

# *Transportation Benefit District Board Meeting*

## Board Members

Craig Ottavelli,  
President

Joe Hyer  
Vice President

Jeff Kingsbury

Doug Mah

Joan Machlis

Karen Messmer

Rhenda Strub

Jane Kirkemo  
Treasurer

**February 24, 2008**  
**Olympia Council Chambers**  
**Following the Olympia City Council Meeting**

## A G E N D A

1. [Approval of Minutes of February 10, 2009 Transportation Benefit District Board Meeting](#)
2. [Establish Fee Amount, Select Projects](#)



**TRANSPORTATION BENEFIT DISTRICT  
BOARD  
Olympia, Washington  
February 10, 2009  
MEETING MINUTES**

3

**Board Members Present:** Interim Chair Craig Ottavelli, Joe Hyer, Jeff Kingsbury, Joan Machlis, Doug Mah, Karen Messmer, and Rhenda Iris Strub

**Staff Present:** Jane Kirkemo

The February 10, 2009 meeting of the Transportation Benefit District was called to order at 10:00 p.m.

**1. Approval of Minutes of February 3, 2009 Transportation Benefit District Board Meeting**

Board member Kingsbury moved, seconded by Board member Mah, to approve the minutes. *Motion passed unanimously.*

**2. Adoption of Charter and Bylaws**

Board members reviewed the Charter and Bylaws and agreed to the following changes:

**Charter**

Section 4.01 Power, Subsection (a) - add the following words in the fourth line after the words "general fund" - "or appropriate utility fund" ...

Section 4.01 (c) - After the words "preservation, maintenance" add the words "capacity, safety," ...

Section 5.06 Attorney - in the first sentence, remove the blank line and the parentheses.

Section 6.01 Board Meetings - Amend the first sentence to read "Regular Board meetings will be set by the Board in January. In the second sentence, after the words "time to time" strike the words "as determined necessary by the Board or Board President" and insert the words "at the request of a majority of the Board members"...

Section 6.05 Material Change Policy and Annual Report - Remove the last sentence, beginning with "Newspapers of record"....

**Bylaws**

Section 3.1 - Regular Board Meetings - Change the first sentence, removing "Executive Conference Room" and inserting "City of Olympia."

Section 3.4 - Notice of Special Board Meetings - In the first sentence, remove "City Clerk" and insert "Treasurer"

Section 5.1 - Books and Records - Remove the last sentence.

**Board member Kingsbury moved, seconded by Board member Hyer to approve the Charter and Bylaws for the Transportation Benefit District, including these changes. *Motion passed unanimously.***

Board member Mah asked staff to send out the final Charter and Bylaws for Board review.

**Board member Kingsbury moved, seconded by Board member Mah, to appoint Craig Ottavelli as President and Joe Hyer as Vice President. *Motion passed unanimously.***

### **Fees and Projects**

Vice President Hyer suggested the Board discuss projects and fees at the next meeting.

Board member Kingsbury agreed but asked staff to consider the following questions for discussion at that meeting:

- The 400 foot gap which has not been funded on May Bay/Harrison Road
- What the current costs are and what the anticipated escalator costs will be if this is delayed 1-5 years
- Current costs for Log Cabin Roundabout and what anticipated costs will be if delayed

Board member Machlis requested information about the pavement overlay costs. She also asked for an analysis of pros and cons of capitalizing the revenue stream.

Board member Messmer requested information on pavement management regarding the two different costs, catch up and keep up, including the implications of those costs. She also asked for an explanation on what we are currently spending gas tax funds on.

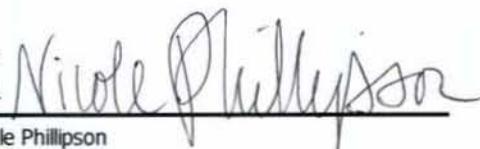
Board member Mah suggested the following schedule:

- Feb. 24 - Hold a Study Session to evaluate projects as well as revenue
- March 10 - Public Hearing on fees and projects
- March 24 - Meeting to act on the revenue and project list

Ms. Jane Kirkemo stated she will inform the Department of Licensing of these dates and confirm with the Board.

It was noted that staff is working on budget, including insurance, staffing, and the legal components.

Meeting was adjourned at 10:42 p.m.

X 

Nicole Phillipson  
Board Secretary

**THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK**

**THIS PAGE LEFT INTENTIONALLY BLANK**

**TRANSPORTATION BENEFIT DISTRICT BOARD**  
**Olympia, Washington**  
**February 24, 2009**

**Meeting of the Olympia TBD Board to Evaluate Projects and Set Rates for 2009**

Craig Ottavelli, President  
Joe Hyer, Vice President

---

**STAFF CONTACT:** Jane Kirkemo  
City of Olympia Administrative Services Director  
[jkirkemo@ci.olympia.wa.us](mailto:jkirkemo@ci.olympia.wa.us) 360.753.8499

**ORIGINATED BY:** Transportation Benefit District Board

**OTHERS NOTIFIED:** N/A

**ATTACHMENTS:** Responses to Board questions  
1. [Inflation of Projects Costs for Harrison Avenue/Mud Bay Road 500-foot Extension and the Boulevard Road and Log Cabin Road Roundabout.](#)  
2. [Email Responses to Councilmembers Machlis and Messmer Regarding Status of the Pavement Management Program.](#)

**BUDGET IMPACT/  
SOURCE OF FUNDS:** The budget impact of implementing a Transportation Benefit District is dependent on how the district is established and the project(s) funded with the revenue. A budget outlining estimated expenses has been included for discussion.

**PRIOR BOARD REVIEW:** N/A

---

**BACKGROUND:** In December 2008, the Olympia City Council adopted an ordinance creating the Olympia Transportation Benefit District. Before establishing a fee and project(s) to be funded by the TBD the Board asked several questions at the February 10, 2009 board meeting

---

**Analysis and  
Options:** A proposed budget for the 2009 TBD would include:

Insurance	\$5,000
Audit	5,000
Outside counsel	5,000
Admin Support	<u>25,000</u>
	\$40,000

Staff is proposing a contract with the City of Olympia to provide the Administrative support (prepare agendas, minutes, refunds, public records requests and answer questions about the TBD). Staff would be reimbursed by the TBD for actual expenses later in the year.

Other concerns/issues raised about establishing the district:

**What is the cost of the 500 foot unfunded gap on Harrison/Mud Bay Road?** The planning level cost estimate for this project is \$1,489,765.

**What are the anticipated costs if the project were delayed 1 to 5 years?** Attachment 1 provides projected costs if the 500 foot unfunded gap on Harrison/Mud Bay Road is delayed from 1 to 5 years.

**What is the current cost for the Log Cabin Roundabout and what would the anticipated cost be if the project were delayed 1 to 5 years?** The planning level cost estimate for this project is \$8,565,500. Of this amount, the City has \$1,600,600 available for this project and is currently being used to complete design and purchase ROW. An additional **\$6,964,900** is needed for construction. Attachment 1 provides projected costs if the Boulevard Road and Log Cabin Road Roundabout are delayed from 1 to 5 years.

**What is the current status of our pavement management program? What happens to this program if we delay funding this program for 2 to 3 years?** Attachment 2 is email responses to Councilmembers Machlis and Messmer concerning the status of the Pavement Management Program.

**What are we currently spending gas tax revenues on? And how much do we receive?** The City receives approximately \$1 million/year on Motor Vehicle Fuel Tax (aka gas tax). Motor Vehicle Fuel Tax is a State Shared Revenue imposed on each gallon of gas sold and is distributed based on population. The City of Olympia uses fuel tax for the operating and capital budget (both for street maintenance). In 2005, the State Legislature changed the law eliminating the requirement to dedicate a portion of the funds to arterial streets. Fuel tax can now be used for any street purpose. The 2009 Capital budget includes \$275,000 (the historic amount) for capital street projects. The remaining \$775,000 is used to support the General Fund street maintenance.

**What are the pros and cons of capitalizing the TBD revenue stream?** Legally the Board may issue revenue debt with the car tab fees collected. The TBD could issue general obligation debt with voter approved sales tax debt (currently limited to a 10 year pay back). From a practical stand point it would be difficult to issue revenue debt with the car tab fees now. Revenue debt is always harder (greater risk) to sell than general obligation debt. There is no experience with this revenue (history of

collection) and Olympia is one of the first cities to implement. There is still a risk of a state wide initiative to eliminate the legislation or a law suit. Currently there is not a big demand in the market for revenue debt. For these reasons it would be difficult and expensive to capitalize the revenue stream.

**ACTION(S) TO BE  
TAKEN:**

**SET THE FEE AMOUNT**

Without a vote of the people, the revenue option available to the Board is a fee of up to \$20 per vehicle. The Board does not have to charge the full \$20. You may charge \$10, \$15 or an amount up to \$20 per vehicle per year. (In the future, if the City of Olympia ceases to use transportation impact fees, the TBD could implement transportation impact fees on commercial and industrial projects without a vote of the people.) Revenue rates, once imposed, may not be increased without voter approval. Using information from the Thurston Regional Planning Council (TRPC) the TBD would generate approximately \$634,500 per year from a TBD with a \$20/vehicle fee (assuming 20,209 households and an average of 1.57 vhh). Staff is estimating the District will receive 3 months of payments for the calendar year 2009 (approximately \$150,000).

Revenue rates, once imposed, may not be increased without voter approval. Using information from the Thurston Regional Planning Council (TRPC) the TBD would generate approximately \$634,500 per year from a TBD with a \$20/vehicle fee (assuming 20,209 households and an average of 1.57 vhh). Staff is estimating the District will receive 3 months of payments for the calendar year 2009 (approximately \$150,000).

There is no time limit on when the funds must be spent. Typically, funds that are collected for a specified period before being expended are used to fully fund large projects or serve as a match for state or federal funds. The public hearing on the use of the funds must estimate when the funds will be spent.

If projects costs exceed original costs by more than 20% a public hearing must be held to solicit public comment regarding how the cost change should be resolved. The TBD must issue an annual report to include the status of project costs, revenues, expenditures and construction schedules. And, a TBD must be dissolved upon completion of the project(s) or payment of debt service. The board may create a new TBD following the completion of a TBD with the appropriate notice requirements.

**Implications:**

- There is the same amount of administrative expenses for the District regardless of the fee amount.
- If the fee amount is less than \$20/vehicle it would take voter approval to change.

- With a \$20/vehicle fee plus City of Olympia impact fees and grants there are still insufficient funds for all of the current transportation needs.

**SELECT THE PROJECT(S) TO BE FUNDED**

RCW 36.73.020 lays out project selection criteria to be considered:

- Reduced risk of transportation facility failure and improved safety
- Improved travel time
- Improved air quality
- Increases in daily and peak period trip capacity
- Improved freight mobility
- Cost effectiveness of the investment
- Optimal performance of the system through time
- Project must be included in the current Regional Transportation Plan
- Must be in the boundaries of the TBD
- Other criteria as adopted by the TBD board

Using this criterion the Board shall choose a project to be funded with TBD revenues.

The City of Olympia established a 20 year pavement Management strategy. However, the strategy never had a dedicated funding source. Consequently part of the funding (\$1.2 million/year) came from any available year end savings from the general fund or the capital improvement fund. With the current economic conditions there are insufficient funds for the 2010 pavement management funding. Funding from the TBD could be used for pavement management.

In addition to pavement management the TBD funds may be used for any transportation improvement contained in any existing state or regional transportation plan that is necessitated by existing or reasonably foreseeable congestion levels. The project MUST be within the boundaries of the TBD (Olympia City limits).

**Option 1:**

**Implement a TBD with a \$20 fee and use the proceeds to fund the pavement management program.**

Implications

1. On an annual basis this should generate approximately \$634,500.
2. The proceeds benefit all areas within the district.
3. Provides a dedicated funding source for pavement management; although not enough to fully fund the program.
4. Pavement Management Project is included in the Regional Transportation Plan.
5. Public would see something being done every year with their money.
6. Easy to administer

**Option 2:**

**Implement a TBD with a \$20 fee and use the proceeds for Boulevard Road improvements**

Implications:

1. On an annual basis this should generate approximately \$634,500
2. Provides a dedicated funding source for the project although it would take many years to fully fund the project.
3. Project is included in the regional transportation plan
4. Proceeds of the TBD although generated from all parts of the community would benefit only one area of town.

**Option 3:**

**Implement a TBD with a \$20 fee and use the proceeds for any transportation project in the 2009 Capital Facilities Plan and the Regional Transportation Plan.**

Implications:

1. On an annual basis this should generate approximately \$634,500
2. Further implications are dependent on the project selected.

**SET A DATE FOR THE PUBLIC HEARING**

Proposed date is March 10, 2009 at 6:00 p.m. in the Olympia Council Chambers.

Must provide notice of the fee amount, project(s) to be funded and the budget for calendar year.

# 5 Year Cost Projection Adjustments Starting from Published 2009 Costs

February 12, 2009

VARIABLES
COLA= 4%
WSDOT CCI= 5%
ROW= 8%

**Harrison Ave /Mud Bay Rd 500' Extension**

	2009	2010	2011	2012	2013	2014
<b>TOTAL</b>	<b>\$ 1,489,765</b>	<b>\$ 1,568,292</b>	<b>\$ 1,651,153</b>	<b>\$ 1,738,603</b>	<b>\$ 1,830,910</b>	<b>\$ 1,928,359</b>
<b>Increase from 2009</b>		<b>\$ 78,527</b>	<b>\$ 161,388</b>	<b>\$ 248,838</b>	<b>\$ 341,145</b>	<b>\$ 438,594</b>

**Boulevard Rd and Log Cabin Rd (with Log Cabin Rd Extension)**

	2009	2010	2011	2012	2013	2014
<b>TOTAL</b>	<b>\$ 8,565,520</b>	<b>\$ 8,921,811</b>	<b>\$ 9,295,661</b>	<b>\$ 9,687,940</b>	<b>\$ 10,099,556</b>	<b>\$ 10,531,467</b>
<b>Increase from 2009</b>		<b>\$ 356,291</b>	<b>\$ 730,141</b>	<b>\$ 1,122,420</b>	<b>\$ 1,534,036</b>	<b>\$ 1,965,947</b>

**Boulevard Rd and Log Cabin Rd: (without Log Cabin Rd Extension)**

	2009	2010	2011	2012	2013	2014
<b>TOTAL</b>	<b>\$ 6,243,795</b>	<b>\$ 6,483,999</b>	<b>\$ 6,735,959</b>	<b>\$ 7,000,253</b>	<b>\$ 7,277,485</b>	<b>\$ 7,568,293</b>
<b>Increase from 2009</b>		<b>\$ 240,204</b>	<b>\$ 492,164</b>	<b>\$ 756,458</b>	<b>\$ 1,033,690</b>	<b>\$ 1,324,498</b>

\*COLA based on current City Cola

\*WSDOT CCI based on 18yr average

\*Harrison Ave/Mud Bay area ROW based on Thurston County Assessments -3yr average

-----Original Message-----

From: David Riker  
 Sent: Tuesday, February 03, 2009 2:21 PM  
 To: Karen Messmer; Jane Kirkemo; Steve Hall  
 Subject: RE: TBD questions

As of the end of 2007, 92% of our pavements were in fair or better condition (Target is 100 % of pavements in fair or better condition). I expect this percentage will decrease this year for the first time since implementing our Least Cost approach to pavement maintenance. This is because the cost or material has increased dramatically over the past couple of years and we have not been able to work on as many streets as we had planned. I will have the next set of pavement condition ratings in 4 to 6 weeks.

As a reminder, we earmark about \$1.2 Million for overlays and chip seals, and \$800,000 for street reconstruction for a total of \$2 Million Annually. This amount has not changed since 1999.

We have used the reconstruction \$ to help with projects like 18th Ave Phase 1 and Phase 3 - Reconstruction with Half street improvements, RW Johnson/21st Ave reconstruction with half street improvements, Cain Road, Reconstruction with Sidewalk on one side of the street. Etc..

We are accomplishing less today because the funding has not changed over the past 10 years.

Hope this helps answer some of your questions. Let me know if you need additional information.

David

---

DAVID C. RIKER | Director of Transportation

-----Original Message-----

From: Karen Messmer  
 Sent: Tuesday, February 03, 2009 1:57 PM  
 To: Jane Kirkemo; David Riker; Steve Hall  
 Subject: TBD questions

A few questions for our TBD discussion:

I am thinking about our ability to reach our goal/target for pavement management - which we are getting closer to achieving now. I realize that some of the answers are contained in our CFP - but I will likely ask these questions, or some version of them, this evening.

How much gas tax \$ is being used for pavement management each year?

How much of our pavement management is 'catch up' and how much is 'keep up'?

If we spent about \$650,000 each year in TBD funds, (in place of previous dedication of other funds to this project) would we still have some funding going to 'catch up'?

What is the status of our pavement management catch-up at this point? (what percent of streets are at target level of condition?)

Thanks

Karen Messmer

**From:** David Riker  
**Sent:** Tuesday, February 10, 2009 7:39 AM  
**To:** Joan Machlis; Steve Hall  
**Cc:** Randy Wesselman  
**Subject:** RE: Transportation Benefit District

Councilmember Machlis:

The Street Repair/Reconstruction program has been funded at \$2 Million/year since year 2000. This program has two pieces:

1) \$1.2 Million annually for our Least Cost Strategy for Pavement Maintenance - This is for Chip Seals and Overlays on streets that are in fair or better condition in order to keep them from falling into a poor condition. Our target is to work on 34 lane miles of street each year. Since year 2005 we have not been making our target, and have not worked on 32 Lane miles of streets that we had planned. Last year we worked on less then half (only 15 Lane miles of streets).

It is my understanding the 2009 \$ for this program is earmarked for street improvements around the City Hall project (frontage improvements and some street paving). No other work is planned, unless we get Stimulus Funding.

If no funding for this program is available in 2010. we will not work on an additional 26 lane miles of planned street repair ( original target is 34 lane miles annually). Since the year 2005, this means we will fall behind our original targets by 96 Lane Miles of planned street repair work. We have just over 500 Lane miles of street in the City.

2) \$800,000 annually for street reconstruction - Worst or Poor rated streets. Streets that fall into this status will cost the city 4 to 5 times the amount of streets in a fair or good condition. the 2009 allocation has already been programmed as part of the 18th Avenue reconstruction - with frontage improvements on one side of the street from Hoffman Road to Boulevard Road. If these funds were reallocated this project would not be able to go to bid later this year as is currently planned. Construction is currently scheduled for Spring 2010.

Without Stimulus funding we will see a downward slide in our pavement conditions. If we get Stimulus funding we will see improvement in our pavement conditions.

Hope this helps. If you have additional questions please call me at 360-951-7640.

David Riker  
Director of Transportation

---

**From:** Joan Machlis  
**Sent:** Monday, February 09, 2009 10:54 PM  
**To:** Steve Hall  
**Cc:** David Riker; Randy Wesselman  
**Subject:** Transportation Benefit District

Can you tell me in advance to Tuesday's TBD meeting what the consequences would be if we did not fund pavement overlay for 2009 and 2010? Specifically would some amount of roads become much more expensive to maintain to standard or some other financial consequences? What other consequences would there be if this funding were not available?

Are we expecting any staff input at the TBD meeting in case we do discuss project selection?

I'm in ORCAA interviews all day so please feel free to leave a voice mail or e-mail for me. Joan

Joan Machlis  
Olympia City Council  
360 915-9861 (land, preferred)  
360 791-6266 (cell)