



CITY OF KIRKLAND
Department of Finance & Administration
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Michael Olson, Director of Finance and Administration
Julie Underwood, Public Works Director
George Dugdale, Financial Planning Manager
Glenn Akramoff, Interim Streets and Grounds Manager

Date: June 23, 2022

Subject: Transportation Benefit District (TBD)

RECOMMENDATION:

City Council receives an update on the potential Transportation Benefit District (TBD) funding implementation to accelerate Safer Routes to School and Active Transportation Plan investments and provides direction on the City Manager's proposed spending plan, and whether to build the TBD revenue into the 2023-2024 operating budget and 2023-2028 Capital Improvement Plan.

BACKGROUND DISCUSSION:

At the [February 15th, 2022 Public Hearing](#), Council adopted an ordinance assuming the rights and powers of the Kirkland TBD. As described at the [November 16th, 2021 Study Session](#), this action creates the opportunity for Council to adopt a \$20 Councilmanic vehicle license fee to fund transportation improvements. Based on data from the Department of Revenue staff project that a \$20 car tab would generate approximately \$1.34 million in annual revenue.

At the [November 16th, 2021 Study Session](#) staff presented a spending plan that would use debt financing to fund the 40 highest priority projects from the [Safer Routes to School Action Plan](#) (SRTSAP). Council provided feedback that the list of projects considered for funding should be expanded to include priority projects from the 2022 Active Transportation Plan (ATP). Council has also provided feedback to staff that renewed focus needs to be placed on the maintenance of medians and sidewalks throughout the City, particularly downtown.

OPERATIONAL ASSESSMENT AND MEDIAN MAINTENANCE

In response to Council concerns, Public Works staff have undertaken the median enhancement project. This project includes a consultant team working with the staff team to improve the aesthetics of the medians throughout the City while lowering the maintenance hours needed. In addition, staff will also continue to look at the design and construction of medians across the City, to see if improvements can be made to medians to lower maintenance costs. The project will also determine an appropriate level of service and schedule for each median.

The Public Works Department receives numerous complaints about median maintenance, and especially in downtown Kirkland. Currently, the Grounds Division has approximately 2-3 hours per day dedicated to median maintenance downtown, with additional work completed as time is available. As there is significant overlap in both personnel and equipment between grounds work and other Street Fund priorities, this work cannot always receive the required staff time.

Another factor is the volume of QAlerts received by the Streets and Grounds Division. By far, the Public Works Department receives the vast majority of QAlerts (approximately 2,000 annually) and the Streets and Grounds Division receives the majority of those.

Besides QAlerts which are often reactionary in nature, the Streets and Grounds Division is responsible for the regular maintenance of the following assets:

- 334 miles of streets
- 268 miles of sidewalk
- 80 miles of bike lanes
- 37 miles of ROW mowing areas
- 15 miles of trails
- 7 miles of shoulders
- 5 miles of guard rails
- 3 miles of fences
- 33,118 public trees
- 3,948 sidewalk ramps
- 115 medians
- 93 amenities (e.g., benches, mutt mitts, trash cans)
- 75 irrigation systems
- 79 mow ponds and 22 Filterrras (funded by surface water utility)
- 59 banners/flag sites
- 52 stairs
- 34 permeable pavement areas
- 25 City facilities
- 27 landscaped areas (e.g., triangles, gateways, parking lots)

Finally, like many other parts of the City, the Streets and Grounds Division has been impacted by the "Great Resignation" and has had difficulty filling vacancies to keep up with level of service expectations for maintaining all of the infrastructure identified above.

To develop options for tackling these many challenges, in November 2021, the Public Works Department embarked on an assessment of the Streets and Grounds Division to evaluate the Division's structure and operations. The Department hired Glenn Akramoff of Akramoff Consulting to conduct the assessment. Mr. Akramoff has an extensive operations background starting his public service career in the City of Olympia. Additionally, he has worked in the City of Covington and Sammamish as Operations and Maintenance Manager and Public Works Director, as well as a City Manager in the City of Normandy Park. Shortly after Mr. Akramoff initiated the assessment, the Streets and Grounds Manager relocated to another state, which then led Mr. Akramoff to serve as Interim Streets and Grounds Manager, and subsequently, also as Interim Superintendent. Mr. Akramoff is actively involved in assisting the PW Director in recruiting for these two positions and implementing the assessment recommendations. The assessment was completed in May 2022. Many challenges that the Division faces were identified, especially the challenge in its day-to-day operations of its flat structure, inconsistent level of service focus, and a reactive approach to a heavy and demanding workload.

The Department will provide a summary presentation of the assessment's findings to the Council later this fall. In the meantime, "quick wins" recommended in the report such as position reclassifications are already underway. One key recommendation from the operational assessment is to create "teams" that would be focused on specific maintenance tasks, such as a "sidewalk team" rather than having all staff do all tasks most of the time. While all crews would remain cross-trained and able to do all duties, the team concept should improve efficiency, performance, and accountability.

Following the assessment, Public Works recommends creating a "Tree and Median Team" dedicated to the work of landscaping, tree and median maintenance. A focused team will result in regularly scheduled maintenance that would occur in a predictable manner that can be tracked and reported. The operational assessment concluded that for the Tree and Median Team to be successful, two additional Streets and Grounds positions were necessary. If authorized, these two new positions would be dedicated to the Tree and Median Team.

The estimated cost for these two positions is approximately \$300,000 per year. The City Manager is recommending that this funding come from the proposed TBD funding. This is because there is a clear nexus between the maintenance and upkeep of the transportation network and a fee levied on vehicles. This recommendation has also been made so as not to add to the 2023-2024 operating budget deficit, which staff discussed at the [May 26 Council Retreat](#).

Improving median design and landscaping and creating the Tree and Median Team will improve the median maintenance program to meet the community, Council, and staff expectations.

POTENTIAL CAPITAL PROJECTS

At the November meeting, staff proposed bonding against the entire TBD revenue stream generated by the \$20 car tab to accelerate project implementation that might otherwise take decades to complete. Assigning \$300,000 of the TBD funds to median maintenance would result in around \$1 million remaining. This leaves the option of either reducing the amount of debt financing available to CIP projects or using other funds to make up the difference. Given the importance placed by Council and the community on both the ATP and the SRTS Action Plans, staff is recommending using a combination of Real Estate Excise Tax (REET) and School Zone Safety Camera funding to make up the difference. Finance staff project that at least \$300,000 can be assigned to any debt issuance financing from these sources which would keep the initial TBD debt issuance amount of \$21 million available. Both REET and safety camera revenue are appropriate sources for pedestrian and bicycle safety projects. Excess safety camera revenues are dedicated to these types of projects by the enacting ordinance. REET has traditionally funded all types of transportation projects, including sidewalks, bike lanes and flashing beacons, as long as the projects are in the adopted Capital Facilities Plan.

Potential projects to be considered for funding with the TBD are included within various plans including the Active Transportation Plan (ATP), Safer Routes to School Plan (SRTS), and maintenance priorities. Depending on the direction provided, Staff will adjust the Project list to include a final mix of projects. For discussion purposes, two Alternatives are included within the memo to provide examples of the mix of projects that could be delivered over the next 6-years with funds provided by the TBD and REET/Safety camera revenue.

Alternative A (Attachments 1 & 2) includes a variety of top-rated projects within their respective plan. The projects represent a mix of ATP, SRTS, greenways, and maintenance priorities, with some projects addressing needs identified in multiple plans. Alternative C (Attachments 3 & 4) includes projects that were identified in the SRTS plan.

To complete these projects the CIP group plans to hire 2 new CIP staff who will be assigned to this area full time. As with the City's 6-year CIP, staff time is a component of all Project costs, and this is the case with the TBD list also. Based on the type of projects and experience with the delivery of them, this additional staff will enable the projects to be completed by the end of 2028.

These two recommendations would split the TBD funding into the amounts shown in table 1 below.

Table 1: Transportation Benefit District Funding Recommendation

Category	Annual Amount	FTE
ATP/SRTSAP Capital Projects	1,000,000	2.0
Median and Landscape Maintenance	340,000	2.0
Total	1,340,000	4.0

TIMING OF TBD FUNDING

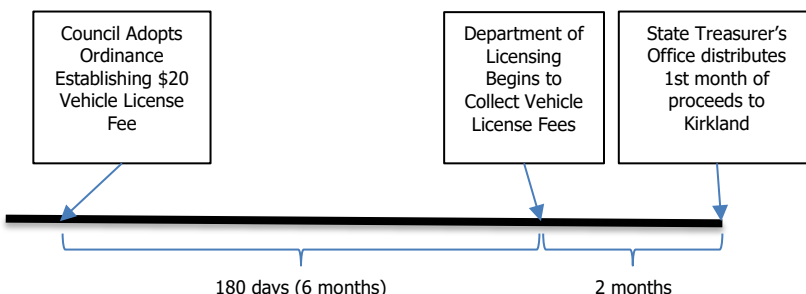
In addition to seeking Council feedback on the proposed spending plan outlined above, staff are also seeking input on the timing and structure of the TBD funding. As discussed at the [February 15th, 2022 Public Hearing](#), Transportation Benefit Districts can raise revenue through car tabs, or sales tax. In addition, subject to certain limits, revenue can be raised via Councilmanic action, or with a vote of the people.

According to the Municipal Research and Services Center of Washington ([MRSC -- Washington TBDS](#)) there are approximately 110 Cities and 5 Counties as of September 2021 that have created TBDs in the State; 6 cities (including Kirkland) have created the TBD but have not adopted a funding mechanism. 54 utilize a car tab for revenue (ranging from \$10 to \$40), 44 cities utilize a component of sales tax, and 6 cities use a combination of sales tax and car tab. From this information, less than 10 agencies report to have used the voted funding method; all others appear to utilize the Councilmanic approach.

Staff have developed CIP and budget options with the assumption that Kirkland plans to proceed with an initial \$20 car tab using Councilmanic authority. However, staff can analyze other options if Council's interest in pursuing either sales tax or a car tab via a public vote.

Staff also recognize that this is a time of historically high inflation and high gas prices and are cognizant of the additional financial burden a car tab adds. It may be helpful to note that any TBD decision would not immediately go into effect. For TBD funding, there is an eight-month timeline between when Council passes an ordinance establishing a \$20 license fee and when proceeds are received by the City. This is shown in the chart below.

Transportation Benefit District Funding Timing Chart



June 30, 2022

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Given this lag, staff only need Council direction on whether to build the assumption of the TBD revenues into the budget, but not an actual vote on the car tab itself at this time. If the Council elects to proceed with the TBD, as long as financial planning staff know that the car tab revenue will eventually be coming, the City can use REET, or issue debt, prior to the State Treasurer distributing funds. Project work could begin as soon as the ordinance was passed, and it would be six months before anyone received a car tab renewal with the \$20 City fee. These financial alternatives provide flexibility for when the car tab is authorized and starts being assessed.

For example, if the Council acted in July 2022, the first car tabs with the TBD fee would be sent out in early 2023. However, given the historic level of current gas prices and the ongoing uncertainty of inflation and rising cost of living, Council could also wait on adopting an ordinance until the end of 2022. The authorization could be included along with the 2023-24 Budget at the Council's December 13 meeting. This would allow more time for inflation and gas prices to stabilize, as an ordinance adopted in December would mean collection begins in summer 2023.

Under this scenario staff would build the TBD revenue and expenditures into both the operating and capital budgets, but the final decision on whether to move forward could be delayed until December.

The City Manager's Office has also developed an outreach plan (TREK) around the TBD and the \$20 car tab. This TREK would be initiated over the summer and early fall at Council direction.

The staff recommendation is to authorize Finance and Public Works to build the TBD revenues and expenditures into the upcoming 2023-2028 CIP Study Session and the 2023-2024 Budget and authorize the CMO to initiate the outreach TREK on the TBD funding and investments. This allows the City Manager's Office to complete their planned outreach related to the TBD funding alongside the scheduled public input on the budget process.

NEXT STEPS

Following Council feedback on both the spending plan and timing of the TBD funding, staff will include the TBD revenues and expenditures in both the upcoming CIP and operating budget discussions. In addition, staff would return with results of the community outreach, and an ordinance providing Council the option to adopt the \$20 car tab, with the timing based on Council feedback to this proposal.

Attachments:

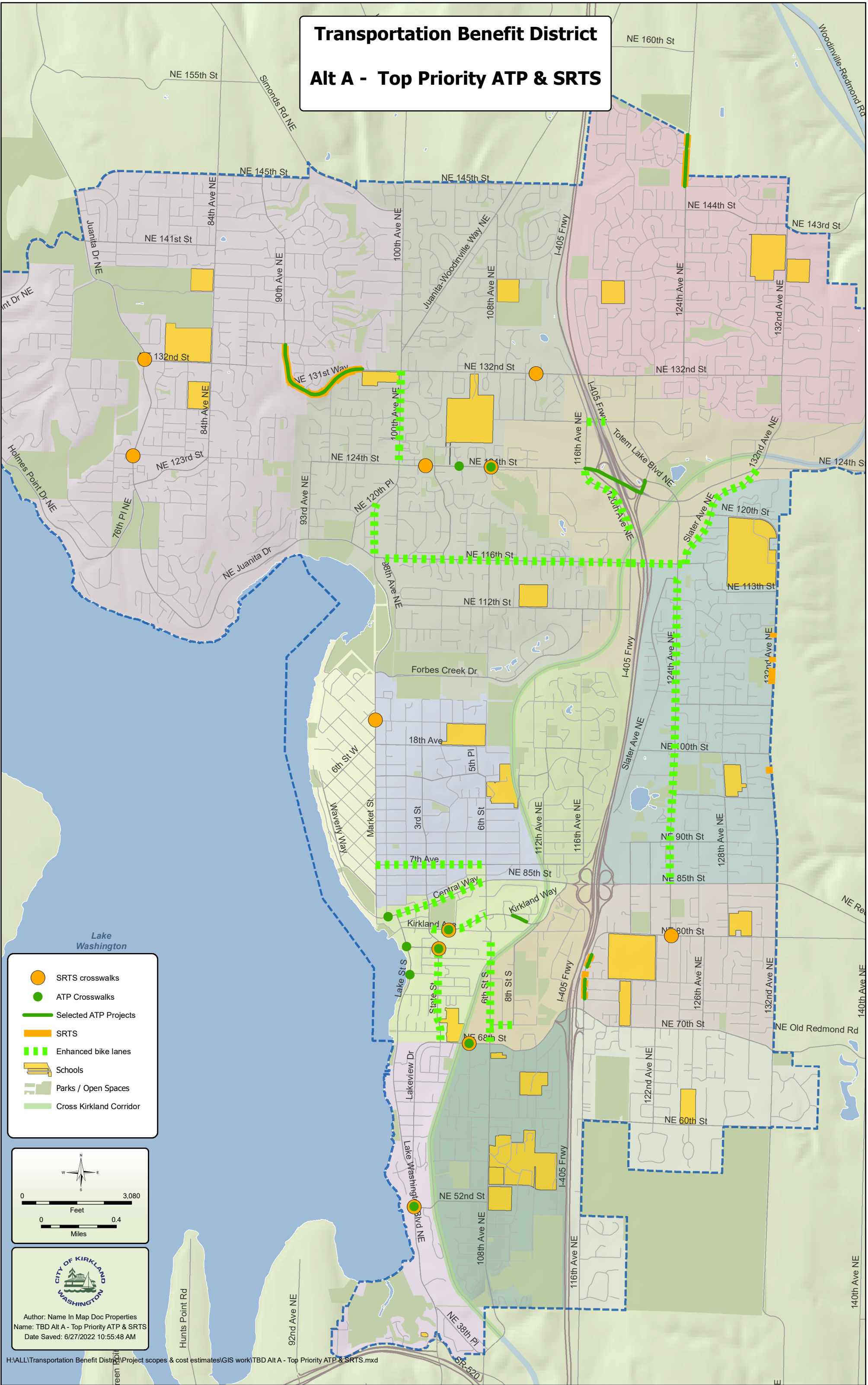
- Attachment 1 Alternate A -- Top Priority project list
- Attachment 2 Alternate A -- Top Priority map of project locations
- Attachment 3 Alternate C -- SRTS project list
- Attachment 4 Alternate C -- SRTS map of project locations

Alternate A – Top Tier

Project ID	Description	Total Cost	
Safer Routes to School TOP 40 (sidewalks)			
SRH 08	116th Ave NE	\$ 783,000	
FH 22	90th Ave NE / 131st Way NE	\$ 4,583,000	
EH 04	124th Ave NE	\$ 501,000	
SRH 10	116th Ave NE	\$ 1,167,000	
FH 10	NE 131st Way	\$ 3,382,000	
NRH 02	132nd Ave NE (complete west side)	\$ 1,946,000	
			\$ 12,362,000
Safer Routes to School TOP 40 (Crosswalks)			
EV 04	W of 106th Ave NE / NE 68th St	\$ 73,000	
JN 17	E of 111th Pl NE / NE 132nd St	\$ 342,000	
MK 05	N of Market St / 19th Ave	\$ 342,000	
FH 11	S of Juanita Dr NE / NE 124th St	\$ 264,000	
MB 04	N or S of State St / 2nd Ave S	\$ 264,000	
SRH 13	E of 124th Ave NE / NE 80th St	\$ 264,000	
JN 16	W of NE 124th St / 108th Ct NE	\$ 393,000	
MB 09	W of Parkplace Ctr / Kirkland Ave (S of KPC)	\$ 264,000	
FH 29	N or S of Juanita Dr NE / NE 132nd St	\$ 393,000	
JN 02	W of 102nd Ln NE / NE 124th St	\$ 393,000	
			\$ 2,992,000
From ATP (crossings)			
42	Lake St - 2nd Ave S	\$ 352,000	
43	Lake St - 5th Ave S	\$ 352,000	
10	Lake Wash Blvd - North of NE 52nd St	\$ 352,000	
82	NE 131st Way - 94th Ave NE	\$ 352,000	
145	NE 124th St - 105th Pl NE	\$ 197,000	
58	Central Way - 1st St	\$ 197,000	
			\$ 1,802,000
From ATP (sidewalks)			
173	NE 124th St	\$ 2,727,000	
174	120th Ave NE	\$ 786,000	
14	Kirkland Way	\$ 777,000	
16	NE 131st Way		\$ 4,290,000
additional Catalyst projects (bike/ped)			
336,714	Lakeshore Plaza	\$ 497,000	
			\$ 497,000
Quick Wins (Green Conflict Zone Markings)			
713	120th Ave NE		
612	6th St		
612	6th St		
306	NE 128th St		
701	NE 116th St		
328	Slater Ave NE		
332	124th Ave NE		
332	124th Ave NE		
333	NE 116th St		
333	NE 116th St		
333	NE 116th St under I-405		
607	State St		
716	Kirkland Way-Ave		
308	NE 132nd St	\$ 1,790,000	
335	Central	\$ 32,000	
335	Central Way	\$ 66,000	
330	100th Ave NE	\$ 124,000	
330	100th Ave NE	\$ 75,000	
330	98th Ave NE	\$ 37,000	
			\$ 2,124,000
Neighborhood Greenways			
748	7th Ave	\$ 422,000	
604	9th Ave S	\$ 567,000	
			\$ 989,000
Sidewalk repair			
	14th Ave	\$ 23,000	
	5th St	\$ 45,000	
	122nd Ave	\$ 121,000	
	Main St	\$ 29,000	
	Market St	\$ 90,000	
	NE 144th Way	\$ 114,000	
	Lake Street	\$ 110,363	
			\$ 532,363
W/R maint	Wheelchair Ramp improvement Program	\$ 300,000	
			\$ 300,000
		\$ 25,888,363	
Safer Routes to School		\$ 3,300,000	
Annual Sidewalk Maint		\$ 600,000	
Street Levy - Peds		\$ 900,000	
Other secured		\$ 125,000	
TBD		\$ 20,963,363	

Transportation Benefit District

Alt A - Top Priority ATP & SRTS



- SRTS crosswalks
- ATP Crosswalks
- Selected ATP Projects
- SRTS
- Enhanced bike lanes
- Schools
- Parks / Open Spaces
- Cross Kirkland Corridor

0 3,080
Feet

0 0.4
Miles

Author: Name In Map Doc Properties
Name: TBD Alt A - Top Priority ATP & SRTS
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Alternate C – SRTS

Project ID	Description	Total Cost	
Safer Routes to School TOP 40 (sidewalks)			
SRH 08	116th Ave NE	\$ 783,000	
FH 22	90th Ave NE / 131st Way NE	\$ 9,165,000	
EH 04	124th Ave NE	\$ 501,000	
SRH 10	116th Ave NE	\$ 1,167,000	
FH 10	NE 131st Way	\$ 3,382,000	
JN 03	98th Ave NE	\$ 890,000	
BT 02	116th Ave NE	\$ 842,000	
NRH 02	132nd Ave NE (complete west side)	\$ 1,906,000	
FH 09	90th Ave NE	\$ 1,294,000	
			\$ 19,930,000
Safer Routes to School TOP 40 (Crosswalks)			
EV 04	W of 106th Ave NE / NE 68th St	\$ 73,000	
JN 17	E of 11th Pl NE / NE 132nd St	\$ 342,000	
MK 05	N of Market St / 19th Ave	\$ 342,000	
FH 11	S of Juanita Dr NE / NE 124th St	\$ 264,000	
MB 04	N or S of State St / 2nd Ave S	\$ 264,000	
SRH 13	E of 124th Ave NE / NE 80th St	\$ 264,000	
JN 16	W of NE 124th St / 108th Cr NE	\$ 393,000	
MB 09	W of Parkplace Ctr / Kirkland Ave (S of Kirkland Performing Arts Center)	\$ 264,000	
FH 29	N or S of Juanita Dr NE / NE 132nd St	\$ 393,000	
JN 19	On 101st Pl NE / NE 116th St	\$ 264,000	
MK 04	S of Market St / 20th Ave (Relocate by Transformer Box)	\$ 264,000	
MK 02	N of Market St / 12th Ave	\$ 264,000	
SRH 04	E or W of 125th Ave NE / NE 70th Pl	\$ 31,000	
NK 08	S of Market St / 6th Ave	\$ 264,000	
NK 09	S of Market St / 9th Ave	\$ 264,000	
LV 01	N of Lake Washington Blvd NE / NE 52nd St (E of Yarrow Bay Marina)	\$ 285,000	
NK 10	N of Market St / 11th Ave	\$ 285,000	
EH 09	S of 124th Ave NE / NE 143rd St	\$ 285,000	
FH 25	S of 84th Ave NE / NE 141st St	\$ 147,000	
JN 02	W of 102nd Ln NE / NE 124th St	\$ 393,000	
FH 27	W of 82nd Ave NE / NE 132nd St	\$ 73,000	
			\$ 5,418,000
		\$ 25,348,000	
Safer Routes to School		\$ 3,300,000	
Annual Sidewalk Maint		\$ -	
Street Levy - Peds		\$ 900,000	
Other secured		\$ 125,000	
TBD		\$ 21,023,000	

