

PAVEMENT PRESERVATION FUNDING OVERVIEW

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CITY COUNCIL STUDY SESSION
FEBRUARY 14, 2022

Public Works Department

Engineering Services • Airport Services • Maintenance & Operations Services

AUBURN
VALUES

S E R V I C E
E N V I R O N M E N T
E C O N O M Y
C H A R A C T E R
S U S T A I N A B I L I T Y
W E L L N E S S
C E L E B R A T I O N

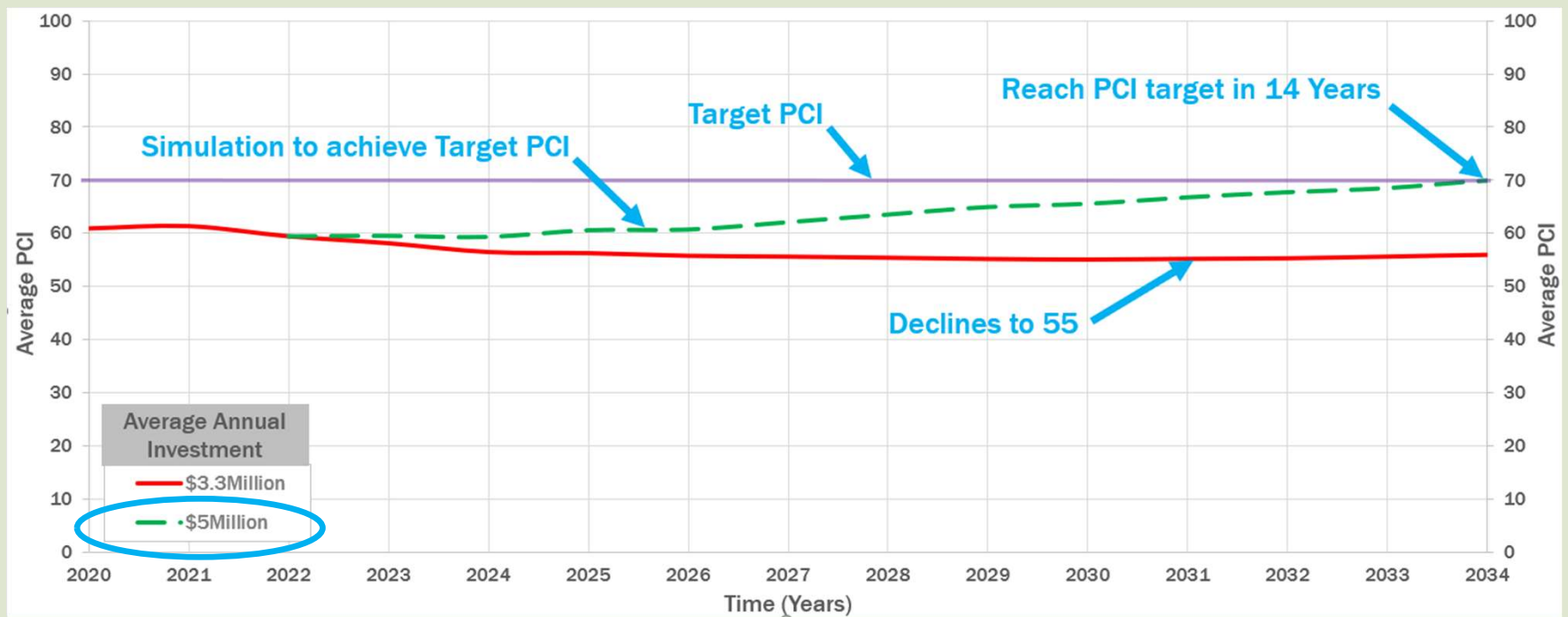
ARTERIAL AND COLLECTOR STREETS (105 FUND)

Existing Funding

- **Utility Tax and Fees**
 - **1% (Current Funding Mechanism for Arterials/Collectors)**
 - **Franchise Fees (6% Franchise Fee on Cable, 1% towards 105 fund, 5% towards Police)**
 - **Approx. \$1.8M per year**
- **Grants**
 - **Transportation Improvement Board (TIB) – State Gas Tax Funding**
 - **Puget Sound Regional Council (PSRC) – Federal Funding**
 - **Averages \$1.5M per year**
 - **2023 Secured Grants = \$1.1M**
 - **2024 Secured Grants = \$1.6M**
 - **Future Granting Funding is Questionable**

ARTERIAL AND COLLECTOR STREETS (105 FUND)

Total Funding Needed to Sustain Target = 70 PCI



SERVICE • ENVIRONMENT • ECONOMY • CHARACTER • SUSTAINABILITY • WELLNESS • CELEBRATION

ARTERIALS AND COLLECTORS (105 FUND)

Additional Future Funding Need

- @ \$5M per year, PCI reaches target in 2034
- Annual Total Need = \$5M

Year	Total Funds Needed to Meet Target PCI	Secured Grant Funds	Current City Funding	Additional Funding Needed
2023	\$5M	\$1.1M	\$1.8M	\$2.4M
2024	\$5M	\$1.6M	\$1.8M	\$1.9M
2025	\$5M	None*	\$1.8M	Up to \$3.5M

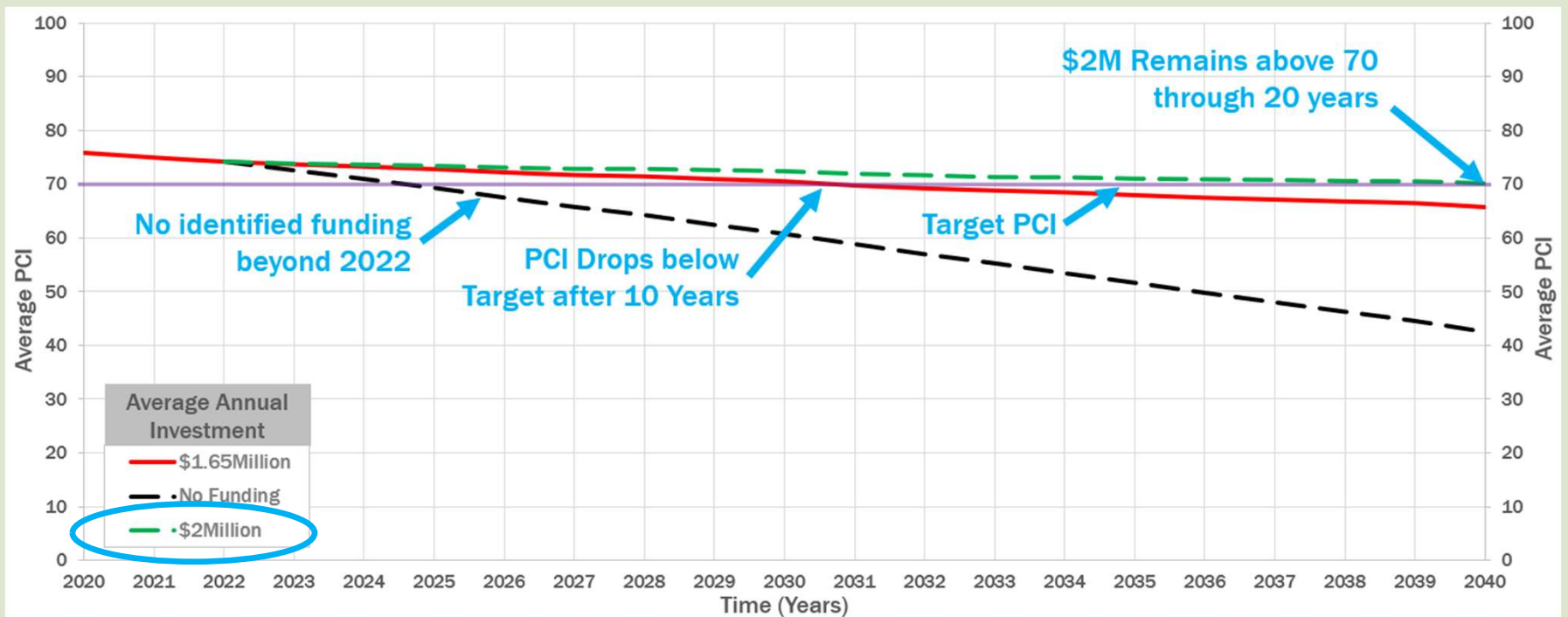
LOCAL STREETS (103 FUND)

Existing Funding

- City Utility Transfers
 - Currently Funding Local Streets @ \$150k per Year
 - These funds are for the purpose of repairing impacts from trenching work by City Utilities
- REET
 - Currently Funding Local Streets @ \$1.5M Per Year
 - Not sustainable
 - Other Capital Needs

LOCAL STREETS (103 FUND)

Total Funding Needed to Sustain Target = 70 PCI



LOCAL STREETS (103 FUND)

Additional Future Funding Need

- @ \$2M per year, PCI slowly declines and stabilizes at 70
- Annual Need = \$2.0M

Year	Total Funds Needed to Meet Target PCI	Current City Funding	Additional Funding Needed
2023	\$2.0	\$0.15	\$1.85M
2024	\$2.0	\$0.15	\$1.85M
2025	\$2.0	\$0.15	\$1.85M

FUNDING OPTIONS

CITY UTILITY TAX RATE ADJUSTMENT

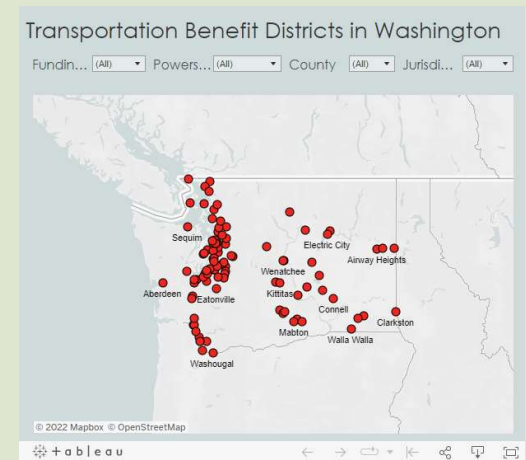
- **Current Tax Rate = 10% (1% goes towards 105 Arterial Streets)**
- **No maximum tax rate.**
- **Rate may be adjusted by City Council**
- **May be used for arterial/collectors and/or local streets**

Utility	Approx. Annual Revenue @ 1%
Water	\$165k
Sewer	\$275K
Storm	\$115k
Solid Waste	\$150k
Total (per 1% Increase)	\$705k

FUNDING OPTIONS - TBD

- **Transportation Benefit District (TBD) – Arterial and Collectors Only**
 - Car Tabs, \$20/license = \$900k per year (Council Approval)
 - Car Tabs, \$40/license = \$1,800,000 per year (Council Approval, Requires 2-year of \$20 fee prior)
 - Car Tabs, \$50/license = \$2,250,000 per year (Council Approval, Requires 1-year of \$40 fee prior)
 - Car Tabs, \$50/license = \$2,250,000 per year (Voter Approval)
 - One Year Excess Levee = TBD (Voter Approval)
 - 0.2% Sales Tax = \$4,200,000 (Voter Approval)
 - GO Bonds (Approval Depends on Amount)

What have other TBD's implemented? Car Tabs and Sales Tax



EXAMPLE FUNDING APPROACHES (2023)

Example 1: \$20 Car Tabs & 4.3% City Utility Tax Increase

Arterial Streets (\$5M Total Need):

Existing 1% Utility Tax	\$1.8M
2023 Secured Grants	\$1.1M
\$20 Car Tab	\$0.9M
+1.7% City Utility Tax	\$1.2M
	\$5.0M

Local Streets (\$2M Total Need):

Utility Transfers	\$0.2M
+2.6% City Utility Tax	\$1.8M
	\$2.0M

Example 2: 5.6% City Utility Tax Increase

Arterial Streets (\$5M Total Need):

Existing 1% Utility Tax	\$1.8M
2023 Secured Grants	\$1.1M
+3.0% City Utility Tax	\$2.1M
	\$5.0M

Local Streets (\$2M Total Need):

Utility Transfers	\$0.2M
+2.6% City Utility Tax	\$1.8M
	\$2.0M

NEXT STEPS

- **Recommend Establishing Council Ad Hoc Committee to Review Funding Options**
- **Ad Hoc Committee Presents Recommendations to Council**
- **2023 – 2024 Budget Development/Adoption**
- **Implement Funding Mechanisms**