

CHAPTER 8 FINANCING



The City of Bainbridge Island, uses a variety of funding resources for the design, right-of-way procurement, and construction of transportation facilities. Taxpayers, developers, and County, State and Federal programs all contribute to the development of the transportation system. The City prepares a biennial budget, a financial capacity analysis, and a 6-year Capital Improvement Plan (CIP) to provide an updated look at the projects to be completed for the year and in the years ahead, as well as financing plans for those projects. The State of Washington's Growth Management Act requires that the transportation element of a comprehensive plan include:

- An analysis of funding capability
- A multi-year financing plan based on the needs identified
- A discussion of how the jurisdiction will address funding shortfalls through a reassessment strategy.

This chapter describes how the City plans to pay for the transportation improvements identified in the IWTP along with projects that appear in the current Capital Improvement Plan (CIP). Included in this section, is a discussion of the City's funding capabilities, potential funding sources, the 6-year and 20-year transportation improvement plans, and reassessment strategy.

Funding Capabilities

The City of Bainbridge Island has implemented a variety of revenue sources and financing mechanisms to fund City services and capital improvements. One indication of the City's funding capability is the analysis of historic revenue sources.

Table 8-1 summarizes the revenue sources from 2011 to 2014 for the City's Streets Fund, Capital Project Grants, and for overall City revenues. The City has consistently allocated a large portion of its funding outside of the operating budget for transportation. Over the last few years, the City has aggressively pursued transportation grant funding from State and Federal sources. The City recently implemented a Transportation Benefit District and Transportation Impact Fees providing for more revenue. The City supplements dedicated transportation revenues to pay for operating costs such as salaries, benefits, and other associated costs.



**Table 8-1. Historic Transportation Funding Sources**

	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
<i>(All numbers are in 1000s)</i>	2011	2012	2013	2014
<i>Commercial Parking Lot Tax</i>	\$552	\$588	\$715	\$753
<i>Motor Vehicle Fuel Tax</i>	484	471	477	478
<i>Parking Fees (City lots)</i>	337	4	0	0
<i>Interest and Other</i>	72	1,334	50	738
<i>Total Street Fund Revenue</i>	\$1,446	\$2,398	\$1,242	\$1,970
<i>Transportation Grants (Federal)</i>	1,987	200	809	1,502
<i>Transportation Grants (WA State)</i>	1,379	288	465	0
<i>Total Capital Grants</i>	\$3,366	\$488	\$1,273	\$1,502
<i>Transportation Benefit Dist. funding</i>	0	0	122	391
<i>Total City Non-Utility Revenue Sources</i>	\$22,901	\$19,629	\$20,781	\$22,048

Source: City of Bainbridge Island financial statements

Overall, the City has annual non-utility revenues of more than \$20 million. The City's 2015-2016 biennial budget projects relatively flat revenue trends for both years. In addition, the City has significant additional bonding capacity. As of the end of 2014, the City is at 28% of its general obligation bond limit (not requiring a vote of the taxpayers) and 7% of its limit for special levy bonds that could be used for transportation projects (requiring a 60% majority vote of the taxpayers).

Types of Funding Sources

The implementation of the 6-year CIP and 20-year CFP depends on the availability of transportation funds. This section describes the sources of transportation funds available to the City of Bainbridge Island.

General Funds

City general funds are made up of a variety of revenue sources and can be used to pay directly for transportation improvements or to meet the City's local funding requirement or "match", for other funding sources. Some revenues are specifically dedicated for transportation projects, such as the City's share of the State Motor Fuel Tax are dedicated to popular activities like roadway repair and construction. Other City revenues from the general fund can also be used for transportation according to City funding priorities or to pay for transportation improvements that also benefit other funds such as water, sewer and stormwater. For 2015, the City budgeted approximately \$1.5 million of dedicated operating revenues and \$6.1 million for capital expenditures.

Grants

There are numerous state and federal grant programs for improving the mobility or safety of the transportation system. Some sources of funds allow a local agency to apply directly, while other grant programs require submittals through a coordinated application process through the jurisdiction's Metropolitan Planning Organization (Puget Sound Regional Council). In addition, there are other sources of funding available to only counties or WSDOT, requiring the City to advocate for improvements through coordination with these eligible agencies. Most grants are issued on a competitive basis and require local jurisdictions to contribute between 10-25% of



the cost. A higher local match percentage can make a project more competitive for grant funds. In 2015, the City received \$4.4 million for transportation projects.

General Obligation Bonds

General Obligation Bonds are an important method for the building and construction of transportation facilities. The City can issue bonds up to 1.5% of the assessed property values within the City without a vote of the people and an additional 2.5% with a vote of the people. A bond can allow the rapid development of the transportation system within a short period of time. Bonds are used by cities to finance major improvements and are repaid either through general funds, special taxes or assessment, or roadway tolls. Between 2007 and 2011, the City used two general obligation bond issues for street, sidewalk and other non-motorized improvements throughout the Island. General obligation bonds can be funded by revenues from growth and are an alternative method to fund infrastructure to accommodate growth as it occurs.

Developer Contributions

Development provides an opportunity for the portions of the system to be built without the expenditure of public funds. Where roadway improvements are required (as indicated in the City's Comprehensive Plan), developers construct the facilities along the length of the property as part of their street frontage improvements. Typically, two to three projects are developer-funded during each year.

Impact Fees

An impact fee or transportation mitigation fee was established by the City in 2015 to collect fees for every new vehicle trip added to the roadway system. Developments are charged the fee based upon the number of new vehicle trips added to the road. These fees must be used to improve roadways that will be impacted by the new development.

Transportation Benefit District (TBD) Fees

Cities and counties are provided a mechanism to raise revenues for transportation programs charging a fee for vehicles licensed in their jurisdictions in accordance with Washington Code (RCW 36.73.020). The City currently levies a fee of \$20 per year on qualifying licensed vehicles and collects approximately \$400,000 per year in revenue.

Local Improvement Districts

Another funding option is the development of Local Improvement Districts (LIDs). Generally, an LID requires a petition or survey with approval from a majority of property owners for the formation of the special assessment district and is repaid by members of that district. LIDs are most often used in places where the improvements also have an economic incentive, for example, a retail area may form a LID to widen sidewalks to create a more pedestrian-friendly area that could translate into higher sales. The City has used LIDs for transportation and utility improvements.

User Fees

This funding mechanism attempts to pay for all or part of the cost of an improvement by charging the users of the facility. Roadway and bridge tolls, and the WSF ferry service are all examples of transportation-related user fees. Toll revenues are usually tied to the repayment of General Obligation Bonds for a specific set of transportation improvements. Toll revenues are most common for the funding of bridges and other major improvements. The City is not currently using tolling at this time.



Proposed Projects and Funding Needs

The development of a transportation development plan identifies a schedule for planned expenditures over a six-year period. Table 8-2 is a list of recommended improvements to meet Level of Service (LOS) standards and accompanying proposed funding sources. Table 8-3 is a list of transportation projects that have been identified in the City's Capital Improvement Plan (CIP), including discretionary projects in addition to those needed to meet LOS standards.

Funding for the projects needed to meet LOS standards will come from a combination of local, state, and federal sources. The Wyatt Way Reconstruction project will be funded with significant support from a state grant. In the next six years, given the past history of federal grant funding, it can be anticipated that grant funding can be secured for the Sportsman's Club/New Brooklyn Intersection Improvement project. In summary, the City is well positioned to address projects to maintain LOS standards over the next six years.

The City plans to address all the LOS issues on City streets within the 6-year CIP. The 6-year CIP therefore meets the need for the 20-year CIP. For other discretionary projects to be considered for the 20-year planning, refer to Maps E and F in Chapter 6 – Non-Motorized System or Appendix J.

Many non-motorized improvement projects have been identified in the City's CIP. Over the coming six years, the number of discretionary transportation projects exceeds the City's ability to fund them. Establishing priorities for funding and securing new funding sources is needed if a sizable portion of these projects are to be delivered.

The most significant and expensive current needs to meet LOS standards are along SR 305. At this time, WSDOT is responsible for planning and developing capacity projects to meet LOS standards on SR 305, while the City performs much of the routine maintenance along the SR 305 Corridor. The City's population is approximately 23,000 and is expected to reach 25,000 in the next five to seven years. At that time the City may become responsible for improvements on some segments of SR 305 depending on access requirements. The City should consider partnerships with WSDOT to address current needs. This plan identifies needs for capacity improvements and includes a special study that proposes both at grade and separated grade solutions. The City has developed projects along the corridor such as the Olympic Drive project that was funded by a State grant and could consider implementing additional projects. This could include funding elements of WSDOT projects or the City undertaking and funding its own projects along the corridor by obtaining development permits from the State.

Proposed Sources of Funding

To increase funding capacity both in the short term for non-motorized projects and in the long term for capacity projects, the City could consider increasing the TBD fees and/or issuing bonds. A bond issue could provide for investments in non-motorized transportation so that more complete networks of bicycle and pedestrian facilities could be realized in a shorter time frame. Alternatively, revenues from the current mix of resources could be directed to transportation rather than to other City programs and services.



Reassessment Strategy

At the time of this plan, no funding shortfalls for capacity projects to meet LOS standards were anticipated for the CIP six-year time horizon. However, if the City is unable to secure grant funding or suffers other financial setbacks, the City may need to reassess in future years.

The Growth Management Act requires that jurisdictions develop a reassessment strategy in the event that funding shortfalls occur that limit the City’s ability to carry out the transportation improvement plan. In the event that the City cannot fund the transportation capital improvements needed to maintain the adopted roadway LOS standards (as identified in the Level of Service section), then the City shall take one or a combination of the three following actions as directed by the City Council:

1. Phase proposed land developments that are consistent with the City’s land use plan until such time as resources can be identified to provide adequate transportation improvements.
2. Reassess the City’s transportation financing strategy to identify additional funding opportunities with federal and regional grants and funding programs, and through the development of new partnerships with WSDOT, Kitsap County, and the private sector.
3. Reassess the City’s adopted roadway LOS standards to reflect service levels that can be maintained under the known financial resources.

Location	Description	Year (1)	Estimated (2)
Wyatt Way/ Madison Ave.	Intersection control - roundabout	2016	1200
New Brooklyn Road/ Sportsman's Club Road (3)	Intersection control - roundabout	2017	800
Madison Avenue/ New Brooklyn Road (3)	Intersection control - roundabout	2020	900
Madison Ave./ Wallace Way	Intersection control - left turn restriction	2021	20

Notes:

1. Project start date for design.
2. \$ in thousands, Transportation element only
3. Meets LOS requirement in model. Traffic impacts have been observed at peak hours for Schools.





Table 8 - 3
6 Year Transportation Funding Needs

ID	Name	Location	Description	(\$ in thousands)	(\$ in thousands)
				Probable Cost	Totals
6 year Transportation Improvement Program					
Roadway Preservation Projects:					
PR-1	Annual Roads Preservation Program	Island-wide	Asphalt patching, chip sealing, asphalt overlay	9468	10429
PR-2	Annual Roadside Safety Program	Island-wide	Replace or improve guardrails and shoulders	600	
PR-3	Mountainview Road Reconstruction	Falk Rd. to end	Road reconstruction and drainage improvements	86	
PR-4	Wardwell Road Reconstruction	Sportman's Club to Triple Crown Dr.	Road reconstruction and drainage improvements	100	
PR-5	Country Club Road Reconstruction	Toe Jam Hill to Bulkhead	Road reconstruction and drainage improvements	175	
Intersection Improvement Projects:					
INT-1	See Wyatt Way Reconstruction		Roundabout	993	993
INT-2	Sportsmans Club & New Brooklyn		Roundabout		
Complete Streets Projects:					
CS-1	Wing Point Way Reconstruction	Fernclyff Ave. to Park Ave.	Water and sewer utility replacement, storm drainage, road reconstruction, shoulders, and sidewalks	1539	9678
CS-2	Olympic Drive NM Impr., Phase 1	Winslow Way to Harbor Dr.	Bike and pedestrian facility improvements	1521	
CS-3	Olympic Drive NM Impr., Phase 2	Winslow Way to ferry terminal	Bike and pedestrian facility improvements	618	
CS-4	Wyatt Way Reconstruction, Phase 1	Madison Ave to Lovell Way	Road reconstruction, intersection imp., bike lanes, and sidewalks	3700	
CS-5	Winslow Way Reconstr., Phase 2	Madison Ave to Grow Ave	Water and sewer utility replacement, storm drainage, sidewalks, patching and overlay	2300	
Sidewalk Improvement Projects:					
SW-1	Madison Ave. Sidewalk, Phase1	Wyatt Way to High School Rd.	Reconstruct sidewalks and drainage	3188	3346
SW-2	Madison Ave. Sidewalk, Phase2	Winslow Way to Wyatt Way	Reconstruct H/C ramps at driveways	158	



Table 8 - 3
6 Year Transportation Funding Needs

Core 40 Shoulder Program Projects:				
SH-1	C40 - Spot Projects	Island-wide	Shoulder Improvements	300
SH-2	C40 - Fletcher, Phase 1	Highs School Rd. to N. Brooklyn Rd.	5 foot paved shoulders both sides	470
SH-3	C40 - Bucklin, Phase 2	Blakely Ave. to Fletcher Bay Rd.	5 foot paved shoulders both sides	1136
SH-3	C40 - Miller, Phase 1	Torvanger Rd. to Peterson Hill Rd.	5 foot paved shoulders both sides	1010
SH-4	C40 - Eagle Harbor, Phase 1	Wyatt Way to Bucklin Hill Rd.	5 foot paved shoulders both sides	712
SH-5	C40 - Eagle Harbor, Phase 2	Bucklin Hill Rd. to McDonnald Rd.	5 foot paved shoulders both sides	700
				4328
Trails Projects:				
TR-1	Connecting Pathways	Island-wide	Trail easements and construction	150
TR-2	Sound to Olympics Trail, Phase 2/4	Winslow Way to High School Rd.	Seperated pathway	2250
TR-3	Sound to Olympics Trail, Phase 3	Vineyard Lane to High School	Seperated pathway and NM Bridge	2490
				4890
6 year program total				33664
Average annual				5611