



# *City of Mountlake Terrace*

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## **Guide to Revenue Sources, Alternatives and Options**

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April 2007



## EXECUTIVE SUMMARY

April 12, 2007

### Honorable Mayor and City Council

Dear Mayor and Councilmembers:

Guide to Revenue Sources Alternatives and Options provides information on the major revenue sources (and many of the minor ones) available to cities for general government purposes. Broken down into two major categories (General Government Revenue Financing Sources and General Government Debt Financing Sources), this manual also offers definitions, relevant statutory references, examples and various noteworthy alternatives and options for municipal revenue generation.

This guide was created to communicate to the City Council about the most up-to-date tools, trends and opportunities cities in Washington State can utilize to invest in their community. Though the City's financial position and the regional economy are sound, our financial forecast shows that we need to broaden and diversify our revenue base to maintain our fiscal security into the future so that we can continue to provide those municipal services the community has come to expect and demand.

## ANALYSIS

### *General Government Revenue Financing Sources*

In general, municipal revenue sources are classified into two categories --- General Government Revenue Financing Sources and General Government Debt Financing Sources. General Government Revenue Financing Sources (sometimes called 'pay-as-you-go') accounts for the financial operations of the City. General Government Revenue Financing Sources include current taxes (i.e. property, sales, utility, etc.) and revenues, taxes and revenues raised in prior years and held as capital reserves, current and prior years' charges to property such as special assessments and impact fees, and grant revenues from the federal, state, or other governments (e.g. junior and/or special purpose taxing districts). These Revenue Financing Sources pay for capital projects and acquisitions from sources other than debt.

The major advantages and disadvantages of General Government Revenue Financing Sources are:

#### ADVANTAGES

- + Avoids bond and debt markets and avoids interest and other debt issuance and expenses.
- + Expedites inexpensive or recurring capital projects.
- + Preserves flexibility in future operating budgets.
- + Paid up infrastructure will be in place, leaving a legacy for the next generation.

#### DISADVANTAGES

- Revenue is not tied to the depreciation schedule of the capital project. (e.g. allocating funding for 10 years for a capital project with a life of only 5 years OR allocating funding for 7 years for a capital project that has a life of 20 years)
- Results in opportunity costs when resources that could be used in other ways are used to finance capital projects.
- Calls on current taxpayers to pay the full cost of major capital projects

*General Government Debt Financing Sources*

General Government Debt Financing Sources (sometimes called ‘pay-as-you-use’) usually involves borrowing or obtaining the use of money belonging to others to finance capital spending, while using the financed asset, making periodic debt service or lease payments over many years to pay back the lender(s) or Lessor(s). General Government Debt Financing Sources typically include various types of bonds, leases and loans.

The major advantages and disadvantages of General Government Debt Financing Sources are:

ADVANTAGES

- + *Equity* – Those who use the facility after it is built will bear some of the costs.
- + *Reserves Maintained* – Less temptation to utilize dedicated reserves (i.e. strategic reserve, replacement reserve, General Fund Reserve) debt is funded with dedicated revenue (i.e. REET, Property Tax Levy, etc.).
- + *Effect of Inflation* – If there is any inflation, debt will be paid off with cheaper dollars.

DISADVANTAGES

- Debt must be repaid.
- Interest is a fixed cost. High interest costs during difficult financial periods can increase the risk of insolvency.
- Ongoing revenue is required for both principal and interest payments and must be budgeted for.

Overall, the information contained in this Guide to Revenue Sources Alternatives and Options is a very broad and comprehensive overview of the available revenue resources, alternatives and options that can be employed by City of Mountlake Terrace. It is a good place to begin exploring the possible opportunities for our fiscal future. Evaluating and considering a combination of potential revenue generating tools gives us the preeminent ability to tailor a diversified revenue base that compliments the City’s vision and is the best investment for our community.

Respectfully submitted,



John J. Caulfield  
City Manager  
City of Mountlake Terrace

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## GENERAL GOVERNMENT REVENUE FINANCING SOURCES

**DEFINITION: (SOMETIMES CALLED ‘PAY-AS-YOU-GO’\*\*)** accounts for the financial operations of the City, which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise taxes, sales tax, utility tax, state shared revenues, licenses, permits and charges for services.

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> <li>+ Avoids interest and other debt issuance and expenses.</li> <li>+ Expedites inexpensive or recurring capital projects.</li> <li>+ Preserves flexibility in future operating budgets.</li> <li>+ Avoids bond and debt markets.</li> <li>+ Improves financial position.</li> <li>+ Provides for fiscal responsibility; making it less likely to issue debt.</li> <li>+ Paid up infrastructure will be in place, leaving a legacy for the next generation.</li> <li>+ A cost is not incurred in order to issue bonds or administer debt service; therefore there are low administrative costs.</li> </ul>	<ul style="list-style-type: none"> <li>- Revenue is not tied to the depreciation schedule of the capital project (e.g. allocating funding for 10 years for a capital project with a life of only 5 years OR allocating funding for 7 years for a capital project that has a life of 20 years).</li> <li>- Results in opportunity costs when resources that could be used in other ways are used to finance capital projects.</li> <li>- Calls on current taxpayers to pay the full cost of major capital projects.</li> <li>- Substitutes for sound planning.</li> </ul>

**SOURCES:**

Two of the most common *General Government Revenue Financing Sources* are:

- Annual taxes and revenues that remain after annual operating expenses are met.
- Cash balances or capital reserves accumulated from savings in prior years.

*Other Sources:*

- Charges to property or development that benefit from local infrastructure and facilities
- Federal and State grants
- Other external sources of financing participation (e.g. federal, state)

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\* **Pay-As-Go** – Paying for capital projects and acquisitions from sources other than debt. Pay-as-go sources include current taxes (i.e. property, sales, utility, etc.) and revenues, taxes and revenues raised in prior years and held as capital reserves, current (i.e. property, sales, utility, etc.) and prior years' charges to property such as special assessments and impact fees, and grant revenues from the federal, state, or other governments.

## TAXES

**Admission Tax** - All cities may levy an admission tax in an amount no greater than five percent of the admission charge. This tax can be levied on admission charges (including season tickets) to places such as theaters, dance halls, circuses, clubs that have cover charges, observation towers, stadiums (except for high school sports) and any other activity where an admission charge is made to enter the facility. The admission tax must be collected, administered, and audited by the city. Some cities exempt certain events sponsored by non-profits from the tax. This is not a requirement, however (RCW 35.21.280 and 36.38.010).

**Commercial Parking Tax** - Tax is levied on the parking of vehicles in commercial parking facilities. The tax may be levied on either the parking business and measured by gross proceeds or the number of stalls available for commercial parking, or on the customers who park in the commercial facility and measured by a flat fee per vehicle, or the amount of the charge for parking. The rates are not specified in the statute (RCW 82.80.030). The proceeds from this tax must be used for local transportation purposes, including street and road improvements, public transportation, and high capacity transit facilities. It is important to note, however, that a tax on commercial parking may hinder the achievement of other economic development goals of increasing walkability and pedestrian traffic downtown.

**Emergency Medical Services Tax** - All cities are allowed to ask the voters for authority to levy an additional property tax of up to 50 cents per thousand dollars of assessed valuation (\$0.50/\$1,000 AV) to support emergency medical services. The levy presented to the voters can be imposed for six years, ten years, or permanently. An EMS levy is a "regular property tax levy." As such, it is governed by RCW 84.55.010. The City of Mountlake Terrace's EMS levy is currently (\$0.46/\$1,000 AV - 2007).

**Gambling Tax** - Cities that choose to allow gambling activities within their borders may tax the gambling revenues. Currently, the maximum tax rate for bingo and raffles is 5 percent of the gross revenue minus the amount paid for prizes. For amusement games, the tax can be two percent of gross revenues less the amount paid for prizes. The maximum rate for punch boards and pull-tabs and the base of the tax differ for nonprofit organizations and commercial stimulant operators. Cities may tax nonprofits at a rate of up to 10 percent on their net receipts (gross receipts less the amount awarded as prizes). They may tax commercial stimulant operators on their net receipts at a rate of up to 10 percent or on their gross receipts at a rate of up to five percent. Gross receipts from card games may be levied a 20 percent tax.

State laws state indicates that cities that levy gambling taxes "shall use the revenue from such tax primarily for the purpose of enforcement of the provisions of this chapter." Gambling tax revenues must "first be used" for gambling law enforcement (not necessarily encompassing only police activity directly related to gambling activities) purposes to the extent necessary for that city. The remaining funds may be used for any general government purpose. From a practical standpoint, and as an easy way to keep a trail for the auditor, funds should be spent first on direct gambling enforcement, then on other police functions and, if that does not exhaust the tax monies, then on non-police expenditures.

**General Business and Occupation (BO) Taxes and Business Licenses** - Business taxes and licenses come in three forms (RCW 35.21.71):

1. Excise (percentage) taxes levied on different classes of business to raise revenue. These are commonly called general business and occupation (BO) taxes.
2. Licenses for the purposes of regulation only.
3. Licenses to regulate and raise revenue.

### ***General Business and Occupation Taxes***

General Business and Occupation taxes are levied at a percentage rate on the gross receipts of the business, with some deductions. Typically these businesses are placed in different classes such as manufacturing, wholesaling, retailing, and services. However, other classes may be chosen as long as they are "reasonable." Within each class, the rate must be the same, but it may differ between

classes. Note also, that all retail sales must be taxed at the same rate even if the city has established more than one class for retail sales. According to a 1998 survey done by the Association of Washington Cities, 35 of Washington's 277 cities reported that they levy such a tax.

The state legislature has set the maximum tax rate that can be imposed by a city's legislative body at .2 percent (.002). However, all ordinances that impose this tax for the first time or raise rates must provide for a referendum procedure. Any city may levy a rate higher than .2 percent, if it is approved by a majority (50% + 1) of the voters.

In general, business and occupation taxes are unpopular with business people and are termed inequitable by some tax experts because they tax gross receipts rather than profits. The business and occupation tax is, along with the property tax, the sales tax, and utility taxes, one of the four major revenue options given to the cities by the legislature. The basic argument in favor of the tax is that businesses benefit from general government expenditures, especially police and fire services that are supported by the tax.

### ***Regulatory License Fees***

Regulatory license fees fall into two categories. First, there are business license fees whose primary purpose is to register all businesses to provide the city with a record of the owners, in the event a citizen or a city department has a problem with a business. Another basic purpose is to help ensure compliance with city ordinances (ex: zoning). Cities that levy a gross receipts business and occupation tax also need to register businesses to be able to check for their compliance in the payment of taxes. These fees are set at a flat rate per license in an amount designed to recover the costs of registering the firms and issuing the licenses, maintaining the files, and inspecting businesses to make certain that all have a license. The fees charged should be fair and bear a reasonable relation to costs. A reasonable charge might provide for recovery of the full costs of issuing the average license, including the direct salary and benefits of the staff, the indirect costs of management, and possibly even a share of computer acquisition costs, if a computer is used to keep the records. The license fee may also include the costs of investigating the background of the person requesting the license. Second, there are professional and occupational licenses. Some examples of businesses that require professional and occupational licenses are: pawnbrokers, used goods stores, taxis and taxi drivers, and massage parlors. The license fees for professional and occupational licenses will vary by the kind of activity involved.

### ***Revenue-Generating Regulatory Licenses***

Rather than charge a single flat fee to license all businesses, cities that license to generate revenue use a variety of criteria to separate businesses into different classes and then charge unique flat fees on each class. Some cities use the number of people a business employs, the type of business, or the square footage of the establishment as the basis for their license fees. While other cities combine two or three of the measures. The law allows for a good deal of creativity in designing these license fees. However, classes of businesses must be clearly defined, with each firm within each class being charged the same fee.

**Hotel-Motel Tax** – Since 1997, cities have had the authority to levy a "hotel-motel" or lodging tax of two percent. It was then that the legislature gave most cities the same levy rate and permitted uses. Most cities may impose a "basic" two percent tax under RCW 67.28.180 on all charges for furnishing lodging at hotels, motels, and similar establishments (including bed and breakfasts and RV parks) for a continuous period of less than one month. This tax is taken as a credit against the 6.5 percent state sales tax, so that the total tax that a patron pays in retail sales tax and the hotel/motel tax combined is equal to the retail sales tax in the jurisdiction. In addition, most cities may levy an additional tax of up to two percent, for a total rate of four percent, under RCW 67.28.181(1). This "special" tax is not credited against the state sales tax. Therefore, if a city levies this additional tax, the total tax on the lodging bill will increase by two percent. However, please keep in mind that there are some exceptions. Another thing to note is that counties also have the right to levy this tax but, in most cases, the county must allow a credit for any tax levied by a city.

These funds may be used solely for paying for tourism promotion and for the acquisition and/or operation of tourism-related facilities. "Tourism promotion" is defined as: activities and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding marketing of special events and festivals designed to attract tourists. "Activities and expenditures to increase tourism" could also include the salary and benefits of a city employee for the time spent promoting tourism, or the travel expenses of an employee who staffs a city booth at a convention. Note that hotel-motel tax funds may be spent only on marketing special events and festivals. These monies may not be spent on the costs of actually putting on the special events or festivals. There is nothing in the definition that limits the marketing to city events, as long as the events are designed to attract tourists. In addition, if a city with a population over 5,000 wishes to impose a new hotel-motel tax, raise the rate of an existing tax, repeal an exemption from the hotel-motel tax, or change the use of the tax proceeds, it must form a lodging tax advisory committee. This committee must be governed under specific, established guidelines and requirements (RCW 67.28, 67.40 and 36.100).

**Leasehold Excise Tax** - Most leases of publicly-owned real and personal property in the state are subject to a leasehold excise tax in lieu of a property tax. The legislature established a 12 percent tax to be levied either on the contract rent (when the lease is established by competitive bidding) or, in other instances, by the imputed economic rent as determined by the State Department of Revenue. In addition to this they added a seven percent surcharge making the total rate 12.84 percent. Cities and counties may collectively levy up to six percent of this 12.84 percent. The maximum county rate is six percent and the maximum city rate is four percent. The county must give a credit for any city tax. Therefore, if a city is levying its maximum four percent, the county may collect only two percent in the city. These taxes are collected by the city and remitted to the Department of Revenue. After deducting an administrative fee, the department distributes the taxes to local governments on a bimonthly basis.

**Property Taxes** - The primary source of revenue for local governments. The property tax is a tax on the assessed value of property. The base maximum regular property tax levy for the City of Mountlake Terrace is \$3.375 per thousand dollars assessed valuation (AV) and because we belong to a fire district and a library district our maximum rate is \$3.60 per thousand dollars AV. However we can never collect \$3.60 per thousand dollars AV because the levy of the special districts must be subtracted from that amount. The library district levy has a maximum rate of \$.50 per thousand dollars AV and the fire district levy can be as high as \$1.50. Therefore, if these districts are currently levying their maximum amount, then the local levy can be no higher than \$1.60 ( $\$3.60 - .50 - 1.50 = \$1.60$ ).

**2007 Tax Rates**

<b>DISTRICT</b>	<b>LEVY RATE</b>	<b>REMAINING CAPACITY</b>
City of Mountlake Terrace (Regular) (Voter-Approved) <b>TOTAL</b>	\$1.83/ \$1,000 AV \$0.09/ \$1,000 AV <b>\$1.92/\$1,000 AV</b>	Dependent Upon Rates of Special Districts (Minimum \$1.60)
Fire District #1	\$0.16/ \$1,000 AV	\$1.34 (Maximum \$1.50/ \$1,000 AV)
Sno-Isle Regional Library	\$0.35/ \$1,000 AV	\$0.15 (Maximum \$0.50/ \$1,000 AV)
		<b>\$3.60/ \$1,000 AV</b> <b>Base Maximum Regular</b> <b>Property Tax Levy</b>
<b>EDMONDS SCHOOL DISTRICT</b>	<b>\$3.51/ \$1,000 AV</b>	<b>N/A</b>
<b>STEVENS MEMORIAL HOSPITAL</b>	<b>\$1.82/ \$1,000 AV</b>	<b>N/A</b>

**Property Tax Levy Lid Lift-Voter Approved** – Under State law, voters can raise property taxes above the statutory 101% limit as long as they stay within the total levy rate limit of \$3.60 per thousand assessed value of property. State law allows two ways to execute a levy lid lift. The first option, known as the “original flavor” option, allows voters to approve a one-time increase for one year. For the second year and beyond, the amount of property tax grows a 1% per year using the now higher rate as the base. The second option allows a multi-year levy lid lift for up to six years. Unlike option one where voters can only increase the amount once and are then subject to the 1% growth limit thereafter, option two allows for multiple increase over several years up to six.

**Option 1: “Original flavor” lid lift.**

1. Purpose: It can be done for any purpose and the purpose may be included in the ballot title, but need not be.
2. Length of time of lid lift: It can be for any amount of time (with annual voter-approval) unless the proceeds will be used for debt service on bonds, in which case the maximum time period is nine years.

**Option 2: Multiple year lid lift.**

1. Purpose: It can be done for any purpose, but the purpose must be stated in the title of the ballot measure and the new funds raised may not supplant current spending for that purpose.
2. Length of time of lid lift: Six years maximum.

**Real Estate Excise Tax (REET)**- *“The real estate excise tax is levied on all sales of real estate, measured by the full selling price, including the amount of any liens, mortgages, and other debts given to secure the purchase. The state levies this tax at the rate of 1.28 percent. A locally-imposed tax is also authorized. However, the rate at which it can be levied and the uses to which it may be put differs by city size and whether the city is planning under the Growth Management Act (GMA). All cities may levy a quarter percent tax (described as “the first quarter percent of the real estate excise tax” or “REET 1”). Cities that are planning under GMA have the authority to levy a second quarter percent tax (REET 2). Note that this statute specifies that if the city is located in a county that is required to plan under GMA, the tax may be levied by a vote of the legislative body. If, however, the county chooses to plan under GMA, the tax must be approved by a majority [50% + 1] of the voters.” (RCW 82.46.035)*

**Retail Sales and Use Tax** – *“In 1970, the legislature granted cities and counties the right to tax retail sales at a rate of .5 percent. The same legislation allocated 15 percent of the tax collected within cities to their respective counties. In effect, this dropped the city rate to .425 percent. During the 1982 legislative session, another half penny of optional taxing authority was added making the potential local rate one percent. As before, however, the legislature allocated 15 percent of this additional sales tax collected in each city to the county. For the county to fully share in a city's optional tax, however, it has to impose the optional tax in the unincorporated areas at a rate equal to that in the city. If both a city and the county are levying the entire .5 percent optional tax, the effective city rate falls by 15 percent, leaving it with a net of .425 percent. This makes the maximum effective city rate equal to .425 percent plus .425 percent for a total of .850 percent, less a one percent administrative fee that the Department of Revenue charges. At the time of this writing, 36 of 39 counties are levying the full penny, as are 267 of 278 cities. Two cities are levying a portion of the extra half cent. This optional tax may be imposed by a majority vote of the city's legislative body, but it is subject to a referendum. This referendum process applies to such an action even if the initiative and referendum procedures are not otherwise available to your city.”*

Most retail sales of personal property are included in the taxable base. However, some things are exempt from taxing like food products consumed off the premises (most groceries are not taxed, but food and drink in a restaurant are) and prescription drugs. Machinery and equipment used by a manufacturer or a processor directly in a manufacturing operation are exempt from the sales tax. Likewise, the labor and services used to install the equipment and charges for maintaining and repairing the machinery and equipment and replacing equipment are also exempt. Equipment used in research and development, not

just in manufacturing operations, are also exempt. Other sales tax exemptions include the copying of public records and labor and services on street projects. Note that legislation in 1997 provided a rebate of the state portion of the sales tax for large warehouses and grain elevators, but the cities' share of the tax was not affected.

Finally, services to persons and businesses – things like haircuts, doctors' bills, consultants' fees, etc. – are not "personal property," and most are not subject to the sales tax. However, during the 1993 legislative session, the sales tax was extended to some services. They include: hotel and motel coin-operated laundries; landscape services; health club services; tanning services; tattoo parlor services; massage, steam or Turkish bath services; dating and escort services; ticket broker services; and tour guide services.

### ***Use Tax***

The use tax is a tax that is levied if purchases are made out-of-state by a Washington resident and the sales tax paid out-of-state is less than the rate being levied in the resident's city. State law requires that a use tax be calculated and paid to make up the difference. In practice, most people do not pay a use tax on out-of state purchases except vehicles, where a use tax must be paid before they can be licensed. Likewise, cities must pay a use tax on any purchase on which they have not paid a sales tax, whether it was made by mail order or on the Internet,. The Department of Revenue does audits to ensure compliance.

***Use Tax Brokered Natural Gas*** - *"In 1986, the federal government deregulated the natural gas industry. Deregulation allowed large customers to bypass the gas utilities and bargain directly with independent marketers. These sales were, therefore, no longer a taxable event for utility business and occupation tax purposes. Some cities lost considerable revenue and, as a result, the legislature passed a law, effective July 1, 1990, allowing cities to levy a use tax on the purchases of brokered natural gas by consumers. The tax rate is equal to the city's utility tax on natural gas, which must be six percent or less. Cities contract with the state to collect these taxes and they are distributed to local governments on a monthly basis."*

***Utility Business and Occupation (UBO) Taxes*** - Utility taxes may be levied on the gross operating revenues earned by private utilities from operations within the boundaries of a city and by a city's own municipal utilities. Utilities on which taxes may be levied include electric, water, sewer, stormwater, gas, telephone, cable TV, and steam (RCW 35.21.870). The tax rate limit for utilities such as electric, gas, steam, and telephone utility services to six percent and cellular telephone and pager services may be taxed at the same rate as other telephone services.

### ***Utility Business and Occupation Tax Levy-Lid Lift***

A city may ask the voters to approve a rate higher than six percent (a levy-lift) on electric, gas, steam and telephone utility services. The rate increase must be approved by a majority (50% + 1) of the voters of the city or town voting on such a proposition. There are no restrictions on the tax rates for water, sewer, and stormwater utilities. Cellular telephone and pager services may be taxed at the same rate as other telephone services. The rate on cable TV is governed by the Cable Communications Policy Act of 1984 and states that the rate may not be "unduly discriminatory against cable operators and subscribers." (Ex: If a city has set all its tax rates at six percent, the rate on cable TV should probably be no higher than that. However, if rates on utilities other than electric, gas, or telephone are higher than six percent, a justification can be made that the tax on cable TV can be higher than six percent also without being "unduly discriminatory," because all the rates over which the jurisdiction's legislative body has control are higher than six percent.)

## GRANTS AND EARMARKS

**Grants** - A cash award given for a specified purpose. Unlike bonds or debt, grants do not have to be repaid. Recipients of the grant often are required match a portion (from 10% - 20%) of the funds. Ex: If a municipality is awarded a grant of \$1 million dollars for a project, that municipality may be required to contribute \$100,000 to the project.

**Earmarks** - To set aside funds for a specific purpose, use, or recipient. Generally speaking, virtually every appropriation is earmarked, and so are certain revenue sources credited to trust funds. In common usage, however, the term is often applied as an epithet for funds set aside for such purposes as research projects, demonstration projects, parks, laboratories, academic grants, and contracts.

Examples of government grants and earmarks\*:

- **Community Economic Revitalization Board (CERB)**
- **Economic Development Technical Assistance Grant Program**
- **Empowerment Zones and Enterprise Communities (EZ/EC) Initiatives**
- **Federal Intersection and Corridor Safety Program**
- **Federal Transit Administration (FTA) Facilitated Funding**
  - FTA Livable Communities Initiative
  - Section 5309 New Starts Funding
  - Transit-Oriented Development (TOD) Revolving Fund
- **Homeownership Zones Initiative (HZI)**
- **Interagency Committee for Outdoor Recreation (IAC) Grants**
- **John Heinz Neighborhood Development Program**
- **Local Infrastructure Financing Tool (LIFT)**
- **Pedestrian and Bicycle Safety Grant**
- **Public Works Construction Program**
- **Puget Sound Regional Council (PSRC) Facilitated Funding**
  - Congestion Mitigation and Air Quality Improvement Program (CMAQ)
  - Federal Transit Administration (FTA) Grants
  - Surface Transportation Program (STP)
  - Transportation Enhancement Program (TEP)
  - Transportation Improvement Program (TIP)
- **Safe Routes to School Grant**
- **Transportation Efficiency Act – 21<sup>st</sup> Century (TEA-21)**
- **Transportation Improvement Board (TIB) Grants-**
  - Transportation Partnership Program (TPP)
  - Arterial Improvement Program (AIP)
  - Small City Program (SCP)
    - **TIB's Small City Programs**
      - *Small City Pavement and Sidewalk Program (SCPSP)*
      - *NewStreets*
      - *Federal Match*
      - *City Hardship Assistance Program (CHAP)*
  - Pedestrian Safety and Mobility Program (PSMP)
  - City Hardship Assistance Program (CHAP)
  - Route Jurisdiction Transfer (RJT)
- **Washington State Department of Transportation (WSDOT) Facilitated Funding**
  - Federal Aid Programs –
    - *Congestion Mitigation and Air Quality Improvement Program (CMAQ)*
    - *Emergency Relief Program*
    - *Intersection and Corridor Safety Program*

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\* See APPENDIX 1 for definitions and uses.

- *STP Regional Program*
    - *Transportation Enhancement Program (TEP) (see also Puget Sound Regional Council Facilitated Funding)*
  - State Programs –
    - *Pedestrian Bike Safety Program*
    - *Safe Routes to School Program*
  - Federal Discretionary Programs –
    - *Facilitating Integrated ITS (Intelligent Transportation System) Deployment Program*
    - *Transportation & Community & System Preservation Pilot Program*
- ***Washington Wildlife and Recreation Program***
- ***U.S. Department of Housing and Urban Development Facilitated Funding***
  - Community Development Block Grant (CDBG)
  - Home Investment Partnership Program (HOME)

Historically grants were an extremely important source of revenue for capital facilities. However attempts to reduce the federal deficit has resulted in a dramatic reduction in the availability of grants to fund capital projects. The criteria for the award of grants tend to accent a need derived from preexisting conditions. Projects needed to support new growth are more difficult to secure.

## INCENTIVES

*Incentives are considered a benefit or consideration, financial or otherwise, given to induce specific action and/or encourage people to act in a certain way. Though incentives do not always serve as a 'direct' revenue generating source for municipalities, their benefits often create and initiate opportunities that produce 'indirect' revenue sources.*

**Empowerment Zones and Enterprise Communities (EZ/EC) Initiatives (RCW 43.63A.710, RCW 43.63A.710 and RCW 43.63A.715)** - The EZ/EC initiative targets tax incentives, grants and loans to designated low-income areas for the purpose of fostering job creation and business expansion opportunities. To apply for EZ/EC status, local jurisdictions and states must identify local needs and develop strategies to meet those needs. Spokane is one city who has created a Empowerment Zone.

A number of financial incentives have been used to fund transit-oriented development projects throughout the country. Many of these tools innovatively pool public resources for the purpose of funding projects that benefit communities. Some of these financial instruments have been adopted by the State of Washington. The following are a list of some of these incentives:

**Location Efficient Mortgages Programs** - allow consumers to qualify for higher mortgages based on potential automotive cost savings realized through living in dense areas with transit service. Extending this program would allow a wider range of people to live in transit-supported neighborhoods, potentially increasing transit ridership. Seattle currently utilizes Location Efficient Mortgages.

**Tax Increment Financing (TIF) (RCW 39.89)** - "captures" the additional property taxes generated by private development projects to finance the up-front public development costs. These funds could provide the necessary amenities to help spur development in targeted locations. Spokane is one city who has utilized TIF.

**Tax Incentive Zones for Transit** - includes tax breaks for mixed-use developments in targeted locations, such as areas around transit stations and along transit corridors. Fostering development in these areas would provide access to transit to a greater number of people, thereby reducing the need for automotive use.

## SPECIAL PURPOSE DISTRICTS

*A special purpose district is a local unit of government, other than a city, town, or county, authorized by law to perform a single function or a limited number of functions, and include, but are not limited to, water-sewer districts, irrigation districts, fire districts, school districts, community college districts, hospital districts, transportation districts, and metropolitan municipal corporations organized under chapter 35.58 RCW. (RCW 39.80.020 (3)), RCW 39.80.020 (3)*

**Business Improvement Areas (BIA) (RCW 35.87)** - A benefit improvement district is a charge levied to properties (businesses, multi-family residential, or mixed use projects) within a designated district. Forming a district attempts to link the cost of public improvements to those landowners specifically benefiting from those improvements. BIAs are allowed for the following purposes: 1) acquisition, construction or maintenance of parking facilities; 2) decoration of any public place; 3) promotion of public events in public places; 4) furnishing of music in any public place; 5) providing professional management, planning or promotion of retail trade activities; and 5) providing maintenance and security for common public areas. Assessments may not exceed the benefits of the improvement to each parcel (RCW 35.87). Examples of Cities with BIAs:

- Kelso
- Poulsboro
- Richland

**Community Renewal Agency (CRA) (RCW 35.81.005)** – Under RCW 35.81.005 blighted areas are areas that constitute a serious and growing menace, injurious to the public health, safety, morals and welfare of the residents. It states that the existence of such areas contributes substantially and increasingly to the spread of disease and crime and depreciation of property values, constitutes an economic and social liability, substantially impairs or arrests the sound growth of municipalities, retards the provision of housing accommodations, hinders job creation and economic growth, aggravates traffic problems and substantially impairs or arrests the elimination of traffic hazards and the improvement of traffic facilities; and that the prevention and elimination of such areas is a matter of state policy and state concern in order that the state and its municipalities shall not continue to be endangered by areas which are focal centers of disease, promote juvenile delinquency, are conducive to fires, are difficult to police and to provide police protection for, and, while contributing little to the tax income of the state and its municipalities, consume an excessive proportion of its revenues because of the extra services required for police, fire, accident, hospitalization and other forms of public protection, services, and facilities.

If any of these criteria of blight are met and the area has been declared blighted by ordinance or resolution, then the area is deemed suitable for a community renewal project and a municipality has the power to create a Community Renewal Agency. This agency can be composed of the city staff itself, or the city can create separate agency (public corporation) either alone or in combination with other empowered districts. This agency is authorized to exercise several community renewal project powers, including:

- Create a local improvement districts (LID) under RCW 35.81.190 and 35.81.200  
and
- Issue bonds from time to time in its discretion to finance the undertaking of any community renewal project.

Local governments who have implemented a CRA are:

- Anacortes
- Bremerton
- Vancouver

**Local Infrastructure Financing Tool (LIFT) Program (RCW 39.102)** - Provides funding for local infrastructure using sales tax, property tax and selected other excise tax increases generated by an economic development project as part of a revenue development area designated by the sponsoring local government. Spokane is one city who has utilized the LIFT Program.

**Local Improvement District (LID) (RCW 35.43)** – A LID is a charge levied to properties of a designated district to finance capital facility projects. The formation of the district attempts to link the cost of public improvements to those landowners specifically benefiting from those improvements (see also Special Assessment Bonds Or Debt). Note that assessments may not exceed the benefits of the improvement to each parcel and the funding can be used to match grants from federal agencies. Examples of Cities with LIDs:

- Everett
- Kelso
- Leavenworth
- Poulsboro
- Richland
- Seattle
- Tacoma
- Yakima

***Utility Local Improvement District (ULID) (RCW 35.43.042)***

ULIDs are a form of LIDs that are substantially the same. The major difference is that revenues obtained from ULIDS are used to fund utility improvement. Another difference between ULIDs and LIDs is that, in addition to the assessments on the benefitting properties, utility revenues are also pledged to the repayment of the ULID debt. Statutes provide that a LID can be converted to a ULID after formation; the reverse is not possible (RCW35.43.043). (see also **Special Assessment Bonds or Debt**).

**Metropolitan Park District (MPD) (RCW 35.61)** – a Metropolitan Park District (MPD) has the statutory power, among others, to levy annually a general tax on all property in the District. The *District* is a municipal corporation with all the powers enumerated in Ch. 35.61 RCW including, but not limited to, the authority to manage, control, improve, maintain and acquire parks and recreational facilities; to contract indebtedness; to issue and sell revenue bonds; to exercise the power of eminent domain; and to levy general taxes upon real property within the District. A Metropolitan Park District is governed by a board of commissioners consisting of five members elected at large from among residents within the district OR the City Council may serve as the park district board. (See ATTACHMENT 1)

A MPD is a junior taxing district that has two regular property tax levies available - one of \$0.50/\$1,000 AV and one of \$0.25/\$1,000 AV. They are considered as one levy for the purposes of the levy limits (e.g. \$0.75/\$1,000 AV). However, they have different rankings in the prorationing statute.

The aggregate regular levy rates of senior taxing districts (counties and cities) and junior taxing districts (fire districts, metropolitan park districts, cemetery districts, library districts, park and recreation district, etc.) may not exceed \$5.90 per thousand dollars AV. If this limit is exceeded, the levy of at least one junior taxing district must be prorationed. Examples of cities involved in a MPD:

- Bainbridge Island
- Cutts Island
- East Wenatchee
- Fox Island
- Gig Harbor Peninsula
- Key Peninsula
- Pullman
- Raft Island
- Rock Island
- Tacoma
- Tanglewood Island
- Vancouver

**Parking and Business Improvement Areas (PBIA) (RCW 35.87A)** - Parking and Business Improvement Areas (PBIA) are essentially designed to aid general economic development and to facilitate merchant and business cooperation. A PBIA is a local self-help funding mechanism that allows businesses and property owners within a defined area to establish a special assessment district. Funds raised can be used for:

- construction, acquisition, or maintenance of parking facilities in the area;
- decoration of public areas;
- promotion of public events in public places in the area;
- furnishing of music in any public place in the area;
- provision of maintenance and security of common public areas; or management, planning, and promotion of the area, including the promotion of retail trade activities in the area.

These areas can be established through a petition of 60% of property owners (businesses, multifamily residential developments, and mixed-use developments) in a region, or through a council resolution. They are funded solely through assessments on property. Thanks to broad powers of categorization, however, these assessments differ from those of a typical LID, as they are allowed to vary widely according to the estimated impacts of new parking services and the type of business or private residence. Another unique quality is that cities are free to contract the operation of parking facilities to local business associations.

There are regulations that make the practical operation of these districts difficult. First and foremost is that the establishment of the district or a change in rates can be derailed if a simple majority (50% + 1) of the assessed value files a petition. Other regulations limit the expansion of territory to once a year, only if the boundaries of the desired territory are adjacent to the district and only if the assessed value is less than 10% of the total. Also, all improvements to parking facilities are subject to bidding above \$2,500 (supplies included). These, along with the complicated politics of managing so many interests, makes the operation of these districts very time consuming and difficult. Some examples of Cities that have PBIA's are:

- Everett
- Kelso
- Leavenworth
- Poulsboro
- Richland
- Seattle
- Tacoma
- Yakima

**Park and Recreation District (PRD) (RCW 36.69)** - Parks and Recreation Districts (PRDs) are municipal corporations that are purposed to provide leisure time activities and facilities and recreational facilities, of a nonprofit nature as a public service to the residents of the geographical areas included within their boundaries. In order for a PRD to be formed it requires a resolution from the city or town approving inclusion of the area and a petition signed by no less than fifteen percent (15%) of the registered voters residing within the area or an election. The District is governed by a board of five commissioners elected from designated districts for staggered, four year terms; election held in conjunction with general election in odd numbered years.

The PRD has the authority to levy regular property tax (maximum of \$0.60 per \$1,000 assessed valuation) for a six-year period authorized when 60 percent of the voters in an election vote "yes" with a voter turnout equal at least to 40 percent of those voting in the last general election. However a Park and Recreation District will have levy capacity diminished if aggregate of junior and senior taxing district exceeds the \$5.90 limit. Likewise, a PRD may finance their operations via charges, fees, rates, rentals and the like for the use of facilities (including recreational facilities) or for participation. Even still, a PRD may issue general obligation debt, LID bonds, and revenue bonds. (See ATTACHMENT 1)

Examples of cities/counties involved in a PRD:

- |                   |                     |                |
|-------------------|---------------------|----------------|
| 1. Almira         | 17. Kind County     | 33. Prescott   |
| 2. Anacortes      | 18. Kittitas County | 34. Prosser    |
| 3. Blaine         | 19. LaCross         | 35. Raymond    |
| 4. Bremerton      | 20. Lakewood        | 36. Republic   |
| 5. Brewster       | 21. Lincoln County  | 37. Richland   |
| 6. Chelan         | 22. Lind            | 38. Ritzville  |
| 7. Davenport      | 23. Lynden          | 39. Rosalia    |
| 8. Douglas County | 24. Moses Lake      | 40. Sequim     |
| 9. Endicott       | 25. Naches          | 41. South Bend |
| 10. Forks         | 26. North Bend      | 42. St. John   |
| 11. Friday Harbor | 27. Oak Harbor      | 43. Tehoa      |
| 12. Gig Harbor    | 28. Oaxdale         | 44. Vancouver  |
| 13. Goldendale    | 29. Okanogan County | 45. Washtucna  |
| 14. Garfield      | 30. Othello         | 46. Woodland   |
| 15. Grant County  | 31. Point Roberts   |                |
| 16. Kennewick     | 32. Port Orchard    |                |

**Park and Recreation Service Area (PRSA) (RCW 36.68.400-620)** – As a quasi-municipal corporation and independent taxing authority and taxing district possessing all the usual powers of a corporation for public purposes, Park and Recreation Service Areas (PRSAs) are typically formed to provide a higher level of service by financing, acquiring, constructing, improving, maintaining, or operating a park, senior citizen activities center, zoo, aquarium, and/or recreational facilities owned or leased, and administered by a city or town, or park and recreation service area.

Created through petition, resolution or election, a PRSA is governed by members of a county legislative authority, acting ex officio if within county. If a city or town is included, the Park & Recreation Service Area is governed by an interlocal cooperation agreement. If it is a multi-county area, it is governed by interlocal cooperation agreement.

The PRSA has the authority to levy regular property tax (maximum of \$0.60 per \$1,000 assessed valuation) for a six-year period authorized when 60 percent of the voters in an election vote "yes" with a voter turnout equal at least to 40 percent of those voting in the last general election. However a Park and Recreation Service Area will have levy capacity diminished if aggregate of junior and senior taxing district exceeds the \$5.90 limit. Likewise, a PRSA may finance their operations via fees or other direct charges on facilities and a PRSA may issue general obligation debt. (See ATTACHMENT 1) Examples of cities involved in a PRSA:

- Black Diamond
- Bothell
- Entiat
- Enumclaw
- Grandview
- Kenmore
- Lake Stevens
- Leavenworth
- Poulsboro
- Selah
- Woodinville

**Public Development Authority (PDA) (RCW 35.21.730 - 35.21.755)** – Public Development Authorities (PDAs), are public corporations created by a city or county to perform a particular public purpose or public function specified in the ordinance or resolution creating the PDA and its charter. Although PDAs may be created for a general purpose, PDAs are more often created for a specific project or undertaking reflected in the PDA's charter.

PDA's are created to (1) administer and execute federal grants or programs; (2) receive and administer private funds, goods or services for any lawful purpose; and (3) to perform any lawful public purpose or public function. RCW 35.21.730(5). PDA's tend to be more entrepreneurial than their sponsoring municipality, involving private sector participants as board members or partners. PDA's allow municipalities to participate in projects that they may be otherwise disinclined to partake in due to project risks and competing priorities of the municipality.

A PDA may undertake any "public purpose" specified in its charter. Examples of projects include:

- Assisting in the development of the Museum of Flight at Boeing Field in King County
- Developing City Hall on Mercer Island
- Developing the Convention Center in Bellevue
- Developing the Foss Waterway Development Authority in Tacoma
- Developing the Seattle Art Museum
- Developing the Village Square in the Chinatown International District in Seattle
- Managing the Pike Place Market in Seattle
- Restoring Officers' Row in Vancouver

Below are a list of know cities/counties involved in PDA's:

- Aberdeen
- Adams County
- Anacortes
- Bellevue
- Chelan County
- Clallum County
- Ellensburg
- Federal Way
- Grays Harbor County
- Harrington
- Kent
- King County
- Kitsap County
- Lewis County
- Lincoln County
- Mason
- Port Angeles
- Poulsboro
- Republic
- Seattle
- Skagit County
- Skamania
- Spokane
- Tacoma
- Tukwila
- Uniontown
- Vancouver
- Washtucna
- Whitman County

**Public Facility District (PFD) (RCW 36.100 and RCW 35.57)** - Public Facilities Districts (PFDs) are municipal corporations created by a city or county to perform specific statutory functions. Under the City PFD Statute, PFDs can also be created jointly by a number of contiguous cities or by a combination of such cities and counties. A city or county may form a PFD by ordinance or resolution. PFDs formed by more than one city (or a combination of cities and counties) are formed by interlocal agreement

Unlike PDAs, PFDs are limited by statute to certain purposes. PFDs created under the City PFD Statute may only develop and operate “regional centers”. Regional centers are defined to include “convention, conference, special events center, or any combination of facilities, and related parking facilities, serving a regional population constructed, improved, or rehabilitated after July 25, 1999, at a cost of at least \$10,000,000, including debt service.” RCW 35.57.020(1)

PFDs are created to fulfill these statutory purposes: that is, to develop and operate regional centers or, in the case of County PFDs, to develop and operate other sports, entertainment or convention facilities. Since 1999, a number of PFDs have been formed to access the nonvoted sales tax that has been available under RCW 82.14.390 for regional centers. Because convention and special event centers typically are difficult to finance only from project revenues (i.e. they ordinarily require some level of tax or other subsidy, at least initially), PFDs have been formed to help finance these projects.

RCW 82.14.390 allows PFDs to impose a 0.033 percent-nonvoted sales tax to be used to finance regional centers. The tax is not a new tax from the perspective of taxpayers, as it operates as a credit against the amount that would otherwise be remitted to the state. Some examples where PFDs were used as finance tools:

- Cowlitz County Regional Conference and Special Events Center
- Spokane Veterans Memorial Arena
- The Bellingham-Whatcom County Cultural Center the Everett Arena and related parking facility
- The Bremerton Conference Center
- The Edmonds Centre for the Performing Arts
- The Grays Harbor County/Ocean Shores Convention Center
- The Greater Tacoma Regional Convention Center
- The Kennewick Convention Center
- The King County major league baseball stadium
- The Lacey Sports Complex
- The Olympia conference center
- The Performing Arts and Conference Center in conjunction with and on the campus of Skagit Valley Community College
- The Richland campus of special events facilities including a historical museum, an interpretive center for the Federal Hanford Reach National Monument and a Tribal Cultural Center
- The South Snohomish County Conference Center
- The Special Events Center at the Kitsap County fairgrounds
- The Vancouver Hotel and Convention Center
- The Yakima Convention Center

**Tax Increment Financing (TIF) District [Community Revitalization Financing] (RCW 39.89)** – Tax increment financing (TIF) is a financing tool that can encourage development and redevelopment projects by “capturing” the additional property taxes generated by private development projects. This additional revenue can be used to finance the up-front public development costs and help spur development in targeted locations. The funding comes from net increases in real property tax revenues within a community redevelopment area established according to state statute (RCW 39.89) Spokane is one city who has utilized TIF. (see also INCENTIVES and **Tax Increment Or Economic Development Bond**).

**Transportation Benefit District (TBD) (RCW 36.73 and RCW 35.21.225)** – Cities are authorized to establish transportation benefit district to fund the capital improvement of city streets within the district. Transportation Benefit Districts are quasi-municipal corporations with independent taxing authority. They are given authority to levy a property tax, issue general obligation bonds, establish LIDs, and impose impact fees to fund transportation improvements.

A county or a city (jurisdictions within King, Pierce, and Snohomish counties may not participate prior to December 2007) may establish a transportation benefit district within the city/county area for the purpose

of acquiring, constructing, improving, providing, and funding transportation improvement within the district. Improvements must be: 1) consistent with local and regional transportation plans; 2) required for economic development; 3) partially funded by local governments or private sources; and 4) necessitated by existing or reasonably foreseeable congestion levels. Port and transit districts may participate in the establishment of a district, but may not initiate one. The transportation improvements shall be owned by the city/county. Transportation improvements are administered and maintained as other public streets, roads, highways, and transportation improvements.

New revenue options include:

- (1) property taxes
- (2) 2/10 of one percent sales tax
- (3) an annual vehicle license fee per vehicle registered in the district, not to exceed \$100
- (4) general obligation bonds;
- (5) transportation impact fees; and
- (6) border area motor vehicle fuel taxes (Point Roberts uses the authority).

All are subject to voter approval. If any improvement exceeds its original cost by more than 20 percent, a public hearing must be held to solicit public comment on how the cost change will be resolved.

To the extent practicable, the district shall consider the following criteria when selecting transportation improvements:

- (a) Reduced risk of transportation facility failure and improved safety;
- (b) Improved travel time;
- (c) Improved air quality;
- (d) Increases in daily and peak period trip capacity;
- (e) Improved modal connectivity;
- (f) Improved freight mobility;
- (g) Cost-effectiveness of the investment;
- (h) Optimal performance of the system through time; and
- (i) Other criteria, as adopted by the governing body.

The members of the legislative authority proposing to establish the district, acting ex officio and independently, shall constitute the governing body of the district.

- The governing body shall be composed of at least five members including at least one elected official from the legislative authority of each participating jurisdiction.
- The treasurer of the jurisdiction proposing to establish the district shall act as the ex officio treasurer of the district.
- The electors of the district shall all be registered voters residing within the district.

According to the Municipal Research and Service Center of Washington, the *Joint Transportation Committee Transportation Manual, 2005 edition* states that the *Point Roberts Transportation Benefit District* in Whatcom County and the *Liberty Lake Transportation Benefit District* near Spokane are the only *Transportation Benefit Districts* in Washington. Historically, *Transportation Benefit Districts* have not been used much at all in Washington. However, with the passage of this new legislation, more may be formed.

# OTHER GENERAL GOVERNMENT REVENUE FINANCING SOURCES

## **Fees and Charges**

### ***Mitigation/Impact Fees***

Mitigation/Impact Fees (impact fees) are charges assessed by local governments against new development projects that attempt to recover the cost, in whole or in part, incurred by government in providing the public facilities required to serve the new development. Impact fees are only used to fund facilities, such as roads, schools, and parks, that are directly associated with the new development. They may be used to pay the proportionate share of the cost of public facilities that benefit the new development; however, impact fees cannot be used to correct existing deficiencies in public facilities. In Washington, impact fees are authorized for those jurisdictions planning under the Growth Management Act (RCW 82.02.050 - .100), as part of "voluntary agreements" under RCW 82.02.020, and as mitigation for impacts under the State Environmental Policy Act (SEPA – Ch. 43.21C RCW). GMA impact fees are only authorized for: public streets and roads; publicly owned parks, open space, and recreation facilities; school facilities; and fire protection facilities in jurisdictions that are not part of a fire district. Setting fee schedules for impact fees is a complex process typically involving rate studies; generally, impact fees do not recover the full cost of a new facility since these fees must be directly and proportionately related to impacts associated with new development.

The Growth Management Act of 1995 (GMA), through RCW 82.02, allows cities to charge impact fees. In order to charge impact fees, an ordinance must be passed, which, among other things, includes some sort of rate schedule. GMA impact fees are limited, in as much as they must be complemented by other public funds when used for projects (they cannot be the sole source of funding), must be used or returned with interest after six years, and are can only be used for specific facility types. These allowable facility types are: "(1) public streets and roads; (2) publicly owned parks, open space, and recreational facilities; (3) school facilities; and (4) fire protection facilities in jurisdictions that are not part of a fire district." Cities that are planning under the Growth Management Act can assess impact fees for fire protection facilities; schools; parks, open space and recreation facilities; and for street purposes.

### ***User's Fees***

A User's Fee is the payment of a fee for direct receipt of a public service by the person benefiting from the service. The RCW gives authority for cities to levy fees and charges to cover the cost of providing services or programs and regulatory activities. The guiding principle for all these fees and charges is that they may be set at a level that recovers all the direct and indirect costs associated with the activity, including administrative overhead. However, if fees more than recover costs, they then become more like taxes, and cities need specific statutory authority to levy taxes. Some examples include: animal licensing, inspection of restaurants, and parks and recreation programs. Fees may be levied for street use permits, copy charges, and fireworks stands permits. Currently the City of Mountlake Terrace collects user fees associated with these services:

***AMBULANCE FEES-*** If a city council determines that the city is inadequately served by the existing private ambulance service, it may establish a system for providing ambulance service as a public utility of the city or by contract with a private firm. To finance this service, the city is authorized to levy excise taxes. A business and occupation (BO) tax can be levied on the gross receipts of an ambulance company for the privilege of engaging in the ambulance business. The city can also levy a tax (sometimes called a "household tax") on all persons, businesses, and industries that are served by the ambulance service. Taxes collected must be used to finance the service and can be in addition to charges for the ambulance service itself.

*RECREATION FEES* – Recreation users fees directly support the recreation services offered to the community. User fees cover between 82%-85% of the direct cost for programs and classes. Direct program cost is defined as part-time staff, equipment, supplies, transportation, etc. Recreation fees are based upon the market rate and cost of programs.

*WATER, SEWER AND STORMWATER FEES*– These fees directly support the provision of water, sewer and stormwater management services in the community.

**Percent for Art** – Is a City or County policy to devote a portion of the value of capital project costs, paid for wholly or in part by the City or County. Most county and municipal programs earmark 1% funding for the arts. The purpose of the earmarked money is to fund art according to a purpose specified by the City or County legislation.

The City of Mountlake Terrace has a Municipal Arts Fund whereby any project, paid for wholly or in part by the City of Mountlake Terrace, to construct any building, decorative or commemorative structure, park, or any portion thereof, within the limits of the City of Mountlake Terrace must include an amount equal to at least one percent of the total project cost to be used for selection, acquisition, and/or installation of works of art to be placed in, on, or about public facilities.

In Snohomish County any project funded wholly or in part by the county to construct or remodel any building, park or public space owned wholly or in part by the county, provided that such project has a cost of at least \$100,000, not including county public roads, surface water management, airport airfield or airport lease related structures is subject to 1%.

**Public-Private Partnerships** – Lease or joint development agreement with a private and public entity that could either result in lease income to the project or transfer some cost responsibility to the private partner. Public-private financing of this sort is based on common goals and the mutual interest of both parties. Pledged private funds may be used to leverage public funding or as a match for loan programs. The arrangement would entail a private partner providing its own financial resources in some way in exchange for the development rights, easements or special access that would constitute a benefit for the private party. All funds generated must be used to finance projects. note: *Private Activity Bonds* may also be used to assist in financing Public-Private Partnerships (See **Private Activity Bond(s)**).

### ***Community Redevelopment Agencies***

Community Redevelopment Agencies are allowed issue bonds, although they cannot pledge the “full faith and credit” of the city’s general funds to do so. Cities are, however, allowed to back the agency with loans or other means to provide security. Both the bonds, and the collateral backing them, do not count against a cities constitutional debt limits. Future CDBG grants can also be used as collateral through the section 108 loan program. The bonds are tax exempt, and are legitimate purchased by banks, municipalities, insurance agencies, etc. as securities.

Community Redevelopment Agencies are also given the option of forming Local Improvement Districts. These districts are empowered to levy special assessments on all property located within the district for a period up to 20 years. The improvements to the property are financed via Local Improvement Bonds.

### ***“63 – 20” Financing (Federal IRS Code)***

“63 – 20” Financing is a public funding mechanism predicated on the creation of a non-profit entity somewhat like a public development authority (PDA) and a long term revenue stream that can be used to back revenue bonds. Available under the IRS Code, an alternative method of obtaining tax exempt financing that allows public bond to be used if secured by lease agreement. Often used for facilities built as a part of a public-private redevelopment. Funds available depend on the project costs and bond issuance. The accumulated funds must be used on infrastructure projects, with some exception.

**Local Option Street Utility (RCW 82.80.050)** – A city or town may elect by action of its legislative authority to own, construct, maintain, operate and preserve all or any described portion of its streets as a separate enterprise and facility, known as a *street utility*, and from time to time add other existing or new streets to that *street utility*, with full power to own, construct, maintain, operate, and preserve such streets. The legislative authority of the city or town may include as a part of the street utility, street lighting, traffic control devices, sidewalks, curbs, gutters, parking facilities, and drainage facilities. The legislative authority of the city or town is the governing body of the street utility. Allowable charges and credits of \$2 per month per housing unit, and \$2 per month per full time equivalent employee are levied.

A court case in the 1990's called this authority into question (*Covell v. City of Seattle*) -- the court basically ruled that the charge, which was a flat fee on every residence and business, constituted an unconstitutional property tax, rather than meeting the legal test for a utility or regulatory fee. For the past several years the *Association of Washington Cities* (AWC) has proposed legislation to legislatively fix the statute so that cities can once again use this authority, but it has not passed. Last year's (2005) bill was part of a larger local options transportation package (HB 1989/SSB 6016 - Local Options Transportation Funding).

## DEBT FINANCING SOURCES

**DEFINITION:** (sometimes called 'pay-as-you-use') borrowing or obtaining the use of money belonging to others to finance capital spending, while using the financed asset, making periodic debt service or lease payments over many years to pay back the lender(s) or Lessor(s).\*

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> <li>+ <i>Equity</i> – Those who use the facility after it is built will bear some of the costs.</li> <li>+ <i>Reserves Maintained</i> – Less temptation to utilize dedicated reserves (i.e. strategic reserve, replacement reserve, General Fund Reserve) debt is funded with dedicated revenue (i.e. REET, Property Tax Levy, etc.).</li> <li>+ <i>Effect of Inflation</i> – If there is any inflation, debt will be paid off with cheaper dollars.</li> <li>+ <i>Lower Tax Rates</i> – Rates will be lower because capital costs are spread over a longer period and, in growing economy, over more people and a higher assessed valuation.</li> <li>+ <i>Acquired as Needed</i> – Projects can be built as needed, usually now, without having to wait for funds to accumulate.</li> </ul>	<ul style="list-style-type: none"> <li>- City must know the characteristics of the various types of long-term liabilities so that they can structure a community's long-term financing strategy to the best advantage of the community.</li> <li>- Debt must be repaid.</li> <li>- Interest is a fixed cost. High interest costs during difficult financial periods can increase the risk of insolvency.</li> <li>- Ongoing revenue is required for both principal and interest payments and must be budgeted for.</li> </ul>

## BONDS

**General Obligation (GO) Bond(s)** – Bond secured by a governmental issuer's pledge of unlimiting taxing power. GO bonds are also known as full-faith-and-credit debt because of the unconditional pledge to repay the debt with all possible revenue-raising capabilities. Backed by the full-faith-and-credit of the City, bondholders have legal claim on general fund revenue (RCW 35.41 and 39.46).

***Limited Tax General Obligation Bonds (Councilmanic Bonds)***

Limited Tax General Obligation Bonds (Councilmanic Bonds) are debt that is secured by a limited tax or revenue source. These bonds may be issued by a vote of City Council. Likewise, general fund revenues back the bonds because voters have not been asked to pay increased property taxes. Furthermore *Limited Tax General Obligation Bonds (Councilmanic Bonds)* may be used for any city capital purpose and does not have to be used for capital.

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\* See APPENDIX 3 to see what the RCW says about Debt Service.

### ***Unlimited General Obligation Bonds***

Backed by full-faith-and-credit of the local government, these bonds must be approved by a 60% majority of the voters and the turnout must be 40% of those voting in the last general election. These types of bonds typically: raise property tax to pay for projects; can only be used for capital purposes; and have limits to the amount of debt that can be issued.

**Private Activity Bond(s)** - A private activity bond is a municipal bond, which is either used entirely or partially for private purposes and is given federal tax-exempt status. General types of private activity bonds are:

- an exempt facility bond
- a qualified mortgage bond
- a qualified veterans mortgage bond
- a qualified small issue bond
- a qualified student loan bond
- a qualified redevelopment bond
- a qualified 501(c)(3) bond

Private activity bonds must meet the test of qualification outlined within federal tax law to obtain tax-exempt status. To qualify as a private activity, tax-exempt bond, the debt must fit into one of the seven categories above, meet volume cap requirements, and satisfy several other requirements outlined of the statutes. The benefits of tax-exempt bond financing can apply to the many different types of municipal debt financing arrangements through which government issuers obligate themselves, including notes, loans, lease purchase contracts, lines of credit and commercial paper.

**Revenue Bond(s)** – are bonds secured by and repaid from specific limited revenues. The pledged revenues are most often net revenues or earnings from a self-supporting utility or enterprise (i.e. water and wastewater projects, airports, golf courses, parking garages, toll roads and bridges). Revenue bonds can also be secured by and repaid from revenues that are derived from special or limited taxes. Payment of debt service typically comes from user fees generated by the capital facility that is being built. Interest rates are higher than GO Bonds since these bonds are not backed by the full-faith-and-credit of the city (RCW 35.41 and 39.46).

**Special Obligation Bond(s)** – An umbrella term that refers to special or limited tax, non-property tax or non-local tax, special assessment, tax increment, and moral obligation debt. Special obligation debt is secured by limited or special taxes or revenues rather than the full faith and credit and unlimited taxing power of the issuer. Some authorities use the term special obligation debt to designate only non-property tax or non-local tax debt.

### ***Special Or Limited Tax Or Revenue Bond(s)***

This debt is secured by and usually paid from a special or limited tax or revenue source or from a set of similar taxes or revenues. Examples:

- Highway bonds secured by motor vehicle taxes, vehicle registration fess, etc.
- Bonds secured by and paid from a limited, general sales tax to finance capital projects like schools, mass transit, and street improvements.
- Franchise tax or special sales taxes such as prepared-food and beverage tax or hotel occupancy tax.

### ***Special Assessment Bonds Or Debt***

Special assessment bonds (or debt) are issued to finance public improvements that benefit adjacent or nearby property. The bonds are secured by assessments against the benefiting property and are levied by the local government that is undertaking the project.

*LOCAL IMPROVEMENT DISTRICT (LID)* – Essentially a financing mechanism for public improvements (municipal projects) that also benefit private property. These

projects follow a complex, but achievable series of rules designed to protect individuals and the community. Through LIDs, the owners of those properties that receive benefits beyond those received by the general public pay assessments for those benefits (see also Benefit Assessment Districts (BAD) – Local Improvement District (LID)).

*UTILITY LOCAL IMPROVEMENT DISTRICT (ULID)* – ULIDs are a form of LIDs that are substantially the same. The major difference is that revenues obtained from ULIDS are used to fund utility improvement. Another difference between ULIDs and LIDs is that, in addition to the assessments on the benefitting properties, utility revenues are also pledged to the repayment of the ULID debt. Statutes provide that a LID can be converted to a ULID after formation; the reverse is not possible (RCW35.43.043). (see also **Special Assessment Bonds or Debt**).

### ***Tax Increment Or Economic Development Bonds***

Tax increment bonds or debt finance public infrastructure and facilities that support private development or redevelopment in a specific tax increment district (TID) or zone. Security for the bonds is the expected growth of the property tax base and resulting revenues (the tax increment) in the district after the district is established (see also **“Tax Increment Financing (TIF)” District**).

## OTHER DEBT FINANCING REVENUES

**Lease or Lease-Purchase Debt (Capital Lease)** – Refers to any leasing arrangement that a state or local government uses to finance the acquisition or construction of a capital asset (including buildings, equipment, and infrastructure). A capital lease is a lease in which the title to the leased property remains with the lessor during the lease term or until the lessee exercises a purchase option to transfer title to the lease. At the end of the lease term, the lessee pays a nominal purchase option to obtain title. In a capital lease, the lessee assumes the risks and has the benefits of ownership. In general, a capital lease is (effectively) a noncancelable contract.

**Loans** - Borrowing money from a financial institution or other type of lender with an agreement to pay back the full amount plus interest over a period of time. Examples of Government loans :

- ***Community Economic Revitalization Board (CERB) Loans***
- ***Construction Loan Program***
- ***Empowerment Zones and Enterprise Communities (EZ/EC) Initiatives***
- ***Local Option Capital Asset Lending (LOCAL) Program***
- ***Pre-Construction Loan Program***
- ***Public Works Trust Fund Loans (PWTFLL)***
- ***Section 108 Loan Guarantee Program***
  - Economic Development Initiative
  - Homeownership Zones Initiative (HZI)

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\* See APPENDIX 2 for definitions and uses.

## APPENDIX 1

### **Definitions of Various Grants and Earmarks**

**GRANT** - A cash award given for a specified purpose. Unlike bonds or debt, grants do not have to be repaid. Recipients of the grant often are required match a portion (from 10% - 20%) of the funds. Ex: If a municipality is awarded a grant of \$1 million dollars for a project, that municipality may be required to contribute \$100,000 to the project.

Earmark - To set aside funds for a specific purpose, use, or recipient. Generally speaking, virtually every appropriation is earmarked, and so are certain revenue sources credited to trust funds. In common usage, however, the term is often applied as an epithet for funds set aside for such purposes as research projects, demonstration projects, parks, laboratories, academic grants, and contracts.

**Community Economic Revitalization Board (CERB)**– Provides low interest loans and grants to help finance public infrastructure required by business and industry. CERB supports industrial development, job retention and creation. GO bonds, lease, other local funds can be used to payback loans.

**Economic Development Technical Assistance Grant Program** - The U.S. Department of Commerce's Economic Development Administration (EDA) administers this program. Grants are targeted to solving specific economic development problems, determining development opportunities, and expanding local organizational capacity in distressed areas.

**Empowerment Zones and Enterprise Communities (EZ/EC) Initiatives** - The EZ/EC initiative targets tax incentives, grants and loans to designated low-income areas for the purpose of fostering job creation and business expansion opportunities. To apply for EZ/EC status, local jurisdictions and states must identify local needs and develop strategies to meet those needs.

**Federal Intersection and Corridor Safety Program** - The Transportation Equity Act for the 21st Century (TEA-21) provided 10 percent set-aside from the Surface Transportation Program (STP) for the safety program. The safety program was designed to fund projects for Hazard Elimination Safety (HES) and the Railroad Crossing. Current projections show approximately \$89 million dollars available for the safety program as described in TEA-21.

**Federal Transit Administration (FTA) Facilitated Funding –**

- **FTA Livable Communities Initiative** - In 1994, the Federal Transit Administration (FTA) launched the Livable Communities Initiative providing financial support for linking land use and transit investments. The Initiative funds community facilities located adjacent to rail and bus lines that are aimed at increasing transit ridership.
- **Section 5309 New Starts Funding** - One of the main FTA funding programs is the "New Starts" program, which funds the building and extensions of fixed-guideway transit (rail or bus) systems. In 1997, the FTA developed new guidelines for choosing among competing projects that give increased emphasis on transit-supportive land use planning.
- **Transit-Oriented Development (TOD) Revolving Fund** - Jurisdictions can take advantage of changes in FTA rules (1997) that allow local agencies to use funds generated by joint development for other transit-oriented development activities. For example, income for the sale of surplus property or air rights development can be deposited into a revolving fund for the purpose of supporting other transit-oriented development activities.

**Homeownership Zones Initiative (HZI)** - The HZI program is designed to address blighted and under-utilized areas in inner cities and inner suburbs by providing grants and loans for housing development and to stimulate investment in the area. Funding for this program is from the Economic Development Initiative and Section 108 loan programs.

**Interagency Committee for Outdoor Recreation (IAC) Grants** – IAC administers several grant programs for recreation and habitat conservation purposes. Depending on the program, eligible project applicants can include municipal subdivisions of the state (cities, towns, and counties, or port, utility, park and recreation, and school districts), Native American tribes, state agencies, and in some cases, federal agencies and nonprofit organizations. To be considered for funding assistance, most grant programs require that the proposed project will be operated and maintained in perpetuity for the purposes for which funding is sought. Most grant programs also require that sponsors complete a systematic planning process prior to seeking IAC funding. Grants are awarded by the Committee based on a public, competitive process, which weighs the merits of proposed projects against established program criteria.

**John Heinz Neighborhood Development Program** - The John Heinz Neighborhood Development Program provides funding for local organizations engaged in development activities that are focused on low- and moderate-income households. The funding support offered through this program must be matched by some other source of funds secured by the organization.

**Local Infrastructure Financing Tool Program (LIFT)** - Provides funding for local infrastructure using sales tax, property tax and selected other excise tax increases generated by an economic development project as part of a revenue development area designated by the sponsoring local government.

**Pedestrian and Bicycle Safety Grant** – This grant supports pedestrian and bicycle safety projects such as safe routes to schools and transit and bicycle and pedestrian paths. The Washington State Legislature included \$74 million of funding in the Transportation Budget over the next 16 years to support safe routes to school, transit and pedestrian and bicycle safety projects.

**Public Works Construction Program** - Administered by the Central Puget Sound Economic Development District (CPSEDD), the purpose of this program is to provide grants to fund the construction of facilities that attract new industry, encourage business expansion, diversify the economy, and generate long-term private sector jobs.

**Puget Sound Regional Council (PSRC) Facilitated Funding –**

- Congestion Mitigation and Air Quality Improvement Program (CMAQ) - The primary purpose of the Congestion Mitigation and Air Quality Improvement Program (CMAQ) is to fund projects and programs in air quality nonattainment and maintenance areas for ozone, carbon monoxide (CO), and small particulate matter (PM-10) which reduce transportation related emissions.
- Federal Transit Administration (FTA) Grants – A major way FTA helps communities support public transportation is by issuing grants to eligible recipients for planning, vehicle purchases, facility construction, operations, and other purposes.
- Surface Transportation Program (STP) - The STP provides flexible funding that may be used by States and localities for projects on any Federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, and intracity and intercity bus terminals and facilities. A portion of funds reserved for rural areas may be spent on rural minor collectors. Funds are allocated to the MPOs/RTPOs and county lead agencies for regional prioritization and selection.
- Transportation Enhancement Program (TEP) - The Federal Transportation Acts have provided a 10 percent set-aside from the Surface Transportation Program (STP) for the enhancement program. The enhancement program was created to invest in a more balanced, multi-modal approach to mobility and accessibility. The purpose of the transportation enhancement program is to fund projects that allow communities to strengthen the local economy, improve the quality of life, enhance the travel experience for people traveling by all modes, and protect the environment. Projects must relate to surface transportation, and include at least one of the twelve (12) qualifying activities listed below:
  1. Provision of facilities for pedestrians and bicycles.
  2. Provision of safety and educational activities for pedestrians and bicyclists.

3. Acquisition of scenic easements and scenic or historic sites (including historic battlefields).
  4. Scenic or historic highway programs (including the provision of tourist and welcome center facilities).
  5. Landscaping and other scenic beautification.
  6. Historic preservation.
  7. Rehabilitation and operation of historic transportation buildings, structures, or facilities (including historic railroad facilities and canals).
  8. Preservation of abandoned railway corridors (including the conversion and use of the corridors for pedestrian or bicycle trails).
  9. Inventory control and removal of outdoor advertising.
  10. Archaeological planning and research.
  11. Environmental mitigation
    - o to address water pollution due to highway runoff; or
    - o reduce vehicle-caused wildlife mortality while maintaining habitat connectivity.
  12. Establishment of transportation museums.
- o Transportation Improvement Program (TIP) - The Regional Transportation Improvement Program (TIP) provides a list of current transportation projects within King, Kitsap, Pierce, and Snohomish counties. These projects are funded with federal, state, or local funds including federal grants awarded and managed through the Regional Council's biennial project selection process. Required under federal and state legislation, the TIP spans a three-year period and must be updated at least every two years. After public review and comment, the Regional Council's Transportation Policy and Executive Boards approve the TIP before being submitted for further approvals to the Governor and ultimately the United States Department of Transportation.

***Safe Routes To Schools Grant*** - The purpose of the Safe Routes to Schools program is to provide children a safe, healthy alternative to riding the bus or being driven to school. This grant supports pedestrian and bicycle safety projects such as safe routes to schools and transit and bicycle and pedestrian paths.

***Transportation Efficiency Act – 21<sup>st</sup> Century (TEA-21) Grants*** – The Act authorizes a consolidated behavioral and roadway State and Community Highway Safety formula grant program. Funding of \$932.5 million is provided over 6 years. The Section 402 program provides funds to all States, territories, the District of Columbia, Puerto Rico, and the Indian Nations for performance-based highway safety programs. The grants support planning to identify highway safety problems, set goals and performance measures for highway safety improvements, provide start-up money for new programs, give new direction and support to existing safety programs, and fund analyses to determine progress in improving safety. At least 40 percent of these funds are to be used by States and communities to address local traffic safety problems.

***Transportation Improvement Board (TIB) Grants*** -

- o Transportation Partnership Program (TPP) - The Transportation Partnership Program is funded from the Transportation Improvement Account (TIA). In 1988 when the account was created, the Legislature recognized the need for multi-jurisdictional cooperation and partnerships with the business community. TPP projects are typically larger and often cross-jurisdictional boundaries and require a great amount of cooperation. The Transportation Partnership Program receives 1.3 cents from the state's motor vehicle fuel tax. Approximately 20 percent of the funds going to the Transportation Partnership Program are used for debt service payments on the \$100 million in bonds sold over the last decade. The TPP program has annual awards ranging from \$35 million to \$40 million using a competitive project selection process.
- o Arterial Improvement Program (AIP) - The Arterial Improvement Program receives a portion of the 1.7 cents distributed into the Urban Arterial Trust Account from the state's motor vehicle fuel tax. The AIP program has annual

grant awards ranging from \$30 million to \$40 million using a competitive project selection process. The program's intent is to improve mobility and safety.

- Small City Program (SCP) - The Transportation Improvement Board offers a number of different funding programs to the state's small cities. Small cities are eligible for funding from programs that reconstruct or maintain the transportation infrastructure. Funds from the program are distributed regionally, with projects competing only in their own region. TIB's programs for small cities have been developed to require little or no local match. Once selected, TIB staff provides grant oversight, assists with consultant selection, and acts as facilitators to bring projects to completion.
  - **TIB's Small City Programs**
    - *Small City Pavement and Sidewalk Program (SCPSP)*
    - *NewStreets*
    - *Federal Match*
    - *City Hardship Assistance Program (CHAP)*
- Pedestrian Safety and Mobility Program (PSMP) - The Pedestrian Safety and Mobility Program was established by the Legislature in 1995 to provide funding for pedestrian projects. The program is available to both small city and urban agencies. Urban and small city projects compete separately.
- City Hardship Assistance Program (CHAP) - The City Hardship Assistance Program was created by the Legislature in 1991 to provide state funding to offset extraordinary costs associated with the transfer of state highways to cities. The program is funded by 1% of the funds distributed to cities through direct distribution. Every odd year, unused funding is returned to cities and towns using the direct distribution formula. CHAP funds can only be used to reimburse the costs associated with rehabilitating the project. When widening a section of roadway, TIB's participation will be limited to the minimum standard or existing lane and shoulder widths.
- Route Jurisdiction Transfer (RJT) - The Transportation Improvement Board is responsible for reviewing requests for Route Jurisdiction Transfers (RJT) and is directed to receive petitions from cities, counties or WSDOT when an agency requests any addition or deletion to the state highway system. The TIB makes recommendations on jurisdiction transfers to the House and Senate Transportation Committees. The Legislature makes the final decision on route jurisdiction transfers.

#### ***Washington State Department of Transportation (WSDOT) Facilitated Funding–***

- Federal Aid Programs –
  - *Congestion Mitigation and Air Quality Improvement Program (CMAQ)*
  - *Emergency Relief Program*
  - *Intersection and Corridor Safety Program*
  - *STP Regional Program*
  - *Transportation Enhancement Program (see also Puget Sound Regional Council Facilitated Funding)*
- State Programs –
  - *Pedestrian Bike Safety Program*
  - *Safe Routes to School Program*
- Federal Discretionary Programs –
  - *Facilitating Integrated ITS (Intelligent Transportation System) Deployment Program*
  - *Transportation & Community & System Preservation Pilot Program*

**Washington Wildlife and Recreation Program** -This program funds four categories of wildlife and recreation projects: water access, local parks, trails, and urban wildlife habitats. This is potentially a good source for trails and natural system enhancements within station areas.

***U.S. Department of Housing and Urban Development (HUD) Facilitated Funding –***

- *Community Development Block Grant Program (CDBG)* – Funds local housing, public and community facilities, economic development, and planning projects that principally benefit low-income households.
- *Home Investment Partnership Program (HOME)* - HOME is the largest federal block grant program whose focus is providing affordable housing opportunities. HUD establishes Home Investment Trust Funds for each participating jurisdiction, providing a line of credit that can be tapped for various forms of housing assistance.

## APPENDIX 2

### **Definitions of Various Loans**

**LOAN** - Borrowing money from a financial institution or other type of lender with an agreement to pay back the full amount plus interest over a period of time.

**Community Economic Revitalization Board (CERB)**– Provides low interest loans and grants to help finance public infrastructure required by business and industry. Supports industrial development, job retention and creation. GO bonds, lease, other local funds used to payback loans.

**Construction Loan Program** - This program provides loans for the repair, replacement, rehabilitation, reconstruction, or improvement of existing roads or facilities. Project selection is based on two criteria: 1) the ability to demonstrate good management practices (60 percent) and 2) project need (40 percent).

**Empowerment Zones and Enterprise Communities (EZ/EC) Initiatives** - The EZ/EC initiative targets tax incentives, grants and loans to designated low-income areas for the purpose of fostering job creation and business expansion opportunities. To apply for EZ/EC status, local jurisdictions and states must identify local needs and develop strategies to meet those needs.

**Local Option Capital Asset Lending (LOCAL) Program** - The LOCAL program is an expanded version of the successful state agency lease/purchase program. The program was originally created by the Legislature in 1989 (RCW 39.94) to provide the lowest cost financing for state agency purchases by pooling funding needs into larger offerings of securities. Local government agencies of all types can finance equipment or real estate needs through the State Treasurer's office subject to existing debt limitations and financial considerations.

**Pre-Construction Loan Program** - This program is intended to help local governments accelerate the construction of public works improvements and to provide more flexible financing options. The loan may be used for pre-construction activities associated with repair and replacement projects, including preliminary engineering, design engineering, bid-document preparation, right-of-way acquisition, and environmental studies.

**Public Works Trust Fund Loans (PWTFL)** – provides low interest loans (1% - 3%) to local governments for repairing and replacing deteriorating infrastructure.

**Section 108 Loan Guarantee Program** - Section 108 program is designed to assist local governments that are participating in the CDBG program with federally guaranteed loans to support large economic development projects. This program allows local governments access to larger pools of capital by allowing them to pledge future CDBG grants as support for the loans.

- Economic Development Initiative - The Economic Development Initiative (EDI) offers local governments that use Section 108 loan guarantees as a mechanism to reduce the level of risk to their CDBG funds. Section 108 requires a grantee to pledge up-to 5 years of CDBG funds to support the loan.
- Homeownership Zones Initiative (HZI) - The HZI program is designed to address blighted and under-utilized areas in inner cities and inner suburbs by providing grants and loans for housing development and to stimulate investment in the area. Funding for this program is from the Economic Development Initiative and Section 108 loan programs.

## APPENDIX 3

### DEBT SERVICE

Under RCW 39.36.020(2), the public may vote to approve bond issues for general government in an amount not to exceed 2.5% of the value of all taxable property within the City. Within the 2.5% limit, the City Council may approve bond issues not to exceed 1.5% of the City's assessed valuation. Prior to the passage of new legislation in 1994, the statutory limit on councilmanic (non-voted) debt for general government purposes was 0.75% of assessed valuation. Another 0.75% of councilmanic debt was available only for lease-purchase contracts (RCW 35.43.200). Now, these two components have been combined and can be used for any municipal purpose, including using the entire 1.5% for bonds.

Under RCW 39.36.030(4), the public may also vote to approve park facilities and utility bond issues, each of which is also limited to 2.5% of the City's assessed valuation. A total of 7.5% of the City's assessed valuation may be issued in bonds. Unlimited tax general obligation debt requires an approving vote of the people and any election to validate such general obligation debt must have a voter turnout of at least 40% of those who voted in the last State general election and of those voting, 60% must be in the affirmative.

## APPENDIX 4

### **Revenue Sources, Alternatives and Options Acronym Cheat Sheet**

<b>A</b>	<b>AIP</b>	Arterial Improvement Program	<b>LOCAL</b>	Local Option Capital Asset Lending
<b>B</b>	<b>BIA</b> <b>BO</b>	Business Improvement Areas Business Occupation	<b>M</b> <b>MPD</b>	Metropolitan Park District
<b>C</b>	<b>CDBG</b> <b>CERB</b> <b>CHAP</b> <b>CMAQ</b> <b>CPSEDD</b> <b>CRA</b> <b>CRA</b>	Community Development Block Grant Community Economic Revitalization Board City Hardship Assistance Program Congestion Mitigation and Air Quality Central Puget Sound Economic Development District Community Redevelopment Agency Community Renewal Agency	<b>P</b> <b>PBIA</b> <b>PDA</b> <b>PFD</b> <b>PPP</b> <b>PRD</b> <b>PRSA</b> <b>PSRC</b> <b>PSMP</b> <b>PWTF</b> <b>PWTF</b>	Parking and Business Improvement Districts Public Development Authority Public Facility District Public Private Partnerships Park and Recreation District Park and Recreation Service Area Puget Sound Regional Council Pedestrian Safety and Mobility Program Public Works Trust Fund Loans
<b>E</b>	<b>EDA</b>  <b>EDI</b> <b>EZ/EC</b>	U.S. Department of Commerce's Economic Development Administration Economic Development Initiative Empowerment Zones and Enterprise Communities	<b>R</b> <b>REET</b> <b>RJT</b>  <b>S</b> <b>SCP</b> <b>SCPSP</b>  <b>STP</b>	Real Estate Excise Tax Route Jurisdiction Transfer  Small City Program Small City Pavement and Sidewalk Program Surface Transportation Program
<b>F</b>	<b>FTA</b>	Federal Transit Administration	<b>T</b> <b>TBD</b> <b>TEA-21</b>	Transportation Benefit District Transportation Efficiency Act – 21 <sup>st</sup> Century
<b>G</b>	<b>GO</b>	General Obligation	<b>TEP</b>	Transportation Enhancement Program
<b>H</b>	<b>HES</b> <b>HOME</b> <b>HUD</b> <b>HZI</b>	Hazard Elimination Safety Home Investment Partnership Program U.S. Department of Housing and Urban Development Homeownership Zones Initiative	<b>TIA</b> <b>TID</b> <b>TIF</b> <b>TIP</b> <b>TOD</b> <b>TPP</b>	Transportation Improvement Account Tax Increment District Tax Increment Financing Transportation Improvement Program Transit-Oriented Development Transportation Partnership Program
<b>I</b>	<b>IAC</b> <b>ITS</b>	Interagency Committee for Outdoor Recreation Intelligent Transportation System	<b>U</b> <b>UBO</b> <b>ULID</b>	Utility Business and Occupation Utility Local Improvement District
<b>L</b>	<b>LID</b> <b>LIFT</b>	Local Improvement District Local Infrastructure Financing Tool	<b>W</b> <b>WSDOT</b>	Washington State Department of Transportation

## ATTACHMENT 1

### **Comparison of Recreation Districts**

<b>Park and Recreation District Ch 36.69 RCW</b>	<b>Park and Recreation Service Area RCW 36.68.400 - .620</b>	<b>Metropolitan Park District Ch. 35.61 RCW</b>
<p><b>History</b></p> <p>Ch. 58 Laws of 1957 authorized class AA counties to establish Park and Recreation Districts. Second, eighth, and ninth-class counties were given similar authority in 1959. No districts were formed under the original Recreation District Act for Counties. According to a 1982 Interagency Committee for Outdoor Recreation (IAC) survey 25 districts were formed after 1970 and ten after 1980. Most were formed to provide general recreation services or were formed solely to finance a new swimming pool or finance an existing one. <i>Recreation Resources: A Heritage for the Future, IAC 1986. Number: 54/56</i></p>	<p><b>History</b></p> <p>Ch. 218 Laws of 1963 gave first class counties authority to establish park and recreation service areas in unincorporated areas within the county. In 1965 the authority to was extended to all counties. The ability to fund zoos and aquariums was added in 1985.</p>	<p><b>History</b></p> <p>Chapter 98, Laws of 1907 authorized cities of the first class to create metropolitan park districts (MPD). The statutes were amended by Chapter 88, Laws of 2002.</p> <p>Prior to 2002, cities under 5,000 and counties could not create metropolitan park districts. Now all cities and counties may form metropolitan park districts (MPDs) that include territory in portions of one or more cities or counties.</p> <p>The first MPD was formed by Tacoma in 1907. A second district was formed in Yakima around 1945 and functioned until 1969. After the 2002 amendments several MPD's were formed .</p>
<p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>• To provide leisure time activities and facilities and recreational facilities, of a nonprofit nature as a public service to the residents of the geographical areas included within their boundaries. (RCW 36.69.010)</li> </ul>	<p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>• To finance, acquire construct, improve, maintain, or operate any park, senior citizen activities center, zoo, aquarium, and, or recreational facilities as defined in RCW 36.69.010 which shall be owned or leased, and administered by a city or town, or park and recreation service area. (RCW 36.68.400)</li> <li>• To provide a higher level of park service. (RCW 36.68.590)</li> </ul>	<p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>• To provide for the management, control, improvement, maintenance, and acquisition of parks, parkways, boulevards, and recreational facilities.</li> </ul>
<p><b>Government Type</b></p> <ul style="list-style-type: none"> <li>• Municipal corporation. (RCW 36.69.010)</li> </ul>	<p><b>Government Type</b></p> <ul style="list-style-type: none"> <li>• Quasi-municipal corporation and independent taxing authority and taxing district possessing all the usual powers of a corporation for public purposes. (RCW 36.68.400)</li> </ul>	<p><b>Government Type</b></p> <ul style="list-style-type: none"> <li>• Municipal corporation (RCW 35.61.040)</li> </ul>
<p><b>Function and Powers</b></p> <ul style="list-style-type: none"> <li>• Acquire and hold real and personal property;</li> <li>• To dispose of real and personal</li> </ul>	<p><b>Function and Powers</b></p> <ul style="list-style-type: none"> <li>• Acquire, construct, own or lease, operate parks, senior citizen activities centers. zoos. aquariums.</li> </ul>	<p><b>Function and Powers</b></p> <ul style="list-style-type: none"> <li>• May purchase, acquire and condemn lands within or without the boundaries of park district</li> </ul>

<ul style="list-style-type: none"> <li>property;</li> <li>To make contracts;</li> <li>To sue and be sued;</li> <li>To borrow money</li> <li>To grant concessions;</li> <li>To make or establish charges, fees, rates, rentals and the like for the use of facilities (including recreational facilities) or for participation;</li> <li>To make and enforce rules and regulations governing the use of property, facilities or equipment and the conduct of persons thereon;</li> <li>To contract with any municipal corporation, governmental, or private agencies for the conduct of park and recreation programs;</li> <li>To operate jointly with other governmental units any facilities; or</li> <li>To hold in trust or manage public property;</li> <li>To establish cumulative reserve funds;</li> <li>To acquire, construct, reconstruct, maintain, repair, add to, and operate recreational facilities; and,</li> <li>To make improvements or to acquire property by the local improvement method. (RCW 36.69.130)</li> </ul>	<p>and recreational facilities. (RCW 36.68.400)</p> <ul style="list-style-type: none"> <li>To make contracts. (RCW 36.68.400)</li> <li>To sue and be sued. (RCW 36.68.400)</li> <li>May impose and collect charge use fees or other direct charges on facilities financed by the park &amp; recreation area. (RCW 36.68.550)</li> <li>Legislative authority may allow admission fees and charges on persons using facilities located within a park &amp; recreation service area. (RCW 36.68.550)</li> <li>May exercise any of the powers enumerated in Ch. 67.20 RCW (Parks, Bathing Beaches, Public Camps.) (RCW 36.68.600)</li> <li>May enter into contract with any organization referred to in Ch. 67.20 RCW to conduct recreational program. (RCW 67.20.020)</li> <li>Power to enact and enforce such police regulations not inconsistent with constitution and state laws as necessary for the government and control of the same. (67.20.010 RCW)</li> <li>May accumulate reserves for stated capital purpose. (RCW 36.68.530)</li> <li>May hire employees and may fund salaries and benefits of county, city, or town park employees who perform work within the service area. (RCW 36.68.541)</li> <li>May exercise power of eminent domain. (RCW 36.68.555)</li> </ul>	<ul style="list-style-type: none"> <li>May issue and sell warrants, short-term obligations, or general obligation bonds</li> <li>May issue revenue bonds</li> <li>Can petition for the creation of local improvement districts</li> <li>May employ counsel, provide for park police officers, secretary of the board, and all necessary employees</li> <li>May establish civil service for employees</li> <li>Has power to regulate, manage and control, improve, acquire, extend and maintain, open and lay out, parks, parkways, boulevards, avenues, aviation landings and playgrounds, within or without the park district,</li> <li>Has power to authorize, conduct and manage <ul style="list-style-type: none"> <li>the letting of boats, or other amusement apparatus,</li> <li>the operation of bath houses,</li> <li>the purchase and sale of foodstuffs or other merchandise,</li> <li>the giving of vocal or instrumental concerts or other entertainments,</li> <li>the management and conduct of such forms of recreation or business as it shall judge desirable or beneficial for the public, or for the production of revenue for expenditure for park purposes;</li> </ul> </li> <li>May sell, exchange, or otherwise dispose of surplus property</li> <li>Can annex territory</li> </ul>
<p><b>Formation</b></p> <ul style="list-style-type: none"> <li>By petition signed by not less than fifteen percent of the registered voters residing within the area. The petition shall designate the boundaries or describe the land to be included. It is to set forth the objective and state the benefit of the district. (RCW 36.69.020)</li> <li>Requires resolution of city or town approving inclusion of the area</li> </ul>	<p><b>Formation</b></p> <ul style="list-style-type: none"> <li>In any unincorporated area by resolution adopted by county legislative body or by petition of 10% of registered voters in area. (RCW 36.68.410)</li> <li>Contents of petition or resolution to contain: <ul style="list-style-type: none"> <li>boundaries of the service area</li> <li>description of the purpose</li> </ul> </li> </ul>	<p><b>Formation</b></p> <ul style="list-style-type: none"> <li>May include territory located in portions or all of one or more cities or counties, or one or more cities and counties, when created or enlarged.</li> <li>Can be initiated by petition of at least 15 percent of the registered in the area and submitted to the county auditor of each county in which all or a portion of the</li> </ul>

<p>with the corporate limits of city or town. (RCW 36.69.030)</p>	<p>or purposes</p> <ul style="list-style-type: none"> <li>○ an estimate of the initial cost of any capital improvements or services to be authorized in the service area. (RCW 36.68.420)</li> <li>• May include incorporated cities or towns. Requires resolution of city or town approving inclusion of the area within the corporate limits of city or town . (RCW 36.68.610)</li> <li>• Provision for verification of signatures are found in 36.68.430 RCW.</li> </ul>	<p>proposed district would be located. (RCW 35.61.020)</p> <ul style="list-style-type: none"> <li>• Can be initiated by a resolution of the governing body or bodies of each city and/or county which includes a portion or all of the area in the district.</li> <li>• Petition or resolution submitting the question to the voters, shall indicate the choice and describe the composition of the initial board of commissioners of the district that is proposed under RCW 35.61.050 and shall list a name for the district. (RCW 35.61.030)</li> </ul>
<p><b>Feasibility and Cost Studies</b></p> <ul style="list-style-type: none"> <li>• No requirements noted.</li> </ul>	<p><b>Feasibility and Cost Studies</b></p> <ul style="list-style-type: none"> <li>• Upon accepting petition or on passage of resolution the county legislative body orders an investigation of the feasibility of the proposed service area and determines initial costs. A report is to be available within 80 days of accepting the petition. (RCW 36.68.440)</li> </ul>	<p><b>Feasibility and Cost Studies</b></p> <ul style="list-style-type: none"> <li>• None required.</li> </ul>
<p><b>State Environmental Policy Act (SEPA) Review</b></p> <p>Since "creation of a district" is defined by SEPA regulations (WAC 197-11-704(2)(b)(iv)) as a "nonproject action," the proposed establishment of a park and recreation district is subject to SEPA review, which, at a minimum, requires a threshold determination under WAC 197-11-310(1).</p>	<p><b>State Environmental Policy Act (SEPA) Review</b></p> <p>Since "creation of a district" is defined by SEPA regulations (WAC 197-11-704(2)(b)(iv)) as a "nonproject action," the proposed establishment of a park and recreation service area is subject to SEPA review, which, at a minimum, requires a threshold determination under WAC 197-11-310(1).</p>	<p><b>State Environmental Policy Act (SEPA) Review</b></p> <p>Since "creation of a district" is defined by SEPA regulations (WAC 197-11-704(2)(b)(iv)) as a "nonproject action," the proposed establishment of a metropolitan park district is subject to SEPA review, which, at a minimum, requires a threshold determination under WAC 197-11-310(1).</p>
<p><b>Hearing</b></p> <ul style="list-style-type: none"> <li>• The Board of County Commissioners holds a hearing on petition within 60 days of receipt. (RCW 36.69.040)</li> <li>• Following the hearing, the Board designates a name or number of the district and fixes boundaries. (RCW 36.69.050)</li> </ul>	<p><b>Hearing</b></p> <ul style="list-style-type: none"> <li>• Within twenty days after the report is available, the county is to hold a hearing on the findings and determine whether the petition is accepted or dismissed. (RCW 36.68.460)</li> <li>• At the conclusion of the hearing, the County legislative body makes its determination for acceptance or dismissal based on the following: <ul style="list-style-type: none"> <li>○ Whether service areas objectives fit within framework of the county's park comprehensive plan</li> </ul> </li> </ul>	<p><b>Hearing</b></p> <ul style="list-style-type: none"> <li>• None required for formation.</li> <li>• Hearing is required for annexation.</li> </ul>

	<ul style="list-style-type: none"> <li>○ and general park policies;</li> <li>○ Exact boundaries of the service area;</li> <li>○ Full definition or explanation of improvements to be financed;</li> <li>○ Whether or not objectives of the service area are feasible;</li> <li>○ Number or name of service area.</li> <li>● If satisfactory findings are made by the board of county commissioners, orders an election. If satisfactory findings cannot be made the petition is dismissed.</li> </ul>	
<p><b>Resubmittal of Petition</b></p> <ul style="list-style-type: none"> <li>● No restrictions noted.</li> </ul>	<p><b>Resubmittal of Petition</b></p> <ul style="list-style-type: none"> <li>● If rejected a new petition for the same area cannot be submitted for two years. <i>(RCW 36.68.460)</i></li> </ul>	<p><b>Resubmittal of Petition</b></p> <ul style="list-style-type: none"> <li>● Not addressed.</li> </ul>
<p><b>Election to Form District</b></p> <ul style="list-style-type: none"> <li>● Ballot proposition authorizing the park and recreation district is submitted to voters at next general state election occurring sixty or more days after board fixes boundaries.</li> <li>● Initial park and recreation commissioners are elected at same election.</li> <li>● Ballot proposition shall be stated in such manner that the voters may indicate yes or no upon the proposition forming the proposed park and recreation district. <i>(RCW 36.69.070)</i></li> <li>● Proposition for initial capital or operational costs can be included at same general election (regular property text, excess levy or GO Bonds and bond retirement levy) to create district. <i>(RCW 36.69.070)</i></li> </ul>	<p><b>Election to Form District</b></p> <ul style="list-style-type: none"> <li>● If satisfactory findings are made as outlined in RCW 36.68.460, the county legislative authority orders an election of the voters in the proposed service area to take place at the next general election or at a special election held for such purpose. <i>(RCW 36.68.470)</i></li> <li>● Ballot proposition form is in RCW 36.68.470.</li> <li>● Proposition for initial capital or operational costs can be included at same general election (regular property text, excess levy or GO Bonds and bond retirement levy) to create district. <i>(RCW 36.68.480)</i></li> </ul>	<p><b>Election to Form District</b></p> <ul style="list-style-type: none"> <li>● <i>Where No Boundary Review Board Exists</i> <ul style="list-style-type: none"> <li>○ Proposition authorizing creation of a MPD shall appear at the next general election, or at the next special election date specified under RCW 29A.04.330 occurring sixty or more days after the last resolution proposing the district is adopted, or the date the county auditor certifies the petition.</li> <li>○ Where a petition is filed with two or more county auditors, the county auditors shall confer and issue a joint certification</li> </ul> </li> <li>● <i>Where Boundary Review Board Exists</i> <ul style="list-style-type: none"> <li>○ Notice of the proposal shall be filed with the boundary review board</li> <li>○ A special election is held on the date specified under RCW 29A.04.330 that is sixty or more days</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>○ after approved by boundary review board</li> <li>○ No Boundary Review Board review required if the proposed district only includes one or more cities</li> <li>• Ballot proposition to contain words: <ul style="list-style-type: none"> <li>"For the formation of a metropolitan park district to be governed by [insert board composition described in ballot proposition]."</li> <li>"Against the formation of a metropolitan park district."</li> </ul> </li> <li>• Election of Commissioners see <a href="#">Election of Five Commissioners At Formation</a></li> </ul>
<p><b>Passage of Proposition</b></p> <ul style="list-style-type: none"> <li>• Requires approval by majority of all votes cast. <i>(RCW 36.69.080)</i></li> </ul>	<p><b>Passage of Proposition</b></p> <ul style="list-style-type: none"> <li>• Requires approval by a majority of the voters voting. <i>(RCW 36.68.500)</i></li> </ul>	<p><b>Passage of Proposition</b></p> <ul style="list-style-type: none"> <li>• Requires approval by a majority of the voters voting. <i>(RCW 35.61.040)</i></li> </ul>
<p><b>Governing Body</b></p> <ul style="list-style-type: none"> <li>• Board of five commissioners elected from designated districts for staggered, four year terms; election held in conjunction with general election in odd numbered years. <i>(RCW 36.69.090)</i></li> <li>• Duties are: <ul style="list-style-type: none"> <li>○ Elect chairman, secretary, and such other officers as it may determine it requires;</li> <li>○ Hold regular public meetings at least monthly;</li> <li>○ Adopt policies governing transaction of board business, keeping of records, resolutions, transactions, findings and determinations, which shall be of public record;</li> <li>○ Initiate, direct and administer district park and recreation activities,</li> </ul> </li> </ul>	<p><b>Governing Body</b></p> <ul style="list-style-type: none"> <li>• Members of county legislative authority , acting ex officio if within county. If a city or town included, the Park &amp; Recreation Service Area is governed by an interlocal cooperation agreement. If it is a multi-county area, it is governed by interlocal cooperation agreement. <i>(RCW 36.68.400)</i></li> </ul>	<p><b>Governing Body</b></p> <p>The metropolitan park board may be composed in any of the following alternatives:</p> <ul style="list-style-type: none"> <li>• Five commissioners may be elected at the same election creating the district;</li> <li>• For a district located entirely within one city or the unincorporated area of one county, the legislative authority of the city or county may act as the metropolitan park board; or</li> <li>• For a district located in multiple cities or counties, each legislative authority may appoint one or more members to serve as the board.</li> <li>• The governing structure of an existing (before June 13, 2002) metropolitan park district may not be changed without the approval of the voters <i>(RCW 36.61.050)</i></li> <li>• Vacancies filled in accordance with Ch. 42.12 RCW <i>(RCW 35.61.050)</i></li> </ul>

<p>and select and employ such properly qualified employees as it may deem necessary. (RCW 36.69.120)</p> <ul style="list-style-type: none"> <li>• Vacancies filled in accordance with Ch. 42.12 RCW</li> </ul>		<p>(2)). If more than one city or county, may fill vacancy by terms of interlocal agreement (RCW 35.61.050 (4)).</p>
<p><b>Finance - Revenue Authority</b></p> <ul style="list-style-type: none"> <li>• Regular property tax levy (maximum of \$0.60 per \$1000 assessed valuation) for a six-year period authorized when 60 percent of the voters in an election vote "yes" with a voter turnout equal at least to 40 percent of those voting in the last general election. Alternatively, as long as the number of "yes" votes is equal to at least 60 percent times 40 percent of the number of people voting in the last general election, the measure will pass. (RCW 36.69.145)</li> <li>• Limit on regular levy: Park and Recreation District will have levy capacity diminished if aggregate of junior and senior taxing district exceeds the \$5.90 limit. (RCW 84.52.043(2)(a))</li> <li>• Charges, fees, rates, rentals and the like for the use of facilities (including recreational facilities) or for participation. (RCW 36.69.130)</li> </ul>	<p><b>Finance - Revenue Authority</b></p> <ul style="list-style-type: none"> <li>• Regular property tax levy (maximum of \$0.60 per \$1000) for a six-year period authorized when 60 percent of the voters in an election vote "yes" with a voter turnout equal at least to 40 percent of those voting in the last general election. Alternatively, as long as the number of "yes" votes is equal to at least 60 percent times 40 percent of the number of people voting in the last general election, the measure will pass. (RCW 36.68.525)</li> <li>• Limit on regular levy: Park and Recreation Service Areas will have levy capacity diminished if aggregate of junior and senior taxing district exceeds the \$5.90 limit. (RCW 84.52.043(2)(a))</li> <li>• May charge fees or other direct charges on facilities. (RCW 36.68.550)</li> </ul>	<p><b>Finance - Revenue Authority</b></p> <ul style="list-style-type: none"> <li>• Two regular property tax levies available - 50 cents/\$1000 assessed valuation and one of 25 cents. They are considered one levy for the purposes of the levy limits in Ch.84.55 RCW, but they have different rankings in the prorationing statute. Levy is permanent. (See <a href="#">Tax Authority on Metropolitan Park District Finance</a> page)</li> <li>• Conduct forms of recreation or business beneficial for the public, or for the production of revenue for expenditure for park purposes (RCW 35.61.130)</li> </ul>
<p><b>Excess Levies and Bonds</b></p> <ul style="list-style-type: none"> <li>• Annual excess tax levy proposition for operating funds, capital outlay funds, and cumulative reserve funds as authorized by RCW 84.52.052. (RCW 36.69.140)</li> <li>• May issue general obligation debt, equal to one and one-fourth percent of the assessed valuation within the district. Of this 1 1/4 percent, 3/8 percent may be nonvoted (also called councilmanic) debt. The rest must be voted. Sixty percent of those voting must vote "yes" and the voter turnout must be at least 40 percent of that of the last general election. (RCW 36.69.140)</li> <li>• May issue LID bonds. (RCW 36.69.200)</li> </ul>	<p><b>Excess Levies and Bonds</b></p> <ul style="list-style-type: none"> <li>• Annual excess tax levy proposition for operating funds, capital outlay funds, and cumulative reserve funds as authorized by 84.52.052 RCW. (RCW 36.68. 520)</li> <li>• May issue voted general obligation debt equal to 2 1/2 of the assessed valuation within the service area. Of this 2 1/2 percent, 3/8 percent may be non-voted (also called councilmanic debt). The rest must be voted. Sixty percent of those voting must vote "yes" and the voter turnout must be at least 40 percent of that of the last general election. (RCW 36.68.520 )</li> </ul>	<p><b>Excess Levies and Bonds</b></p> <ul style="list-style-type: none"> <li>• Authorized to levy general tax in excess of its regular property tax levy or levies when authorized to do so at a special election. (RCW 35.61.210 and RCW 82.52.052)</li> <li>• May issue general obligation debt in an amount equal to 2 1/2 percent of their assessed valuations. (RCW 35.61.110) Of this 2 1/2 percent, 1/4 percent may be nonvoted (also called councilmanic) debt. (RCW 35.61.100) The rest must be voted. (See <a href="#">Debt on Metropolitan Park District Finance</a> page)</li> <li>• Can petition city for LID improvements (RCW 36.61.220 - 240)</li> </ul>

<ul style="list-style-type: none"> <li>• May issue revenue bonds. (RCW 36.69.350)</li> </ul>		<ul style="list-style-type: none"> <li>• May issue revenue bonds (RCW 35.61.116)</li> </ul>
<p><b>Fiscal Administration</b></p> <ul style="list-style-type: none"> <li>• County treasurer is treasurer of district. (RCW 36.69.150)</li> <li>• All expenditures are paid by warrants drawn by county auditor on county treasurer, pursuant to vouchers approved by the district board. (RCW 36.69.150)</li> <li>• District commissioners must compile an annual budget including all available funds and anticipated income for the ensuing year. Budget may include cumulative reserve for capital purposes. (RCW 36.69.160)</li> <li>• District commissioners must compile an annual budget including all available funds and anticipated income for the ensuing year. Budget may include cumulative reserve for capital purposes. (RCW 36.69.160)</li> </ul>	<p><b>Fiscal Administration</b></p> <ul style="list-style-type: none"> <li>• County treasurer is treasurer of service area.</li> <li>• Annual budget required in form prescribed by state auditor. May include cumulative reserve for capital purposes, all available funds and all anticipated income shall be included. (RCW 36.68.530)</li> <li>• May contract with county to administer purchasing. (RCW 36.68.570)</li> <li>• Legislative authority may transfer proceeds from concessions for food and other services accruing to the county from food and other services from park or park facility in park and recreation service area to service area budget. (RCW 36.68.560)</li> <li>• May reimburse county for charges incurred by county current expense fund for expense of service area. (RCW 36.68.570)</li> </ul>	<p><b>Fiscal Administration</b></p> <ul style="list-style-type: none"> <li>• County treasurer of the county within which all, or the major portion, of the district lies is the ex officio treasurer the district. The district can designate someone else, if the board has received the approval of the county treasurer (RCW 35.61.180)</li> <li>• Contracts are to be by competitive bidding or Small Works Roster. (RCW 36.61.135)</li> </ul>
<p><b>Adding area - Enlargement</b></p> <ul style="list-style-type: none"> <li>• Same procedure as creating district and all electors of district and proposed additional territory vote. (RCW 36.69.190)</li> </ul>	<p><b>Adding area - Enlargement</b></p> <ul style="list-style-type: none"> <li>• Same procedure as creating the parks and recreation service area, by resolution or petition with vote of all electors in existing area plus proposed addition. (RCW 36.68.620)</li> </ul>	<p><b>Adding Area - Enlargement</b></p> <ul style="list-style-type: none"> <li>• Territory by virtue of its annexation to any city that lies entirely within a park district shall be deemed to be within the limits of the metropolitan park district.</li> <li>• Such an extension of a park district's boundaries shall not be subject to review by a boundary review board independent of the board's review of the city annexation of territory. (RCW 35.61.020)</li> <li>• The territory adjoining a metropolitan park district may be annexed into the district upon petition and an election. <ul style="list-style-type: none"> <li>○ The petition shall define the territory proposed to be annexed and must be signed by twenty-five registered voters, resident within the territory proposed to be annexed, unless</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>○ The territory is within the limits of another city then it must be signed by twenty percent of the registered voters residing within the territory proposed to be annexed. (RCW 35.61.250)</li> </ul>
<p><b>Dissolution</b></p> <ul style="list-style-type: none"> <li>• In the matter provided in Ch. 53.48 RCW relating to port districts. For county with population of 210,000 or more and inactive for five years see Ch. 57.90 RCW.</li> <li>• See procedures outlined in Ch. 36.96 RCW - Dissolution of inactive special purpose districts</li> </ul>	<p><b>Dissolution</b></p> <ul style="list-style-type: none"> <li>• In the matter provided in Ch. 53.48 RCW relating to port districts.</li> <li>• See procedures outlined in Ch. 36.96 RCW - Dissolution of inactive special purpose districts</li> </ul>	<p><b>Dissolution</b></p> <ul style="list-style-type: none"> <li>• A district may be dissolved by majority vote of members.</li> <li>• Upon dissolution the district's liabilities are prorated, and turn over to the city and/or county to the extent the district was respectively located in each, when: <ul style="list-style-type: none"> <li>○ (1) Such city and/or county, through its governing officials, agrees to, and petitions for, such dissolution and the assumption of such assets and liabilities, or;</li> <li>○ (2) Ten percent of the voters of such city and/or county who voted at the last general election petition the governing officials for such a vote. (RCW 35.61.310)</li> </ul> </li> <li>• Disincorporation of district located in county with a population of 210,000 or more and inactive for five years, see Chapter 57.90 RCW</li> </ul>

**Source: Municipal Research and Services Center of Washington**

## ATTACHMENT 2

### City of Mountlake Terrace Revenue Sources

<u>REVENUE SOURCE</u>	<u>RATE</u>													
<b><u>Admissions Tax *</u></b>	\$ .01 for each \$.20 or 5%													
<b><u>Gambling Tax</u></b>														
A. Bingo and/or Raffles	7.5% of gross receipts, less than the amount paid for as prizes													
B. Amusement Games	2% of gross revenue, less than the amount paid for as prizes													
C. Commercial Operators – Punch Boards and/or Pull Tabs	5% of gross receipts													
D. Charitable or Nonprofit Operators – Punch Boards and/or Pull Tabs	10% of gross receipts, less the amount awarded as prizes													
E. Social Card Games and/or Any Other Gambling Activity	10% of gross receipts													
<b><u>Leasehold Excise Tax</u></b>	Not to exceed 4% of the taxable rent													
<b><u>Property Tax - 2007</u></b>	<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">\$ 1.83 per \$1,000 Assessed Value (Regular)</td> <td rowspan="2" style="font-size: 2em; vertical-align: middle;">}</td> <td rowspan="2" style="vertical-align: middle;"><b>\$ 1.92 per \$1,000 Assessed Value</b></td> </tr> <tr> <td>\$ 0.09 per \$1,000 Assessed Value (Voter- Approved)</td> </tr> <tr> <td colspan="3">Sno-Isle Regional Library – \$0.35 per \$1,000 Assessed Value</td> </tr> <tr> <td colspan="3">Edmonds School District #15 - \$3.51 per \$1,000 Assessed Value</td> </tr> <tr> <td colspan="3">Stevens Memorial Hospital - \$1.82 per \$1,000 Assessed Value</td> </tr> </table>	\$ 1.83 per \$1,000 Assessed Value (Regular)	}	<b>\$ 1.92 per \$1,000 Assessed Value</b>	\$ 0.09 per \$1,000 Assessed Value (Voter- Approved)	Sno-Isle Regional Library – \$0.35 per \$1,000 Assessed Value			Edmonds School District #15 - \$3.51 per \$1,000 Assessed Value			Stevens Memorial Hospital - \$1.82 per \$1,000 Assessed Value		
\$ 1.83 per \$1,000 Assessed Value (Regular)	}	<b>\$ 1.92 per \$1,000 Assessed Value</b>												
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Edmonds School District #15 - \$3.51 per \$1,000 Assessed Value														
Stevens Memorial Hospital - \$1.82 per \$1,000 Assessed Value														
<b><u>Real Estate Excise Tax (REET)</u></b>	<p>First .25% of the selling price on each sale of real property</p> <p>Second .25% on each sale of real property</p>													

\* Exceptions:

- Elementary, Secondary school, parent-teacher-student association (PTSA), parent-teacher association (PTA), or similar organization events if the proceeds benefit a elementary or secondary school
- Amounts of \$1.00 or less
- Any activity of any person, corporation, trust, society, order, institution, organization, or association engaged in or devoted to any religious, charitable, scientific, literary, educational, public or other like work
- Any activity/event sponsored by a municipal corporation
- Certain participating athletic or sporting events, if the proceeds are for purposes of greater ease and economy in the administration, collection, and enforcement of the admissions tax. This exemption does not apply to spectators at sporting events who pay an admission charge
- The annual "Fantasy Fest" festival held on or about May/June of any given year

## ATTACHMENT 2

### City of Mountlake Terrace Revenue Sources

<u>REVENUE SOURCE</u>	<u>RATE</u>
<b><u>Sales or Use Tax</u></b>	0.00425% of the selling price or value of the article used 0.00425% upon every taxable event
<b><u>Transient Occupancy Tax</u></b>	2% on the sale of or charge made for the furnishing of lodging by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property
<b><u>Utility Taxes</u></b>	
A. Public Utility District	6% of the gross revenues derived from the sale of electricity by any public utility district
B. Gas	6% of the total gross revenues from every person, firm, or corporation engaged in natural gas business and/or artificial gas business
C. Telephone	6% of the total gross operating revenues
D. Cable Television	5% of the gross revenues derived from the sale of services
E. Water *	10% upon the gross receipts
F. Sanitary Sewer **	10% upon the gross receipts
G. Storm Water ***	10% upon the gross receipts
H. Solid Waste	10% of gross revenues
<b><u>Fees</u></b>	
A. Insufficient Funds	\$25.00 penalty charge for each check received by the City which is returned marked "insufficient funds"
B. Local Improvement District Assessment Title Searches	\$5.00 fee for Local Improvement District (L.I.D.) assessment title searches
C. Utility/Lien Search and Special Water Meter Reading Fees for Property Closings	\$25.00 – for Utility and Lien Search \$30.00 – for Special Water and Meter Reading

\* See page 8 for the 2007 average monthly water rate

\*\* See page 8 for the 2007 average monthly sanitary sewer rate

\*\*\* See page 8 for the 2007 average monthly storm water rate

**ATTACHMENT 2**

City of Mountlake Terrace Revenue Sources

<b><u>REVENUE SOURCE</u></b>	<b><u>RATE</u></b>
D. Law Enforcement Fees	\$10.00 – Replacement for Concealed Pistol License \$12.00 – for first seven pages of Photocopying (\$1.00 for each additional page) \$12.00 – Police Clearance Reports \$15.00 – for Fingerprinting card (\$7.50 for each additional card) \$15.00 – Immigration/VISA Records Check \$15.00 – Other Criminal Records Check \$20.00 – for Home Detention (per day) \$32.00 – Renewal for Concealed Pistol License \$42.00 – Late renewal for Concealed Pistol License \$60.00 - Original permit/prints for Concealed Pistol License
E. Library Room Rental Fees	<p align="center"><b><u>Conference Room</u></b></p> \$15.00 – 1 <sup>st</sup> hour (\$5.00 each additional hour) [Non-Profit Resident] \$20.00 – 1 <sup>st</sup> hour (\$6.00 each additional hour) [Non-Profit Non-Resident] \$40.00 – 1 <sup>st</sup> hour (\$20.00 each additional hour) [Private Resident] \$45.00 – 1 <sup>st</sup> hour (\$25.00 each additional hour) [Private Non-Resident] <p align="center"><b><u>Reception Room</u></b></p> \$30.00 – 1 <sup>st</sup> hour (\$7.50 each additional hour) [Non-Profit Resident] \$40.00 – 1 <sup>st</sup> hour (\$10.00 each additional hour) [Non-Profit Non-Resident] \$60.00 – 1 <sup>st</sup> hour (\$30.00 each additional hour) [Private Resident] \$80.00 – 1 <sup>st</sup> hour (\$40.00 each additional hour) [Private Non-Resident]
F. Recreation Programs	<p align="center"><b><u>Swim, Weight Room, Spa and Sauna Fees</u></b></p> \$0.00 – Infants under 1 year (Non-Resident) \$0.00 – Infants under 1 year (Resident) \$1.25 – Shower (Resident) \$1.50 – Shower (Non-Resident) \$2.75 - Leisure Pool Only (Resident) \$3.00 – Children 1 to 16 (Resident) \$3.25- Leisure Pool Only (Non-Resident) \$3.25 – Senior/Disabled (Resident) \$3.50 – Children 1 to 16 (Non-Resident) \$3.75 – Senior/Disabled (Non-Resident) \$4.00 – Adult (Resident) \$4.50 – Adult (Non-Resident) \$12.00 – Family (Resident) \$14.00 – Family (Non-Resident) <p align="right"><b><u>Punch Card Fees</u></b></p>

## ATTACHMENT 2

### City of Mountlake Terrace Revenue Sources

<u>REVENUE SOURCE</u>	<u>RATE</u>
	\$27.50 - Leisure Pool Pass (Resident)
	\$30.00 – Children Under 16 (Resident)
	\$32.50 – Senior/Disabled (Resident)
	\$33.00 - Leisure Pool Pass (Non-Resident)
	\$35.00 – Children Under 16 (Non-Resident)
	\$37.50 – Senior/Disabled (Non-Resident)
	\$40.00 – Adult (Resident)
	\$45.00 – Adult (Non-Resident)
	<b><u>Monthly Pass Fees</u></b>
	\$33.00 – Youth (Resident)
	\$38.00 – Youth (Non-Resident)
	\$40.00– Senior/Disabled (Resident)
	\$45.00– Senior/Disabled (Non-Resident)
	\$52.00 – Adult (Resident)
	\$57.00 – Adult (Non-Resident)
	<b><u>Annual Pass Fees</u></b>
	\$363.00 – Youth (Resident)
	\$418.00 – Youth (Non-Resident)
	\$440.00– Senior/Disabled (Resident)
	\$495.00– Senior/Disabled (Non-Resident)
	\$572.00 – Adult (Resident)
	\$627.00 – Adult (Non-Resident)
	<b><u>Punch Card (11 Visits) Fees</u></b>
	\$42.50– Senior/Disabled (Resident)
	\$47.50– Senior/Disabled (Non-Resident)
	\$57.50 – Adult (Resident)
	\$62.50 – Adult (Non-Resident)
	<b><u>Aquatic Instruction Fees</u></b>
	\$4.25 - Senior/Disabled Fitness (Resident)
	\$4.75 - Senior/Disabled Fitness (Non-Resident)
	\$4.75 - Swim Team (Resident)
	\$5.25 - Swim Team (Non-Resident)
	\$5.50 - Playtime Passport (per session) (Resident)
	\$5.75 - Adult Fitness (Resident)
	\$5.75 - Swim Lessons – Class (Resident)
	\$6.25 - Adult Fitness (Non-Resident)

**ATTACHMENT 2**

City of Mountlake Terrace Revenue Sources

<b><u>REVENUE SOURCE</u></b>	<b><u>RATE</u></b>
	<p>\$6.25 - Swim Lessons – Class (Non-Resident)                      \$6.50 - Playtime Passport (per session) (Non-Resident)                      \$6.75 - Specialty – Class (Resident)                      \$7.25 - Specialty – Class (Non-Resident)</p> <p><b><u>American Red Cross Courses</u></b>                      \$4.00 - BST Plus (27 hrs) (Resident)                      \$4.00 - Guard Start (10 hrs) (Resident)                      \$4.50 - BST Plus (27 hrs) (Non-Resident)                      \$4.50 - Guard Start (10 hrs) (Non-Resident)                      \$5.50 - Lifeguard Training (27 hrs) (Resident)                      \$6.00 - Lifeguard Training (27 hrs) (Non-Resident)                      \$7.00 - Instructor Courses (LGI or WSI) (Resident)                      \$7.50 - Instructor Courses (LGI or WSI) (Non-Resident)                      \$11.67 - Babysitter’s Training (6 hrs) (Resident)                      \$12.50 - Babysitter’s Training (6 hrs) (Non-Resident)</p>
<p>G. Land Development Fees</p>	<p align="center"><b><u>Land Use and Development Applications and Fees</u></b></p> <p>\$86.00/ hr. – Appeal of Planning Commission or SEPA Decision                      \$86.00/hr – Environmental Review – Critical Area Checklist (\$4,000.00 deposit)                      \$86.00/hr – Pre-Application Conference: Commercial Development (2-hour deposit)                      \$86.00/hr – Right of Way Encroachment Permit (2-hour deposit)                      \$86.00/hr – Subdivision Preliminary Plat or Short Plat (\$4,000.00 deposit)                      \$86.00/hr – Subdivision Separation Prior Assessment (2-hour deposit)                      \$86.00/hr – Verification (1-hour deposit)                      \$86.00/hr. – Certificate of Occupancy – Code Compliance Review or Processing for Planning Commission Approval                      \$86.00/hr – Planned Unit Development (PUD) (\$4,000.00 deposit)                      \$86.00/hr – Site Plan Amendment (minor) (\$4,000.00 deposit)                      \$86.00/hr – Site Plan Review – (\$4,000 deposit)                      \$86.00/hr – Special Use Wireless: Monopole (\$4,000.00 deposit)                      \$86.00/hr – Street Vacation Request (\$4,000.00 deposit)                      \$86.00/hr – Substantial Development Permit (\$4,000.00 deposit)                      \$86.00/hr – Lot Line Adjustment (\$1,000.00 deposit)                      \$60.00 – Fence Permit – Single-Family Only                      \$86.00 – Hourly Rate                      \$100.00 – Home Occupation Permit – Administrative Review                      \$120.00 – Temporary Right of Way Use Permit                      \$168.00 – Sign: Special Event, Special Use, Temporary                      \$217.00 – Temporary Housing Unit                      \$217.00 – Temporary Land Use Permit</p>

## ATTACHMENT 2

### City of Mountlake Terrace Revenue Sources

<u>REVENUE SOURCE</u>	<u>RATE</u>
	\$250.00 – Appeal of Staff Decision to the Board of Adjustment
	\$270.00 – Fence Permit – Commercial and Multi-Family
	\$407.00 – Home Occupation Permit – Board of Adjustment
	\$433.00 – Tree Removal Plan
	\$443.00 – Conditional Use Permit Secondary
	\$581.00/lot – Subdivision Final Plat, Binding Site Plan, or Plat Alteration
	\$704.00 – Variance – Single Family
	\$773.00 – Annexation Petition
	\$907.00 – Environmental Review – Minor
	\$920.00 – Conditional Use Permit Primary
	\$1,421.00 – Variance – Commercial and Multi-Family
	\$1,787.00 – Comprehensive Plan Amendment (Text or Map)
	\$1,787.00 – Zoning Amendment (Text of Map)
	\$2,005.00 – Special Use Wireless: Antenna Co-location
	<b><u>Civil Engineering Construction Applications and Fees</u></b>
	\$26.13 – Grading Permit Fee (50 cubic yards)
	\$26.13 – Grading Plan Review (50 to 100 cubic yards)
	\$41.25 – Grading Permit Fee (51 to 100 cubic yards)
	\$41.25 – Grading Permit Fee (101 to 1,000 cubic yards) (additional \$19.53 for each additional 100 cubic yards)
	\$41.25 – Grading Plan Review (101 to 1,000 cubic yards)
	\$55.00 – Grading Plan Review (1,001 to 10,000 cubic yards)
	\$55.00 – Grading Plan Review (10,001 to 100,000 cubic yards) (additional \$27.23 for each additional 10,000 cubic yards)
	\$86.00/hr. - Plan Check Fee (> \$30,000) (deposit equal to 4.4% of Construction Value)
	\$86.00/hr. – Construction Permit Fee (> \$30,000) (deposit equal to 8.3% of Construction Value)
	\$101.48/installation - Plan Checking and Construction Permit Fees for Utilities – Individual Overhead Services
	\$116.05/installation or 4.4% of Value (whichever is greater) - Plan Checking and Construction Permit Fees for Utilities – Overhead Distribution Lines
	\$203.23/ installation - Plan Checking and Construction Permit Fees for Utilities – Individual Underground Services Not Disturbing an Improved Portion of the Right-of-way
	\$208.73/ installation or 4.4% of Value (whichever is greater) – Plan Checking and Construction Permit Fees for Utilities – Underground Distribution Lines
	\$217.00 – Grading Permit Fee (1,001 to 10,000 cubic yards) (additional \$16.23 for each additional 1,000 cubic yards)
	\$287.93/installation - Plan Checking and Construction Permit Fees for Utilities - Individual Underground Services Disturbing an Improved Portion of the Right-of-way
	\$300.00 – Grading Plan Review (100,001 to 200,000 cubic yards) (additional \$14.85 for each additional 10,000 cubic yards)
	\$363.00 – Grading Permit Fee (10,001 to 100,000 cubic yards) (additional \$73.70 for each additional 10,000 cubic yards)
	\$448.50 – Grading Plan Review (200,001 or more cubic yards) (additional \$8.00 for each additional 10,000 cubic yards)
	\$500.00/acre – Performance Guarantee Deposits – Erosion Control
	\$1,000.00/ Invasion of Improved Public Right-of-way– Performance Guarantee Deposits – Street Invasion (\$2,000.00)

## ATTACHMENT 2

### City of Mountlake Terrace Revenue Sources

<u>REVENUE SOURCE</u>	<u>RATE</u>
	maximum) \$1,026.00 – Grading Permit Fee (100,001 or more cubic yards) (additional \$40.70 for each additional 10,000 cubic yards) 4.4 % of Construction Value – Plan Check Fee (< \$30,000) 8.3% of Construction Value – Construction Permit Fee (<\$30,000)
	<p><b><u>Fire Code and Fire Protection System Fees</u></b></p> \$1.00/head – Fire Sprinkler Plan Review Fee \$60.00 – Fire Code Permit \$86.00/hr. – Additional plan Review Required by Changes, Additions, or Revisions to Plans (minimum 1 hour charge) \$86.00/hr. – Inspection for which no fee is specifically indicated (minimum 1 hour charge) \$86.00/hr. – Inspection Outside of Normal Business Hours (minimum 2 hour charge) \$100.00 – Retail Fireworks Stand \$120.00 – Fireworks Protection System
	<p><b><u>Building Permit Fees</u></b></p> \$56.05 – \$1.00 to \$1,400.00 Valuation \$56.05 - \$1,400.01 to \$2,000.00 Valuation (additional \$3.35 for each additional \$100.00) \$75.15 - \$2,000.01 to \$25,000.00 Valuation (additional \$15.40 for each additional \$1,000.00) \$430.35 - \$25,000.01 to \$50,000.00 Valuation (additional \$11.11 for each additional \$1,000.00) \$708.10 - \$50,000.01 to \$100,000.00 Valuation (additional \$7.70 for each additional \$1,000.00) \$1,093.00 - \$100,000.01 to \$500,000.00 Valuation (additional \$6.16 for each additional \$1,000.00) \$3,557.10 - \$500,000.01 to \$1,000,000.00 Valuation (additional \$5.23 for each additional \$1,000.00) \$6,172.10 - \$1,000,000.01 Valuation and up (additional \$4.02 for each additional \$1,000.00)
	<p><b><u>Plumbing Permit Fees</u></b></p> \$10.25 – Issuance of Each Supplemental Permit for Which Original Permit has not Expired, Been Canceled or Finalized (Residential Fees) \$80.00 – Alterations to Existing residential Structures, Includes One Inspection (Residential Fees) \$86.00/hr. – Each Additional Inspection \$144.00 – Construction of New Single Family Residential Structures, Includes Two Inspections (Residential Fees) \$55.83 - \$500.00 Valuation or less (Commercial Fees) \$89.38 - \$500.01 to \$1,000.00 Valuation (Commercial Fees) \$89.38 – \$1,000.01 to \$5,000.00 (+4.74% of excess over \$1,000) (Commercial Fees) \$\$279.28 – \$5,000.01 to \$10,000.00 (+4.74% of excess over \$5,000) (Commercial Fees) \$390.48 – \$10,000.01 to \$25,000.00 (+4.74% of excess over \$10,000) (Commercial Fees) \$580.98– \$25,000.01 and over (+4.74% of excess over \$25,000) (Commercial Fees)
	<p><b><u>Electrical Permit Fees</u></b></p> \$10.25 – Issuance of Each Supplemental Permit for Which Original Permit has not Expired, Been Canceled or Finalized (Residential Fees)

**ATTACHMENT 2**

City of Mountlake Terrace Revenue Sources

<b><u>REVENUE SOURCE</u></b>	<b><u>RATE</u></b>
	\$80.00 – Alterations to Existing Residential Structures, Includes One Inspection (Residential Fees)
	\$80.00 – Temporary Service (Residential Fees)
	\$86.00/hr. – Each Additional Inspection (Residential Fees)
	\$144.00 – Construction of New Single Family Residential Structures, Includes Two Inspections (Residential Fees)
	\$55.83 - \$500.00 Valuation or less (Commercial Fees)
	\$89.38 - \$500.01 to \$1,000.00 Valuation (Commercial Fees)
	\$89.38 – \$1,000.01 to \$5,000.00 (+4.74% of excess over \$1,000) (Commercial Fees)
	\$279.28 – \$5,000.01 to \$10,000.00 (+4.74% of excess over \$5,000) (Commercial Fees)
	\$390.48 – \$10,000.01 to \$25,000.00 (+4.74% of excess over \$10,000) (Commercial Fees)
	\$580.98– \$25,000.01 and over (+4.74% of excess over \$25,000) (Commercial Fees)
	<b><u>Mechanical Permit Fees</u></b>
	\$10.25 – Issuance of Each Supplemental Permit for Which Original Permit has not Expired, Been Canceled or Finalized (Residential Fees)
	\$80.00 – Alterations to Existing residential Structures, Includes One Inspection (Residential Fees)
	\$86.00/hr. – Each Additional Inspection
	\$144.00 – Construction of New Single Family Residential Structures, Includes Two Inspections (Residential Fees)
	\$55.83 - \$500.00 Valuation or less (Commercial Fees)
	\$89.38 - \$500.01 to \$1,000.00 Valuation (Commercial Fees)
	\$89.38 – \$1,000.01 to \$5,000.00 (+4.74% of excess over \$1,000) (Commercial Fees)
	\$279.28 – \$5,000.01 to \$10,000.00 (+4.74% of excess over \$5,000) (Commercial Fees)
	\$390.48 – \$10,000.01 to \$25,000.00 (+4.74% of excess over \$10,000) (Commercial Fees)
	\$580.98– \$25,000.01 and over (+4.74% of excess over \$25,000) (Commercial Fees)
	<b><u>Plan Review Fees</u></b>
	65% of Permit Fee

**2007 Average Monthly Rate of City  
Owned Utility Services**

WATER - \$39.31  
SANITARY SEWER - \$60.18  
STORM WATER - \$11.66