



CITY OF COVINGTON
TRANSPORTATION BENEFIT DISTRICT SPECIAL MEETING
Council Chambers – 16720 SE 271st Street, Suite 100, Covington, WA
www.covingtonwa.gov

Tuesday, February 10, 2015 – 8:00 p.m. or directly following regular council meeting*

**Meeting will be called to order no earlier than 8:00 pm; however, if regular city council meeting does not adjourn before 8:00 pm this TBD meeting will be called to order directly following adjournment of regular city council meeting.*

Call to Order

Roll Call

Approval of Agenda

Public Comment Speakers will state their name, address, and organization. Comments are directed to the Board, not the audience or staff. Comments are not intended for conversation or debate and are limited to no more than four minutes per speaker. Speakers may request additional time on a future agenda as time allows.*

Approve Consent Agenda

- C-1. Approve Minutes of January 27, 2015 Special Meeting (Scott)

New Business

1. Update Regarding 2014 Annual Report and 2015 Annual Budget (Vondran)
2. Consider Appointment of Con Committee Members (Scott)
3. Approve 0.002 Sales Tax Proposition Fact Sheet (Slate)
4. Consider Explanatory Statement Options for Voters Pamphlet (Springer)

Adjourn

Any person requiring disability accommodation should contact the City of Covington at 253-480-2400 a minimum of 24 hours in advance. For TDD relay services, please use the state's toll-free relay service at 800-833-6384 and ask the operator to dial 253-480-2400.

SUBJECT: APPROVAL OF MINUTES: JANUARY 27, 2015 COVINGTON TRANSPORTATION
BENEFIT DISTRICT SPECIAL MEETING MINUTES

RECOMMENDED BY: Sharon G. Scott, Board Clerk

ATTACHMENT(S): Proposed Minutes

PREPARED BY: Joan Michaud, Senior Deputy City Clerk

EXPLANATION:

ALTERNATIVES:

FISCAL IMPACT:

BOARD ACTION: ___ Resolution X Motion ___ Other

**Board member _____ moves, Board member _____
seconds, to approve the January 27, 2015 Covington Transportation Benefit
District Special Meeting Minutes.**

**Covington Transportation Benefit District
Special Meeting Minutes
Tuesday, January 27, 2015**

The Special Meeting of the Covington Transportation Benefit District was called to order in the Covington Council Chambers, 16720 SE 271st Street, Suite 100, Covington, Washington, Tuesday, January 27, 2015, at 10:14 p.m., with Margaret Harto, Chair of the Board, presiding.

BOARD MEMBERS PRESENT:

Margaret Harto, Joe Cimaomo, Mark Lanza, Marlla Mhoon, Jim Scott, Sean Smith, and Jeff Wagner.

STAFF PRESENT:

Regan Bolli, Chief Executive Officer; Rob Hendrickson, Treasurer; Sara Springer, Legal Advisor to the Board; Don Vondran, Public Works Director; Kevin Klason, Covington Police Chief; and Sharon Scott, Board Clerk.

APPROVAL OF AGENDA:

Board Action: Board Member Lanza moved and Board Member Mhoon seconded to approve the Agenda. Vote: 7-0. Motion carried.

PUBLIC COMMENT:

Chair of the Board Harto called for public comments.

There being no comments, Chair Harto closed the public comment period.

APPROVAL OF CONSENT AGENDA:

C-1. Minutes: October 28, 2014 Transportation Benefit District Special Meeting Minutes.

Board Action: Board Member Cimaomo moved and Board Member Lanza seconded to approve the Consent Agenda. Vote: 7-0. Motion carried.

NEW BUSINESS:

1. Adopting Resolution Calling for Special Election.

RESOLUTION NO. 15-01

A RESOLUTION OF THE BOARD OF THE COVINGTON
TRANSPORTATION BENEFIT DISTRICT, COVINGTON,
WASHINGTON, PROVIDING FOR A BALLOT PROPOSITION
TO BE SUBMITTED TO THE QUALIFIED VOTERS OF THE
DISTRICT AT AN ELECTION TO BE HELD ON APRIL 28,
2015, AUTHORIZING AN ADDITIONAL SALES AND USE
TAX WITHIN THE DISTRICT AT THE RATE OF TWO-
TENTHS OF ONE PERCENT FOR A PERIOD NOT TO
EXCEED TEN YEARS, COMMENCING OCTOBER 1, 2015,

FOR THE PURPOSE OF PAYING FOR OR FINANCING THE COST OF TRANSPORTATION IMPROVEMENTS; SETTING FORTH THE TEXT OF THE BALLOT PROPOSITION; DIRECTING PROPER DISTRICT OFFICIALS TO TAKE NECESSARY ACTIONS; AND PROVIDING FOR OTHER PROPERLY RELATED MATTERS.

Board Action: Board Member Lanza moved and Board Member Cimaomo seconded to approve Resolution No 15-01 calling for the inclusion of a proposition on the April 28, 2015 special election ballot to authorize an additional sales and use tax within the District, in substantial form as included in the Agenda Packet. Vote: 7-0. Motion carried.

2. Consider Amendment to Interlocal Agreement with City of Covington.

Board Action: Vice Chair of the Board Wagner moved and Board Member Scott seconded to authorize the District Chair to execute an amendment to the interlocal agreement between the Covington Transportation Benefit District and the City of Covington to clarify the payment of costs to secure District funding sources, in substantial form as included in the Agenda Packet. Vote: 7-0. Motion carried.

3. Consider Resolution Requesting Voter's Pamphlet and Approve Explanatory Statement.

RESOLUTION NO. 15-02

A RESOLUTION OF THE BOARD OF THE COVINGTON TRANSPORTATION BENEFIT DISTRICT, COVINGTON, WASHINGTON, REQUESTING THE KING COUNTY DIRECTOR OF ELECTIONS PREPARE AND DISTRIBUTE A LOCAL VOTERS' PAMPHLET FOR THE SPECIAL ELECTION ON APRIL 28, 2015, FOR THE BALLOT PROPOSITION PROPOSING A 0.2% SALES AND USE TAX TO FUND THE TRANSPORTATION BENEFIT DISTRICT; APPOINTING COMMITTEES TO SUBMIT ARGUMENTS FOR AND AGAINST; AND AUTHORIZING THE BOARD'S LEGAL ADVISOR TO PREPARE THE EXPLANATORY STATEMENT.

Board Action: Vice Chair of the Board Wagner moved and Board Member Scott seconded to pass Resolution No. 15-02 requesting and authorizing King County Elections to prepare and distribute a local voters' pamphlet for the April 28, 2015 special election for the 0.2% sales and use tax ballot proposition, in substantial form as included in the Agenda Packet. Vote: 7-0. Motion carried.

The Board provided comments and asked questions, and Legal Advisor to the Board Sara Springer provided responses.

Board Action: There was Board consensus to request the Legal Advisor to the Board to create language from Option 1 (*Proposition 1 represents an effort by the Covington Transportation Benefit District to fund transportation maintenance and improvement projects identified in Covington’s six-year Transportation Improvement Program. Among other unmet transportation needs, revenues will be used to fund the reinstatement of annual street overlays, enhanced asphalt patching and crack sealing, and to sustain existing maintenance programs. A vote to approve Proposition 1 will authorize the collection of an additional retail sales and use tax of 0.2% of the selling price (or the value of the article used) for a period of 10 years unless renewed by the voters. Of the available funding options for the District (including a vehicle license fee, which would be paid solely by Covington residents and cost more per family), the District is seeking a sales tax increase so that all persons travelling Covington’s streets to shop and conduct business in Covington share the costs of street maintenance.*) with input from individual comments provided by board members.

4. Consider Appointments to Pro and Con Committees.

Chief Executive Officer Regan Bolli informed the Board that three citizens had come forward to volunteer to serve on the Pro Committee and no one had come forward to serve on the Con Committee.

Board Action: Vice Chair of the Board Wagner moved and Board Member Mhoon seconded to appoint Mary Pritchard, Laura Morrissey, and Steven Pand to the Pro Committee. **Vote: 7-0. Motion carried.**

5. Review Timeline.

Chair Harto mentioned to the Board that the April 28, 2015 Special Election Timeline (Attachment 1 in the Agenda Packet) was provided for their information.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 10:35 p.m.

Prepared by:

Submitted by:

Joan Michaud
Senior Deputy City Clerk

Sharon Scott
Board Clerk

SUBJECT: UPDATE REGARDING 2014 ANNUAL REPORT AND 2015 ANNUAL BUDGET

RECOMMENDED BY: Don Vondran, Public Works Director

ATTACHMENT(S): NA

PREPARED BY: Don Vondran, Public Works Director

EXPLANATION:

1. 2014 Annual Report

Pursuant to CMC 12.125.020(8), RCW 36.73.160(2), and Section 6.7 of the TBD Bylaws, the TBD Board is required to adopt an annual report on the status of transportation improvement costs, transportation improvement expenditures, revenues, and construction schedules. Said report must be issued no later than May 30th for the preceding calendar year. However, the TBD Board took no administrative actions in 2014 and had no funding source in 2014; accordingly, there is no TBD administrative or financial activity in 2014 to warrant the need for an annual report.

2. 2015 Annual Budget

Pursuant to Section 6.5 of the TBD Bylaws, the TBD must issue an annual budget, which shall contain the finance plan for executing the functions of the TBD. Currently, the TBD remains without a funding source. The TBD Board approved a ballot measure for the April 28, 2015, special election proposing a two-tenths of one percent sales and use tax to fund the TBD. Even if this proposition passes, the TBD would not begin collecting sales tax until October 1, 2015, and would likely not physically receive any revenue from that sales tax until the very end of 2015. Likewise, any other funding option that may be pursued by the TBD Board would not generate revenues for the TBD's expenditure until 2016.

Given the above, staff has not proposed a 2015 Annual Budget, as the TBD currently has no funding source and will likely not have a viable funding source for 2015. Should an expendable funding source be enacted in 2015, staff will present the board with a 2015 Annual Budget for the funds made available for expenditure in 2015.

ALTERNATIVES: NA

FISCAL IMPACT: NA

BOARD ACTION: ___Resolution ___Motion ___Other

No action required—informational only.

REVIEWED BY: Board CEO, Board Treasurer, Board Legal Advisor

SUBJECT: CONSIDER APPOINTMENTS TO CON COMMITTEE FOR BALLOT MEASURE

RECOMMENDED BY: Regan Bolli, District Chief Executive Officer

ATTACHMENT(S): None

PREPARED BY: Sharon Scott, District Clerk

EXPLANATION:

At the January 27 meeting the board passed a resolution calling for a special election to ask voters to consider a 0.002 sales and use tax to fund the Transportation Benefit District. The board also approved a motion to request King County Elections to prepare and distribute a local voters’ pamphlet for the special election.

The board must now appoint individuals to pro and con committees to write voters’ pamphlet statements in support of and against the ballot proposition. The board may only appoint up to three individuals to each committee. At the January 27 meeting the board appointed Mary Pritchard, Steve Pand and Laura Morrissey to the pro committees. No applications or letters of interest have been received for the con committee.

Staff sent out a media release and posted a notice on the City of Covington’s Facebook page to advertise for applicants for the con committees. Any applications received prior to this evening’s board meeting will be presented for the board’s consideration. Should there be an insufficient number of applicants for the board to make appointments to the con committee this evening the board may call a future board meeting at a later date to make the necessary appointments.

Appointments to the pro and con committees must be received by King County Elections no later than March 13, 2015. If appointments are not made by the board by that deadline, the county may attempt to appoint members to each committee as needed.

ALTERNATIVES: Not Applicable

FISCAL IMPACT: None

BOARD ACTION: _____ Resolution Motion _____ Other

Boardmember _____ moves, and Boardmember _____ seconds to appoint _____, _____ and _____ to the Con Committee.

REVIEWED BY: District Chief Executive Officer, District Legal Advisor

SUBJECT: APPROVE 0.002 SALES TAX PROPOSITION FACT SHEET

RECOMMENDED BY: Regan Bolli, District Chief Executive Officer

ATTACHMENT(S):

1. TBD Fact Sheet

PREPARED BY: Karla Slate, Communications and Marketing Manager

EXPLANATION:

With the decision for the TBD to propose two tenths of a percent sales tax increase on the April 2015 ballot, the city plans to prepare and execute a public education plan on behalf of the TBD regarding the proposed ballot measure.

The Fact Sheet will be used inform and educate the public, using neutral, fact-based information, about the city's unmet transportation needs including street overlays, the street maintenance, and public safety. The TBD will also provide information about how it operates and how funds from the sales tax increase would be utilized by the TBD.

Pursuant to state election laws and guidelines, the messaging will be strictly informational, educational and fact-based and will focus on key topics including the city's unmet transportation needs, the sales tax proposal, creation of the TBD, updates based on TBD decisions, the ballot measure, and election information.

ALTERNATIVES: N/A

FISCAL IMPACT: N/A

BOARD ACTION: Resolution Motion Other

REVIEWED BY: District Chief Executive Officer, District Legal Advisor

**Transportation Benefit District
FACT SHEET CONTENT DRAFT**

A 0.002 sales tax increase is being proposed to generate designated revenue to maintain and repair our streets.

UNMET TRANSPORTATION NEEDS

The city's Street Fund, which pays to maintain city streets, is nearly \$2 million short per year from being fully funded. Our city has about \$17.5 million in street maintenance needs associated with pavement preservation, which increases to around \$20 million when including sidewalks, drainage, and landscaping needs. When that amount is applied over a ten year period, we would need approximately \$2 million additionally per year to maintain our streets.

In an effort to solve this budget shortfall, the city spends roughly \$1 million each year on street maintenance. However, even with \$1 million being spent on street maintenance, a \$2 million shortfall remains each year. While the state has a separate transportation budget funded by a gas tax, and counties have a county road levy, cities do not have a dedicated transportation revenue stream. This proposed sales tax increase would create a designated revenue stream for street maintenance.

PROPOSED METHOD OF FUNDING

A 0.002 sales tax increase is forecasted to generate roughly \$750,000 of revenue per year to apply towards Covington's unmet transportation needs. It would raise the sales tax rate in Covington from 8.6 to 8.8%, still 0.7% lower on average than most cities in King County.

A 0.002 sales tax increase equates to one cent for every \$5.00 in taxable purchases. The sales tax would be paid by everyone who shops in Covington and uses Covington streets and services, not just Covington residents and would expire in 10 years.

PROPOSED USE OF FUNDING

If passed the sales tax revenue generated by Proposition No.1 would be used to sustain existing routine street maintenance programs, reinstate street overlays, enhance asphalt patching and crack sealing, reduce the General Fund subsidy to the Street Fund, and address other unmet transportation needs. (Resolution XX-XX)

WHAT IS A TBD?

A Transportation Benefit District (TBD) is an independent taxing authority that may be formed by local governments as a way to generate revenue for transportation improvements. Its sole purpose is to provide, construct and fund transportation improvements within the district. The Covington TBD has the same geographical boundaries as the city and is governed by the City Council acting as a separate, independent board. If passed, the TBD board cannot increase the sales tax without voter approval.

WHY A TBD?

The Covington City Council appointed a Budget Priorities Advisory Committee in early 2012 to study the city's mix of taxes and services.

The committee's core recommendation was to form a transportation benefit district and ask voters to approve a 0.002 sales tax increase to fund the TBD.

SUBJECT: CONSIDER EXPLANATORY STATEMENT OPTIONS FOR TBD PROPOSITION NO. 1 IN
APRIL 28, 2015 SPECIAL ELECTION VOTERS' PAMPHLET

RECOMMENDED BY: Sara Springer, TBD Legal Advisor

ATTACHMENT(S): NA

PREPARED BY: Sara Springer, TBD Legal Advisor

EXPLANATION:

At the January 27, 2015, TBD meeting, the board passed a resolution requesting a voters' pamphlet for the April 28, 2015, special election. The board also considered options for the voters' pamphlet explanatory statement for TBD Proposition No. 1. The board provided feedback to staff—based on that feedback, staff has prepared the following options for the explanatory statement. The Board may also provide general direction to the Legal Advisor to draft a different explanatory statement than proposed below. Ultimately the Legal Advisor must approve any explanatory statement submitted to the county for the voters' pamphlet.

The explanatory statement is limited to 250 words. Of the three options below, the portions of Option 2 and Option 3 that differ from Option 1 (the most basic) are underlined to help with comparison between the options.

Option 1 (136 Words)

Proposition 1 represents an effort by the Covington Transportation Benefit District to fund transportation maintenance and improvement projects identified in Covington's six-year Transportation Improvement Program. Among other unmet transportation needs, revenues will be used to fund the reinstatement of street overlays, enhanced asphalt patching and crack sealing, and to sustain existing maintenance programs. A vote to approve Proposition 1 will authorize the collection of an additional retail sales and use tax of 0.002 of the selling price, meaning only an additional 2¢ for every \$10.00 spent. The tax would only be valid for a period of 10 years unless renewed by the voters. Of the funding options available to the District, a sales tax increase is the only option that would be shared by all persons travelling Covington's streets to shop and conduct business in Covington.

Option 2 (153 Words)

Proposition 1 represents an effort by the Covington Transportation Benefit District to fund transportation maintenance and improvement projects identified in Covington's six-year Transportation Improvement Program. Among other unmet transportation needs, revenues will

be used to fund the reinstatement of street overlays, enhanced asphalt patching and crack sealing, and to sustain existing maintenance programs. A vote to approve Proposition 1 will authorize the collection of an additional retail sales and use tax of 0.002 of the selling price (sales tax does not apply to food), meaning only an additional 20¢ for every \$100.00 spent. The tax would only be valid for a period of 10 years unless renewed by the voters. The District, in an effort to minimize the impact to Covington residents, is seeking a sales tax increase so that all persons travelling Covington’s streets to shop and conduct business in Covington share the costs of street maintenance, and not just Covington residents.

Option 3 (218 Words)

Proposition 1 represents an effort by the Covington Transportation Benefit District to fund transportation maintenance and improvement projects identified in Covington’s six-year Transportation Improvement Program. Among other unmet transportation needs, revenues will be used to fund the reinstatement of street overlays, enhanced asphalt patching and crack sealing, and to sustain existing maintenance programs. In the last several years, new challenges have emerged affecting the funding of transportation improvements within Covington, including a prolonged recession and declining gas tax, property tax, and sales tax revenues. A vote to approve Proposition 1 will authorize the collection of an additional retail sales and use tax of 0.002 of the selling price, meaning only an additional 2¢ for every \$10.00 spent. This tax would increase Covington sales tax from 8.6% to 8.8%, which would still be nearly 0.7% lower, on average, than other cities in King County. The tax would only be valid for a period of 10 years unless renewed by the voters. The District has estimated that it may receive as much as \$750,000 per year for transportation improvements within Covington if Proposition No. 1 is approved. Of the funding options available to the District, a sales tax increase is the only option that would be shared by all persons travelling Covington’s streets to shop and conduct business in Covington.

ALTERNATIVES:

Direct staff to draft additional explanatory statement options to consider.

FISCAL IMPACT: None

BOARD ACTION: ___Resolution X Motion ___Other

Board member _____ moves and Board member _____ seconds to approve [*choose ONLY one option*]

- **Option 1, in substantial form as presented**
OR
- **Option 2, in substantial form as presented**
OR
- **Option 3, in substantial form as presented**
OR

- **the Board's Legal Advisor to draft an explanatory statement pursuant to the direction provided by the Board**

as the explanatory statement to be submitted to King County Elections to include in the April 28, 2015, special election local voters' pamphlet for the 0.002 sales and use tax ballot proposition.

REVIEWED BY: Board CEO, Board Legal Advisor