

City of Vancouver Street Funding Strategy

2020

Annual Report to the Community



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Guiding Principles

- New street funding revenues are to supplement, not supplant, existing revenues
- “Take care of what we have”
- Pay-as-we-go goal of financing infrastructure projects is preferred
- As street bond debt service is repaid, use funds previously needed for debt payments for streets
- Continued public transparency and accountability

Outcomes

- Restore historically maintained City rights of way and medians to pre-recessionary 2009-2010 service levels, and increase arterial sweeping frequency
- Over a 20-year period, improve pavement conditions overall from Fair to Good
- Develop replacement program for street assets such as street lights, traffic signals and City-owned bridges
- Expand mobility, safety and accessibility programs, including the Neighborhood Traffic Calming Program
- Complete one arterial street improvement project approximately every 2-3 years, leveraging local funding with state and federal grants to greatest extent possible
- Develop and launch a citywide sidewalk program

GUIDING PRINCIPLES AND OUTCOMES

Introduction

In 2015, the Vancouver City Council adopted a long-term solution with dedicated revenues for the purpose of supporting and improving our community's street system. Collectively these new revenues are referred to as the Street Funding Strategy (SFS).

Vancouver's Street Funding Strategy – the result of careful assessments of transportation programs, projects and finances; an extensive public engagement process; and direction from a Street Funding Commission – was intended to forge a strong and sustainable foundation for improving safety and travel for all users and reversing a trend of deteriorating pavement conditions. Included in the Commission's recommendations was the creation of a Vancouver Transportation Benefit District (TBD).

The following revenue sources support the Street Funding Strategy: a \$40 vehicle license fee implemented by the TBD; a 1.5% tax on City-owned utilities, a \$20 business license surcharge fee; increased state gas tax distributions, and reinvestment of retired debt service into transportation.

Plans to fully utilize these funds in 2020 for advancing Vancouver's transportation goals, however, were significantly impacted as a result of a statewide initiative and a global pandemic. This effect of these events was a greatly reduced 2020 transportation workplan, as reflected in this year's Street Funding Strategy report to the community.

In November 2019, Washington voters approved statewide Initiative 976 (I-976), which capped vehicle license fees at \$30 and effectively eliminated vehicle license fees as an option for TBD funding. Washington State court challenges to I-976 followed, and implementation of the voter-approved initiative was halted for most of 2020 pending that litigation.

During this time, vehicle license fees continued to be collected by the state Department of Licensing and, in turn, received by the City on behalf of Vancouver's TBD. However, due to uncertainty, these fees were held in a separate account by the City in case they needed to be refunded. Likewise, most of the planned 2020 transportation work associated with that funding was put on hold.

In December 2020, the Washington State Supreme Court ruled that I-976 was unconstitutional. This action freed all revenues collected with vehicle license renewals in 2020 to again be used for transportation purposes.

As the City was navigating uncertainties of vehicle license funding, the COVID-19 global pandemic brought more unpredictability and a continuously evolving environment in 2020.

Revenue sources that directly support transportation infrastructure were negatively impacted. These revenue sources include: Business License Surcharge fee, utility tax, motor vehicle fuel tax, and real estate excise tax. Additionally, many revenue sources that indirectly support transportation infrastructure via the City's General Fund were negatively impacted in 2020. These include sales tax and property tax.

To address these reduced revenues, the City of Vancouver Public Works Department put several transportation capital projects on hold and significantly reduced the scope of the 2020 Pavement Management Program, pending a more clear understanding of potential financial impacts related to the pandemic.

For 2021, with vehicle license fee funding restored and a better understanding of possible COVID-19 impacts, the City will be restarting all associated transportation projects and programs that had been temporarily put on hold in 2020. In addition all capital projects previously put on hold will be restarted and the annual Pavement Management Program will be fully funded in 2021.

The six-year Transportation Improvement Program (TIP), adopted by the City Council in June 2020, provides guidance for how Street Funding Strategy revenues are used to meet key outcomes. These key outcomes include pavement management, asset replacement, multimodal safety, accessibility, and neighborhood traffic calming, as well as major grant-funded projects. A searchable map of TIP projects can be found here: www.cityofvancouver.us/TIP.

Due to uncertainty of revenues in 2020, the City also did not pursue as many grant opportunities as historically done in a typical year. For reference, in 2017, 2018, and 2019 the City averaged \$6-7 million in new transportation grants each year. In 2020, however, the City used SFS revenues as leverage to pursue approximately \$2.5 million in new grants for transportation projects.

In 2020, the City also launched Vancouver Moves, an in-depth, multi-year effort to update the 2004 Transportation System Plan, with the help of community partners. Due to health guidelines and precautions, community engagement for that effort has been through virtual online open house and digital platforms. The public will continue to be invited to learn about the City's current traffic conditions and needs, and share input to help shape the future of transportation policies, programs and projects during 2021. More information is available at www.cityofvancouver.us/vancouvermoves.

Reflecting our commitment to transparency and accountability, this report to the community includes required details of 2020 Vancouver Transportation Benefit District (TBD) finances and projects, as well as other important street funding information.

The City of Vancouver looks forward to resumption of a robust transportation program in 2021 that will serve all users in our community, not matter how they choose to move. We encourage the public to review what's been accomplished and continue to stay informed as we work to improve Vancouver's streets. See: www.cityofvancouver.us/betterstreets.





OVERALL STREET FUNDING STRATEGY REVENUES

Street Funding Strategy - Revenue 2020

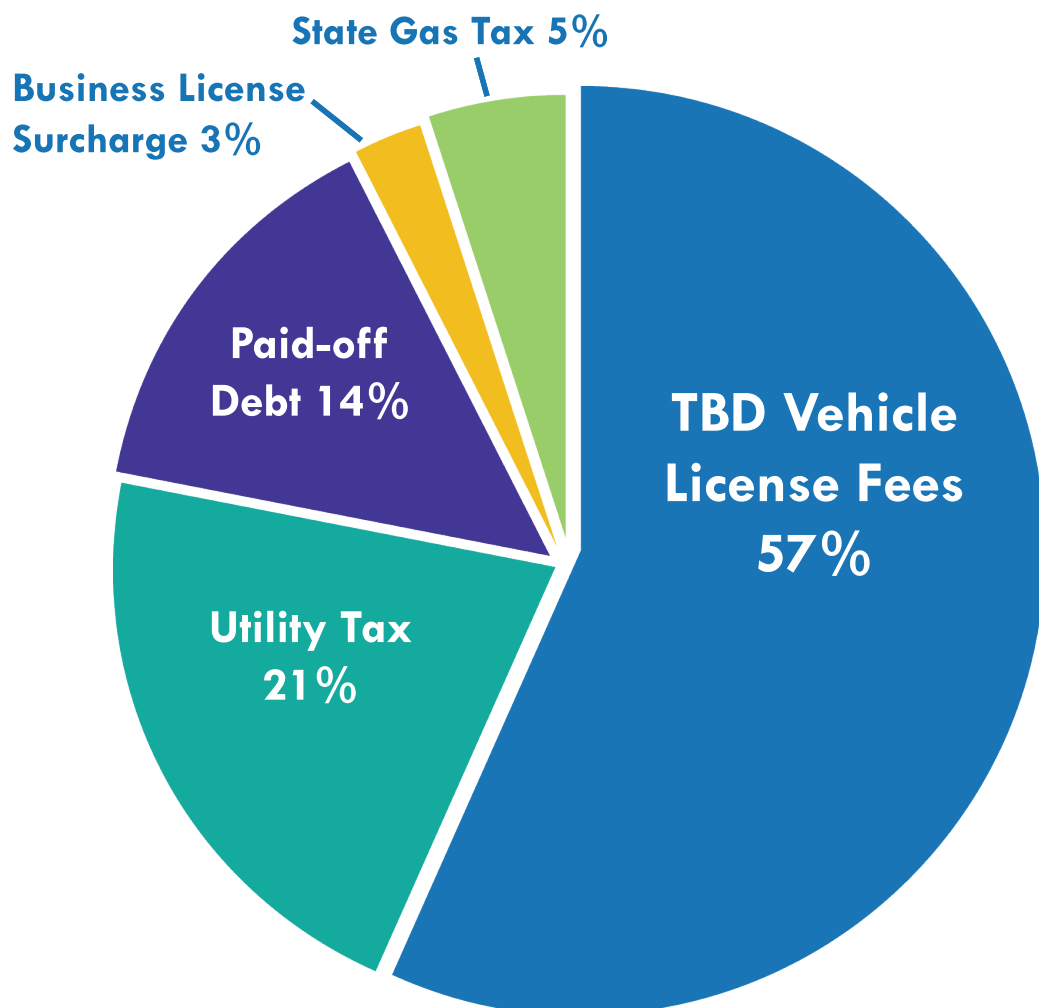
Due to the uncertainties and impacts associated with I-976 outcome and COVID-19 pandemic, 2020 revenue estimates were vastly different than 2020 actuals.

For 2020, the City anticipated it would receive \$4.68 million in total revenues from the combined Street Funding Strategy resources, which are used to supplement the baseline streets budget. After the close of the Fiscal Year 2020, actual revenues received for the Street Funding Strategy were approximately \$9.73 million, about two times more than had been estimated.

Note: Revenues not spent on transportation outcome-targeted are held for future projects.

The table and chart shown here provide details of funding sources and their related estimated and actual amounts from all Street Funding Strategy revenue sources in 2020.

FUNDING SOURCE	2019 REVENUE (Millions)	
	Estimated	Actual
TBD Vehicle License Fee	\$0.00	\$5.51
Utility Tax	\$1.90	\$2.09
Business License Surcharge Fee	\$0.90	\$0.26
State Gas Tax	\$0.48	\$0.47
Paid-Off Debt	\$1.40	\$1.40
TOTAL	\$4.68	\$9.73



**HOW
VANCOUVER'S
STREET
FUNDING
STRATEGY
2020 DOLLARS
BREAK DOWN**

Street Funding Strategy - Outcomes and Expenses 2020

Vancouver's Street Funding Strategy is focused on successfully delivering outcomes in the following targeted areas: pavement management; median/rights-of-way maintenance; neighborhood traffic calming; mobility, safety and accessibility; asset replacement; grant-funded projects; and improved sidewalk management.

Due to the uncertainties with I-976 and COVID-19, many programs and projects were put on hold or had funding reduced in 2020. All programs will resume with fully planned funding in 2021.

Key Outcomes		2020 Expenses Estimated Actual (Millions)	
	Mobility, Safety and Accessibility	\$0.00	\$0.00
	Neighborhood Traffic Calming	\$0.00	\$0.00
	Sidewalk Management	\$0.50	\$0.32
	Asset Replacement	\$0.00	\$0.00
	Right-of-Way Maintenance	\$0.75	\$0.60
	Pavement Reconstruction	\$0.00	\$0.00
	Pavement Management	\$9.50	\$6.10
	Grant-Funded Projects	\$2.00	\$2.00
Total		\$12.75	\$9.02

Street Funding Strategy - Activities 2020

Mobility, Safety and Accessibility

However, due to funding uncertainties pending I-976 court decision, this program was temporarily put on hold. However, with funding restored, and the program is expected to resume again in 2021.

Neighborhood Traffic Calming

The City's Neighborhood Traffic Calming Program works with neighborhoods to implement projects that help improve safety and livability. Projects are evaluated by City staff for feasibility, championed by neighborhood residents and reviewed by the independent Neighborhood Traffic Safety Alliance (NTSA). Due to the uncertainties associated with I-976 outcomes, this program was temporarily on hold in 2020. The program will resume with full funding of \$300,000 from a variety of sources, including TBD vehicle license fees, in 2021. More information about this program can be found here: www.cityofvancouver.us/trafficcalmingprogram.

Sidewalk Management

Approximately \$323,000 was spent on sidewalk management in 2020. In nearly all cases, maintenance of sidewalks is the responsibility of the adjacent property owner. The City's Sidewalk Management teams works with property owners to identify and correct hazards. During 2020, this program:

- Performed 802 sidewalk inspections, sent 380 correction notices, and closed 157 code cases.
- Processed 55 right-of-way permits for sidewalk repair and/or replacement.
- Issued 30 permits for sidewalk seating
- Began launch of the Street Eats GIS dashboard to assist businesses in response to COVID-19 restrictions.

City Sidewalk Management staff also continued work with local businesses to assure pedestrian accessibility while offering sidewalk seating in downtown Vancouver areas.



Asset Replacement

The community's investment in the City's street system assets is estimated at more than \$1 billion in replacement value. The Street Funding Strategy seeks to manage these assets pro actively. Due to funding uncertainties, this program was temporarily suspended in 2020. This program will also resume in 2021, with regular funding restored.

Rights-of-Way/Median Maintenance and Arterial Sweeping

In keeping with the recommendation of the Street Funding Commission, \$750,000 is dedicated annually to increased sweeping of arterial streets and restored levels of historically-maintained median and right of way.

Arterial sweeping frequency continues at a two-week cycle. For medians and rights of way, emphasis is placed on maintenance of safe sight distances, weed management, and health of trees.



Pavement Management

The City's popular Pavement Management Program was reduced substantially in 2020 due to impacts associated with I-976 and COVID-19, as noted in the Introduction.

As a result, this program was less than half the size of the previous year, approximately \$6.1 million in 2020 compared to \$12.6 million in 2019. The Street Funding Strategy provided approximately \$2.5 million of the total 2020 Pavement Management Program.

The Vancouver TBD did not contribute to the 2020 program due to the hold on vehicle license fees pending I-976 outcome.

For 2020, the Pavement Management Program focused on preservation – keeping good streets in good condition to avoid more substantial work and cost later.

Altogether, the City applied preservation treatments to 77 lane-miles of streets and constructed 86 ADA-compliant curb ramps. With the exception of repaving of Southeast Mill Plain Boulevard Improvement Project, from 104th Avenue to Chkalov, resurfacing or paving projects were on hold in 2020, due to the reduced size of the Pavement Management Program. However, this program will resume with full funding and a full project list in 2021. The infographic below highlights some 2020 facts.



Grant-funded Projects

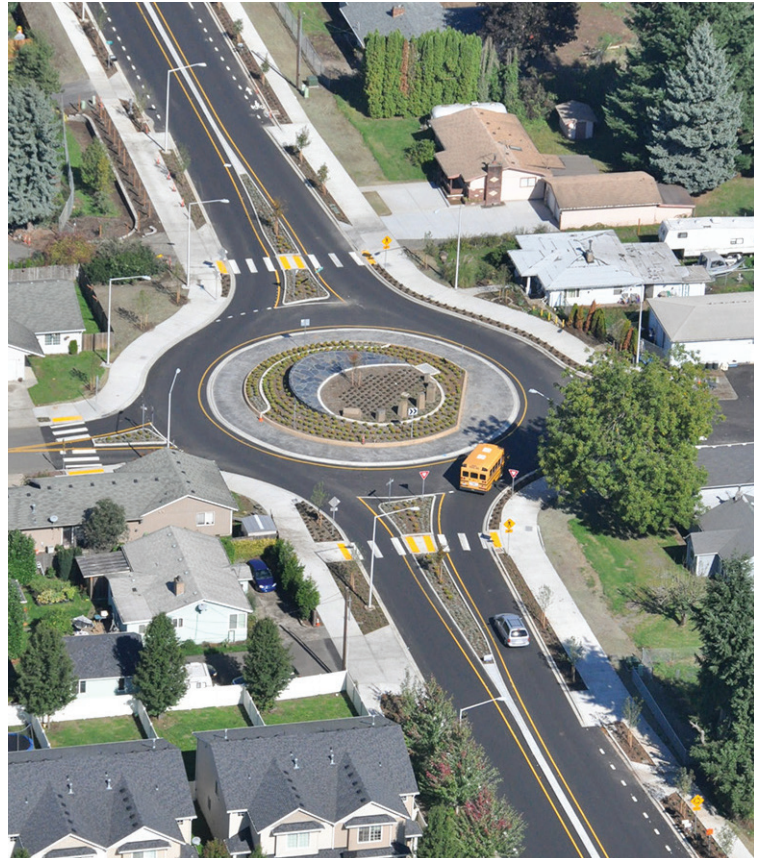
Street Funding Strategy revenues help the City of Vancouver meet local match requirements established by the grant funding agencies to obtain these critical funds.

In 2020, the City of Vancouver was awarded approximately \$2.5 million in grants for transportation projects. That amount reflects a conservative approach to pursuing grants while funding impacts of I-976 and COVID-19 pandemic remained uncertain. For reference, in 2017, 2018, and 2019 the City averaged about \$7 million in new grants per year. The following grants were received in 2020:

- \$1 million Federal Surface Transportation Block Grant (STBG) awarded by the Regional Transportation Council (RTC) toward construction of the Northeast 137th Avenue Corridor Improvement Project, between 49th Street and Fourth Plain Boulevard
- \$396,551 Federal Highway Infrastructure Program (HIP) awarded by the Regional Transportation Council (RTC) toward construction of the SE 1st Street Improvement Project, west section from 164th Avenue to 177th Avenue

- \$130,900 WSDOT City Safety grant awarded for safety improvements at the intersection of Fourth Plain Boulevard and Stapleton Road
- To maximize efficiencies, in 2020, the City also applied for a competitive Washington State Department of Transportation (WSDOT) Pedestrian and Bicycle Program grant to cover costs of the Westside Mobility Project's Columbia Street corridor safety and mobility improvements. Funding for this WSDOT grant program is provided through legislative approval of the 2021-23 state transportation budget. Grant awards are anticipated to be announced by mid-2021, per WSDOT.

With the overturning of I-976 in late 2020, the City is preparing once again to pursue grant opportunities where available and appropriate to help maximize the reach of its transportation funding.





Vancouver Transportation Benefit District

Vancouver Transportation Benefit District 2020

The Vancouver Transportation Benefit District (TBD) is the largest component of the City's overall Street Funding Strategy. In 2020, TBD revenue accounted for more than 50% of the total Street Funding Strategy revenues that supplement baseline General Fund revenues for streets. In accordance with state law, the TBD is a quasi-municipal entity, a legally separate and distinct body from the City of Vancouver, formed to fund and support transportation improvements. Below is the TBD's 2020 report to the community on revenues, expenditures and projects, in compliance with the District's commitment to accountability and state TBD requirements.

Background

Washington State law RCW 36.73 allows a city or county government to create a TBD and impose a vehicle license fee to fund local transportation projects. Vancouver established its TBD in November 2015, at the recommendation of the citizen-led Street Funding Commission. Following a public hearing in December 2015, the TBD Board adopted a \$20 vehicle license fee, which took effect July 1, 2016. On December 18, 2017, the Vancouver TBD Board adopted an increase in the fee from \$20 to \$40. This increase was part of the Commission's 2015 recommendations for long-term, sustainable funding to take care of streets and improve the transportation system.

These fees, paid in Vancouver, stay in Vancouver. Per state law, they can be spent only on transportation projects/programs identified by the TBD Board. For Vancouver's TBD, these projects and programs are to be selected from the most currently adopted Six-Year Transportation Improvement Program (TIP) and Pavement Management Program. The full TIP report is posted online at www.cityofvancouver.us/TIP.

The fees support the targeted outcomes recommended by the Street Funding Commission and the Vancouver City Council including:

- Pavement management
- Asset replacement
- Mobility, safety and accessibility
- Neighborhood traffic management
- Grant-funded projects

In addition to the annual report, information about the TBD, can be found on the website at www.cityofvancouver.us/TBD.

Revenues

Actual 2020 TBD-generated revenues, generated by the \$40 vehicle license renewal fee, provided a total \$5.51 million. However, use of TBD revenues in 2020 was suspended following voter-approval of Initiative 976. I-976 had been scheduled to take effect in December 2019, but was challenged at the statewide level in the Washington Supreme Court. It was subsequently ruled unconstitutional in late 2020. During this time, revenues collected after December 5, 2019, were held in a separate account in the event that they would need to be refunded.

Expenditures

In 2020, the TBD contributed to the following City Street Funding Strategy projects:

- \$2 million toward the construction of the SE 1st Street Improvement Project, 164th Avenue to 177th Avenue, western portion of this project.
- The remainder of outcomes that would have been funded – Pavement Management; Multimodal Safety and Accessibility; Neighborhood Traffic Calming Program; and Asset Replacement – were put on hold pending outcome of I-976. They received no funding during 2020, as a result.

Note: Per the City Council's/TBD pay-as-you-go financial policy, unspent funds are to be carried forward to fund future transportation projects.

2020 Vancouver Transportation Benefit District Board

Anne McEnery-Ogle, Chair | Bart Hansen, Vice Chair
Sarah J. Fox | Ty Stober | Linda Glover | Laurie Lebowsky | Erik Paulsen
Eric J. Holmes, Executive Director



HOW YOUR VANCOUVER TBD LICENSE FEES WERE SPENT IN 2020

Vancouver TBD Fee \$40

Grant-funded Projects



**\$2 Million allocated toward
construction of SE 1st Street
from 164th Avenue to 177th Avenue
(Western Section of the Corridor Improvement Project)**

Note: In keeping with the City Council/TBD pay-as-you-go financial policy, all unspent funds are carried forward to fund future transportation projects. Allocation above was from fees paid in 2019, saved to support future transportation efforts.

Total 2020 TBD Revenues = \$5.51 Million*

*



*Vehicle License Fees continued to be collected by the state Department of Licensing in 2020 pending litigation over voter-approved I-976. Vancouver held these funds in a separate account awaiting a court outcome in the event they would need to be refunded. Washington State Supreme Court overturned I-976 in late 2020, therefore restoring the Vancouver TBD funding.

Vancouver TBD Look Ahead for 2021

TBD Board Meetings

Regular meetings of the Transportation Benefit District Board are scheduled by resolution in the first quarter of each calendar year. Meetings typically follow regular City Council meetings at City Hall, 415 W. Sixth Street. Meeting details are posted at www.cityofvancouver.us/tbd.

Anticipated meetings for 2021:

- March 2021 - Regular Meeting
- June 2021 - Workshop
- December 2021 - Workshop and Regular Meeting

Work Plan

By state law, Vancouver's TBD Board must adopt a budget and work plan for the year ahead. The 2021 Work Plan, below, reflects identified Street Funding Strategy outcomes and is based on the six-year Transportation Improvement Program (TIP), adopted annually. TIP reference numbers are shown in the table to provide easier access to information.

TBD Revenues - Vehicle License Fees

The Vancouver TBD is currently expecting approximately \$5 million in vehicle license fee revenues for 2021. These revenues will be used to help implement the 2021 work plan approved by the TBD Board on December 21, 2020. Work plan project focus and funding for 2021 are shown in the table below.

2021 Vancouver Transportation Benefit District Work Plan

PROJECT NAME	◆ TIP ID	VANCOUVER TBD FUNDS	OTHER FUNDING	TOTAL ESTIMATED PROJECT COST
Traffic Signal and Lighting Sustainability	Trans A-237	\$200,000	\$215,000	\$415,000
Pavement Preservation	Trans A-241	\$600,000	\$11,700,000	\$12,300,000
Pavement Reconstruction	Trans A-421	\$1,000,000	\$0	\$1,000,000
Mobility, Safety and Accessibility	Trans A-844	\$1,000,000	**	\$1,000,000
Neighborhood Traffic Management Program	Trans A-240	\$130,000	\$170,000	\$300,000
TOTAL		\$2,930,000	\$12,085,000	\$15,015,000

*Project ID numbers in the 2021-2026 Transportation Improvement Program adopted June 15, 2020

** Multimodal improvements also being implemented by capital and paving projects in addition to above.

Additional Information

Title VI Statement: The City of Vancouver ensures full compliance with Title VI of the Civil Rights Act of 1964 by prohibiting discrimination against any person on the basis of race, color, national origin, or sex in the provision of benefits and services resulting from its federally assisted programs and activities. For questions regarding the City's Title VI Program, please contact Chris Malone, Finance/Asset Management Manager, at 360-487-7130.

Americans with Disabilities Act (ADA): Individuals requiring reasonable accommodation for information above may request written materials in alternate formats, sign language interpreters, physical accessibility accommodations, or other reasonable accommodation. Contact Loretta Callahan, Public Information/Community Relations, City of Vancouver Public Works, 360-487-8255. (TTY: 360-487-8602)

Este informe contiene información importante. Pídale a alguien que se lo traduzca o llame Ciudad de Vancouver, 360-487-7130.

В данном отчете содержится важная информация. Попросите кого-нибудь перевести ее для вас или звоните City of Vancouver, 360-487-7130.

Báo cáo này có thông tin bổ sung về dự án. Hãy nhờ người khác giải thích cho quý vị hoặc gọi cho City of Vancouver, 360-487-7130.

MORE INFORMATION

Webpage: www.cityofvancouver.us/betterstreets

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