

KALAMA CITY COUNCIL AGENDA WORKSHOP

TRANSPORTATION BENEFIT DISTRICT - BOND FUNDING FOR STREET IMPROVEMENTS & I-976 INFORMATION

DATE: September 17, 2019

TIME: 6:00 PM

This is a workshop meeting of the City Council to discuss just the one topic on the agenda, to gather information, and look at options. No Action will be taken at this meeting. The public may be allowed to speak and provide input at the Mayor's discretion.

1. Transportation Benefit District
 - A. Purpose
 - B. Improvements made
2. Initiative 976 – The \$30 Tab Fee
3. Options for Future Street Improvements
 - A. Bond Funding – Repay with Tab Fee
 - B. .02% Sales Tax
 - C. ????
4. Question & Answers
 - A. Council
 - B. Audience
5. Adjournment

**CITY OF KALAMA
CITY COUNCIL WORKSHOP
SEPTEMBER 17, 2019**

TRANSPORTATION BENEFIT DISTRICT – I-976 – CITY STREET IMPROVEMENTS

Mayor Mike Reuter opened the City Council Workshop at 6:00 p.m.

Councilmembers present were Jon Stanfill, Sandra Macias, Mike Dennis Langham, and Mary Putka. Councilmember Rosemary Brinson Siipola was absent. City staff present were City Administrator Adam Smee, Clerk/Treasurer Coni McMaster, and Police Chief Ralph Herrera. Members of the public present are listed on the sign-in sheet.

Clerk/Treasurer Coni McMaster and City Administrator Adam Smee presented information on the formation, purpose and funding of the Transportation Benefit District (TBD), street improvements having been completed and those still in need of maintenance and improvements, and the initiative I-976. The TBD was formed in 2012, funded by a \$20 tab fee in 2013, with an increase to \$40 in 2018. This is currently bringing in about \$100,000 annually. Its purpose is solely for the preservation, maintenance, operation and/or improvement of city streets. After 2-plus years, in 2016 the City used the funds to begin a yearly cycle of street improvements on the neighborhood streets. In the last four years the City has improved 148,320 square feet of pavement in neighborhood areas throughout the City.

Initiative 976 is on the ballot in November and will change the laws taking away the City's ability to assess the vehicle tab fee to fund the TBD if passed. The effects will be to reduce transportation funding across the state. While Kalama will lose the tab fee as direct revenues, it will also lose some of the state funding it receives as the state will be adjusting its funding to meet its needs to address the other funding sources affected by I-976. A \$30 tab fee will be hard to resist to most of the public. The projected impact to local entities is a \$2.3 billion loss of revenue over six years. This is based on historical data from 2018 and not projections into the future and doesn't include any lose connect to state funding loses. Additional impacts will be in delays for street maintenance, escalation in costs so less can be done with available funds, and an increase costs for borrowing money.

There are still numerous streets in need of repairs which were on the list to use the TBD funds into the future. In an effort to continue making street improvements, the City could put in place a Councilmanic bond that would be repaid using the TBD funds as they would be used to secure the debt. The initiative allows that if the funding source secures the debt of the City, it will remain until such time as the debt is paid in full. The bond target would be \$1,000,000 over a 10 or 15-year life span at a 2 to 3 percent interest rate with annual payments ranging from \$77,000 to \$116,000. City Administrator Smee and Director of Public Works Kelly Rasmussen calculated the tonnage of the 330,000 plus square feet of street surface needing work and using current costs per ton calculated an estimate of cost of over \$730,000 to make the improvements. It would be projected to make these improvements over 2020 and into 2021. The remainder of the million-dollar funding could be used in future years for additional overlay, chip sealing, or as matching funds for larger projects. Streets in some of the newer subdivision are approaching 15 years of age and will start to be in need of maintenance as well.

There are alternatives for the City to consider if it decides to not put the bond in place. If I-976 were to fail, they can continue on as they have with yearly maintenance/improvement projects. If I-976 passes, the City will lose \$100,000 in transportation revenues. To replace that revenue, the City can put a .02% sales tax on the November 2020 ballot for approval, which could provide revenues equal to the \$100,000. The City would lose one to two years of projects while going through this process. Should the sales tax measure not pass, then the City would return to little or no street maintenance to lower classified streets as it did five years ago. City Administrator Smee explained that the federal and state transportation departments are the ones that classify the streets as major and minor collectors or arterials and the City has little to say about it.

Councilmember Sandra Macias noted the list showing all the streets that need to be done. If the City doesn't do now, that list will grow, and costs will escalate. City Administrator Smee noted that asphalt is a depreciating asset with a life span. The state has a pavement condition score and many of Kalama's streets are in the low end. Councilmember Macias stated she is scared to think if we do nothing for a couple of years what that list of streets will become. The City has been working to make street improvement and doesn't have another revenue stream to cover the costs of this maintenance. Administrator Smee noted that streets is funded by general fund tax revenues competing against the needs of public safety, police, finance, the library and other services the City provides. So what do we give up to do streets? Councilmember Jon Stanfill asked if the TBD funds could be used for sidewalks. Administrator Smee stated yes but staff has been reluctant to do sidewalks when the streets are so bad. The citizens need to understand the repercussions of not doing something. There is the fear of raising taxes but this bond would not do that. When people hear "bond" they associate it with a property tax increase like the school bond. Councilmember Stanfill asked exactly what will it cost the taxpayers. Since the tab fee is already in place it won't add to taxes and fees. The initiative would take it away, but the bond would preserve the source if the fee is used to secure the debt, so citizens will see it on the tabs just like now. Councilmember Stanfill asked if the City could renew the bond. Administrator Smee stated not under the initiative as the tab fee would end once the bond is paid in full. It was noted that state and local Transit agencies will be hurt the worse by the initiative so there will probably be a challenge in the courts and the legislature will have to make a work around. Councilmember Macias commented that the marketing of the initiative will move it forward as who wouldn't want to pay less. Many cities will suffer more than Kalama. She noted she doesn't want any more taxes either, but the City needs to find a way to deal with the street issues. Administrator Smee noted that Castle Rock was able to pass the .02 sales tax and has a bond in place. Longview has a tab fee and a bond in place. Staff thinks that Kelso has a tab fee but has tried and failed to get the sales tax passed. It is believed that Woodland hasn't funded their TBD at this time. Councilmember Mike Langham asked if the City is going to develop a plan for how to maintain the street so the streets don't deteriorate and if we fix it we don't let it get bad again. Administrator Smee responded that it would depend on revenues available and the revenues would have to be taxes. It is up to the City, but without a secure funding source it is difficult to make a plan and stick to it. State Department of Transportation has had to change their plans this year due to costs escalating over the projected revenues. Plans can be made, but we may not be able to do the work. It was explained that each June the City prepares and files a 6-year transportation improvement plan with the State which needs to be in place as part of the grant funding process. The City's capital improvement plan adopted with the budget includes a street plan. The TBD was a funding source used as part of those plans.

Kalama resident, Wendy Conradi stated she did not think it would be an appropriate time to take out a Councilmanic bond. The Council should let the voters decide. They shouldn't do it just because the staff found a loophole in what is on the ballot. The Council should vote it down as part of the checks and balance. It isn't something they should do for streets that aren't really emergencies and if we don't have the money. Her recommendation is to let the people who live in town have a say.

Kalama resident Tanaja Gravina state she has looked at the initiative and the reality is it is not well written and the City need new roads. She suggested a compromise that the City take out the bond, but put a cap on it so that even if the initiative doesn't pass the tab fee will go away once the debt is paid. The City can look at the sales tax for the future. Everyone knows they need to fix streets, but let's do it in a way that make everyone happy by meeting in the middle. She doesn't like councilmanic actions but need to address the needs now and then work on a long-term plan to address the future.

Kalama resident Ed Putka stated that he gets upset when he hears that phrase "leave it to the voters" as the initiative process is flawed. Initiatives are written without any requirement for addressing the fiscal consequences of what it will do. That is not part of the process. He supports the process the Council is following as they are doing what they are elected to do. They need to consider the costs and effects of what the actions are, looking at the consequences of what happens. Ms. Conradi responded that the Council has been elected by voters and this doesn't coincide with what the voters want.

Horizon Drive resident Allen Wise stated that communication is important. The public wants to become informed about the decisions that are being made and it is important they know what is going on. This has been a problem and the City needs to remedy that. He is surprised the City doesn't have a plan in front of them. The voters chose the Council to represent them, so don't hide things. Show us what you doing and take the time to plan. Councilmember Macias noted there is the 6-year plan adopted each year. Mr. Wise suggested it should be sent it out in the water bill. Clerk/Treasurer McMaster noted that the 6-year Street plan and the budget with the capital improvement plan include public hearings and public notices encouraging the public to come testify. The City does send out newsletters periodically.

Kalama resident Jim Bain stated he has seen 25 street plans over the 25 years he has been in Kalama so there is a plan. While it sounds good to let the voters decide, the City will get a no as no one wants to raise fees or taxes. The general public won't take the time to find out all the facts. The Council needs to protect the city and provide the basic services which includes fixing the streets.

Kalama resident Steve Kallio stated that we are building a school which was passed by the voters and it raised taxes. This is not just the tab fee but they would be circumventing the will of the voters and that is not a good. If the City shows the need to the public the voters will back you up.


Kalama resident Matt Merz asked what is the worse-case scenario. Administrator Smee replied it would be back to where the City was, where streets remain in poor conditions. He explained that he believes it is the job of staff is to bring the information regarding a potential threat to the well-being of the City along with a potential solution to the policymakers for a

decision. The effects of this issue depend on whether it is one year or five years or more, whether I-976 passes or doesn't pass, whether the .02 sales tax is put out and passes. If street work is deferred for over 10 years, the City could have some major issues. Mr. Merz asked if these are projects that have been started or not started. These are maintenance projects and not new construction. Another option would involve property taxes and a levy lid lift. The city is allowed to assess up to \$2.10 per 1000 for property under the state statutes. Due to the 1% limitation that was voted in years back, the City is current only assessing \$1.46. The City could request the voters to approve an increase to the property taxes for the additional .64 cents which would give the city more funds for general fund services including street maintenance. This is much more difficult.

Mr. Putka stated that he is hearing from those present that government is the enemy which is not the case. He noted that some present will be in that place soon so they need to consider that. Citizens like all the things that taxes provide even though we dislike taxes. Councilmember Mike Langham noted that based on the number of people here representing the public there are only 12 that seem to care out of the 2000 plus. It appears the citizens don't want to be bothered with information. Mr. Mike Freichs stated that people don't come because they are not heard. The Council didn't listen to people on the police station. Councilmember Macias addressed that comment that the Council did listen, they heard, and found another funding source. It was not about location but about funding.

ADJOURNMENT

Mayor Reuter adjourned the meeting at 7:25 p.m. These minutes are not verbatim. A copy of the recording for this meeting is available for review upon request.



Mike Reuter - Mayor



Coni McMaster - Clerk/Treasurer

MEETING SIGN-IN SHEET

MEETING: KALAMA CITY COUNCIL WORKSHOP

MEETING DATE: September 17, 2019

Please sign in for the record. Signing in does not mean you must speak but TO ADDRESS THE COUNCIL YOU MUST SIGN IN FOR THE RECORD. WHEN RECOGNIZED PLEASE STATE YOUR NAME AND ADDRESS. Your comment could be subject to a time limit at the discretion of the Mayor. Please STAND - SPEAK CLEARLY and step forward. Thank you.

PLEASE CHECK AGENDA ITEM(S) YOU WISH TO SPEAK TO

Name	ADDRESS	EMAIL OR PHONE NO.	Public Hearing	Other	PUBLIC COMMENTS ONLY ON TBD & I-976
L. ALCAREZ	109 STEPPING STON ST				
S. Foster	619 Steve Park				
John Flynn	Taylor Rd	673-3046			
ED PUTKA	454 N 2nd				
JIM BAIN	308 N 2ND				