

BURIEN
TRANSPORTATION BENEFIT DISTRICT (TBD NO. 1)
BOARD MEETING AGENDA
November 7, 2016
6:00 p.m.

Burien City Hall, Multipurpose Room
400 SW 152nd Street, 1st Floor
Burien, Washington 98166

	PAGE NO.
1. CALL TO ORDER	
2. BUSINESS AGENDA	
a. Approval of Minutes: October 19, 2015.	3.
b. Review of 2015 Annual Financial Report.	5.
c. Discussion on Resolution No. 3, Increasing the TBD Fee by \$10.	25.
3. ADJOURNMENT	

TBD BOARD MEMBERS

Debi Wagner, Chair Stephen Armstrong Austin Bell
Lauren Berkowitz Bob Edgar Lucy Krakowiak Nancy Tosta

BURIEN TRANSPORTATION BENEFIT DISTRICT BOARD

MEETING MINUTES

October 19, 2015

6:30 p.m.

DRAFT

**Burien City Hall, Council Chambers
400 SW 152nd Street, 1st Floor
Burien, Washington 98166**

CALL TO ORDER

Board Member Krakowiak called the Burien Transportation Benefit District Board meeting to order at 6:30 p.m.

BUSINESS AGENDA

Burien Transportation Benefit District Board Presentation.

Treasurer Kim Krause gave an overview of the Burien Transportation Benefit District Board.

Election of the Chair.

Board Member Krakowiak opened the floor to nominations for Chair.

Board Member Robison nominated Board Member Tosta.

Board Member Edgar nominated Board Member Wagner.

There being no other nominations, Board Member Krakowiak closed the nominations.

A roll call vote was taken.

Board Member Wagner was elected Chair on the strength of a 4-3 vote.

Approval of Minutes: September 13, 2010.

Direction/Action

Motion was made by Board Member Robison, seconded by Board Member Edgar and passed unanimously to approve the September 13, 2010, Minutes as submitted.

Review of 2014 Annual Financial Report.

Treasurer Kim Krause reviewed the 2014 Annual Financial Report.

ADJOURNMENT

MOTION was made by Board Member Robison, seconded by Board Member Edgar, and passed unanimously to adjourn the meeting at 6:51 p.m.

Debi Wagner, Chair

Kathy Wetherbee, Assistant

**TRANSPORTATION BENEFIT DISTRICT NO. 1
AGENDA BILL**

Agenda Subject: Review of 2015 Annual Financial Report		Meeting Date: November 7, 2016
Department: Finance	Attachments: Transportation Benefit District 2015 Annual Report	Fund Source: N/A
Contact: Kim Krause, Finance Director		Activity Cost: N/A
Telephone: (206) 439-3150		Amount Budgeted: N/A
Adopted Initiative: N/A	Initiative Description: N/A	

PURPOSE/ REQUIRED ACTION:

The purpose of this agenda item is to discuss and review the 2015 Annual Report.

BACKGROUND (Include prior Council action & discussion):

In June 2010, the City of Burien established TBD #1 to install asphalt overlays and perform other street-related repairs, with the goal of bringing the streets up to a Pavement Condition Index (PCI) of 80+. The TBD is funded by a \$10 fee charged on all vehicles registered within the City of Burien.

In 2011, the City constructed a project which repaired and overlaid the following roads:

1. Ambaum Boulevard SW & 16th Avenue SW from SW 112th Street to SW 56th Street
2. 4th Avenue SW from SW 154th Street to SW 156th Street
3. SW 128th Street and S 128th Street from Ambaum Boulevard SW to Des Moines Memorial Drive
4. SW 148th Street from Ambaum Boulevard SW to 4th Avenue SW
5. 24th Avenue S from S 120th Street to S 128th Street (next to Hilltop Elementary)

This project was funded by \$8.6 million in Limited Tax General Obligation Bonds issued in 2010. In the following years, all of the TBD funds, in addition to other City funds have been used to repay the debt service on these bonds. The following is a summary of the revenues and expenditures for 2015. The 2015 Annual Financial Report is attached.

2015 Revenues

\$367,068	Vehicle Registration Fees
238	Investment Interest
\$367,306	Total Revenues

2015 Expenditures

\$272	Salaries and Benefits
1,636	Audit Fees
375,000	Overlay debt service
\$376,908	Total Expenditures

2015 Fund Balance

\$46,787	Beginning Fund Balance
367,306	Revenue
(376,908)	Expenditures
\$37,185	Ending Fund Balance

OPTIONS (Including fiscal impacts): N/A

Administrative Recommendation: N/A

Advisory Board Recommendation: N/A

Suggested Motion: N/A

Submitted by: Kim Krause
Administration 

City Manager 

Today's Date: October 27, 2016

File Code: [X:\File\records\CC\TBD 2009 -\Agenda Bills\110716ad-1 TBD Annual Report.docx](#)

Burien Transportation Benefit District No. 1

Annual Financial Report
For the Fiscal Year Ended December 31, 2015

Prepared by: City of Burien Finance Department

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**Transportation Benefit District No. 1
Annual Financial Report
For the Fiscal Year Ended December 31, 2015**

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Management's Discussion and Analysis

This Management Discussion and Analysis (MD&A) is intended to be an easily readable analysis of the Burien Transportation Benefit District No. 1's (referred to as "District" throughout this report) financial activities based on currently known facts, decisions or conditions expected to have a significant impact on financial position or results of operation. This analysis focuses on activities for the fiscal year ended December 31, 2015 and should be read in conjunction with the financial statements and notes to the financial statements that both follow this analysis.

The Burien Transportation Benefit District was formed when the City Council adopted Ordinance No. 516 on July 20, 2009. The purpose of the district is to acquire, construct, improve, provide, and fund transportation improvements within the District consistent with any existing state, regional, and local transportation plan. The District is funded by a \$10 excise tax charged on all vehicles registered within the City of Burien. The Washington State Department of Licensing began collecting the excise taxes effective January 1, 2011. The governing board of the Transportation Benefit District is the seven members of the Burien City Council acting in an ex officio and independent capacity. The City's Finance Director acts as treasurer. The District is a blended component unit of the City of Burien. The primary revenue source for the District is the vehicle license tab fees.

Financial Highlights

- The assets and deferred outflows of resources exceeded liabilities by \$37,185, at the close of the fiscal year ending December 31, 2015. This amount is restricted in full by RCW 36.73 for transportation improvements.
- The District's most significant asset is cash, as the district does not maintain ownership of any capital assets.
- The positive net position in 2015 reflects the District's ability to meet current and future obligations in the course of its activities.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District are transportation. The district does not have any business-type activities.

Fund Financial Statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses a single governmental fund accounting system to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains one individual governmental fund and adopts a biennial budget. A budgetary comparison statement has been provided for the District fund to demonstrate compliance with this budget.

Notes to the Financial Statements.

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$37,185 at the close of the fiscal year ending December 31, 2015.

Burien Transportation Benefit District No. 1
Condensed Statement of Net Position

	Governmental Activities	
	2015	2014
Current assets	\$ 37,185	\$ 50,381
TOTAL ASSETS	37,185	50,381
Deferred outflows of resources	-	-
Current liabilities	-	3,594
TOTAL LIABILITIES	-	3,594
Deferred inflows of resources	-	-
NET POSITION:		
Net investment in capital assets	-	-
Restricted	37,185	46,787
Unrestricted	-	-
TOTAL NET POSITION	\$ 37,185	\$ 46,787

Burien Transportation Benefit District No. 1
Condensed Statement of Activities

	Governmental Activities	
	2015	2014
Revenues:		
Taxes and other general revenues:		
Excise taxes	\$ 367,068	\$ 343,903
Other general revenue	238	72
Total revenues	367,306	343,975
Expenses:		
Transportation	376,908	328,594
Total expenses	376,908	328,594
Increase in net position before transfers	(9,602)	15,381
Increase in net position	(9,602)	15,381
Net position - beginning	46,787	31,406
Net position - ending	\$ 37,185	\$ 46,787

The District's net position of \$37,185 is restricted in full by RCW 36.73 for transportation improvements. At the end of current fiscal year, the District reports a positive balance in net position. The same situation is held true for the prior fiscal year. The District's most significant asset is cash, as the district does not maintain ownership of any capital assets. A positive net position in 2015 reflects the District's ability to meet current and future obligations in the

course of its activities. Overall net position decreased by \$9,602 from the prior fiscal year. The reasons for this overall decrease are discussed in the following section for governmental activities.

Governmental Activities

Financial Analysis of the Governmental Fund

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District’s excise tax revenue is entirely generated from the collection of vehicle registration fees. As noted previously, the District began collecting revenue in January 2011. At December 31, 2015, the District’s General Fund expenditures exceeded General Fund revenues by \$9,602, thus decreasing fund balance by the same amount. Actual collections exceeded anticipated 2015 revenue by \$17,306. The entire ending fund balance is restricted for transportation improvements by RCW 36.73.

Budget Variances in the General Fund

The District originally adopted a biennial budget of \$681,405 on December 1, 2014 for the period January 1, 2015 through December 31, 2016. The amended biennial budget increased to \$746,785. The table below shows a summary of budget to actual amounts for the year ending December 31, 2015.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Budgetary Fund Balance, January 1	\$ 46,785	\$ 46,787	\$ 2
Resources (Inflows):	350,000	367,306	17,306
Charges to Appropriations (Outflows):	375,000	376,908	1,908
Budgetary Fund Balance, December 31	\$ 21,785	\$ 37,185	\$ 15,400

The District Board of Directors approved one amendment to the 2015-2016 Adopted Biennial Budget. This amendment adjusted beginning fund balances to the 2014 actual ending fund balance amounts, increased revenue by \$50,000 to reflect higher than anticipated car tab fee revenue, and increased the payment for the transportation overlay project by \$75,000.

Additional information can be found in the Required Supplementary Information section of this report.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Burien Transportation Benefit District Treasurer, 400 SE 152nd, Suite 300, Burien, WA 98166 or by calling 206-439-3150.

Basic Financial Statements

Burien Transportation Benefit District No. 1
Statement of Net Position
December 31, 2015

ASSETS	
Cash and cash equivalents	\$ 9,277
Due from other governments	27,908
Total assets	37,185
 DEFERRED OUTFLOWS OF RESOURCES	
Total deferred outflows of resources	-
 LIABILITIES	
Total liabilities	-
 DEFERRED INFLOWS OF RESOURCES	
Total deferred inflows of resources	-
 NET POSITION	
Net Investment in Capital Assets	-
Restricted	37,185
Unrestricted	-
Total net position	\$ 37,185

The notes to financial statements are an integral part of this statement

Burien Transportation Benefit District No. 1
Statement of Activities
For the Year Ended December 31, 2015

Governmental activities:	
Program Expenses	
Transportation	\$ 376,908
Total Program Expenses	<u>376,908</u>
Program Revenues	
Total Program Revenues	<u>-</u>
Net (Expense) Revenue	
Changes in Net Position	<u>(376,908)</u>
General Revenues:	
Taxes	
Excise taxes	367,068
Investment earnings	<u>238</u>
Total general revenues and transfers	<u>367,306</u>
Change in net position	(9,602)
Net position - January 1	<u>46,787</u>
Net position - December 31	<u>\$ 37,185</u>

The notes to financial statements are an integral part of this statement

**Burien Transportation Benefit District No. 1
Balance Sheet
Governmental Funds
December 31, 2015**

ASSETS	
Cash and cash equivalents	\$ 9,277
Due from other governments	27,908
Total assets	37,185
 DEFERRED OUTFLOWS OF RESOURCES	
Total deferred outflows of resources	-
Total assets and deferred outflows of resources	\$ 37,185
 Liabilities and fund balance	
Liabilities:	
Total liabilities	-
 DEFERRED INFLOWS OF RESOURCES	
Total deferred inflows of resources	-
 Fund balance:	
Restricted:	
Debt service	37,185
Total fund balance	37,185
Total liabilities and fund balance	\$ 37,185

The notes to financial statements are an integral part of this statement

Burien Transportation Benefit District No. 1
Statement of Revenues, Expenditures and Changes In Fund Balance
Governmental Funds
For the Year Ended December 31, 2015

REVENUES	
Transportation benefit district vehicle fees	\$ 367,068
Investment earnings	<u>238</u>
Total revenues	<u>367,306</u>
EXPENDITURES	
Current:	
Transportation	<u>376,908</u>
Total expenditures	<u>376,908</u>
Excess of revenues over (under) expenditures	<u>(9,602)</u>
OTHER FINANCING SOURCES (USES)	
Total other financing sources (uses)	<u>-</u>
Net change in fund balances	(9,602)
Fund balances - beginning	<u>46,787</u>
Fund balances - ending	<u>\$ 37,185</u>

The notes to financial statements are an integral part of this statement

Transportation Benefit District No. 1
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Burien Transportation District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The District reports a single governmental fund (the general fund) and therefore no interfund activity or additional separate fund statements are presented.

B. Reporting Entity

The District was formed on July 20, 2009 and operates under the laws of the State of Washington applicable to transportation benefit districts. As required by the generally accepted accounting principles the financial statements present activity of the District, the primary government. The District's reporting entity does not include any component units. Although legally separate, the District itself is reported as a component unit of the City of Burien because its sole purpose is to finance transportation improvement projects carried out by the City. The District Board of Directors is comprised of the City of Burien Councilmembers, with the City Finance Director acting as District Treasurer. City employees perform all operational and administrative functions of the district.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The District considers excise taxes as available if they are collected within 60 days after year-end.

The District reports the following major governmental fund:

The general fund is the District's operating fund. It accounts for all financial resources of the District.

D. Budgetary Information

1. Scope of Budget

Biennial appropriated budgets are adopted for the District’s general fund on the modified accrual basis of accounting. The budget is adopted with budgetary control at the fund level, so expenditures may not legally exceed appropriations at that level of detail. Total fund appropriation includes expenditures, other financing uses and estimated ending fund balance. Appropriations for the general fund lapse at year-end (except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned).

2. Amending the Budget

Revisions that alter the total expenditures of a fund must be approved by the Board of Directors. When the Board determines that it is in the best interest of the District to increase or decrease the appropriated budget, it is accomplished by ordinance.

The financial statements contain the final budget information. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

E. Assets, Liabilities, Fund Balance, Net Position

1. Cash and Cash Equivalents

The District’s cash and cash equivalents are maintained by the City of Burien within the City’s pooled investments managed by the City’s Finance Department. It is the District as well as the City’s policy to invest all temporary cash surpluses. The pool operates like a demand deposit account in that all funds may be deposited at any time and also withdrawn up to the respective fund balance out of the pool without prior notice or penalty. Interest earned on pooled investments is prorated at the end of each month based on average daily cash balances during the month when interest was earned. At December 31, 2015, the District’s share of pooled investments was \$9,277 in short-term residual investments of surplus cash classified on the balance sheet as cash and cash equivalents.

Pooled investments are recorded at fair market value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For various risks related to the investments, see Deposits and Investments Note 3.

2. Receivables and Amounts Due From Other Governments

Amounts due from other governments consist of amounts owed at year-end from the State of Washington for excise tax charged on all vehicles registered within the City of Burien.

3. Fund Balance Classification

The District, in accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, classifies governmental fund balances as Non-Spendable, Restricted, Committed, Assigned or Unassigned.

For the year ended December 31, 2015, the entire fund balance of \$37,185 in the District’s General Fund is classified as restricted. It is only available for debt service for transportation improvement projects as prescribed by RCW 36.73.

It is the District’s policy that if revenues with varying levels of constraints become available for use, the most restricted resources will be used first.

F. Net Position

The government-wide statement of net position reports \$37,185 of restricted component of net position, which is restricted by enabling legislation.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions, and there have been no expenditures exceeding legal appropriations.

NOTE 3 – DEPOSITS AND INVESTMENTS

As identified in Note 1(E), cash resources of the District are combined into a cash pool with other City of Burien funds and is managed by the City’s Finance Department. The pool functions as a demand deposit account where the District receives an allocation of its proportionate share of pooled earnings. As of December 31, 2015, the district had pooled investments totaling \$9,277 at fair value.

The Local Government Investment Pool (LGIP) is an unrated 2a7-like pool. The fair value of the City’s pool investments is determined by the pool’s share price. The District has no regulatory oversight responsibility for the LGIP, which is governed by the Washington State Finance Committee and is administered by the State Treasurer. The LGIP is audited annually by the Office of State Auditor, an independently elected public official.

The tables below show the types of investments held by the City’s investment pool as well as the District’s share of the pool as of December 31, 2015.

**City of Burien
Investments
as of December 31, 2015**

	Fair Value	Less than One Year
State Treasurer’s Local Government Investment Pool	<u>\$25,634,362</u>	<u>\$25,634,362</u>
Total Investments	<u>\$25,634,362</u>	<u>\$25,634,362</u>

**Burien Transportation Benefit District No. 1
Share of the City of Burien’s Pooled Investments
as of December 31, 2015**

	Fair Value
Transportation Benefit District Cash in City Pool	\$9,277
Total City Pooled Investments	<u>\$25,634,362</u>
TBD balance as a Percentage of City Pool	<u>0.04%</u>

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Additionally, all investments of the City are in the LGIP, an unrated 2a-7 like pool, which are not subject to interest rate risk, as the weighted average of the portfolio does not exceed 90 days.

Credit Risk

Washington State law limits investments in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances, primary certificates of deposit issued by qualified public depositories, the State Treasurer's Local Government Investment Pool and repurchase agreements collateralized by the previously authorized investments. Additionally investments may be made in commercial paper and bonds of the State of Washington and any local government in the State of Washington, which have, at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency.

Concentration of Credit Risk

At December 31, 2015, all investments of the City's funds were obligations of the State Treasurer's Local Government Investment Pool, which in itself is a diversified investment pool and is highly liquid.

NOTE 4 – RISK MANAGEMENT

The District retains no rights to any real or personal property, maintains no employees, and its Board of Directors and Treasurer are also officers/employees of the City of Burien. The City's policies cover claims against City property and/or employees.

NOTE 5 - CONTINGENCIES AND LITIGATIONS

The District's financial statements include all material liabilities. There are no material contingent liabilities to record.

NOTE 6 – RESTRICTED COMPONENT OF NET POSITION

The government-wide statement of net position reports \$37,185 of restricted component of net position, which is restricted by enabling legislation.

NOTE 7. SUBSEQUENT EVENTS

There were no significant subsequent events that occurred after the end of the reporting period and before the issuance of the financial statements.

Required Supplementary Information

**Burien Transportation Benefit District No. 1
 Transportation Benefit District Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual
 For the Year Ended December 31, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Transportation benefit district vehicle fees	\$ 350,000	\$ 367,068	\$ 17,068
Investment earnings	-	238	238
Total revenues	<u>350,000</u>	<u>367,306</u>	<u>17,306</u>
EXPENDITURES			
Current:			
Total expenditures	<u>375,000</u>	<u>376,908</u>	<u>1,908</u>
Excess of revenues over expenditures	<u>(25,000)</u>	<u>(9,602)</u>	<u>15,398</u>
OTHER FINANCING SOURCES/(USES)			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(25,000)	(9,602)	15,398
Fund balance - beginning	<u>46,785</u>	<u>46,787</u>	<u>2</u>
Fund balance - ending	<u>\$ 21,785</u>	<u>\$ 37,185</u>	<u>\$ 15,400</u>

**TRANSPORTATION BENEFIT DISTRICT NO. 1
AGENDA BILL**

Agenda Subject: Discussion on Resolution No. 3, increasing the TBD Fee by \$10		Meeting Date: November 7, 2016
Department: Finance	Attachments: Draft Resolution 3	Fund Source: N/A
Contact: Kim Krause, Finance Director Maiya Andrews, Public Works		Activity Cost: N/A
Telephone: (206) 439-3150		Amount Budgeted: N/A Unencumbered Budget Authority: N/A
Adopted Initiative: N/A	Initiative Description: N/A	
PURPOSE/ REQUIRED ACTION: The purpose of this agenda item is to discuss Resolution No. 3, increasing the Transportation Benefit District Fee by \$10, for a total fee of \$20.		
BACKGROUND (Include prior Council action & discussion): In June 2010, the City of Burien established TBD #1 to install asphalt overlays and perform other street-related repairs, with the goal of bringing the streets up to a Pavement Condition Index (PCI) of 80+. The TBD is funded by a \$10 fee charged on all vehicles registered within the City of Burien. In 2010, the City issued \$8.6 million in Limited Tax General Obligation Bonds to perform an overlay of some of the City's major arterial streets and pledged the revenue from the \$10 fee toward repayment of the bonds. Since the revenue from the \$10 fee is not sufficient to cover that debt service payment, this fee does not contribute toward an annual program. In 2014, the City conducted a pavement management study showing that the City should invest \$1.2 million annually in a pavement management program to maintain the current PCI. The City's current dedicated investment is \$400,000 annually, funded from an increase in the solid waste franchise fees adopted with Recology's franchise agreement in 2014. In order to expand the annual pavement management funding, staff is proposing a \$10 increase in the TBD fee, to a total of \$20 per registered vehicle. The estimated revenue is approximately \$350,000 and brings the City to almost two-thirds of the annual required pavement management funding. As shown in the pavement management study, delaying the decision to fully fund this program will result in higher annual costs in the future. Failure to maintain the roads will eventually require street reconstruction, which is much more expensive than the current overlay program. The PCI will drop at an accelerating rate. Recent legislation allows the City to increase the fee to \$40 after the \$20 fee has been in effect for 24 months.		
OPTIONS (Including fiscal impacts): N/A		
Administrative Recommendation: Hold discussion and provide direction on Resolution No. 3 increasing the Transportation Benefit District Fee by \$10.		
Advisory Board Recommendation: N/A		
Suggested Motion: None required.		
Submitted by: Kim Krause/Maiya Andrews Administration 		City Manager 
Today's Date: October 27, 2016	File Code: \\File\records\CC\TBD 2009 -\Agenda Bills\110716ad-2 TBD Fee Increase.docx	

BURIEN TRANSPORTATION BENEFIT DISTRICT NO. 1

RESOLUTION NO. 3

A RESOLUTION OF THE BURIEN TRANSPORTATION BENEFIT DISTRICT BOARD AUTHORIZING AN INCREASE IN THE VEHICLE LICENSE FEE IN THE AMOUNT OF TEN DOLLARS AND PLEDGING THE FEE INCREASE TOWARD THE CITY OF BURIEN'S ANNUAL PAVEMENT MANAGEMENT PROGRAM

WHEREAS, chapter 36.73 RCW and RCW 35.21.255 authorize the City Council of the City of Burien (the "City") to establish a transportation benefit district within the City's jurisdiction for the purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the district, that are consistent with any existing state, regional, and local transportation plans and necessitated by existing or reasonably foreseeable congestion levels, and

WHEREAS, pursuant to chapter 36.73 RCW and City Ordinance No. 516 adopted on July 20, 2009, as amended by City Ordinance No. 542 adopted on June 21, 2010, the City established a citywide transportation benefit district known as the Burien Transportation Benefit District No. 1, or TBD No. 1 (the "District"), for the purpose of financing, constructing and otherwise facilitating asphalt overlays and other street related improvements throughout the City (the "Project"), and

WHEREAS, pursuant to RCW 36.73.020(3), the members of the City Council, acting ex officio and independently, constitute the governing body of the District (the "Board"), and

WHEREAS, RCW 36.73.065 and RCW 82.80.140 authorizes the District to impose an annual vehicle fee in an amount not to exceed \$20 without a public vote; and

WHEREAS, pursuant to Resolution No. 2 adopted by the Board on July 19, 2010, the District imposed an annual vehicle fee in the amount of \$10.00 (the "2010 Vehicle Fee") on qualifying vehicles within the District and pledged revenues of the 2010 Vehicle Fee toward the payment of the City's Limited Tax General Obligation Bonds, 2010A and Limited Tax General Obligation Bonds, 2010B (Taxable Build America Bonds – Direct Payment to Issuer (together, the "2010 Bonds")) issued for the purpose of financing a portion of the Project; and

WHEREAS, pursuant to Resolution No. 2 and an Interlocal Agreement between the City and the District (the "Interlocal Agreement"), the District covenanted and agreed to collect the 2010 Vehicle Fee so long as the 2010 Bonds remain outstanding and to remit the revenue received from the 2010 Vehicle Fee to the City for the purpose of paying debt service on the 2010 Bonds; and

WHEREAS, in 2015, 2ESSB 5987 increased the allowable nonvoted vehicle license fee up to a maximum of \$50 with the following conditions:

- A transportation benefit district may only impose a nonvoted license fee above \$20 as follows:
 - Up to \$40, but only if a \$20 fee has been in effect for at least 24 months.
 - Up to \$50, but only if a \$40 fee has been in effect for at least 24 months. Any nonvoted fee higher than \$40 is subject to potential referendum, as provided in RCW 36.73.065(6).

WHEREAS, the City has determined that it is in the best interest of its inhabitants to expand the annual pavement program and to increase the funding required to maintain the current street index level; and

WHEREAS, the Board finds it in the best interests of the District to impose an additional annual vehicle fee in the amount of ten dollars (\$10.00) (the “Additional Vehicle Fee”), bringing the total vehicle fee imposed by the District to \$20.00, on qualifying vehicles registered within the District and to remit revenue of the Additional Vehicle Fee to the City for the purpose of financing a portion of the Project, including the expanded annual pavement management program;

NOW, THEREFORE, THE BOARD OF THE BURIEN TRANSPORTATION BENEFIT DISTRICT NO. 1 HEREBY RESOLVES AS FOLLOWS:

Section 1. Increase the Annual Vehicle Fee. The annual vehicle fee is hereby increased by ten dollars (\$10.00) (the “Additional Vehicle Fee”), bringing the total vehicle fee imposed by the District to \$20.00, consistent with RCW 36.73.065, to be collected by the Washington Department of Licensing on qualifying vehicles, as set forth in RCW 82.80.140 and chapters 36.73 and 46.16 RCW.

Section 2. Use of Additional Vehicle Fee Revenue. Revenues from the Additional Vehicle Fee imposed under Section 1 of this resolution shall be remitted to the City and used to for the Project, including but not limited to the expanded annual pavement management program, which may include the payment on bonds or other obligations issued by the City for the purpose of providing long-term financing for the Project. The District hereby pledges the Additional Vehicle Fee for such purposes.

Section 3. Resolution No. 2 and Interlocal Agreement. Nothing in this resolution shall amend, reduce, or otherwise modify the District’s obligations under Resolution No. 2 and the Interlocal Agreement to impose and levy the 2010 Vehicle Fee and to remit the proceeds of such 2010 Vehicle Fee to the City for the purpose of paying debt service on the 2010 Bonds so long as such bonds are outstanding.

Section 4. Severability. Should any section, paragraph, or phrase of this resolution, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this resolution be preempted by state or federal law or

regulation, such decision or preemption shall not affect the validity of the remaining portions of this resolution or its application to other persons or circumstances.

Section 5. Effective date. This resolution shall take effect and be in full force immediately after its passage and approval.

BURIEN TRANSPORTATION BENEFIT DISTRICT NO. 1

Debi Wagner, Chair

ATTEST/AUTHENTICATED:

Monica Lusk, Clerk

Approved as to form:

Lisa Marshall, Attorney

Filed with the Clerk: November __, 2016
Passed by TBD No. 1: November __, 2016
Resolution No. 3

