

**LEAVENWORTH
TRANSPORTATION BENEFIT
DISTRICT
2015-2016**

FINAL

TBD BOARD

BUDGET TRANSMITTAL & PLANNING DOCUMENT



TABLE OF CONTENTS

SECTION 1:	Budget Message	4
SECTION 2:	Policies, Ordinances & Resolutions	9
SECTION 3:	Board Roles and Protocol	11
SECTION 4:	Revenues & Expenditures	12



LEAVENWORTH TRANSPORTATION BENEFIT DISTRICT
BOARD

BOARD CHAIR CHERI KELLEY FARIVAR

TIBOR LAK

MICHAEL MOLOHON

ELMER LARSEN

ROBERT FRANCIS

LARRY MEYER

CAROLYN WILSON

JOHN BANGSUND

SECTION 1



Budget Message



SECTION 1: BOARD CHAIR AND ADMINISTRATOR'S BUDGET MESSAGE

Honorable Transportation Benefit District Board and Citizens of Leavenworth
City of Leavenworth, Washington

Submitted herein is the 2015-2016 Leavenworth Transportation Benefit District (TBD) Biennial operating Budget. This budget is submitted consistent with RCW 35.33.051. The enclosed financial data has been reviewed by both the Leavenworth Transportation Benefit District Board and city staff toward final adoption of the 2015-2016 biennial budget by Resolution to be held at the November 25, 2014 Leavenworth Transportation Benefit District Board meeting. In addition to representing the legal authority to expend public funds, this document describes the 2015-2016 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 2015-2016 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 2015-2016 Budget will occur this year starting in October 2014 with adoption by December 31, 2014 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, 1 being pavement in need of replacement many years ago. The City of Leavenworth average PCR rating is 53.5. Generally a street rating less than 50 indicates a roadway in need of replacement. An average 53.5 rating means we have roads needing maintenance for preservation and roads that should be replaced. For comparison, the

other small cities within Chelan County have ratings of: Cashmere 59.8, Entiat 78.4, and Chelan 86.5. The ratings are completed as a service by the Transportation Improvement Board for small cities.

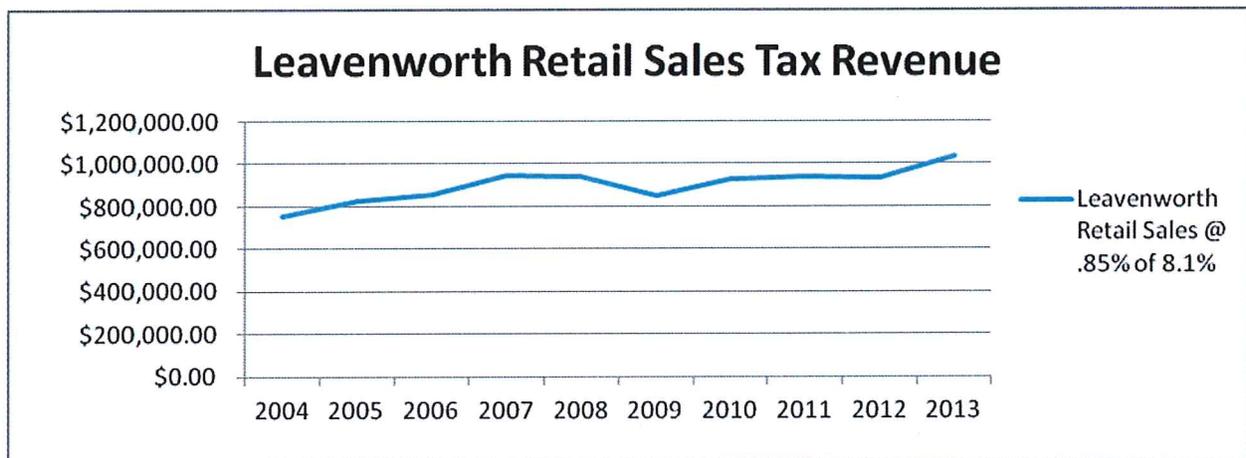
With the recent passage of the increase in the retail sales taxes, the City now has a revenue source that can be used to improve the maintenance of existing roads and other transportation improvement projects. Funds can also be maximized as leverage for grant applications to do larger road projects that 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.

Sales Tax

The City's General Fund and Street Fund rely heavily on the revenues generated by the retail sales tax. In 2014 the City's General Fund and Street Fund is estimated to receive \$980,825, \$637,404 for the General Fund and \$343,421 for the Street Fund. Sales tax revenues have fluctuated over the past several years, with the following providing a history of the City's sales tax receipts for the years 2004 through 2013:

2004	\$755,666	2005	\$827,710	2006	\$859,207	2007	\$945,376
2008	\$937,151	2009	\$849,726	2010	\$925,773	2011	\$938,513
2012	\$936,242	2013	\$1,038,148				

2009 revenues represented a 10.3% reduction from 2008, 2010 represented an 8.2% increase over 2009, 2011 represented an increase of 1.36% over 2010, 2012 represented a reduction of 0.24% over 2011 and 2013 represented an increase of 9.82% over 2012.



The Transportation Benefit District's increase to the sales tax was originally estimated at \$200,000 in new revenue annually. Due to the mid-year start of these revenues, 2011 generated \$140,024, 2012 came in at \$220,416 and 2013 came in at \$243,570. Due to a lack of history no additional graph is included at this time for these additional retail sales tax revenues.

INITIATIVES AND EXPENDITURES

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

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.

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.

The 2014 budget provided match funding for construction related to grant funds for improvements to the Safe Routes to School Project, funding for Pine Street Planning, Commercial Street from 3rd to 8th design work, , and Chumstick Trail engineering and right-of-way acquisitions. A majority of the \$230,000 being funded in 2014 is supporting the grant matching dollars for the Safe Routes to School Project and asphalt replacement on West Street. At the time of this budget development, the 2014 budget also includes debt service payments for loans acquired for engineering street projects and a Public Works Trust Fund Loan for the completion of the Front/Division Street Project closed out in 2013. The total funding from the TBD equates to 16% of the total capital projects in the City's Street fund with 40% coming from the Street Fund directly and the remaining 45% from state and federal grant dollars. .

Based on fund availability the City will look at additional residential restoration projects in 2015-2016. The City is using other grant and loan funds at this time on engineering contracts for future construction projects that will utilize TBD funds. The current City engineering contracts include the following:

- Pine Street, Ski Hill Drive to Chumstick/Fir Street
- Commercial Street, 9th Street to Division; 3rd Street to 8th Street Waterfront
- Various Downtown Sidewalks
- Division Street, Commercial to Barn Beach Reserve
- Front Street Master Planning

The 2015-2016 Budget will include additional funding for the construction phase of Commercial Street from 3rd to 8th and potentially the Chumstick Trail which is identified below as part of the Wenatchee Trail

Phase 1. The two initiatives listed below are other examples of the Board/City managing the assets strategically to stretch the limited dollars available for transportation improvements:

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 only at this time
- 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 year the City has applied for and been awarded the following grant dollars which leverages those dollars and moves these projects towards completion:

- In February 2011, the City was awarded \$146,400 in federal grant funds through the Wenatchee Valley Transportation Council for pavement repair project on Ski Hill Drive. This cut and overlay construction was completed in 2014 and utilized a 20% match of TBD Funds. In November of 2012, the City was awarded an Asphalt Improvement Grant from the Transportation Improvement Board (TIB) this allowed for a complete asphalt overlay of Ski Hill Drive from Hwy. 2 through Pine Street. The City provided an additional \$15,000 as a match to the grant from the TBD dollars.
- In February 2011, the City was awarded \$64,000 in federal grant funds through the Wenatchee Valley Transportation Council for the pavement repair and maintenance project on Commercial Street. This sealcoat project was completed in 2014 and utilized a 20% match of TBD Funds.
- The City was awarded \$338,000 in federal grant funds through the Safe Routes to School program in 2009. As noted above, this project includes portions of Ski Hill Drive, sidewalk improvements on West Street and Benton Street intersection improvements.
- The City has been awarded a grant of \$620,600 from the Wenatchee Valley Transportation Council that is administered through the Washington State Department of Transportation for Street Transportation Program Funding for the reconstruction of Commercial Street from 3rd to 8th Street. This grant requires a 13.5% match of City Funds which will utilize TBD dollars. Additionally, the City has been awarded grant funding of \$681,625 through the Transportation Improvement Board. This project is planned to move forward in 2015 and is estimated to utilize approximately \$150,000 in TBD funds.

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

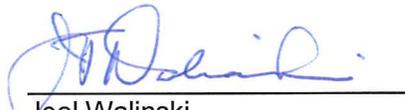
We would like to express our sincere appreciation to the District Board and city staff for their effort, dedication and diligence in developing a budget that reflects the expectations of the District and citizens of Leavenworth. We would also want to express our gratitude to the citizens of Leavenworth for approving the TBD tax levy and providing the City with a tool to accomplish these improvements to the City 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 & Resolutions



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 ordinance for the 2015-2016 Operating Budget.

BUDGET CREATION AND PLANNING

This operating budget represents the City of Leavenworth Transportation Benefit District's comprehensive financial and operational plan for 2015-2016. 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
2015-2016 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. The following are key budget steps and the suggested timing:

<u>Steps in Budget Preparation</u>	<u>Timing</u>
1. Estimates are presented to the Chief Administrative Officer for modifications, revisions or additions. Clerk submits to CAO.	On or before the first business day in the third month prior to beginning of the fiscal year – October 1.
2. Chief Administrative Officer provides the legislative body with current information of revenues in current year and clerk's proposed preliminary budget.	Should be no later than the first Monday in October, distribution to the Board will occur on Monday, October 6, 2014, and will be reviewed for the public at the first regular scheduled meeting on October 14.
3. Chief administrative officer prepares preliminary budget with budget message.	At least 60 days before the ensuing fiscal year which is November 1; this will occur at the October 14, 2014 meeting.
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.	Published typically during the first two weeks in November. This year will be on October 22 for the preliminary budget and on November 5 and 12 for the final budget.
5. The legislative body must schedule a hearing on the preliminary budget.	Prior to the final hearing, typically in November. This year will be held on November 12, 2014.
6. Copies of the preliminary budget are made available to citizens upon request.	No later than six weeks before January 1, this year it will be available by November 7 for the hearing on November 12.
7. Final hearing on proposed budget.	On or before the first Monday of December. This year will fall on November 25, 2014.
8. Adoption of biennial budget. Send copies of final budget to the State Auditor's Office.	Following the public hearing and prior to the beginning of the ensuing fiscal year. Adopt by resolution and advertise by December 25.
9. Biennial Budget Review	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 2015.

SECTION 3



Board Roles and Protocol



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 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 & Expenditures



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 one expenditure line that will transfer funds to the City of Leavenworth's Street Fund. 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

Description	2013 Actual	2014 Budget	2014 Actual thru 6/30/2014	2015 Budget Estimate	2016 Budget Estimate
Beginning Fund Balance	\$ 41,409	\$ 72,750	\$114,979	\$ 85,979	\$ 15,789
<u>Taxes</u>					
Retail Sales Tax	\$243,526	\$230,000	\$113,119	\$279,760	\$290,950
Sales Tax Interest	\$ 44	\$ 50	\$ 21	\$ 50	\$ 50
Total Revenues:	\$284,979	\$302,800	\$228,119	\$365,789	\$306,789

General Fund Expenditures

Description	2013 Actual	2014 Budget	2014 Actual thru 6/30/2014	2015 Budget Estimate	2016 Budget Estimate
Transfer to City of Leavenworth.	\$170,000	\$298,000	\$100,000	\$350,000	\$135,000
Total Expenditures:	\$170,000	\$298,000	\$100,000	\$350,000	\$135,000
General Fund Balance:	\$114,979	\$ 4,800	\$128,119	\$ 15,789	\$171,789