

Board Members

Jeannine Roe
President

Karen Rogers
Vice President

Stephen Buxbaum

Steve Langer

Doug Mah

Craig Ottavelli

Rhenda Iris Strub

Jane Kirkemo
Treasurer

TRANSPORTATION BENEFIT DISTRICT BOARD

September 27, 2011
Olympia Council Chambers
6:00 p.m.

AGENDA

1. Roll Call
2. Approval of Agenda
3. Public Comment (Estimated Time: 0-10 minutes). During this portion of the meeting, citizens may address the Board regarding only items related to the Transportation Benefit District, including items on the Agenda. Individual comment may be limited to 3 minutes.
4. [Approve Minutes from May 24, 2011 TBD Board Meeting](#)
5. [State Auditor's Management Letter on Olympia TBD](#) - Jane Kirkemo
6. [Review of 2011 Revenues](#) - Addison Appleby
7. Reports



**TRANSPORTATION BENEFIT
DISTRICT BOARD
Olympia, Washington
May 24, 2011
MEETING MINUTES**

27

May 24, 2011, 6:30 P.M.

Board Members Present: President Jeannine Roe, Vice President Karen Rogers, and Board Members Doug Mah, Stephen Buxbaum, Craig Ottavelli, and Steve Langer.

Absent: Rhenda Iris Strub.

Staff Members Present: Jane Kirkemo, Treasurer; Tom Morrill, City Attorney; Addison Appleby, TBD Board Secretary.

1. Approval of Agenda

*Board Member Mah moved, seconded by Board Member Rogers, to approve the agenda. **Motion passed unanimously.***

2. Public Comment

No one signed up to speak.

3. Approve Minutes from January 25, 2011 TBD Board Meeting

*Board Member Mah moved, seconded by Board Member Langer, to approve the minutes. **Motion passed unanimously.***

4. PUBLIC HEARING to consider changes to the 2011 Annual Plan

Jane Kirkemo gave a brief review of the proposed changes to the 2011 Annual Plan. Olympia City Manager Steve Hall spoke in support of the Boulevard and 22nd Avenue roundabout project amendment. Council Member Langer asked if any other project options were considered by the City. Steve Hall said there was another option on Pacific Avenue, but the City favored the Boulevard project.

5. Adopt resolution amending 2011 Annual Plan

*Board Member Mah moved, Seconded by Board Member Langer to adopt the resolution. **Motion passed unanimously.***

Meeting adjourned at 6:35 p.m.

X

Addison Appleby
Board Secretary

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DRAFT

**TRANSPORTATION BENEFIT DISTRICT BOARD**

Olympia, Washington

September 27, 2011

6:00 p.m.

State Auditor's Management Letter on Olympia TBD

STAFF CONTACT (s): Jane Kirkemo, TBD Treasurer, 753-8499

STAFF RECOMMENDATION: No further action

ORIGINATED BY: State Auditor's Office

OTHERS NOTIFIED: Annaliese Harksen, Assistant City Attorney 753-8003

ATTACHMENTS:

1. [State Auditor's Management letter](#)
2. [Response to Management Letter](#)

**BUDGET IMPACT/
SOURCE OF FUNDS:** N/A

**PRIOR BOARD
REVIEW:** N/A

BACKGROUND: As a part of the City of Olympia's financial audit, the State Auditor's Office reviews the accounting records of the TBD. The Olympia TBD has received a management letter for the 2010 audit period regarding the billing database. A management letter is a public record but is less than a finding and not included in the audit report. Staff does have an opportunity to provide a written response to the management letter and the response is included as a part of the public record (attached).

During the budget process in 2008 the City of Olympia established the first Transportation Benefit District (TBD) as authorized by state law. The statute says the Department of Licensing (DOL) is charged with collecting the fee and the individual districts have responsibility for administering the TBD. Because Olympia was the first TBD and local, Olympia staff worked with DOL to develop the interlocal agreement now used by all TBDs. For ease in billing, DOL was insistent each city must

use the Department of Revenue data base. The City began collecting revenues in October 2009.

During the first full year of implementation (also the 2010 audit year) the Olympia TBD raised concerns regarding the billing data base. With the assistance of Olympia Mayor Doug Mah and TBD President Craig Ottavelli, staff coordinated a meeting with DOL and DOR in the spring of 2010. Representatives (and their legal staff) from all of the current TBDs were present. Every jurisdiction raised concerns regarding the accuracy of the DOR data base. DOR assured all of us they were doing everything possible to ensure the collections were correct and to give them some time to make additional changes. Within three months, our revenues increased.

The management letter states, *“The City was aware of the problem and has worked with DOL but has yet to resolve the issue. Currently, the City does not know if all its customers that should be billed are actually billed. Similarly, the City only knows if it improperly bills a citizen if the citizen contacts the City about the billing error.”*

We recommend the City work with DOL to ensure the system used to charge citizens the Transportation Benefit District fee is accurate.”

ANALYSIS & OPTIONS:

Staff believes the management letter is totally unwarranted. The Olympia TBD has taken the lead on every step. We coordinated with the State DOL, we drafted the interlocal agreement and we have worked with the State to make changes. From Olympia’s perspective, both DOR and DOL have been responsive. We believe the system has been fixed and was fixed last year (during the 2010 audit period). The management letter states, *the City does not know if all its customers that should be billed are actually billed.”* While this is a true statement, the TBD is not responsible for collection of the revenues—DOL is responsible by statute and interlocal agreement. Further, the Auditor’s Office cannot show that all the customers were not actually billed.

City of Olympia accounting staff did contact other TBDs to see if they have received similar management letters or concerns from the Auditor’s Office. None of the other TBDs have received management letters.

The last statement of the management letter recommends the City work with DOL to ensure the system is accurate. Unless the Board directs staff otherwise, the TBD will take no further action. We have no reason or data to believe the State is not collecting the correct amount for the Olympia TBD. The TBD has

no collection responsibilities or data to identify the number of vehicles per resident or the residents that may be exempt.



**Washington State Auditor
Brian Sonntag**

September 13, 2011

Transportation Benefit District Board, City of Olympia
P.O. Box 1967
Olympia, WA 98507-1967

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the City of Olympia from January 1, 2010 through December 31, 2010. We believe our recommendations will assist you in improving the City's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to City officials and personnel. If you have any further questions, please contact Angela Cady at (360) 725-5562.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

Angela Cady, Audit Manager

Attachment

Management Letter
City of Olympia
January 1, 2010 through December 31, 2010

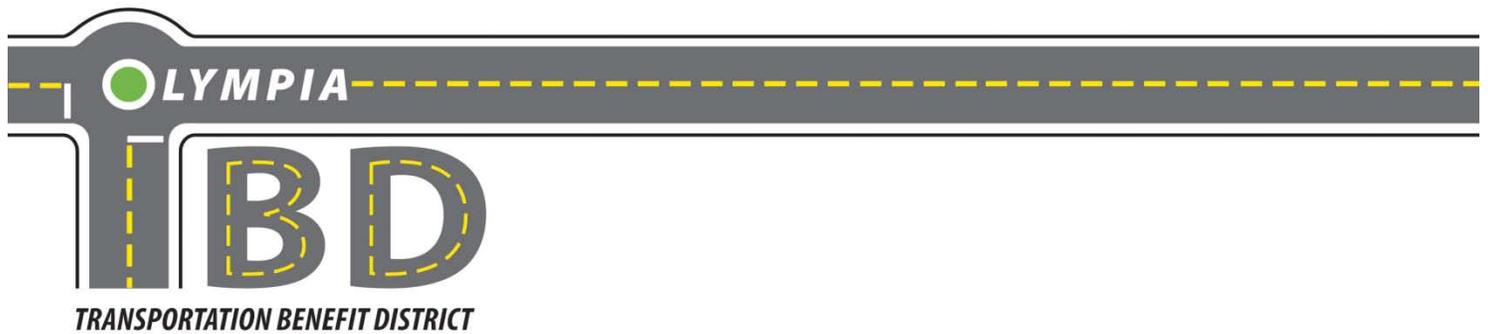
Transportation Benefit District fees

In 2009, the City created a Transportation Benefit District. The District's purpose is to acquire, construct, improve, provide, and fund transportation improvement within the District that is consistent with any existing state, regional, and local transportation plan. RCW 36.73.065 gives the District authorization to impose taxes, fees, charges and tolls.

The District has the authority to assess and collect a \$20 fee from City of Olympia residents. To collect the fees, the City entered into an interlocal agreement with the Department of Licensing (DOL). The DOL uses the Department of Revenue's Geographical Information System to identify city residents that are required to pay the fee. Our audit identified the system does not consistently identify the correct residents.

The City was aware of the problem and has worked with DOL but has yet to resolve the issue. Currently, the City does not know if all its customers that should be billed are actually billed. Similarly, the City only knows if it improperly bills a citizen if the citizen contacts the City about the billing error.

We recommend that City work with DOL to ensure the system used to charge citizens the Transportation Benefit District fee is accurate.



September 14, 2011

Angela Cady, Audit Manager
State Auditor's Office

Response to Management Letter

The TBD is required by RCW 82.80.140 to pay the Department of Licensing (DOL) to collect TBD imposed vehicle fees. Before they would begin collecting the fee, DOL first required that the TBD sign an interlocal agreement stating that the TBD agreed to allow DOL to exclusively use the Department of Revenue's (DOR) GIS database as the basis for identification of vehicles to which the fee applies. The TBD had no reason to believe there would be any issue with DOR's system.

In the spring of 2010, the TBD recognized that the DOR system contained certain errors. The TBD promptly facilitated a meeting with DOR and DOL, as well as other transportation benefit districts (TBD's), to discuss the issue. In that meeting, DOR acknowledged problems with its system and committed to making improvements by July of 2010. The TBD believes the errors were corrected in 2010, the audit year.

Any person who has presented evidence to the TBD of being charged the fee improperly has received a full refund. DOL is then notified. The Auditor's office presented no evidence that there are people who should have been charged the fee, yet who were not charged.

Because the TBD is required by both statute and contract to use DOL and DOR, the TBD must rely on those agencies to administer their systems correctly. The TBD will continue to report any errors brought to the TBD's attention. Since the Auditor's office is unable to recommend any additional action on the part of the TBD, the TBD considers this matter closed.

Respectfully submitted,

Jane Kirkemo
TBD Treasurer



TRANSPORTATION BENEFIT DISTRICT BOARD

Olympia, Washington

September 27, 2011

6:00 p.m.

Review of 2011 Revenues

STAFF CONTACT (s): Addison Appleby, TBD Program Specialist, 570-3786
Jane Kirkemo, TBD Treasurer, 753-8499

STAFF RECOMMENDATION: N/A

ORIGINATED BY: Monthly Transmittals from the State Treasurer

OTHERS NOTIFIED: Annaliese Harksen, 753-8003

ATTACHMENTS: [TBD Revenue Charts](#)

BUDGET IMPACT/
SOURCE OF FUNDS: N/A

PRIOR BOARD
REVIEW: N/A

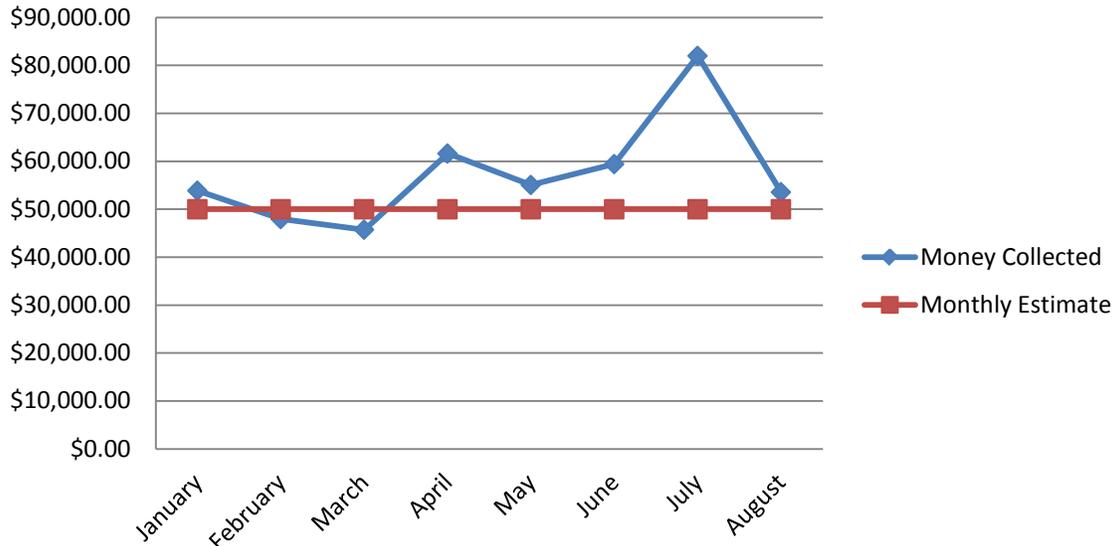
BACKGROUND: The following are charts with detailed information about how much revenue the TBD has collected in 2011 compared to 2010 and 2009.

ANALYSIS & OPTIONS In September of 2009, the TBD started collecting its monthly revenues. The total revenue collected in 2009 was \$70,349.40, with September and October being the lowest collection months, earning \$180, and \$3,000 respectively. In 2010, the first full calendar year collecting monthly revenues, the TBD accumulated \$607,476.53.

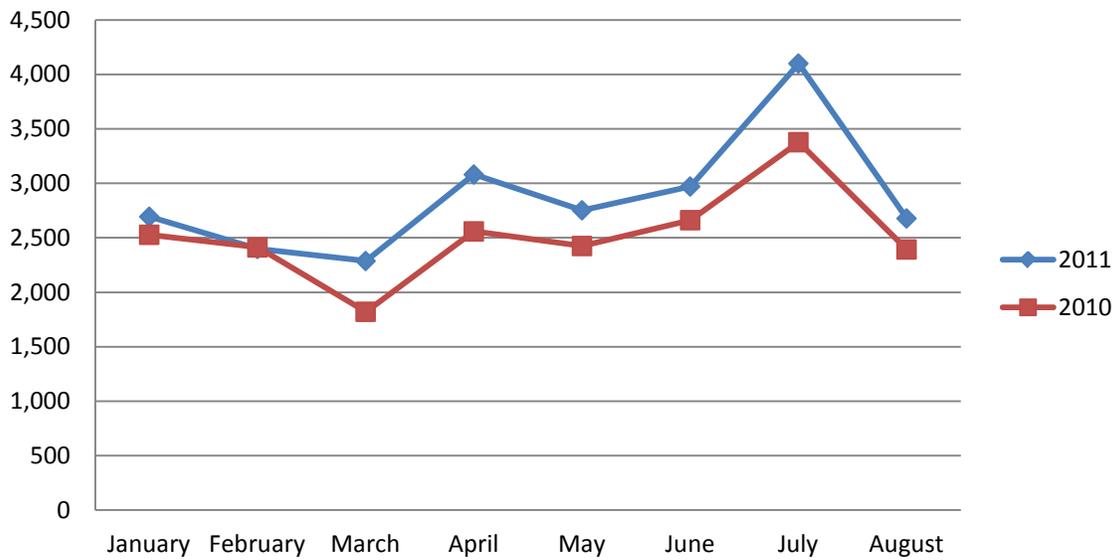
For 2011, the TBD seems to be on track for surpassing 2010 revenues with a yearly projected income of \$680,000. The TBD's year to date revenue through the month of August is \$459,200. On average, the TBD expects to collect \$50,000 each month,

which it has been able to maintain, expect for falling slightly short in February (\$47,955.60) and March (\$45,738), and greatly surpassing in July (\$81,991.80). Compared to 2010, revenue through the month of August has increased by 14.8% and in relation, tab renewals are up by 14%.

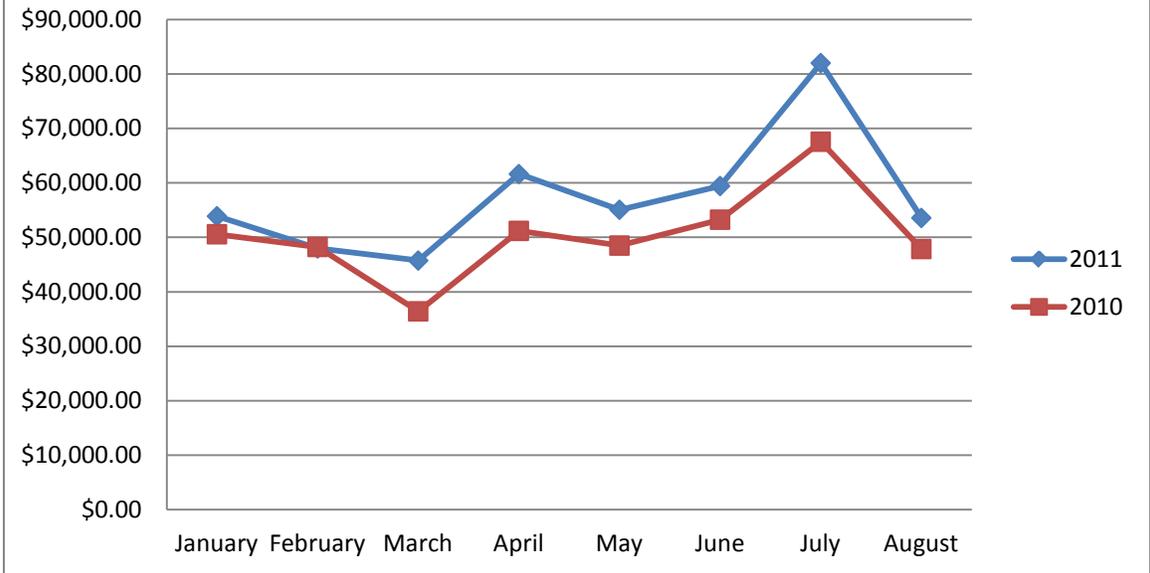
2011 Monthly Revenue



2011 and 2010 Tab Renewals



2011 and 2010 Monthly Revenue



Total Revenue Collected By Year

