

# PAVEMENT PRESERVATION FUNDING AD HOC COMMITTEE REPORT

CITY COUNCIL  
APRIL 25, 2022

Public Works Department

Engineering Services • Airport Services • Maintenance & Operations Services

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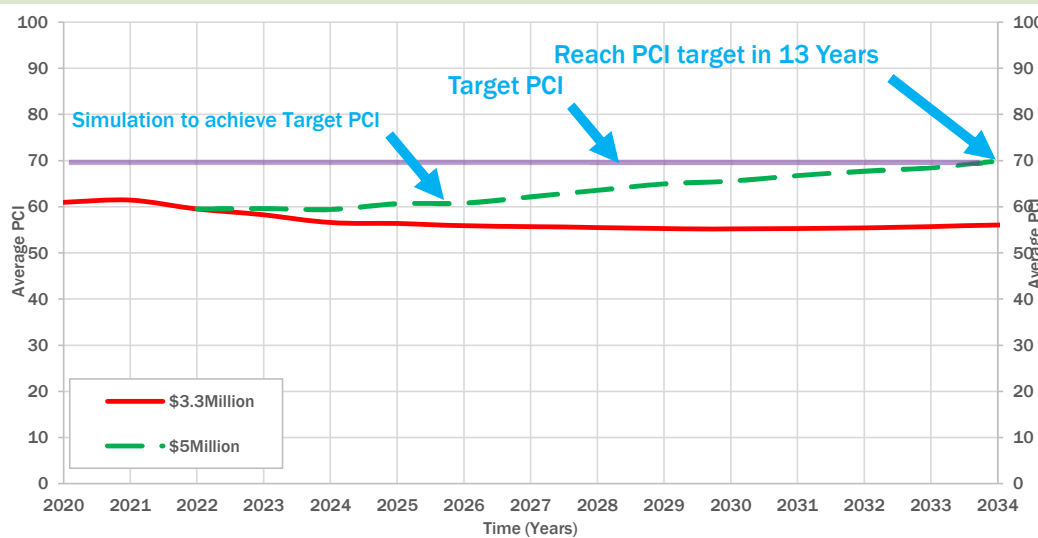
AUBURN  
VALUES

S E R V I C E  
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# ARTERIAL AND COLLECTOR STREETS (105 FUND)

- Funded at ~\$3.3M per year
- Forecasted Pavement Condition shows decline below target of 70 at this level of funding
- Forecast Predicts a need of \$5M per Year to achieve and sustain the Target of 70 PCI



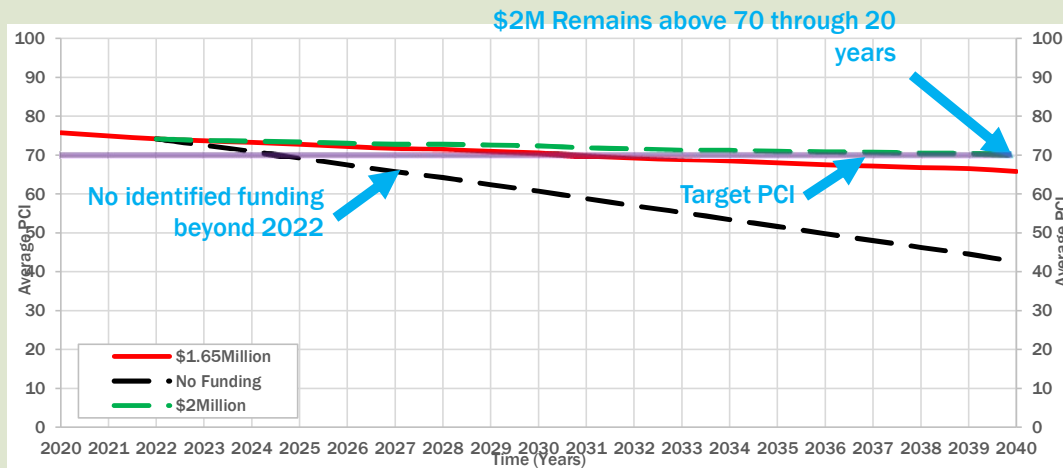
## ■ Grants

- Secured for 2023 & 2024
- Requests made for 2025 & 2026
- Competitive and not a guarantee

Year	Total Funds Needed to Meet Target PCI	Secured Grant Funds	Current City Funding	Additional Funding Needed
2023	\$5M	\$1.1M	\$1.8M	\$2.1M
2024	\$5M	\$1.6M	\$1.8M	\$1.6M
2025	\$5M	None Yet	\$1.8M	Up to \$3.2M

# LOCAL STREETS (103 FUND)

- Funded at ~\$0.15M per year after 2022
- Forecasted Pavement Condition shows decline below target of 70 at this level of funding
- Forecast Predicts a need of \$2M per Year to achieve and sustain the Target of 70 PCI
- Not Eligible for Grants



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

# AD HOC COMMITTEE PURPOSE

- To develop a plan to achieve a sustainable total of \$7M in annual funding for pavement preservation
- Present a summary of the discussion and proposed strategy at the April 25th Council Study Session.
- Upon Council concurrence staff will incorporate into the budget planning for 2023-2024 and the Capital Facilities Plan

# FUNDING OPTIONS CONSIDERED

- **City Utility Tax Increases (each 1% = \$705k per year) – Water, Sewer, Storm, Solid Waste**
- **Car Tabs (Transportation Benefit District)**
  - 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 2-year of \$40 fee prior)
  - Car Tabs, \$50/license = \$2,250,000 per year (Voter Approval)
- **Sales Tax Increase (Transportation Benefit District)**
  - 0.2% Sales Tax = \$4,200,000 (Voter Approval)
  - 0.1% Sales Tax = \$2,100,000 (Council Approval) – added by Legislature in 2022
- **Property Tax Increase (Transportation Benefit District)**
  - One Year Excess Levee = TBD (Voter Approval)
  - GO Bonds (Approval Depends on Amount)
- **Supplemental use of Real Estate Excise Tax (REET) Revenues**

## Note:

- Not all options can be used to fund local streets.
- 58 Transportation Benefit Districts in the Puget Sound Area, only 4 have not enacted car tabs, sales tax or both.

# ASSUMPTIONS

- Councilmanic Options
- Grant funding received for 2025 and 2026
- Grant funding is not received in 2027
- Shift the Existing 1% Utility Tax being collected from the 105 Fund to the 103 Fund
- Use Existing Fund Balances where possible to fill the gap in funding
- Supplement when needed with REET Funding beyond 2026

# PROPOSED FUNDING STRATEGY

FUNDING SOURCE	PROGRAM	2023 (Millions)	2024 (Millions)	2025 (Millions)	2026 (Millions)	2027 (Millions)	TOTALS (Millions)	NOTES
Secured Grants	Arterial	1.10	1.60				2.70	
Requested but Unsecured Grants	Arterial			0.80	0.75		1.55	The City has applied for 2 grants, Award notice will be in late 2022
<b>NEW - 0.1% Sales Tax</b>	<b>Arterial</b>	<b>1.60*</b>	<b>2.10</b>	<b>2.10</b>	<b>2.10</b>	<b>2.10</b>	<b>10.00</b>	<b>TBD Funding can only be used on Arterial/Collector Roads</b>
<b>NEW - City Utility Tax @ 1.5%</b>	<b>Arterial</b>	<b>1.10</b>	<b>1.10</b>	<b>1.10</b>	<b>1.10</b>	<b>1.10</b>	<b>5.50</b>	<b>Current City Utility Tax is 10%, this increases it to 11.5%</b>
<b>NEW - Car Tabs @ \$20</b>	<b>Arterial</b>			<b>0.90</b>	<b>0.90</b>	<b>0.90**</b>	<b>2.70</b>	<b>Begin in 2025, Need Council Action By June 2024. TBD Funding can only be used on Arterial/Collector Roads</b>
Existing Fund Balance (103/105)	Arterial/ Local	0.05	0.25	0.15	0.20	0.05	0.70	
Existing Utility Fund Transfer	Local	0.15	0.15	0.15	0.15	0.15	0.75	
Existing 1% Utility Tax	Local	1.80	1.80	1.80	1.80	1.80	9.00	This is on all utilities, Public and Private
<b>TOTAL</b>		<b>5.80*</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>6.10**</b>	<b>32.90</b>	<b>Goal = 35 Million</b>

\* 1<sup>st</sup> years collection of sales tax would begin in March 2023, so revenues are estimate at about 75% of the following years, first year of projects smaller due to time needed to complete design work.

\*\*Council may consider increasing Car Tabs to \$40/year to address the potential lack of grant funding in 2027 to bring the Funding Total to \$7M.

# POTENTIAL COSTS

Below is the estimated annual cost per vehicle, individual, or household for each proposed funding strategy

Funding Option	Potential Annual Impact	
Car Tabs @ \$20.00	\$20.00	Per Vehicle
1.5% City Utility Tax Increase	\$21.00	Per Average Single Family Residence
0.1% Sales Tax Increase	\$8.00 - \$12.00 (~1 Cent/\$100 Spent on Taxable Items)	Per Average Household making \$80k/year



# CITY UTILITY TAX COMPARISON

City	Water Rate	Sewer Rate	Storm Rate	Solid Waste Rate
Auburn (Current)	10.00%	10.00%	10.00%	10.00%
Auburn (NEW)	11.50%	11.50%	11.50%	11.50%
Bellingham	18.25%	11.50%	11.50%	11.50%
Federal Way	7.75%	7.75%	7.75%	17.75%
Kent	13.00%	9.50%	19.50%	18.40%
Marysville	8.50%	8.50%	8.50%	15.00%
Renton	6.80%	6.80%	6.80%	6.80%
Shoreline	6.00%	6.00%	6.00%	6.00%
Tukwila	10.00%	10.00%	10.00%	16.00%

# NEXT STEPS

- **If Council Concurs with the proposal**
  - Implement **0.1% Sales Tax** by **Jan 1, 2023**
  - Implement **1.5% City Utility Tax Increase** by **Jan. 1, 2023**
  - Implement **\$20 Car Tabs** by **Jan. 1, 2025**
- **Next Steps**
  - Incorporate the Revenue Projections into the Proposed Budget and Capital Facilities Plan
  - Council will need to take Formal Action (Resolution/Ordinance) as follows:
    - Modify the Current **1% Utility Tax** to Move from **105 to 103 Funds** by **November 2022**
    - Enact the **0.1% Sales Tax** under the Transportation Benefit District between **July 2022 and Nov 2022**
    - Enact an Ordinance to increase the City Utility Tax from **10% to 11.5%** by **November 2022**
    - Enact the **\$20 Car Tabs** under the Transportation Benefit District by **June 30, 2024**
- **Concurrence?**