allowed by law, including to operate the District and to make transportation improvements consistent with existing state, regional, and local transportation plans;

NOW, THEREFORE, the parties have entered into this agreement in consideration of the mutual benefits to be derived and to coordinate their efforts through the structure provided by the Interlocal Cooperation Act, RCW Chapter 39.34.

1. Purpose and Interpretation. The City of Snohomish is empowered by Title 35A to construct, reconstruct, maintain, and preserve City streets and other related public infrastructure either by contract or through the use of City forces. The TBD has been constituted in accordance with State law to provide a source of funding for the maintenance and preservation of streets and related infrastructure within the City limits of the City of Snohomish. The TBD has no employees and its officers are City Council Members serving in an ex officio capacity. In order to make the most efficient use of public monies, to avoid duplication of effort, and to coordinate their efforts, the parties have entered into this agreement. In the event of ambiguity or the need for guidance arises, this agreement shall be interpreted in accordance with Chapter 36.73 RCW, the Bylaws of the TBD and the provisions of the Governmental Accounting Act and RCW 43.09.210 as the same exists or shall hereafter be amended. In the event that any provision of this agreement is held to be in conflict with existing statute or any future amendment thereof, such provisions shall be severable, and the remaining provisions of this agreement shall remain in full force and effect.
2. Obligations to the TBD. In accordance with the requirements of Chapter 36.73 RCW, Snohomish Ordinance 2197, the TBD Rules and Procedures, and TBD Resolution 1, the Transportation Benefit District agrees to:
 - a. Provide to the City of Snohomish all funding received from any and all lawful sources which the TBD in its sole discretion may levy for the purpose of completing the TBD’s authorized projects.

*Interlocal Agreement
Snohomish TBD
Page 1*

ACTION ITEM 4

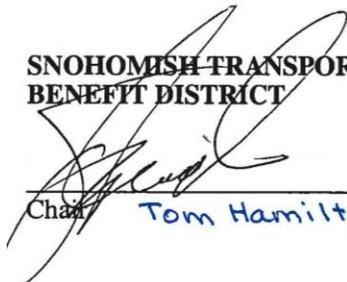
- b. Continue the annual provision of funding for the projects approved by the TBD, so long as the TBD remains in existence. Such funding shall be in accordance with and limited by the provisions of Ordinance 2197 and Resolution 1, the Rules and Procedures of the TBD, and Chapter 36.73 RCW.
3. Undertakings of Snohomish. Snohomish shall:
 - a. Provide all staff and necessary related support to the TBD. The costs of such support shall be accounted for as a part of Snohomish's annual report to the TBD. TBD funding shall first be applied to the reasonable charges incurred in establishing and staffing the TBD. Annual services provided may include the services provided by contract employees that serve the TBD and any associated costs for such contract services, including, but not limited to reporting, advertising, design, contracting, construction management, and any and all other actual charges or Snohomish/TBD agreed upon percentage of charges associated with the proper application of TBD funding in accordance with law and ordinance. In consideration of the benefits derived by Snohomish, services provided by City staff that serve the TBD and any associated costs, including, but not limited to the preparation of an annual work plan, finance plan, reporting, advertising, design, contracting, analysis, construction management, accounting, overhead charges such as utilities, information technology, office supplies, and equipment shall be a contribution of Snohomish to the parties' joint goals and objectives and need not be directly charged back to the TBD.
 - b. Maintain for the period established by the State Archivist retention schedule, financial records, kept in accordance with generally accepted accounting practice and governmental accounting requirements, as necessary to document that any and all funding received through the TBD is used only for the projects authorized in accordance with law and ordinance.
 - c. Immediately alert the TBD of any material changes in scope, schedule, or cost increases of 20% or greater to improvements funded in part or whole with TBD funds.
 - d. Utilize funding provided for projects shown on the TBD's annual work plan in accordance with the TBD's material change policy, law, and ordinance.
 4. Ownership. Streets and related transportation infrastructure preserved and maintained with TBD funds are and shall remain the property of the City of Snohomish. No joint property ownership is contemplated under the terms of this agreement.
 5. No Joint Board. No provision is made for a joint board. The TBD shall exercise its function in accordance with its charter, using staff as provided by the City of Snohomish, pursuant to law and to this agreement.
 6. Insurance; Indemnity.

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- a. The parties agree to participate in the Washington Cities Insurance Authority (WCIA) insurance pool in accord with their respective agreements with WCIA. The original charge or premium for the TBD will be borne by Snohomish as a cost to be covered under Section 3(a) and shall be paid for with funds received from or through the TBD. In the event that either or both cease to participate in the WCIA pool, the party or parties agree to obtain comparable coverage.
 - b. Each party agrees to indemnify and hold harmless the other party, its officers, agents, and employees from any claim, loss, or liability arising from or out of the other party's negligent, tortuous, or illegal actions under this agreement.
7. Termination. This agreement shall terminate or expire as follows:
- a. This agreement may be terminated by either party upon the provision of one hundred and eighty (180) calendar days notice. A final reconciliation of costs, payment, and a current report of completed activities shall be completed by Snohomish within such a period following the notice by either party.
 - b. Unless sooner terminated by either party, this agreement shall expire on the date when the District is automatically dissolved in accordance with provisions of 36.73.170 RCW, as the same exists or is hereafter amended.
8. Effective Date. This agreement shall be effective upon the last authorizing signature affixed hereto and when listed by subject on the City of Snohomish's website or other electronically retrievable public source as required by RCW 39.34.040.

IN WITNESS WHEREOF, the parties have executed this agreement on the date first written above.

**SNOHOMISH TRANSPORTATION
BENEFIT DISTRICT**



Chair Tom Hamilton

ATTEST



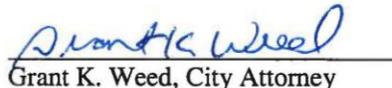
Torchie Corey
Torchie Corey, City Clerk

CITY OF SNOHOMISH



Karen Guzak
Karen Guzak, Mayor

APPROVED AS TO FORM



Grant K. Weed
Grant K. Weed, City Attorney



**City of Snohomish Transportation Benefit District
Exit Conference
October 6, 2014**

**Washington
State Auditor
Troy Kelley**

**Director of Local
Audit**

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Meeting Agenda

The purpose of our exit conference is to share the results of our independent audit and to provide a forum for open discussion. We are pleased to review our draft reports and discuss other topics as listed below with you.

- Accountability audit report
- Recommendations not included in our audit reports
- Report publication
- Your next scheduled audit
- Customer service survey

Preliminary audit results and recommendations were shared in detail with District management and personnel as they were developed during the audit. We would like to thank staff for their cooperation and timely response to our requests during the audit.

We take seriously our responsibility to hold state and local governments accountable for the use of public resources. We believe it is critical to citizens and the mission of the District that we work together as partners in accountability to prevent problems and constructively resolve issues. As such, we encourage your comments and questions.

ACTION ITEM 4

Accountability Audit

Report

Our draft accountability report summarizes the results of our risk-based audit work related to safeguarding of public resources and legal compliance. The report does not include any findings.

Recommendations not included in the Audit Reports

Exit Items

We have provided exit recommendations listed below for management's consideration. They are not referenced in the audit report.

Annual Report Submission Compliance

The City of Snohomish Transportation Benefit District is required to submit its annual report to the Washington State Auditor's Office within 150 days after its fiscal year end per State Law (RCW 43.09.230). Our audit found that the District did not issue annual reports in compliance with State Law for fiscal years 2011-2013.

We recommend the District ensure it issues and submits annual reports in compliance with State law.

Approval of Vouchers – TBD

We reviewed the City of Snohomish Transportation Benefit District's compliance with the Open Public Meetings Act (RCW 42.30) and noted that the District did not approve vouchers during District board meetings. District vouchers were approved by the City of Snohomish Board at the City's council meeting, however the Board did not announce its position as the governing body of the District prior to District material being discussed. In addition, the District has not adopted written policies providing for the approval of funds as work progresses. State law (RCW 47.26.260) requires the District board to "adopt rules providing for the approval of payments of funds in the accounts to a county, city, town, or transportation benefit district for costs of pre-design, design, engineering, and costs of construction of an approved project from time to time as work progresses. These payments shall at no time exceed the account share of the costs incurred to the date of the voucher covering such payment."

We recommend the District Board adopt rules providing for the approval of funds as work progresses in order to comply with State law. We also recommend the District approve vouchers either during District board meetings, or clarify during City Council meetings that it will be conducting District business by approving vouchers.

Allowable Use of Funds

ACTION ITEM 4

During our review of allowable use of funds, we discovered that \$147,728.26 in Transportation Benefit District funds transferred from the District to the City of Snohomish Streets Improvements Fund were not tracked to ensure that funds were only expended on allowable projects per Ordinance No. 2197 and State Law (36.73). In addition, during our testing of allowable costs we determined that the District had no supporting documentation for \$32,020 for engineering salaries. Ordinance No. 2197 establishing the District states that funds shall be expended only for the preservation, maintenance, and operation in accordance with State Law. In addition, the ordinance states that funds expended by the District shall 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. Without supporting documentation for District expenditures, the risk of funds spent on unallowable activities is increased.

We recommend the City establish written policies specifying what street improvement projects shall be funded by the District. We also recommend that the City maintain supporting documentation for all expenditures to ensure that funds are only expended on allowable activities per Ordinance No. 2197 and State Law.

Concluding Comments

Report Publication

Audit reports are published on our website and distributed via e-mail in an electronic .pdf file. We also offer a subscription service that allows you to be notified by email when audit reports are released or posted to our website. You can sign up for this convenient service at: <https://portal.sao.wa.gov/saoportal/Login.aspx>

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in summer 2017 and will cover the following general areas:

- Accountability for Public Resources (fiscal years 2014-2016)

The estimated cost for the next audit based on the current billing rate is \$3,600 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

Customer Service Survey

An invitation to complete a customer service survey will be emailed to Jennifer Anderson, Finance Director. Your feedback is important to our commitment to continually develop and improve our audit process.

Please don't hesitate to contact our Office throughout the year when you have questions. Our website also offers many resources, including a client HelpDesk for your auditing and accounting questions.

ACTION ITEM 4

This document and any attachments are intended for the information and use of management and the governing body. However, this document is a matter of public record and its distribution is not limited.

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ACTION ITEM 4

DISCUSSION ITEM 5

Date: March 3, 2015
To: Transportation Benefit District Board
From: Yoshihiro Monzaki, City Engineer
Subject: **Transportation Benefit District (TBD) 2015 Proposed Street Preservation Projects and Program Update for Years 2015 to 2021.**

BACKGROUND: In August 2011, the Transportation Benefit District (TBD) was approved by the City voters. The local sales tax rate was increased two tenths of one percent (0.2%) to generate the revenue for the TBD program which is in effect for 10 years (2012 to 2021). In January 2012, the City sales tax rate was increased from 8.6% to 8.8%, and in March 2012 the City began to receive the initial allotment of TBD revenues.

The TBD has provided funding for street preservation projects and two intersection capital improvement projects since 2012. In 2014, the TBD provided funding for the following four projects. The City was awarded state and/or federal grants for each of these projects.

- Second Street Overlay from Avenue D to Cedar Street (construction completed in 2014)
- Second Street Overlay from Avenue D to Avenue H (construction completed in 2014)
- 15th Street/Avenue D Roundabout (construction to be completed in 2015)
- 30th Street Widening (design to be completed in 2015)

In 2014, the City was awarded a \$350,000 federal grant for the Maple Avenue (Pine Avenue to City Limits) Overlay Project. This project will be designed in-house by staff and constructed in 2015.

LOOKING FORWARD - 2015 TO 2021: During the workshop, staff will present an update to the Board on the *2015 to 2021 Pavement Management Program*. This reference document is a spreadsheet that divides most of the City's public roadways into segments and identifies their corresponding Pavement Condition Index (PCI). Some of the key analysis and assumptions in this document include the following; these will be further discussed at the workshop:

1. In January 2012, the State of the Street Report was presented to the City Council. It summarized the existing condition of our streets as such:
 - 61% of the City's streets are in "good" condition (PCI above 70) and require no work, or generally less costly crack or chips seals in the near future;
 - 23% of our streets are in "fair" condition (PCI between 50 and 70) and will require chip seals or overlays in the near future to avoid further decay;

DISCUSSION ITEM 5

- 16% of our streets are in “poor” or “very poor” condition (PCI below 50). These roads are generally beyond preservation and more costly patching and reconstruction will be required.
2. In order to improve all of the City’s roads and upgrade them to a “good” condition by the end of 2021, the City would need approximately \$15.5 million invested in the ten years the TBD is in effect, that is from 2012 to 2021. During the ten year TBD program, there will be approximately \$5.0 million collected. The TBD will allow a lot of good work to be accomplished, but about two thirds of our City roads will not be upgraded as needed.
 3. Given the funding limits, staff has proposed zero funding in the Pavement Management Program spreadsheet for those street segments with an existing PCI rating greater than 80. Some of these segments might be best served with a preservation upgrade between now and 2021. If so, this work would need to be funded through other revenue sources.
 4. While the spreadsheet of road segments captures a lot of valuable information, it is a work in progress. The conditions of road segments change over time. Some small sections of the City were not rated, and not every segment has been field verified. The spreadsheet will change as additional street information and cost updates are collected.
 5. The estimated cost for each segment shown in the spreadsheet is based on an average cost per square yard. The actual cost will differ from segment to segment. Also each year’s actual project costs will be strongly tied to the cost of asphalt (i.e. crude oil prices) and general inflation.
 6. The spreadsheet is divided into six sections:
 - I. Projects completed since 2012;
 - II. Street segments proposed for upgrades in 2015;
 - III. Street segments proposed for upgrades in 2016;
 - IV. Preliminary list of street segments proposed for preservation in 2017 to 2021. The actual segments to be recommended will be updated based on input from the Board over the next few years, and annually as actual project costs, oil prices and revenue projections are updated;
 - V. Preliminary list of street segments that will not be upgraded during the 2012 – 2021 TBD Program; and
 - VI. Street segments with a PCI above 80. No action will be recommended for these streets.

2015 PROPOSED STREET PRESERVATION PROJECTS: In 2014, the City was awarded a federal grant in the amount of \$350,000 for the Maple Avenue (Pine Avenue to City Limits) Overlay Project. The TBD will be providing \$160,000 for a total estimated project cost of \$510,000. This project will be designed in-house by staff and constructed in 2015. The PCI for Maple Avenue varies from 60 to 83 in this segment.

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The second recommended TBD project for 2015 is overlaying Seventh Street from Pine Avenue to Mill Avenue. The City will be replacing the water and sewer mains in that segment of Seventh Street in 2015. During construction, trenches will be excavated in this street to install the replacement pipes and associated water services and side sewers. The PCI for this segment of Seventh Street is 65. The construction activities and equipment will cause further degradation of the road surface and the PCI will decrease. Seventh Street would be overlaid after the utility replacement work is completed. There is \$350,000 available in the TBD budget to overlay Seventh Street. A detailed cost estimate will be completed by the engineering staff this spring.

For the recommended street preservation projects, staff will complete the plans and specifications in-house. Based on the design, a construction cost estimate will be prepared. Following the bid opening this summer, staff will request the TBD Board's review and City Council's approval to award the construction contract to the apparent low bidder.

The City will continue to search for grant opportunities to supplement the TBD funds. Staff will present to the TBD Board and City Council the recommended streets identified for preservation each year for discussion and direction.

2015 CAPITAL IMPROVEMENT PROJECTS: Two capital improvement projects have been partially funded by the TBD. The City was awarded \$1.59 million in state and federal grants for the 15th Street/Avenue D Roundabout. The TBD will fund the local match of approximately \$300,000 for a total project cost of \$1.82 million. The majority of the construction has been completed with the roundabout opening to traffic in July 2014. Final landscaping and minor tasks will be completed in spring 2015.

The City was awarded a federal grant for design in the amount of \$199,000 (approximately 80% of the total design cost) in 2013 for the 30th Street Widening Project. TBD funds were identified as the local match in the amount of \$51,000. Total estimated design cost is \$250,000. Design and permitting began in 2014 and will be completed in 2015. This project is on a federal grant contingency list for construction funding. The projects to be funded from this list will be announced in April, if funding becomes available. Also, this spring, staff will be submitting for this project an application for the Rural Town Center Grant, a federal grant program that is administered by the Puget Sound Regional Council, for construction funding.

DISCUSSION ITEM 5

LEVERGING OUR TBD FUNDS: The TBD has been in operation for approximately three years and has been highly effective in leveraging grant funding. Following are the federal and state grant awards received for TBD projects to date:

<u>Project</u>	<u>Grant Award Amount</u>	<u>TBD Funds</u>
15 th Street/Avenue D Roundabout	\$1,588,400	\$300,000
30 th Street Widening Design	\$ 199,000	\$ 51,000
Second Street Overlay (Avenue D to Cedar)	\$ 296,000	\$142,240
Second Street Overlay (Avenue D to H)	\$ 243,200	\$ 42,920
Maple Avenue Overlay (Pine Avenue to City Limits)	\$ 350,000	\$160,000
Total to Date	\$2,676,600	\$696,160

To put this amount in perspective, the total revenue for the TBD was estimated to be \$660,000 per year, or \$6.66 million over the 10 years. The City in the first three years of operation of the TBD has received grants in the amount of \$2.68 million or approximately 40% of the entire 10 years of estimated TBD revenues.

STRATEGIC PLAN REFERENCE: Community Vision of High Quality and Sustainable Services with equitable City tax burdens for residents, business owners and visitors; Initiative #2 Strengthen foundations for connecting neighbors and enhancing neighborhoods; Initiative #4 Increase multi-modal mobility within and connections to the community.

RECOMMENDATION: That the Transportation Benefit District Board **DISCUSS** the proposed 2015 TBD projects and the 2015 to 2021 Pavement Management Program.

ATTACHMENT: None

REFERENCE DOCUMENT: 2015 to 2021 Pavement Management Program

CONSENT ITEM 6

Snohomish Transportation Benefit District Meeting Minutes December 2, 2014

1. **CALL TO ORDER:** Chairman Hamilton called the Snohomish Transportation Benefit District Board meeting to order at 6:05 p.m., Tuesday, December 2, 2014, in the Snohomish School District Resource Service Center, George Gilbertson Boardroom, 1601 Avenue D, Snohomish, Washington.

<u>BOARDMEMBERS PRESENT</u>	<u>STAFF PRESENT</u>
Derrick Burke (<i>arr @ 6:20 p.m.</i>)	Larry Bauman, City Manager
Karen Guzak	Grant Weed, City Attorney
Tom Hamilton, Chairman	Jennifer Anderson, Finance Director
Paul Kaftanski	Steve Schuller, Public Works Director
Dean Randall	Owen Dennison, Planning Director
Michael Rohrscheib (<i>arr @ 6:20 p.m.</i>)	Torchie Corey, City Clerk
Lynn Schilaty (<i>arr @ 6:08 p.m.</i>)	Yoshihiro Monzaki, City Engineer

Chair Hamilton confirmed there was a quorum to start the meeting.

MOTION by Guzak, second by Randall, to excuse Boardmembers Burke, Rohrscheib, and Schilaty. The motion passed unanimously (4-0).

There were no citizens in attendance.

Boardmember Schilaty arrived at the meeting.

2. **APPROVE AGENDA** contents and order – no change
3. **CITIZEN COMMENTS** on items not on the Agenda - none
4. **ACTION ITEM - ADOPT** 2014 Annual Report and 2015 Budget

The Transportation Benefit District was approved by City voters in 2011 for the purpose of preserving City streets and completing two intersection projects: the 15th Street/Avenue D roundabout and the 30th Street/SR 9 widening. In 2012 the City raised its sales tax rate from 8.6% to 8.8%. This .2% increase funded the TBD projects. It was expected that each year about \$500,000 would be collected for the TBD projects. This sales tax increase would be in effect from 2012 to 2021. During that ten-year period staff expected to collect approximately \$5 million for street preservation projects.

In 2011 Northwest Management Systems completed a pavement management assessment. Their cost estimate to preserve and repair all the streets identified was \$15.7 million; about a third of the identified street repairs would be funded by the \$5 million. Staff had applied for grants to stretch the TBD dollars to complete as many projects as possible. Since asphalt was the main item for the projects, project costs would fluctuate with oil prices and inflation.

2014 was a good year for the TBD with four projects including a couple overlay projects on Second Street: from Avenue D to Cedar Avenue, and Avenue D to Avenue H. Both of these projects were complete. The 15th Street/Avenue D roundabout was almost complete. The 30th Street widening project was in design right now.

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The Second Street overlay project from Avenue D to Cedar Avenue was awarded a \$295,000 federal grant. The TBD provided a \$132,000 match for a total of \$427,000. State and federally funded projects required that all ADA facilities must be updated to current standards. At each intersection from Avenue D to Cedar Avenue, the ADA ramp and sidewalk sections had been improved. A section of Second Street was closed during construction for a couple days so the contractor could complete the project faster. Businesses and residents were notified of the closure. Community Transit re-routed their buses onto Fourth Street.

Boardmember Kaftanski asked if TBD funds were eligible to pay for ADA improvements or did the City have to ensure and prove through an audit trail that match funds paid for it.

Mr. Schuller said when the City applied for a federal grant, staff identified a local match as part of the application. If the City won the federal grant, the match was applied as stated in the application so in essence it was both. To receive and use the federal funds the City had to do the ADA upgrade and both funding mechanisms were used to pay for both the overlay and the ADA ramp. They were co-mingled as part of the overall project.

The Second Street overlay between Avenues D and H was awarded \$243,000 from the state Transportation Improvement Board. The TBD provided \$43,000 for a total of \$286,000. This project included grinding and overlay. It was a little different in that the City partnered with Snohomish County. The state encouraged local agencies to partner on overlay projects as a cost-saving measure since the higher the quantity of asphalt, the lower the cost per ton. The City used an interlocal agreement with the county to complete the project. The county developed plans and specifications with the assistance of City staff, provided inspection services during, and coordinated construction with the City. This project also included ADA improvements.

Prior to overlaying that section of Second Street, the 18" combined sewer overflow trunkline was extended from Avenue E to Avenue H. That will allow future separation of stormwater from Avenue E to Avenue J to reduce the flows going into the wastewater treatment plant. This project cost about \$317,000 which was funded by the stormwater and wastewater funds.

The 15th Street/Avenue D roundabout project was just about completed. There were still some landscape, lighting, and other punch list items that needed to be done. Next spring the contractor will return to spread wildflower seed in the landscaped areas. Construction for this project was awarded \$861,000 in a federal grant, \$424,000 from the state, and the TBD provided \$300,000 for a total of \$1.6 million. The roundabout had been open since July and was operating really well. The level of service improved from E to A. The aerial photos shown were provided by Chairman Hamilton.

The 30th Street widening at SR 9 was currently under design, paid for in part by a \$199,000 federal grant. The TBD provided a \$51,000 match for a total of \$250,000. Channelization was shown. The east leg was planned to have a dedicated left turn lane, a through lane, and a right turn lane. Curb and gutter will be constructed along the northern edge. The sidewalk will have to be adjusted and the traffic signal pole relocated. Along the southern edge now it didn't look like any sidewalk improvements or changes would be needed so the traffic signal

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pole will stay where it is. The ADA ramp on the southeast corner will have to be improved.

Boardmembers Burke and Rohrscheib arrived at the meeting.

For the west leg, there were two eastbound lanes; a dedicated left turn lane and combination through- and right turn lane. There would be a single westbound lane. With the dedicated left turn lane, those wanting to go through or make a right turn will not have to wait anymore for the left-turn movement. That was essentially the problem because the backup on SR 9 for those going northbound would create a situation where the left turn couldn't be made and people backed up on 30th Street.

In the northwest corner the radius would have to be adjusted to move the sidewalk slightly to the north. The signal pole on that side will have to be relocated. A curb and gutter would be constructed from the end of the sidewalk to 96th Drive SE. On the southern side the sidewalk would be extended to 95th Drive SE. That signal pole would stay where it was.

Boardmember Schilaty confirmed the south lane at 30th Street included both through- and right turn traffic. Part of the problem was when someone was waiting to go through the intersection.

Mr. Monzaki said the right-of-way was pretty tight to include a dedicated right turn lane on the west side of SR 9. Luckily there was additional right-of-way on the other side so four lanes fit. The two outside lanes were approximately 14' wide and the center lane was 11'.

Boardmember Schilaty's concern was there would be far more people wanting to turn right rather than go straight and traffic would back up on 30th Street.

Mr. Schuller added that this wasn't the full intersection improvement to this road that would be needed for all future events. When the TBD was formed, staff determined the most serious issues to keep cost down on capital projects. Because SR 9 was so backed up, the biggest issue was when the light turned, very few cars made it through because the major movement was cars turning left to go north on SR 9 and nobody moved through the intersection. Staff looked at the money available and decided to add one single lane so when the light did turn, at least those going straight and right will be able to get through the signal; the people turning left will sit there like they do now trying to go northbound. That movement wouldn't be affected until something was done with SR 9 in the future. There wouldn't be a free right turn because that would require purchasing r-o-w and significantly drive up the cost. Staff tried to balance what could be designed and funded with the TBD funds available. This project didn't address the north side of the road that was in the City's urban growth area but not in the City limits. There would still be a piece of unfinished road between Snohomish Station and this intersection that would be part of a future project.

Improvements along the west leg were shown. The sidewalk will be extended between SR 9 and 95th. Then it transitioned back to the existing two-lane road at 95th Drive SE. Boardmember Kaftanski confirmed this improvement was all within the existing r-o-w. Did property owners today understand that some of what they might be taking care of was r-o-w which was likely to go away?

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Mr. Monzaki said the project manager had discussed the project with each property owner. Staff would be in touch with them as the project went on because there would also have to be some improvements through the driveways on 30th Street.

Mr. Schuller added that temporary construction easements would likely be needed also.

Boardmember Randall asked how many sidewalk segments were missing west of 95th Drive SE. There was a big sidewalk on the north side of Snohomish Station but he didn't recall where it stopped.

Mr. Monzaki said it stopped at the end of the Snohomish Station block so there will be a gap between Snohomish Station and 95th Drive SE. The City will have to partner with the county to complete that gap.

The project limits crossed into multiple jurisdictions. Both the state and county were in favor of the project and provided letters of support when the City applied for the design grant. Staff just heard from the state TIB that the City unfortunately did not receive construction funding. The City was still on the contingency list for federal funds and should hear sometime in April whether funds would be available.

Next year staff planned to overlay Maple Avenue from Pine Avenue to the City limits. This project received federal grants of \$350,000. The TBD will provide \$160,000 for a total of \$510,000. Design would be done in-house. Construction would likely occur in the summer.

The federal grant agreement for Maple Avenue would probably come in early 2015 and be processed so staff could begin using the funds. Another TBD Board meeting would be held in early 2015 to discuss future projects and the pavement management program.

Boardmember Randall asked if April arrived and staff heard the City wouldn't get federal funding, wasn't the 30th Street project advertized to be fully paid for by the TBD or was the City always planning to go for grant funds?

Mr. Bauman didn't think any of the projects were advertised as being funded entirely by TBD funds. The City said TBD funds would be used to construct these projects but there was no commitment to use only TBD funds.

Boardmember Randall asked if this didn't get federal or state funding in the future, would the City just put it on the shelf or try to move ahead?

Mr. Bauman said there were sufficient funds through the TBD to fund the project.

Mr. Monzaki added that staff wouldn't find out about the federal funds until April so it would probably be best to wait until 2016 to go out to bid.

Mr. Schuller said the roundabout did so well with grants that there were TBD savings in what was estimated to be spent. There weren't enough TBD funds to complete the project today

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but in a year or two, the City would have enough cash. Staff would love to leverage other funds and only provide the match but the option was there to complete it with only TBD funds if needed.

Boardmember Randall agreed the City would want to use matching funds as much as possible but if the City couldn't get the funding, it would be a shame to let the project linger for an extended period of time. The Board would need to think hard about moving ahead with its own money in hand.

Chair Hamilton recalled a discussion that it would always be possible to borrow against the flow of funds and bond for it. Because the City has been getting grants, projects had been built faster and more was being done. Hopefully grant money would continue to come in.

Boardmember Schilaty said the projects were prioritized with the roundabout first and 30th Street second, and nothing had changed since that time. The area continued to be one of the most important, especially for economic development. It was so key to Bickford Avenue and Snohomish Station. It was unfortunate they had to wait until April to find out about grant funding, but if that failed, the City should really look at going forward in a timely manner.

The next topic was a review of the TBD budget and a proposed amendment. The forecast had been on target for 2014 and sales tax was up. There was no sign of a significant windfall for the fund but sources were expected to exceed the budget of \$660,000. As of October 31st, \$638,000 had been taken in for year-to-date revenue sources. Staff proposed amending the budget to \$690,520 in revenues.

Transfers were done periodically so not all TBD funds had been transferred to the Streets capital project funds. The TBD Fund sent money to the City's project funds as a source of revenue for each project. \$300,000 was in the 2014 budget for the 15th Street/Avenue D roundabout and \$500,000 for street overlay projects. Year-to-date transfers of \$600,000 had been made and the remainder would be transferred. Expenditure line items were on target.

The TBD was part of the new cost allocation plan. Because there were administrative costs, those indirect costs could be charged. \$38,000 was proposed for administration, finance, and engineering services. The additional change to the line items was \$30,000 in TBD funds for the 30th Street/SR9 design work so it was proposed to change the 2014 budget from \$800,000 in expenditures to \$868,000 going to the Streets capital funds. It was anticipated the 2014 ending fund balance would be about \$487,000. This would then be available for projects, should grants be awarded.

Boardmember Kaftanski noted the spreadsheet did not appear to recognize the inflow and outflow of grant dollars.

Ms. Anderson said that was correct. The TBD Fund was one funding source of the overall project. Projects were tracked in the City's Street Capital Project Fund 311 by federal or state grant sources, TBD revenues, and any other monies. The fund also showed the full set of expenditures for a project such as design, construction, and any other costs that went with a project.

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Boardmember Kaftanski observed it could be challenging to identify the full source of all funding and expenditures if someone wanted to look at the TBD history of revenues and the projects it built. It would be easy to quickly conclude that this represented the revenue and expense for a project when that was not the case. For clarity and transparency purposes there needed to be some identifiable easy direction for someone to get the fuller picture of what the TBD was doing. He asked staff to administratively think of a way to make it easy for any citizen to get a good understanding of the total picture.

Ms. Anderson hoped to be clearer at the December 16th Council meeting when there will be a Street Capital Project budget amendment. People could see grant and TBD dollars project by project showing how the TBD came into play. Understanding all the nuances of the separate entity was a challenge and staff would keep working to make it clear.

Mr. Monzaki added that the TBD annual report included a summary table of the projects, showing the budgets with revenues and expenditures.

Chair Hamilton said all the capital projects went through the City budget and the TBD was one funding sources for them. The TBD ending fund balance did not show up on the City side; it was totally separate.

The next topic of the meeting regarded the 2015 budget. Preservation and transportation projects were identified with the passage of the TBD. For budgeting and planning purposes \$56,000 was anticipated monthly in tax revenues. Staff would continue to keep costs down with in-house design and use of grant dollars to leverage the TBD revenues for the overall Streets Capital Projects fund. Staff liked to propose budgets in a conservative manner with funds coming in higher than projected. The TBD revenue budget was proposed at \$675,000 with project expenditures of \$608,866, and a 2015 ending fund balance of \$554,000. Grants weren't included in the budget until the grant had been awarded. If grants were received the proposed ending fund balance of \$554,000 would be impacted but that would come before the Board for budget amendments and overall project review.

Chair Hamilton pointed out the Board had three separate actions to take tonight: accept the 2014 annual report; amend the 2014 budget; and adopt the 2015 budget.

MOTION by Guzak, second by Rohrscheib, that the Transportation Benefit District Board accept the 2014 annual report. The motion passed unanimously (7-0).

MOTION by Guzak, second by Rohrscheib, that the Transportation Benefit District Board amend the 2014 budget. The motion passed unanimously (7-0).

MOTION by Schilaty, second by Rohrscheib, that the Transportation Benefit District Board adopt Ordinance 4 to implement the 2015 budget. The motion passed unanimously (7-0).

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5. **CONSENT ITEM - APPROVE** minutes of the regular meeting of February 4, 2014

MOTION by Burke, second by Rohrscheib, to approve the minutes of February 4, 2014. The motion passed unanimously (7-0).

6. **OTHER BUSINESS/INFORMATION ITEMS**

Boardmember Kaftanski noted that, including the grant to be awarded for the Maple Avenue overlay, about \$2.3 million had been leveraged in the short time of the TBD. Initially the Board anticipated about \$500,000 for preservation and \$160,000 for improvements annually. Over ten years that was \$5 million for preservation but now \$2.3 million had been added. Instead of only being able to do a third, they were close to almost half of the projects. Staff had some great grant writers so the bar was set high now for additional leveraged dollars to come in. Keep up the good work!

Chair Hamilton agreed that staff had done an excellent job. The TBD had been miraculous for the City and its citizens. He thanked the voters for approving the district and what the City had been able to do with it. The whole reason was for streets, and the ability to maintain and improve them had been phenomenal. Infrastructure was one of the City's great assets.

The January 6th meeting was cancelled. The next meeting was scheduled for February 3rd at 6 p.m. in this room.

7. **ADJOURN** at 6:50 p.m.

APPROVED this 3rd day of March 2015

CITY OF SNOHOMISH

ATTEST:

Tom Hamilton, Chairman

Torchie Corey, City Clerk