

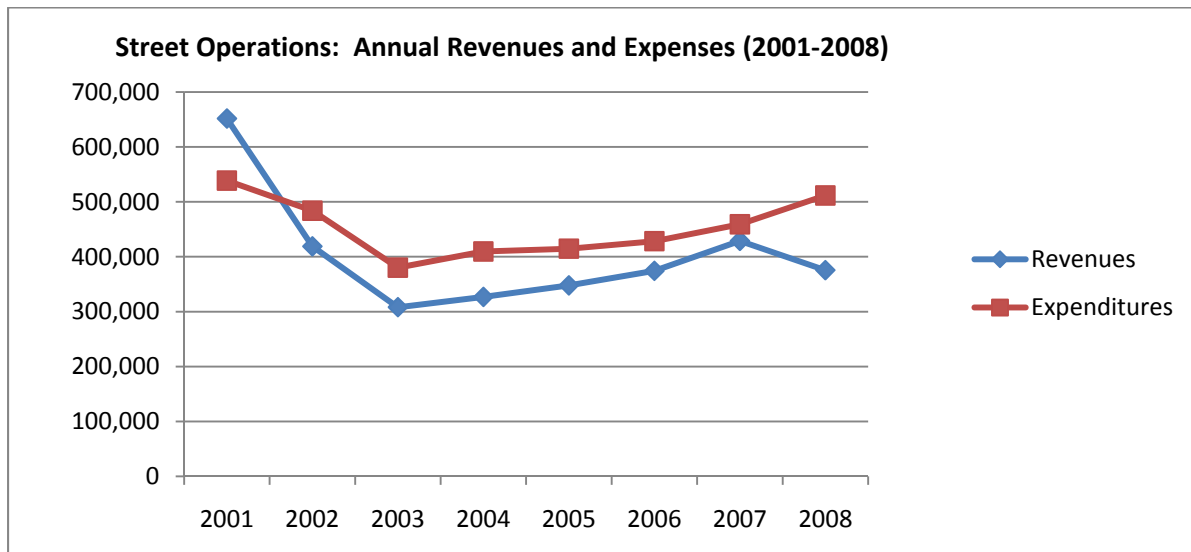
City of Lake Forest Park: Information for Public Hearing on Establishment of a Transportation Benefit District

The City is considering the establishment of a Transportation Benefit District to provide funding for the long-term preservation and maintenance of the City's streets due to the continual decline in revenue available to pay for street maintenance.

Historical Funding

For years, there has been a difference between the revenue received and expenditures made for the maintenance of our City streets. Between 2001 and 2003, we lost revenues when the County vehicle license fee (28%) went away and gas taxes dropped (0.8% annual reduction for past seven years). As a result, the City moved the annual road overlay program to the Capital Fund and pushed many eligible expenses to the Surface Water Fund. In 2004, the City began negotiating franchise agreements with the four water districts and began receiving franchise fees. As can be seen in the chart below, there is still an annual gap between revenues and expenses. The City has been using the Street Fund balance over the years to cover the shortfall. Starting in 2005, the General Fund began providing a subsidy to the Street Fund. With the higher gas prices citizens are driving less and the gas tax is decreasing even more. This will increase the estimated subsidy for 2009 to \$160,000.

Due to the continuing economic downturn, this increasing subsidy to the Street Fund is having a large impact on the City's ability to provide basic public services with our General Fund dollars.



Transportation Benefit Districts

The State Legislature has recently allowed local governments to establish transportation benefit districts (TBD) and accompanying funding sources to provide for the preservation and maintenance of local government transportation infrastructure.

With the establishment of a TBD in the City and the levying of a vehicle license fee, the City will be able to begin to replace the transportation funding that has been lost to the City over the years, reduce or eliminate the General Fund subsidy, and be better able to preserve and maintain the City's transportation infrastructure into the future.

Financial Impact

If it is assumed that the City implements an annual \$20 per vehicle license fee in Lake Forest Park and there are 5,200 households and there is an average of two cars per household, the City could potentially receive \$208,000 per year, minus the Department of Licensing administrative fee (1%). Another estimate from the Association of Washington Cities (AWC) uses a ratio of people to total vehicles countywide and then provides an estimate based on city population. For Lake Forest Park, that methodology would result in potential annual revenue of \$214,000 based on a \$20 per vehicle license fee.

September 25, 2008