

Agenda

- Background
- Sales Tax Information
- Policy Questions
 - Use Debt or Pay as You Go
 - If Debt, Use 10 or 20 Year Term
 - Specific projects for ballot measure
 - Dedication of Sales Tax Revenue
- Discussion
- Next Steps

Background

- On April 23 asked to develop a resolution to place a voter approved TBD sales tax increase of 0.2 percent on the November 2018 ballot for funding new sidewalks
- On June 4th, the Council approved the 2018 Sidewalk Prioritization Plan
- A summary of the Plan results is:

Priority	Score Range	Number of Projects	Approx. mileage	Est. Cost (millions)
High	12 to 18	33	16	\$95
Medium	8 to 11	55	31	\$183
Low	2 to 7	50	23	\$136
Total	N/A	138	70	\$414



Sales Tax

- Transportation Benefit Districts are authorized to impose a sales tax up to 0.2% with voter approval
- The TBD statutes limit the imposition of the sales tax
 - Ten years with the ability to place the same sales tax option before voters again for one additional ten-year period,
 - If the sales tax is dedicated to support debt service, the term of the tax can match the term of the debt, up to 20 years

Sales Tax

- Comparison with other Cities



City/Town Sales Tax Rates & Components

Effective April 1 - June 30, 2018

CITY/TOWN	COUNTY	TOTAL SALES TAX RATE	TBD
Bothell (<i>Snohomish</i>)	Snohomish	10.30%	
Brier	Snohomish	10.30%	
Edmonds	Snohomish	10.30%	
Everett (<i>RTA</i>)	Snohomish	9.70%	
Kenmore	King	10.00%	
Kirkland	King	10.00%	
Lake Forest Park	King	10.00%	
Lynnwood	Snohomish	10.40%	0.10%
Mill Creek	Snohomish	10.40%	
Mountlake Terrace	Snohomish	10.30%	
Mukilteo	Snohomish	10.40%	0.10%
Redmond (<i>RTA</i>)	King	10.00%	
Sammamish (<i>RTA</i>)	King	10.00%	
Seattle	King	10.10%	0.10%
Shoreline	King	10.00%	
Woodinville (<i>RTA</i>)	King	10.00%	
Woodway	Snohomish	10.30%	

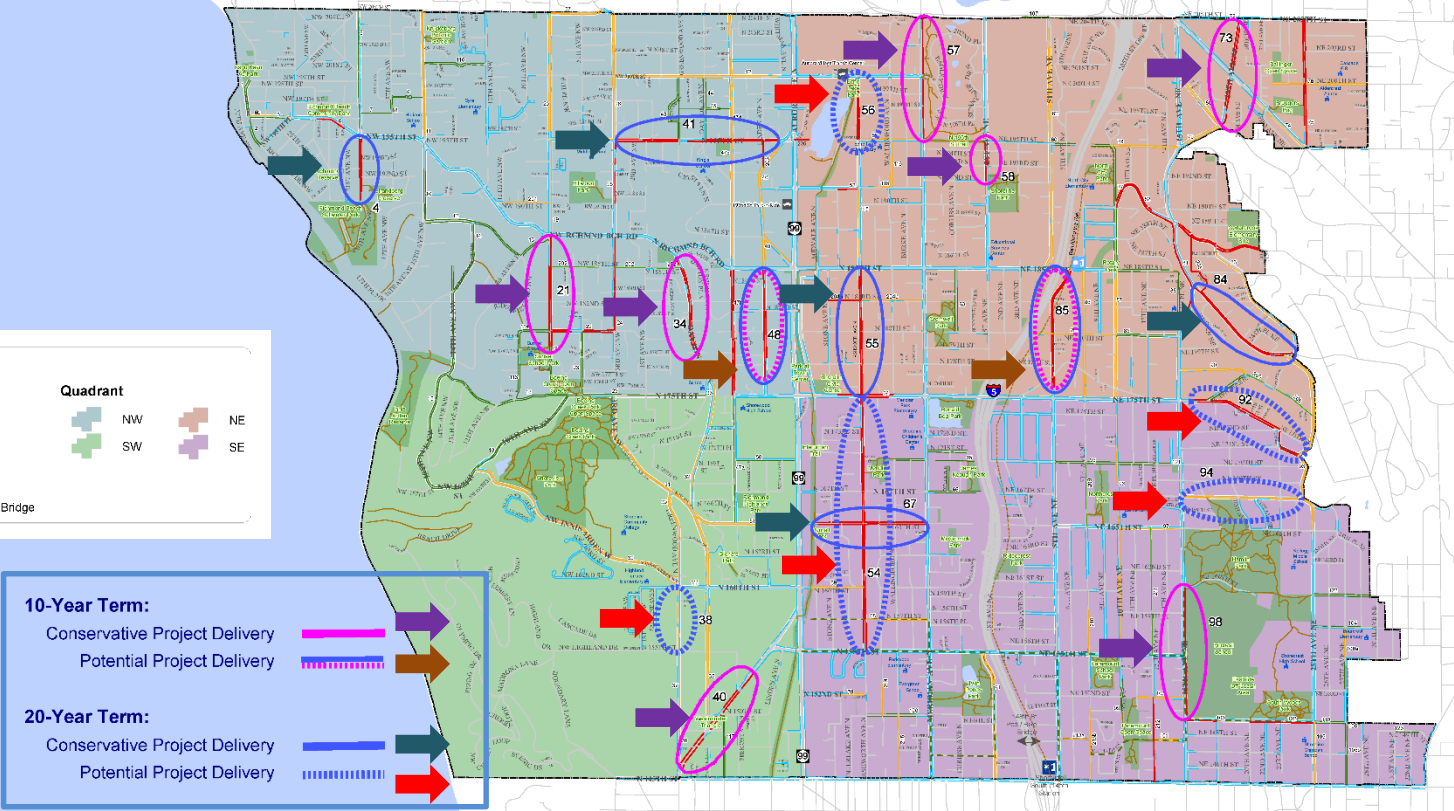
Policy Questions

1. Issue debt supported by the TBD sales tax revenue?
2. 10 year or 20 year term for the TBD sales tax?
3. Identify specific projects to be funded by the TBD sales tax?
4. Use of sales tax revenue for
 - Expansion of sidewalk network?; or,
 - For both new sidewalk and accelerating the repair of the City's current sidewalk system?

Identify Projects

Legend

TMP Projects	--- Green Network	Quadrant
— High	— Existing Sidewalk	⊕ NW ⊕ NE
— Medium	— Existing Trail	⊕ SW ⊕ SE
— Low	— Planned Trail	
↔	↔ Planned Pedestrian/Bike Bridge	



Issue Debt Supported Sales Tax?

- Pay-as-you-go Vs Debt Financing
- Staff Recommendation –using debt financing, structured to maximize revenue and reduce risk of over commitment, in order to deliver projects sooner.

10 or 20 Yr. Term for a Sales Tax?

10 Year Term Overview

- Estimated \$24.4 million in revenue over 10 years
- Supports debt, pay-as-you-go, or a combination
- Could support projects up to \$20 million @ 100% Debt Financing
- Could support projects of up to \$14 million @ 70% Debt Financing with \$5.7 million for pay as you go

10 or 20 Yr. Term for a Sales Tax?

10 Year Term Overview

10 Year Term	
Pro	Con
<ul style="list-style-type: none">• Less risk – use a combination of debt and pay-as-you go to maximize use of revenue• Proven approach with little chance for legal opposition if successful	<ul style="list-style-type: none">• Inflation Risk higher over 20 years (if renewal approved by voters) means fewer project delivered over 20 years.• Risk that voters will approve the original measure but not the renewal• Higher cost of two voter measures

10 or 20 Yr. Term for a Sales Tax?

20 Year Term Overview

- Estimated \$59 million in revenue over 20 years
- 100% must support debt
- Could support projects up to \$42 million with 20 year debt (the difference is interest and issuance costs)
- Supports a single bond issuance or a series
Structure debt issues to minimize risk and maximize revenue (single or series)

10 or 20 Yr. Term for a Sales Tax

20 Year Term Overview

20 Year Term	
Pro	Con
<ul style="list-style-type: none">• Single Voter Measure guarantees more funding for projects• Projects can be delivered (and available to use) sooner	<ul style="list-style-type: none">• Untried• More challenging to maximize revenue and not overcommit on bonds (mitigated by bond structure)
<ul style="list-style-type: none">• Minimize inflation impacts• Ability to reduce risk and maximize revenue with bonding structure	<ul style="list-style-type: none">• No visible projects later part of the term• Multiple bond issues bring higher issuance costs• No option for Pay-as-you Go

10 or 20 Yr. Term for a Sales Tax?

Staff Recommendation

Staff recommends using a 20 Year Term to:

- Deliver more projects
- Reduce effort and cost associated with a second vote

Identify Projects

Ballot Measure & Resolution

State law requires that the measure be clear on what the voters would be approving, but it does not require a certain level of specificity.

- Ballot measure is limited to 75 words,
- Ballot measure explanatory statement can be slightly more detailed
- Resolution can provide an even greater level of detail.

The combination of the three documents are what limits the City's use of the funds.



Identify Projects

10 Year Term

For a 10 year term list of projects in the resolution, staff recommends:

- Including a list of projects of that does not exceed \$14.4 million level (70% of the anticipated revenue using debt)
- Leaving an estimated \$5.7 million to allow for revenue under collections, project cost overages, or to fund more projects with pay as you go.

Identify Projects

20 Year Term

For a 20 year term list of projects in the resolution, staff recommends:

- Including a list of projects that would not exceed \$30 million (70% of the anticipated revenue providing for Debt Service)
- Leaving an estimated \$12 million cushion to allow for revenue under collections, project or debt issuance cost overages, or to fund more projects with a final debt issue.

Identify Projects

- The 2018 Pedestrian Improvement Plan and Prioritization Matrix is the basis for the sample list of projects
- List was constrained to the approximate maximum estimated funds available from bonding at the 10 and 20 year terms.

Identify Projects

This has been an iterative effort

- 2011 system plan as starting point
- Streets inventoried and mapped for update
- Scoring system applied creating a raw priority list
- List “bucketed” into High, Medium and Low
- List refined with additions and adjustments (2018 SW Prioritization Plan)
- List will be refined to develop the sample list for the resolution

Identify Projects

Factors used to develop the sample list

- Part of a potential capital project outside of this program
- Geographic distribution
- Support for the PROS plan
- Road geometry
- Safety
- Small projects that provide connectivity
- Council priorities

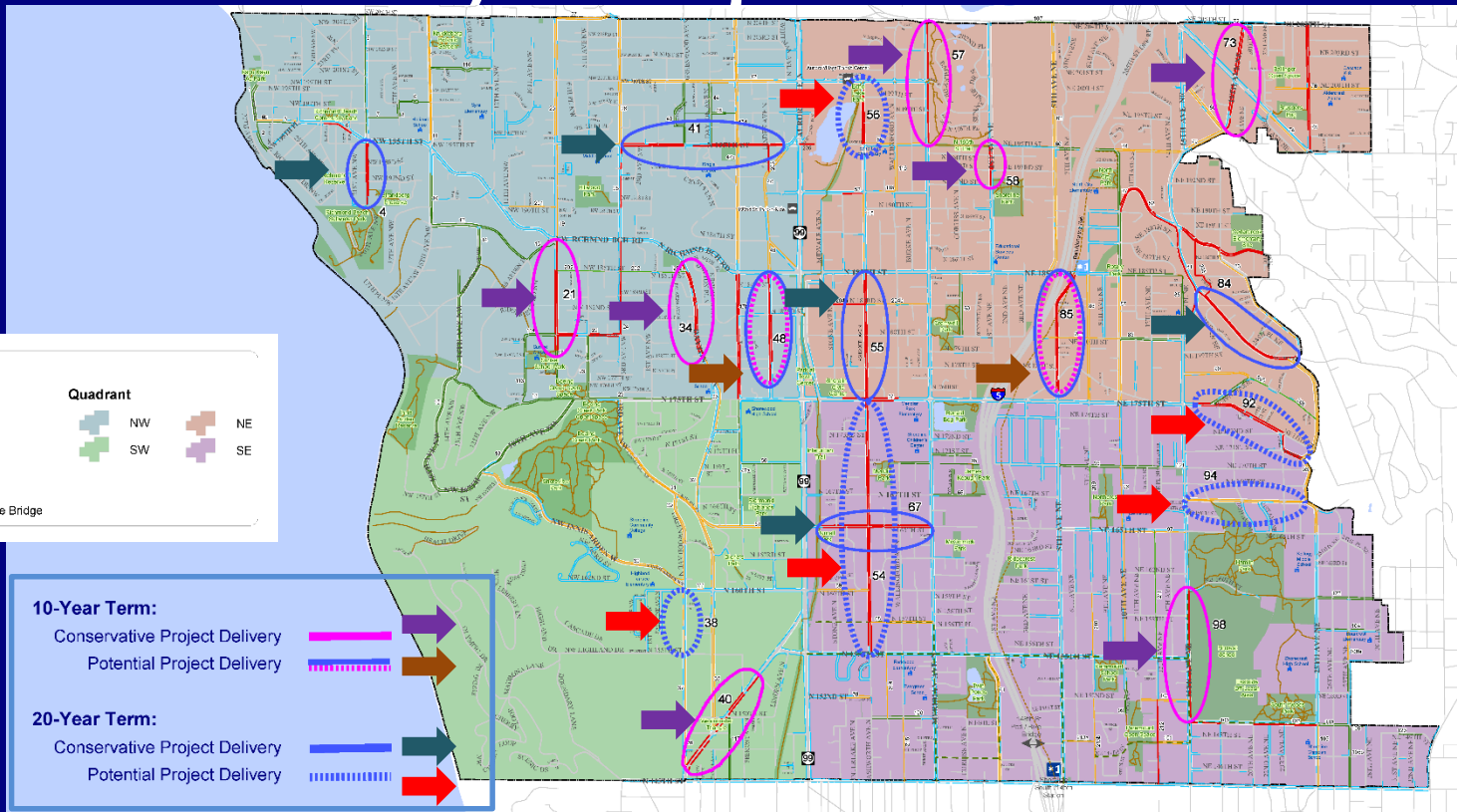
Identify Projects

Legend

TMP Projects	--- Green Network	Quadrant	■ NW	■ NE
— High	— Existing Sidewalk	■ SW	■ SE	
— Medium	— Existing Trail			
— Low	— Planned Trail			
↔	Planned Pedestrian/Bike Bridge			

10-Year Term:
 Conservative Project Delivery (Pink arrow)
 Potential Project Delivery (Brown arrow)

20-Year Term:
 Conservative Project Delivery (Blue arrow)
 Potential Project Delivery (Red arrow)



Identify Projects

10 Year
Term

DRAFT -Prioritized Sidewalk Segments Supporting a Ballot Measure										
PROJECT #	STREET	FROM	TO	1 or 2 sided sidewalk	Total LF	Cost (LF * 1115)	Cumulative \$	Total Score	Adjusted Score	Quadrant
98	15th Ave NE	NE 150th St	NE 160th St	1	2473	\$ 2,760,000	\$ 2,760,000	17	17	SE
57	Meridian Ave N	N 194th St	N 205th St	1	2326	\$ 2,590,000	\$ 5,350,000	16	16	NE
21	8th Ave NW	North side of Sunset Park	Richmond Beach Rd NW	1	1899	\$ 2,120,000	\$ 7,470,000	15	15	NW
34	Dayton Ave N	N 178th St	N Richmond Beach Rd	1	1512	\$ 1,690,000	\$ 9,160,000	15	15	NW
73	19th Ave NE	NE 196th St	NE 205th St	1	1600	\$ 1,780,000	\$ 10,940,000	15	15	NE
58	1st Ave NE	NE 192nd St	NE 195th St	1	563	\$ 630,000	\$ 11,570,000	7	14.5	NE
40	Westminster W	N 145th St	N 153rd St	1	1691	\$ 1,890,000	\$ 13,460,000	14	14	SW
10 Year Term- conservative project delivery estimate (70% revenue projections)										
85	5th Ave NE	NE 175th St	NE 185th St	2	3210	\$ 1,580,000	\$ 15,040,000	13	13.9	NE
48	Linden Ave N	N 175th St	N 185th St	2	3067	\$ 3,420,000	\$ 18,460,000	14	13.8	NW
10 Year Term-potential project delivery (100% revenue estimate)										



Identify Projects

Additional
for
20 Year
Term

DRAFT -Prioritized Sidewalk Segments Supporting a Ballot Measure										
PROJECT #	STREET	FROM	TO	1 or 2 sided sidewalk	Total LF	Cost (LF * 1115)	Cumulative \$	Total Score	Adjusted Score	Quadrant
84	24th Ave NE	15th Ave NE	25th Ave NE	1	2288	\$ 2,550,000	\$ 21,010,000	12	13.5	NE
4	20th Ave NW	Saltwater Park	NW 195th St	1	1118	\$ 1,250,000	\$ 22,260,000	5	13.4	NW
67	N 165th St	Interurban Trail	Meridian Ave N	1	2054	\$ 2,290,000	\$ 24,550,000	13	13.1	SE
55	Ashworth Ave N	N 175th St	N 185th St	1	2323	\$ 2,590,000	\$ 27,140,000	13	13.2	NE
41	NW 195th St	3rd Ave NW	Linden Ave N	1	2776	\$ 3,090,000	\$ 30,230,000	13	13	NW
20 Year Term - conservative project delivery estimate (70% of revenue projections)										
56	Ashworth Ave N	N 195th St	N 200th St	1	1054	\$ 1,180,000	\$ 31,410,000	13	13	NE
92	NE 175th St 15th Ave NE NE171st	15th Ave NE NE 171st 22nd Ave NE	22nd Ave NE NE 175th St 25th Ave NE	1	2224	\$ 2,480,000	\$ 33,890,000	12	12.5	SE NE
38	Greenwood Ave	N 155th St	N 160th St	1	1057	\$ 1,180,000	\$ 35,070,000.00	10	12.2	SW
94	NE 168th St	15th Ave NE	25th Ave NE	1	2140	\$ 2,390,000	\$ 37,460,000.00	9	12.1	SE
54	Ashworth Ave N	N 155th St	N 175th St	1	4722	\$ 5,260,000.00	\$ 42,720,000.00	12	12	SE
20 Year Term - Potential project delivery (100% revenue estimate)										



Identify Projects

Staff recommends using the projects listed to match up to \$30 million with 20 year debt



Dedicate the Sales Tax Revenue?

Council has discussed or expressed interest in using the TBD sales tax to fund:

- Construction of new sidewalks (previous scenarios reflect that use)
- Accelerated repair of the City's current sidewalk network

Dedicate the Sales Tax Revenue?

Staff Recommendation

Draft a resolution to allow both uses and through the budget process dedicate any over collection, or a specific percentage, of TBD Sales Tax revenues to accelerating sidewalk repair and maintenance.

Policy Questions

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4. Use of sales tax revenue for
 - Expansion of sidewalk network?; or,
 - For both new sidewalk and accelerating the repair of the City's current sidewalk system?

Discussion

Staff Recommendation

1. Use debt financing
2. Use a 20 Year Term
3. Use specific projects at 70% of the anticipated 20 year term revenue - \$30M
4. Allow funds to be used for new sidewalks and sidewalk repairs



Next Steps

- Draft proposed ballot measure, explanatory statement and resolution
- Council discussion of proposed resolution to place the measure on the ballot on July 16, 2018
- Continued Council discussion of resolution and potential action on July 30, 2018
- If the resolution is adopted, Council would appoint a Pro/Con committee for the Voter Pamphlet on August 6, 2018
- Execute Communication Plan



