

## Chapter 11 - FUNDING AND IMPLEMENTATION PLAN

The financial and implementation plan is an analysis of recommended project costs as compared to available funding. A detailed budget forecast analysis is conducted annually for the subsequent six years in order to be consistent with the Six-Year Transportation Improvement Program (TIP) needs and the Growth Management Act requirements.

The Six-Year TIP is reviewed and adopted by the City Council. The Program lists the proposed transportation projects with the type of activity to be performed over the next six years and the funding source.

The Growth Management Act requires that each jurisdiction ensure that adequate financial commitment is in place to complete necessary transportation improvements or strategies. The concurrency element of the Growth Management Act requires that transportation improvements are in place, or are funded and will be in place within six years of development.

### TRANSPORTATION IMPROVEMENTS REVENUE ANALYSIS

Revenue sources available to the City for financing transportation improvements are listed below.

#### LOCAL AND STATE REVENUE SOURCES

##### *MOTOR VEHICLE FUEL TAX*

The motor vehicle fuel tax is collected by the State and 2.4 cents per gallon are distributed to cities for roadway construction purposes. The money is distributed based on the population of each city.

##### *GENERAL FUND*

The General Fund includes a broad range of taxes and fees such as sales tax and building permit fees. These revenue sources may be used for all City activities. The current 6-Year Transportation Improvement Program is receiving an allocation of \$2.48 million.

##### *REAL ESTATE EXCISE TAX (REET)*

This is a tax on all sales of real estate, measured by the full selling price, including the amount of any liens, mortgages and other debts given to secure the purchase at a rate of 1.28 percent. The City is eligible to receive proceeds from the tax if they have planned under the Growth Management Act. The funds must be used for capital improvements. The State and Counties receive 0.78 percent and the City 0.5 percent.

##### *TRANSPORTATION BENEFIT DISTRICTS*

RCW 36.73 authorizes cities (see also RCW 35.21.225) and counties to form transportation benefit districts (TBDs). TBDs are quasi-municipal corporations and independent taxing districts that can raise revenue for specific transportation projects, usually through vehicle license fees or sales taxes. Mountlake Terrace's TBD was established in 2011 and its funding source is a \$20 excise fee attached to vehicle license fees.

Transportation benefit district revenue may be used for transportation improvements included in a local, regional, or state transportation plan (*RCW 36.73.015(6)*). Improvements can range from roads and transit service to sidewalks and transportation demand management. Construction, maintenance, and operation costs are eligible.

### **TRAFFIC IMPACT FEES**

Impact fees have been used for many years at the City and are paid by developers to mitigate the development impacts on the transportation system. Traffic Impact fees are adjusted each year to reflect changes in construction costs, inflation and other factors.

### **WASHINGTON STATE GRANT PROGRAMS**

The State has specific programs that fund transportation projects. Three programs that are of specific interest to the City include the Pedestrian and Bicycle Safety Program and the Safe School Route Program. In addition, the Transportation Improvement Board provides grants using the State's portion of the gas tax. Projects are selected on a competitive basis and programs vary from sidewalks to corridor improvements. To be eligible a project must be located on an arterial or collector.

### **JOINT AGENCY FUNDING**

The City of Mountlake Terrace adjoins several other cities. When roadways are in both jurisdictions, resources are combined to fund projects.

### **OTHER FINANCING OPTIONS**

In addition, the City will continue to explore new options, such as the Local Infrastructure Financing Tool Program (LIFT), tax increment financing, multiple Parking Improvement District grant programs, and Local Improvement Districts (LIDs).

### **GENERAL OBLIGATION BONDS**

These are bonds issued by the City that will be financed through future anticipated tax revenues.

## **FEDERAL REVENUE SOURCES**

Federal and State grant are available from numerous State and Federal programs. They play a significant role funding major transportation infrastructure projects. Recent and upcoming transportation capital improvement projects that have utilized grants include the Main Street Reconstruction, the 220<sup>th</sup> St. SW Adaptive Traffic Signal System, several Safe Routes to School, the 66<sup>th</sup> Ave. Reconstruction and the City-Wide Safety Improvements projects. The State and Federal grant programs and their administrator are listed below.

### **FEDERAL HIGHWAY ADMINISTRATION**

The federal government has funds that are made available to the State of Washington and the Puget Sound Regional Council. The allocations are based on the competitive evaluation of specific projects against other projects within the State and region. To be eligible for funding, a project must be located on an arterial or collector. Grant programs include Congestion Mitigation Air Quality (CMAQ), Highway Safety Improvement Program (HSIP), Intersection and Corridor Safety, the Surface Transportation Programs (STP), Transportation Alternatives/Enhancement Program (TA), and direct allocations.

### **FEDERAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Federal funds are distributed as Community Development Block Grants through Snohomish County. Grants are competitive based on the merits of the projects and are targeted to benefit low-income areas. Grant amounts are relatively small they can be used on local streets in residential areas for sidewalk and sidewalk ramp construction.

**ESTIMATED REVENUES AVAILABLE**

The total projected revenues available to the City to implement transportation projects over the next 6-year period are summarized in Table 11-2. These values are taken from the 2021 – 2026 Transportation Improvement Program [TIP]. The estimated revenue projection is \$48,825,825 with a mitigation-based payment system.

TABLE 11-1 – 2021 – 2026 TIP REVENUE

| REVENUE SOURCE  | AMOUNT              |
|---|---------------------|
| <b>Beginning Fund Balance:</b>  | \$323,872           |
| Motor Vehicle Fuel tax  | \$914,511           |
| Transfer from General Fund  | \$200,000           |
| REET  | \$2,785,671         |
| Transportation Benefit District   | \$2,053,353         |
| Investment Interest - TBD   | \$6,000             |
| Transportation Impact Fees  | \$420,000           |
| Investment Interest - Impact Fees   | \$6,000             |
| 2015 Citywide Safety Improvements Project   | \$384,224           |
| Main Street Reconstruction (56 <sup>th</sup> Ave. W/236 <sup>th</sup> St. SW) [State Approp.] – PE              | \$160,000           |
| Main Street Reconstruction (56 <sup>th</sup> Ave. W/236 <sup>th</sup> St. SW) [TBD] – ROW                       | \$44,547            |
| Main Street Reconstruction (56 <sup>th</sup> Ave. W/236 <sup>th</sup> St. SW) [FHWA – STP] – ROW                | \$285,432           |
| Main Street Reconstruction (56 <sup>th</sup> Ave. W/236 <sup>th</sup> St. SW) [State Approp.] – ROW             | \$1,250,000         |
| Main Street Reconstruction (56 <sup>th</sup> Ave. W/236 <sup>th</sup> St. SW) [TBD] – ROW                       | \$220,021           |
| Main Street Reconstruction (56 <sup>th</sup> Ave. W/236 <sup>th</sup> St. SW) [FHWA – STP] – Const.             | \$2,000,000         |
| Main Street Reconstruction (56 <sup>th</sup> Ave. W/236 <sup>th</sup> St. SW) [TBD] – Const.                    | \$10,200,000        |
| 48 <sup>th</sup> Ave. W Bike/Ped Connection (236 <sup>th</sup> St. SW to 244 <sup>th</sup> St. SW) <sup>1</sup> | \$1,579,000         |
| 244 <sup>th</sup> Reconstruction (56 <sup>th</sup> Ave. W to Cedar Way) <sup>1</sup>                            | \$6,627,000         |
| 228 <sup>th</sup> St. SW with 73 <sup>rd</sup> Pl. SW Intersection Traffic Signal <sup>1</sup>                  | \$623,000           |
| 52 <sup>nd</sup> /53 <sup>rd</sup> Ave. W Connector <sup>1</sup>  | \$3,140,000         |
| 216 <sup>th</sup> St. SW & 48 <sup>th</sup> Ave. W Intersection and Sidewalk - WSDOT SRTS                       | \$468,194           |
| 214 <sup>th</sup> St. SW Sidewalk – 40 <sup>th</sup> Ave. W to 44 <sup>th</sup> Ave. W – County Appropriations  | \$80,000            |
| 214 <sup>th</sup> St. SW Sidewalk – 40 <sup>th</sup> Ave. W to 44 <sup>th</sup> Ave. W <sup>1</sup>             | \$268,000           |
| 66 <sup>th</sup> Ave. W Pavement Reconstruction – 220 <sup>th</sup> St. SW to North City Limits                 | \$2,349,000         |
| 212 <sup>th</sup> St. SW with 48 <sup>th</sup> Ave. W Traffic Signal <sup>1</sup>                               | \$395,000           |
| 220 <sup>th</sup> St. SW with 58 <sup>th</sup> Ave. W Traffic Signal or Roundabout <sup>1</sup>                 | \$1,572,000         |
| 220 <sup>th</sup> St. SW with SR 99 Intersection Right Turn Lane <sup>1</sup>                                   | \$521,000           |
| 52 <sup>nd</sup> Ave. W Sidewalk (222 <sup>nd</sup> St. SW to 224 <sup>th</sup> St. SW) <sup>1</sup>            | \$450,000           |
| 44 <sup>th</sup> Ave. W Grind and Overlay (212 <sup>th</sup> St. SW to 228 <sup>th</sup> St. SW) <sup>1</sup>   | \$3,500,000         |
| 220 <sup>th</sup> St. SW Grind and Overlay (Interurban Trail to 52 <sup>nd</sup> Ave. W) <sup>1</sup>           | \$6,000,000         |
| <b>TOTAL:</b>   | <b>\$48,825,825</b> |

<sup>1</sup> – Funding to be Determined

**TRANSPORTATION IMPROVEMENT NEEDS AND COSTS**

Preliminary costs for proposed transportation projects were estimated at a planning level, initially based on 2020 dollars, and then escalated to the year of expenditure. Estimates were based on

typical unit costs, as applied to each type of improvement, and are not the result of preliminary engineering. Annual programs such as asphalt street overlay show projected expenditures over the 6-year period of the plan beginning in 2021. These planning-level estimates of probable cost were the basis for the financial plan.

Table 11-2 summarizes the estimated costs for the recommended projects over the next 6 years.

**TABLE 11-2 – 2021 – 2026 TIP EXPENDITURES**

| <b>PROJECT</b>  | <b>TOTAL COST OVER<br/>NEXT 6 YEARS</b> |
|---|---|
| Asphalt Street Overlay  | \$1,200,000                             |
| Signal Cabinet Replacements   | \$120,000                               |
| Signal Controller Replacements  | \$30,000                                |
| ADA Sidewalk Program  | \$275,000                               |
| Bicycle Route Program   | \$60,000                                |
| Traffic Calming Program   | \$60,000                                |
| 2015 Citywide Safety Improvements Project   | \$432,252                               |
| Main Street Reconstruction (56 <sup>th</sup> Ave. W/236 <sup>th</sup> St. SW)                                   | \$14,000,000                            |
| 48 <sup>th</sup> Ave. W Bike/Ped Connection (236 <sup>th</sup> St. SW to 244 <sup>th</sup> St. SW) <sup>1</sup> | \$1,579,000                             |
| 244 <sup>th</sup> Reconstruction (56 <sup>th</sup> Ave. W to Cedar Way) <sup>1</sup>                            | \$6,627,000                             |
| 228 <sup>th</sup> St. SW with 73 <sup>rd</sup> Pl. SW Intersection Traffic Signal <sup>1</sup>                  | \$623,000                               |
| 52 <sup>nd</sup> /53 <sup>rd</sup> Ave. W Connector <sup>1</sup>  | \$3,140,000                             |
| 216 <sup>th</sup> St. SW & 48 <sup>th</sup> Ave. W Intersection and Sidewalk - WSDOT SRTS                       | \$654,083                               |
| 214 <sup>th</sup> St. SW Sidewalk – 40 <sup>th</sup> Ave. W to 44 <sup>th</sup> Ave. W                          | \$348,000                               |
| 66 <sup>th</sup> Ave. W Pavement Reconstruction – 220 <sup>th</sup> St. SW to North City Limits                 | \$2,349,000                             |
| 212 <sup>th</sup> St. SW with 48 <sup>th</sup> Ave. W Traffic Signal <sup>1</sup>                               | \$395,000                               |
| 220 <sup>th</sup> St. SW with 58 <sup>th</sup> Ave. W Traffic Signal or Roundabout <sup>1</sup>                 | \$1,572,000                             |
| 220 <sup>th</sup> St. SW with SR 99 Intersection Right Turn Lane <sup>1</sup>                                   | \$740,000                               |
| 216 <sup>th</sup> St. SW & 44 <sup>th</sup> Ave. W Restripe Approach  | \$86,000                                |
| 236 <sup>th</sup> St. SW with 58 <sup>th</sup> Ave. W Intersection Traffic Signal                               | \$220,000                               |
| 52 <sup>nd</sup> Ave. W Sidewalk (222 <sup>nd</sup> St. SW to 224 <sup>th</sup> St. SW) <sup>1</sup>            | \$375,000                               |
| 44 <sup>th</sup> Ave. W Grind and Overlay (212 <sup>th</sup> St. SW to 228 <sup>th</sup> St. SW) <sup>1</sup>   | \$3,500,000                             |
| 220 <sup>th</sup> St. SW Grind and Overlay (Interurban Trail to 52 <sup>nd</sup> Ave. W) <sup>1</sup>           | \$6,000,000                             |
| Engineering Services  | \$3,979,210                             |
| <b>TOTAL EXPENDITURES:</b>  | <b>\$48,364,545</b>                     |
| Restricted for Use <sup>2</sup>   | \$420,000                               |
| <b>TOTAL ENDING FUND BALANCE:</b>   | <b>\$41,280</b>                         |

<sup>1</sup> – Funding to be Determined

<sup>2</sup> – Transportation Impact Fee Projects

This analysis shows that the TIP will have a balance of \$41,280.

### ALTERNATIVE MITIGATION STRATEGIES

Some revenue sources are very secure and highly reliable. However, other revenue sources are

volatile, and therefore difficult to predict with confidence. In the event that revenue from one or more of these sources is not forthcoming in the amounts forecasted in this Transportation Master Plan, the City has several options.

- Lower the LOS standard, and therefore reduce the need for transportation capacity improvement projects.
- Increase the amount of revenue from existing sources.
- Adopt new sources of revenue.
- Require developers to provide such facilities at their own expense.
- Change the Land Use Element in the Comprehensive Plan to reduce the amount of development, and thus reduce the need for additional public facilities.

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