

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Discussion of Sidewalk Program Implementation
DEPARTMENT: Public Works
PRESENTED BY: Tricia Juhnke, City Engineer
ACTION: ☐ Ordinance ☐ Resolution ☐ Motion
 ☒ Discussion ☐ Public Hearing

PROBLEM/ISSUE STATEMENT:

The 2019-2020 Biennial Budget and 2019-2024 Capital Improvement Plan (CIP) were developed and transmitted to Council prior to the November 6th general election vote on Proposition 1 for sidewalk funding and did not include either expenditures or revenue for this program. Since Proposition 1 was approved by voters, staff has started planning for this program and has identified two items for Council discussion and authorization in order to proceed with the development and implementation of the program:

1. Budget authorization for 2019-2020, including new staff, and
2. Authorization for issuing bonds to support this program.

These authorizations will allow staff to more fully develop costs and challenges for each of the 12 Proposition 1 sidewalk projects to support draft phasing and funding plans, start design and construction of two or three projects in this biennium, and to help meet the City's commitment for delivery of the listed projects in eight to 10 years. Tonight, Council is scheduled to discuss the development of the program and program funding needs. This discussion will then be followed by a discussion of Ordinance Nos. 852 and 853 which are required for a 2019-2020 budget amendment and issuance of bonds for the program.

RESOURCE/FINANCIAL IMPACT:

The 2019-2020 Biennial Budget was adopted on November 19, 2018 through Ordinance No. 841. However, this ordinance did not include appropriations or staffing necessary to deliver the Sidewalk Program. Initial planning of the program has identified an immediate need for two additional positions to support the program: an Engineer II - Capital Project Manager position and an Administrative Assistant II position. While 100% of the Engineer II is necessary to deliver the Sidewalk Program, just 25% of the Administrative Assistant II is needed for the program. The balance of the budget for the Capital Improvement Program is sufficient to cover the cost of the other 75% of the Administrative Assistant II position; therefore, a budget amendment for other funds and/or projects to support the balance of the Administrative Assistant II will not be necessary.

In addition to this staffing, staff has identified the need for authorization of \$4,245,000 to proceed with program planning and design and construction of the first Proposition 1 sidewalks in the 2019-2020 biennium. The discussion of Ordinance Nos. 852 and 853 later tonight will provide more detail on the proposed budget amendment.

RECOMMENDATION

No action is required; this item provides an opportunity for staff to update the Council on the development of the new sidewalk program and provides background information regarding the need for Council to authorize ordinances for a budget amendment and issuance of bonds.

Approved By: City Manager ***DT*** City Attorney ***JA-T***

BACKGROUND

Beginning in 2017, the City Council had extensive discussions regarding sidewalks, including how to fund the repair of existing sidewalks and the installation of new sidewalks. The City utilized a Sidewalk Advisory Committee (SAC) to support the development of the Sidewalk Prioritization Plan and provide Council recommendations on funding for sidewalk repair and expansion of the sidewalk network. These extensive discussions culminated in three key actions:

1. Adoption of the Sidewalk Prioritization Plan – On June 4, 2018, Council approved the Sidewalk Prioritization Plan (staff report can be found at the following link): <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2018/staffreport060418-9a.pdf>.
2. Increase in vehicle license fees (VLF) to support sidewalk repair – On June 4, 2018, Council authorized a \$20 per vehicle increase in VLF to support sidewalk repair (staff report can be found at the following link): <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2018/staffreport060418-8a.pdf>.
3. Voter approval of Proposition 1 on the November 6, 2018 general election ballot to increase Sales and Use Tax Rate for the Shoreline Transportation Benefit District to fund expansion of the sidewalk network.

The third action above began with Council approval of Resolution No. 430 on July 30, 2018, which authorized the placement of a ballot measure on the November 6th general election ballot to increase the Sales and Use Tax Rate for the Transportation Benefit District by 0.2% for a term up to 20 years to provide funding for the installation and repair of sidewalks. The staff report for this Council action can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2018/staffreport073018-8a.pdf>.

The Proposition 1 ballot measure identified 12 specific projects to be completed with the approved Sales and Use Tax. These projects include:

No.	Street	From	To
98	15th Ave NE	NE 150th St	NE 160th St
57	Meridian Ave N	N 194th St	N 205th St
21	8th Ave NW	North side of Sunset Park	Richmond Beach Rd NW
34	Dayton Ave N	N 178th St	N Richmond Beach Rd
73	19th Ave NE	NE 196th St	NE 205th St
58	1st Ave NE	NE 192nd St	NE 195th St
40	Westminster Way N	N 145th St	N 153rd St
74	Ballinger Way NE	19 th Ave NE	25 th Ave NE
35b	Dayton Ave N	N 155 th St	N 160 th St
85	5th Ave NE	NE 175th St	NE 185th St
48	Linden Ave N	N 175th ST	N 185th St
4	20th Ave NW	Saltwater Park entrance	NW 195th St

The number for each project refers to the project number in the 2018 Sidewalk Prioritization Plan.

The Sales and Use Tax Rate increase is estimated to generate \$59 million in revenue over 20 years, which will support approximately \$42 million in bonds. The 12 defined projects are estimated to utilize \$29 million, or approximately 70% of the estimated revenue. Because the term of the additional 0.2% Sales Tax is 20 years, the tax is required to be used to support repayment of debt. The City will be issuing a series of bonds over the term of the tax to finance the improvements with the revenue of the sales and use tax utilized to pay back the bonds.

Ordinance No. 841 adopting the 2019-2020 Biennial Budget and 2019-2024 Capital Improvement Plan was approved on November 19, 2018. However, it did not include appropriations for the new sidewalk program. Tonight's discussion will focus on the initial planning and implementation efforts to start the program and the need for a budget amendment to authorize appropriations in the 2019-2020 Biennial Budget, including the addition of two new staff positions to manage the program.

DISCUSSION

Since the approval of the ballot measure, staff has started to plan for implementation of the Sidewalk Program. Key elements of the preliminary plan include: staffing, timing and issuance of bonds, financial monitoring and utilization of funds, and project delivery including development of schedule. Each of these Sidewalk Program elements is further explained below.

The 2019-2020 work plan involves more fully developing costs and challenges for each of the 12 Proposition 1 sidewalk projects to support draft phasing and funding plans and starting design and construction of two or three projects in this biennium to help meet the City's commitment for delivery of the listed projects within 10 years.

Staffing

This new program exceeds the capacity of current staffing resources. Two initial staff positions have been identified to support this program:

- *Engineer II – Capital Project Manager* – This new position will manage the program including managing the project schedules and budgets, outreach, contracts and eventually construction.
- *Administrative Assistant II* – Growth in the capital program over the last couple of years has stretched the ability of the City's current Administrative Assistant II to provide adequate support to the capital projects team. New programs and projects include this new sidewalk program, the sidewalk rehabilitation program, expansion of the surface water program as a result of the Surface Water Master Plan, and several new grant funded projects. This new position will support several of these projects and programs.

As the program develops over the next year, the need for additional staff resources will be assessed. Future needs could include additional Engineers for design and Inspectors or other resources for construction management and inspection. These future needs will be addressed through the biennial budget process. The two positions being requested now as part of the budget amendment process are essential to begin the implementation of this program.

Timing and Issuance of Bonds

All revenues generated by the Transportation Benefit District Sales Tax must be used for the repayment of debt. Staff anticipates issuing multiple series of bonds to cover several projects per series. A potential scenario showing the packaging of projects and bond issuance is shown as an attachment to the staff report for proposed Ordinance Nos. 852 and 853.

The timing and size of bonds will be further refined as the schedule and estimates are further refined. The revenue estimates for the Sales Tax will be updated each biennium to ensure that the City is both meeting its obligations to the voters and maximizing the revenue collected to deliver as many projects as possible. In the discussion that follows tonight regarding proposed Ordinance No. 853, Council will be considering a bond ordinance that supports the full \$42 million in bonds issued in series over a period of 10 years. An additional bond ordinance that would support additional bond series is anticipated to be required for the last 10 years in the term of the tax. Issues made during that term would ensure that the City utilizes any additional revenue that may be generated by the Sales Tax beyond our early projections and fulfill the requirements of the tax and obligations to the voters.

Financial Monitoring

As noted above, the sales and use tax increase is estimated to generate \$59 million in revenue, which will support approximately \$42 million in bonds. The 12 defined sidewalk projects are estimated to utilize \$29 million, or approximately 70%, of the estimated revenue. The initial focus of the program will be on design and construction of the 12 projects identified in the bond measure. Additionally, staff will look for opportunities for grants to support these initial projects and will monitor the revenue generated from the sales and use tax and the costs to design and construct the initial projects.

Staff will compare the revenue projections and the expenditures to determine and assess opportunities to build additional projects in accordance with the ballot measure during each biennial budget process and prior to issuing each debt series. Staff does not intend to use the sales and use tax revenue as grant match for additional sidewalk projects until sufficient progress has been made on the program and the revenue projections demonstrate there is revenue available to support additional projects. Staff will report on the collection of revenue and expenditure of funds as part of the biennial budget process and also as part of the Series Resolution that will be approved for each individual bond series issued under Ord. No 853. Assuming the revenue collected meets or exceeds the projections, the prioritization of any additional projects should occur during the discussion and adoption of the Transportation Improvement Plan (TIP).

Program Development and Delivery

Additional information and analysis is required to create a schedule for delivery of the initial 12 sidewalk projects. There are several opportunities and decisions that will impact the schedule and ultimately the budget. While the Sales and Use Tax will be collected for 20 years, the preliminary target is to construct two (2) projects per year beginning in 2020, which would result in the completion of these initial 12 projects in 2026 or 2027. To develop a schedule of which project will be constructed when, staff

needs to consider the relationship and timing of other projects and the complexity in project scope.

In most instances, the cost estimates conducted with the Sidewalk Prioritization Plan were based on a cost per linear foot and were not project/site specific. Some projects are anticipated to be either more or less expensive than the linear foot estimate used to support the ballot measure. To better understand the scope and complexities of the projects, additional review of the sites will be conducted to identify project elements that impact cost and schedule, including the need for right-of-way, the need for walls or other structures to support the sidewalks, and the relationship to other projects such as Sound Transit Lynnwood Link Extension project. This effort will also result in a more refined cost estimate.

Once this additional information is collected and assessed, a schedule and order of the projects will be completed. Recognizing the City's commitment to demonstrate progress in constructing these projects, staff intends to identify one or two "easier" projects for the first year of construction, but also begin design of a project that may take longer because of right-of-way or other needs.

An assessment and comparison of the use of in-house staff or consultants will also impact the program. While this impact will primarily be financial, there could also be an impact to the project schedule. In general, the cost of utilizing consultants is about three times more expensive than utilizing City staff. However, consultants often have skills or abilities not available with in-house staff and can provide some flexibility or ability to deliver projects on a more accelerated time line. Staff currently anticipates the program will be delivered through a combination of in-house staff and consultant support. This analysis may identify and/or include the need for additional staff to deliver the program. Construction management and inspection resources will also need to be reviewed and assessed in this process.

The program development will also address communication and public outreach. Each project will include public outreach to inform the community about the project and obtain feedback and input on key elements of the projects. Additionally, the outreach plan will include clearly linking the projects to the increased sales and use tax and the City's progress in delivering the program.

Budget Amendment

Proceeding with the program requires a budget amendment to the 2019-2020 Biennial Budget. Based on the information above, staff has identified the following needs for the budget amendment:

Item	Amount	Comment
Staffing (1.25 FTE) ¹		1.0 Engineer II and 0.25 Administrative Assistant II (<i>costs included in design and construction amounts below</i>)
Design	\$2,088,000	Design 3 projects
Construction	\$2,117,000	Construct 1-2 projects
Bond Issuance	\$40,000	
Total	\$4,245,000	

¹ *The staffing is included in the totals for design and construction and therefore are not detailed here separately. Discussion of Ordinance No. 852 later tonight will provide more details on the position budgeting.*

As is stated in the Resource/Financial Impact section of this staff report, 100% of the Engineer II – Capital Project Manager position and 25% of the Administrative Assistant II position is necessary to deliver the Sidewalk Program. The balance of the budget for the Capital Improvement Program is sufficient to cover the cost of the other 75% of the Administrative Assistant II position; therefore, a budget amendment for other funds and/or projects through proposed Ordinance No. 852 will not be necessary. Additional funding and staffing needs will be assessed and incorporated into the 2021-2022 Biennial Budget and 2021-2026 Capital Improvement Plan.

COUNCIL GOAL(S) ADDRESSED

This program supports Council Goal No. 2: *Improve Shoreline's infrastructure to continue the delivery of highly-valued public services.*

RESOURCE/FINANCIAL IMPACT

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