LEAVENWORTH TRANSPORTATION BENEFIT DISTRICT
2019-2020

FINAL

TBD BOARD
BUDGET TRANSMITTAL & PLANNING DOCUMENT
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LEAVENWORTH TRANSPORTATION BENEFIT DISTRICT BOARD

BOARD CHAIR CHERI KELLEY FARIVAR
ELMER LARSEN
CAROLYN WILSON
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MARGARET NEIGHBORS
SHARON WATER
CLINT STRAND
JASON LUNDGREN
Honorable Transportation Benefit District Board and Citizens of Leavenworth
City of Leavenworth, Washington

Submitted herein is the 2019-2020 Leavenworth Transportation Benefit District (TBD) Biennial operating Budget. This biennial budget is submitted consistent with RCW 35.34.080. The enclosed financial data has been reviewed by both the Leavenworth Transportation Benefit District Board and city staff toward final adoption of the 2019-2020 biennial budget by Resolution to be held at the November 27, 2018 Leavenworth Transportation Benefit District Board meeting. In addition to representing the legal authority to expend public funds, this document describes the 2019-2020 budget process and resulting transfers of the districts funds to the City of Leavenworth for authorized transportation projects.

READER'S GUIDE TO THE BUDGET / Explanation of the Budget Document

The Leavenworth Transportation Benefit District was formed by Ordinance of the City Council of the City of Leavenworth on July 13, 2010. The budget document incorporates the Transportation Benefit District Board’s priorities that were incorporated in the Board’s Resolutions on July 29, 2010 that adopted By-laws, a District Finance Plan and a ballot measure to increase the retail sales tax. On November 2, 2010, the voters of the City of Leavenworth overwhelmingly approved the ballot measure for a rate increase of two-tenths of one percent (.2%) on the sales and use tax within the city limits. It is our hope that this document can provide our citizen’s with an understanding of the Transportation Benefit District budget and what services and projects are funded within the budget. I hope you find it readable and informative.

Budget Preparation Timeline

The Board’s budget is prepared with the input of the Chair, Board members, and city staff. The 2019-2020 Budget development process incorporates a number of Board meetings. As the Board’s budget process continues to advance, so too may the development of this budget document. Progress of the 2019-2020 Budget will occur this year starting in October 2018 with adoption by December 31, 2018 or sooner.

Key Budget Issues: Revenue Sources

The District’s revenue and a large source of the City’s revenue stream are based on the tourism economy; therefore, continuous investment for improvements and maintenance of the City’s residential and commercial streets is of primary concern. Funding for street infrastructure has been a growing concern over the last few decades with very limited revenue resources available. As we look at the condition of the streets, one indicator of the pavement and roadway conditions is the Pavement Condition Rating (PCR). This measurement looks at the age, type of cracking, and preservation maintenance that has been completed on individual street sections. A PCR rating from 1 – 100 is then assigned to each roadway section, 100 being new pavement conditions. The City of Leavenworth average PCR rating, as of April 2015, was 64.3 which is up from a rating of 57 in 2011. Generally, a street rating less than 50 indicates a roadway in need of replacement. An average 64.3 rating means we have roads needing maintenance for preservation and roads that should be replaced. For example, the Pine Street’s PCR rating is 48, Ski Hill Drive has a 95 rating, and Evans Street is an 82.7. In comparison to other small cities overall roadway ratings within Chelan County
includes Cashmere 74 (reviewed in July 2017), Entiat 77.7 (reviewed in May 2018), and Chelan 81.7 (reviewed in May 2018). The ratings are completed as a service by the Transportation Improvement Board for small cities; Leavenworth is scheduled for an updated review in 2019. While improvement of road maintenance and condition has improved, much work remains.

With the passage of the increase in the retail sales taxes in 2011, the City has a revenue source that can be used to improve the maintenance of existing roads and other transportation improvement projects. Funds can also be maximized as leverage for grant applications to do larger road projects that the City would not have had funding resources available for. The revenues received by the District are intended to be transferred to the City for the road related projects; therefore, the budget is very simplistic from a budgeting perspective.

- **City Sales Tax**

The City's General Fund and Street Fund rely heavily on the revenues generated by the retail sales tax. In 2018 the City’s General Fund and Street Fund is estimated to receive $1,715,990, $943,795 for the General Fund and $772,195 for the Street Fund. Sales tax revenues have fluctuated over the past several years, with the following graph providing a history of the City’s sales tax receipts for the years 2009 through 2017:

![City of Leavenworth Retail Sales Tax Revenue](image)

Recent Numerical Values:

- **2014** $1,118,890  **2015** $1,191,154  **2016** $1,332,166  **2017** $1,634,276

2014 to 2017 represents an increase of approximately 46% over the four-year period.

- **TBD Retail Sales Tax Revenue**

The Transportation Benefit District’s funding level from sales tax revenue was originally estimated at $200,000 in new revenue annually; below is a breakdown of the revenues with receipt of revenues beginning in June 2011 for sales starting in April of 2011.

- **2011** $140,024  **2014** $262,536  **2017** $348,824
- **2012** $220,416  **2015** $281,011  **2018** Estimated $404,065
- **2013** $243,570  **2016** $313,422


There is a strong relationship between the economic vitality of Leavenworth and the sales tax revenue available for the TBD Fund and future street projects and maintenance. Street improvements in both residential and business areas are investments in the economic vitality of the community.

**INITIATIVES AND EXPENDITURES**

The successful work of the Transportation Board and city staff in 2010 for establishing the TBD and funding source has positioned the City to continue to improve the City's transportation infrastructure.

At the time of this budget, in 2018 the Street fund projects funded by the TBD includes the SR2 Crosswalks (TBD match estimated at $127,539.50), Riverbend Intersection Study ($15,000), ROW acquisitions for the new LINK Transit Park-N-Ride located behind Safeway ($24,185.50), and the TIB 2017 Pavement Preservation Project (TBD match estimated at $49,480) a total of $216,205. In addition, TBD has provided $62,438 to the Parking Fund to do a double-shot chip seal on the P1 and P2 parking lots and $385,100 of TBD dollars being held within the Pine Street Capital Project Fund to assist in the future Pine Street Project for grant and/or loan matching funds; any unused funds will be returned to the TBD Fund upon project completion.

In 2017 TBD funds were used to finalize the closeout and refund project costs for Commercial Street 3rd to 8th and in turn assist in capital project costs for the SR2 Pedestrian crossings engineering design and complete the 2017 Pavement Preservation Project that included emergency repairs to Benton, Birch & Burke, Burke & Cedar, Cascade, Evans, Price & Ash, Scholze, Center, Cherry, Orchard, O'Grady, Prospect, Stafford, West Whitman, 10th & Commercial, and 14th & Front Streets. These emergency repairs were performed to address major cracking and potholes. Of the $150,000 provided in 2017, 41% supported the debt service of Front Street, 21% was spent on capital related improvements and the remaining 38% supported the annual maintenance.

Based on fund availability, the City is budgeting for $60,000 in additional residential restoration projects in both 2019 and 2020 with an additional $119,411 in 2019 for the Crosswalk grant match and committed to $120,939 to assist in future grant match funding, a portion of funding for the purchase of an industrial snowblower, prior project street related debt, and ongoing maintenance if necessary.

The current City engineering contracts include the following:

- Pine Street, Ski Hill Drive to Titus Road
- SR2 Pedestrian Crosswalks across from Gustav's, City Hall, Link Park & Ride
- 2017 Pavement Preservation Project (Commercial 3rd to Joseph, Whitman Street/Close Out)
Additional TBD dollars are being held in the 2019/2020 budget to assist in the future Pine Street Project for grant and/or loan matching funds. A history of the TBD expenditures are listed below and are examples of the Board/City managing the assets strategically to stretch the limited dollars available for transportation improvements:

2011: As a kick off project for the City and TBD, TBD Funds were used in 2011 on a pavement restoration project on the residential Streets of Ash and Summit. Remaining funds were used in 2011 for various street patching, sidewalk and parking area repairs, some debt service payments for previous residential and commercial street projects and survey costs for Commercial Street from 9th to Division and Ski Hill Drive; total expended dollars came to $119,000 in 2011.

2012: TBD funds were used in 2012 for pavement restorations to residential streets and alley ways including but not limited to portions of River, Prospect, Cedar and Pine streets as well as a sidewalk project along Poplar Street for a total cost of $78,172. The 2012 budget included an additional $140,000 that could be utilized for matching construction related grant and loan funds for the improvements completed to Front Street from Division to 14th. Total funds utilized on the Front Street Project came to $116,828. The remaining $5,000 was spent on annual board insurance.

2013: TBD funds were used in 2013 for traffic studies along Commercial Street from 3rd to 8th and Pine Street in preparation for those future pavement projects totaling $2,000. Of the remaining $168,000 transferred to the City, $139,500 was utilized on the following additional street restoration projects as direct or grant related funding: Citywide Improvements Project (also known as the Safe Routes to School Project) that included pavement improvements on Ski Hill and Commercial streets, Right-of-way acquisitions for intersection improvements on Benton Street, Front/Division Street Construction closeout, various minor residential alleyway improvements, the new sidewalk installation along Front Street between 9th and 10th streets and matching dollars for the parking lot area improvements next to City Hall. The remaining $28,500 covered the SR2 Crosswalk installation across from City Hall and the annual board insurance for $5,000.

2014: TBD funds were used in 2014 for additional match funding for construction related to grant funds for improvements to the Safe Routes to School Project, funding for West Street improvements, Pine Street Planning, Commercial Street from 3rd to 8th design work, planning for Front Street from 9th to Division, final closeout for Front/Division Street, debt payments for the 2012 Front Street from Division to 14th Street, 10% funding for annual maintenance and operation costs for all streets and sidewalks and the annual board insurance. Nearly 67% of the $298,000 that was provided in 2014 supported the capital related improvements, 21% for debt service and the remaining 12% on maintenance.

2015: TBD funds were used in 2015 to continue the Commercial Street 3rd to 8th construction project, closeout for the Safe Routes to School Project and West Street Project, Pine Street Planning, Chumstick Trail matching grant dollars for planning and right-of-way acquisitions, minor improvements to Commercial Street from 10th to Division as well as residential and alley way repairs, survey costs for SR2 Pedestrian Crossings across from Gustav’s and LINK Transit, minor improvements to Icicle Station, debt payments for the 2012 Front Street from Division to 14th Street, 20% funding for annual maintenance and operation costs for all streets and sidewalks and the annual board insurance. Nearly 54% of the $350,000 that was provided in 2015 supported the capital related improvements, 18% for debt service and the remaining 28% on maintenance.

2016: TBD funds were used in 2016 to close out the Commercial Street 3rd to 8th Project, continued planning support for the Pine Street and SR2 Crosswalks across from Gustav’s and LINK Transit, started matching grant dollars for the new 2017 Pavement Preservation Project, debt service payments for the 2012 Front Street from Division to 14th Street Project, and funding for annual maintenance and operation costs for all streets and sidewalks and the annual board insurance. The TBD provided $135,000 of which approximately 46% supported the debt service of Front Street, 2.25% on capital related improvements and the remaining 51.75% on maintenance.
Transportation Benefit District Finance Plan:

In July of 2010 the Transportation Benefit District Board passed Resolution 02-2010 creating a District Finance Plan that identified a list of potential projects that were already identified in the City's Six-Year Transportation Improvement Plan. Funding for these projects will be a mix of capital expenditures and bonding by the City and grants through various agencies. Below is a list of projects and ongoing maintenance at various stages of planning; they are listed in no particular order:

- Residential Street Restoration Program - Ongoing
- Residential Sidewalk Restoration Program - Ongoing
- SR-2 Parking Lot/Transit
- Additional Cross Walk Improvements on Highway 2 – Grant Applications/Considerations
- Titus-Chumstick Connector
- Pine Street Extension - Engineering/Construction
- Traffic Calming – Various Locations
- Wenatchee Trail, Phase 1

Initiation of many of these projects is dependent on the scope/cost of the project, funding availability, and continued success of the City to compete aggressively and successfully for state and federal grant dollars.

Transportation Grant Procurement:

Leveraging the TBD Funds is another strategy that the TBD Board has identified as a priority in the expenditure of TBD dollars. In the past several years the City has applied for and been awarded the following grant dollars which leverages those dollars and moves these projects towards completion:

- Between June and December 2015, the City was awarded $540,900 for engineering and construction state grant funding from the WSDOT Pedestrian and Bicycle Safety Program to complete the two new crosswalks across from Gustav's Restaurant and the LINK Transit bus station along Highway 2. The City's local match of 10% will utilize TBD and City Street funds to complete these projects in 2018-2019. The City is currently under contract for the engineering and design work and will be requesting a second round of construction bids in January 2019.

- In December 2015, the City applied for Washington State Transportation Improvement Board (TIB) fuel tax funding to do the 2017 Pavement Preservation Project. This project was a pavement rehabilitation of Commercial Street from Joseph to 3rd and Whitman Street from Ski Hill Drive to Woodward Street. The City's award was amended in 2018 to 88.6% grant funding for a total of $477,000; the remaining $61,318 (11.4%) match funding utilizes TBD and/or City Street funds. The project has been completed in 2018; however, the City is currently awaiting the contractor invoicing for project closeout.

- In 2016 the City applied for TIB grant funding for the Pine Street Reconstruction Project and received grant awards of $250,000 for a Complete Streets Grant and $550,000 for a City Arterial Funding Grant. In addition, the City secured WSDOT grant funding totaling $705,600 for a Surface Transportation Block Grant, has received $200,000 in developer funding and is allocating $385,100 of TBD dollars in 2018 to complete the total funding necessary for this project; total project costs are estimated at $2,090,700 at this time. Additional funding for water, sewer and stormwater infrastructure improvements will come from the various utility accounts as needed.

Grants and access to low interest loans help stretch the limited dollars available for road maintenance and improvements for the Commercial District and in the Residential Neighborhoods.
Acknowledgments

Over time there are multiple examples where the Transportation Benefit District been the shown to be an effective tool in assisting the City in the overall improvement of the City’s transportation system. We would like to express our sincere appreciation to the District Board and city staff for their effort, dedication and diligence in developing a budget that reflects the expectations of the District and citizens of Leavenworth. We would also want to express our gratitude to the citizens of Leavenworth for approving the TBD tax levy and providing the City with a tool to accomplish these improvements to the City’s transportation system.

We would also like to thank the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,

Cheryl Kelley Farivar
Board Chair

Joel Walinski
City Administrator
SECTION 2: POLICIES, ORDINANCES AND RESOLUTIONS

The Policies, Ordinances and Resolutions section reviews the Board’s accounting and budgeting procedures. This section includes the budget creation process which explains the steps involved in the preparation and administration of the budget and the budget calendar that reflects the final adoption by resolution for the 2019-2020 Operating Budget.

BUDGET CREATION AND PLANNING

This operating budget represents the City of Leavenworth Transportation Benefit District’s comprehensive financial and operational plan for 2019-2020. The primary intent of this document is to answer two basic questions: Where do the District’s funds come from? And how will those funds be used?

In addition to providing the obvious financial planning and legal authority to obligate public funds, the annual budget provides significant policy direction by the District Board to the Staff and the Community. As a result, the District Board, Staff, and public are all involved in the process of budget development.

Since the Transportation Benefit District only has one source of revenue, retail sales and use taxes, it is simplistic from a budget perspective in that only one revenue source is necessary for the budget. Due to the varied nature of projects and funding packages, funds generated by the District will be directly transferred to the City for project specific expenditures. This process allows for the District to be less restricted in budget development and annual reporting requirements with only one general fund being identified.
Leavenworth Transportation Benefit District  
2019-2020 Budget Calendar

Deadline dates listed below conform to required procedures for a biennial budget process for cities and special purpose districts that typically adopt by December 31 of each year. To simplify the TBD budget process and closely coordinate these activities with the City of Leavenworth, the key steps and timing will mirror that of the City’s budget process. As of the creation of this budget, the City of Leavenworth is exploring the option of assumption of the TBD into the City of Leavenworth; this process is anticipated to be completed by the end of 2018 which will eliminate the future separate budget process for the TBD. The following are key budget steps and the suggested timing:

<table>
<thead>
<tr>
<th>Steps in Budget Preparation</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Estimates are presented to the Chief Administrative Officer for modifications, revisions or additions. Clerk submits to CAO.</td>
<td>On or before the first business day in the third month prior to beginning of the fiscal year – October 1; anticipated to occur on or before October 16, 2018.</td>
</tr>
<tr>
<td>2. Chief Administrative Officer provides the legislative body with current information of revenues in current year and clerk’s proposed preliminary budget.</td>
<td>Should be no later than the first Monday Meeting in October, CAO will provide the preliminary document on Friday, October 19, 2018 for the first October meeting review on Tuesday, October 23, 2018.</td>
</tr>
<tr>
<td>3. Chief administrative officer prepares preliminary budget with budget message.</td>
<td>At least 60 days before the ensuing fiscal year which is November 1; this will occur at the October 23, 2018 meeting.</td>
</tr>
<tr>
<td>4. Clerk publishes notice of filing of preliminary budget with city clerk and publishes notice of final public hearing on it once a week for two consecutive weeks.</td>
<td>Published typically during the first two weeks in November. This year will be on October 24, 2018 for the preliminary budget and on October 31st and November 7th for the final budget.</td>
</tr>
<tr>
<td>5. The legislative body must schedule a hearing on the preliminary budget.</td>
<td>Prior to the final hearing, typically in November. This year will be scheduled on October 23, 2018 to be held on November 13, 2018.</td>
</tr>
<tr>
<td>6. Copies of the preliminary budget are made available to citizens upon request.</td>
<td>No later than six weeks before January 1, this year it will be available by November 9, 2018 for the hearing on November 13, 2018.</td>
</tr>
<tr>
<td>7. Final hearing on proposed budget.</td>
<td>On or before the first Monday of December. This year will fall on November 27, 2018.</td>
</tr>
<tr>
<td>8. Adoption of biennial budget. Send copies of final budget to the State Auditor’s Office.</td>
<td>Following the public hearing and prior to the beginning of the ensuing fiscal year. Adopt by resolution and advertise by December 25; this is scheduled to occur at the November 27, 2018 meeting.</td>
</tr>
<tr>
<td>9. Biennial Budget Review</td>
<td>Biennial Budgets require a review in the second year if changes are necessary to the budget; this is scheduled to occur between September and October of 2019.</td>
</tr>
</tbody>
</table>
SECTION 3: Board Roles and Protocol

Board Roles

The Board Chair and the Board Members have previously discussed their respective roles and expectations in order to reach an understood protocol for conducting District business. The Board adopted By-laws that reflect rules specific to the operations of a Mayor/City Council form of government.

The role of the Board Members is to adopt policies for the District, while the Chair's role is to administer and execute those policies. This accurate yet simplistic distinction, however, can create both confusion and antagonism. Although the Chair does not specifically set policy, it is certainly appropriate for the chief executive to introduce policy options and recommendations, which comprises part of the leadership role of the Chair.

Under the ‘separation of powers doctrine’, the Chair and Board Members exercise certain defined powers that are free from unreasonable interference by the other. As the chief executive and administrative officer of the District, the Chair is responsible for carrying out the policies set by the Board and seeing that local laws are enforced. Additionally, the Chair and his/her administrative staff run the day to day operations of the District.

It is also the role of the Chair to prepare meeting agendas, preside over meetings, report to the Board on matters involving Administration, and to propose policy initiatives or changes. While agenda preparation is left to the Chair, the agenda content is based on both Staff and Board Members input.

In addition to setting policy, the Board Members have final authority over budgeting and contracting. The Board may, however, delegate purchasing authority to the Chair and Staff.

Parliamentary Procedure

Additional clarification is presented regarding parliamentary procedure. Upon considering an agenda item, the Chair will entertain a motion and a second of that motion from the Board to approve an agenda item in order to open Board discussion of an issue.

In the event that a staff presentation and/or public hearing are required for the agenda item, the presentation and/or hearing will take place prior to any Board discussion. Board Member questions of staff will take place during the staff presentation, which will be followed by the public hearing, if required.

The Chair, upon completion of the staff presentation and/or public hearing, will then entertain the motions from the Board, as described above, in order to begin discussion of the issue. Board Members may ‘call for the question’ to bring forth a vote on the issue, but that ‘call for the question’ itself may require a vote to end Board discussion on the item of business.
SECTION 4: Revenues and Expenditures

GENERAL FUND

The District’s General Fund is used to account for the revenues and expenditures that provide general government services. Revenues for the General Fund come solely from retail sales and use taxes that were approved by the voters in November 2010. In order to minimize reporting requirements and ease of distribution of revenues, the District Board only adopts a few expenditure lines that are utilized to transfer funds to the City of Leavenworth’s transportation related funds specifically for transportation related capital projects. The Board Members will annually evaluate the many worthwhile road related projects to determine the amount of funds to be transferred each year. In compliance with budgeting and annual reporting requirements, the budget includes a one-year look back on actuals with the current year showing budget versus actual year to date totals and the future year’s biennial budget estimates.

General Fund Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Actual</th>
<th>2018 Budget</th>
<th>2018 Actual thru 6/30/2018</th>
<th>2019 Budget Estimate</th>
<th>2020 Budget Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$188,208</td>
<td>$424,762</td>
<td>$424,762</td>
<td>$208,761</td>
<td>$508,400</td>
</tr>
<tr>
<td><strong>Taxes &amp; Other Earnings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Sales Tax</td>
<td>$384,530</td>
<td>$404,065</td>
<td>$194,322</td>
<td>$476,150</td>
<td>$499,958</td>
</tr>
<tr>
<td>Investment Interest</td>
<td>$1,742</td>
<td>$3,000</td>
<td>$2,746</td>
<td>$2,500</td>
<td>$5,000</td>
</tr>
<tr>
<td>Sales Tax Interest</td>
<td>$294</td>
<td>$400</td>
<td>$215</td>
<td>$400</td>
<td>$400</td>
</tr>
<tr>
<td><strong>Total Revenues:</strong></td>
<td>$574,774</td>
<td>$832,227</td>
<td>$622,045</td>
<td>$687,811</td>
<td>$1,013,757</td>
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</table>

General Fund Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Actual</th>
<th>2018 Budget</th>
<th>2018 Actual thru 6/30/2018</th>
<th>2019 Budget Estimate</th>
<th>2020 Budget Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Service Charges</td>
<td>$12</td>
<td>$100</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Transfer to City Streets</td>
<td>$150,000</td>
<td>$216,205</td>
<td>$30,000</td>
<td>$179,411</td>
<td>$180,939</td>
</tr>
<tr>
<td>Transfer to City Parking</td>
<td>$0</td>
<td>$62,438</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Transfer to City Pine St.</td>
<td>$0</td>
<td>$385,100</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Expenditures:</strong></td>
<td>$150,012</td>
<td>$663,843</td>
<td>$30,000</td>
<td>$179,411</td>
<td>$180,939</td>
</tr>
<tr>
<td><strong>General Fund Balance:</strong></td>
<td>$424,762</td>
<td>$168,384</td>
<td>$592,045</td>
<td>$508,400</td>
<td>$832,818</td>
</tr>
</tbody>
</table>