Chapter 9 – Finance and Implementation Program

The transportation improvement projects and programs were identified to address existing and future transportation system needs for Chelan County. The estimated costs of these projects and programs were summarized and compared to projections of existing transportation-related revenues to assess the County's ability to implement the Transportation Element. As with most local agencies, existing transportation revenues will not allow Chelan County to fund all of its needed maintenance, operations, or capital improvements. The Transportation Element identifies other possible revenue sources to help close the funding gap. Even with additional revenues, Chelan County will not be able to fund all of the projects and programs within the 20-year horizon of the Transportation Element.

The County has also refined its traffic impact study (TIS) requirements to more fully address its development review program to help ensure that impacts of growth are mitigated. As required under the Growth Management Act (GMA), the financial and implementation program includes a process for reassessing the transportation needs and funding programs to support the planned growth.

Project and Program Costs

Projects and programs were combined into three categories as part of the development of a financial strategy for the Transportation Element. These categories are illustrated on Figure 9-1. Table 9-1 summarizes the estimated costs of these programs and projects in 2008 dollars. In addition, the County may have a cost share of larger, multi-agency regional projects that are not included in the costs of projects and programs listed in Table 9-1.

Table 9-1. Transportation Project and Program Costs 2008 to 2027

	Total Estimated Costs[1] (2008-2027)	Priority Tier[2]		
		I	II	III
Maintenance and Operations	$187 million	$187million[3]	--[3]	--[3]
Reconstruction and Non-Motorized Enhancements	$190 million	$32 million	$44 million	$114 million
New Construction or Upgraded Transportation Improvements to Serve Growth	$114 million	$21 million	$17 million	$76 million
	$491 million	**$240 million**	**$61 million**	**$190 million**

1. Costs in 2008 dollars
2. Priority Tier per ranking system (see Chapter 7)
3. Maintenance and operations costs were not assigned to the tiers, all maintenance and operations needs are assigned to high priority.

Maintenance & Operations

Types of Projects

- Paving/Chip Sealing
- Snow Plowing
- Emergency Repairs
- Bridge Repairs
- Signing/Stiping

Reconstruction of Existing Facilities/ Pedestrian & Bicycle Enhancements

Types of Projects

- Roadway Reconstruction
- Shoulder Widening
- New Trails/Sidewalks
- Safety Enhancements
- Bridge Replacement / Rehabilitation

New or Upgraded Facilities to Support New Development

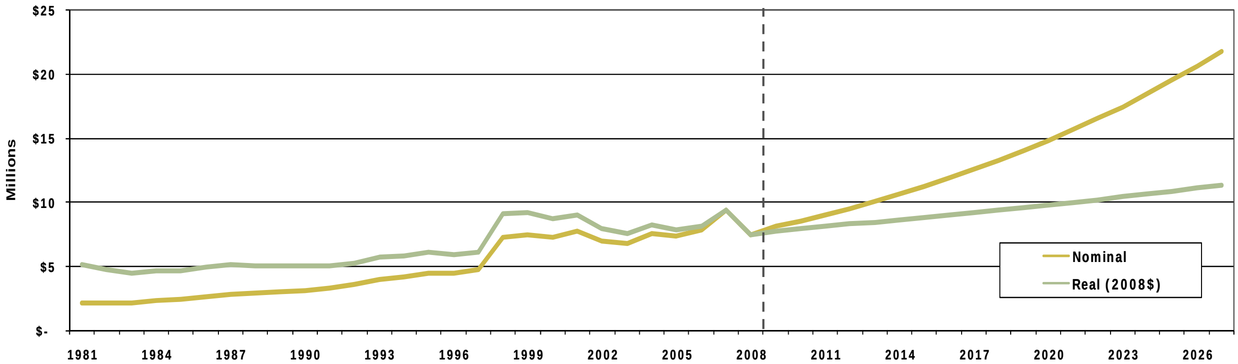
Types of Projects

- New Roadways
- Roadway Widening
- Frontage Improvements
- Traffic Control Improvements

Figure 9-1. Project Funding Categories

Maintenance and Operations Costs

The most basic funding category is maintenance and operations of the transportation system in unincorporated Chelan County. These include preserving or improving road surfacing; snow plowing; maintaining adequate signing, marking, illumination, and traffic controls; safety enhancements; and general and emergency repairs. Figure 9-2 summarizes the historical and projected costs for the County's three main expenditures for transportation maintenance and operations (maintenance, administration, and facilities construction and maintenance).



SOURCE: Chelan County Transportation Funding Report, Berk & Associates, March 19, 2009

Figure 9-2. Chelan County Historical and Projected Maintenance & Operations Costs

Cost estimates for maintenance and operations programs were derived from historical data. Since 1981, per capita maintenance costs have increased by approximately 4 percent per year. The 4 percent annual growth was assumed for the financing analysis. Because the 4 percent growth in expenditures is outpacing the 3.5 percent rate of inflation, the County has been using a higher proportion of its base transportation revenues on maintenance, as shown on Figure 9-2.

Operations and administrative costs related to the County's transportation system also have been growing at a faster rate than inflation. Operations and administrative costs are projected to grow at 4.5 percent per year based on historical data.

Based on historical trends, Chelan County will need approximately $187 million (in 2008 dollars) to maintain and operate its transportation system at recent historical levels. Funding less than that amount will require the County to reduce its level of maintenance or associated programs.

Reconstruction and Non-motorized Enhancements

Capital transportation projects were separated into improvements needed to enhance and upgrade the existing roadways even without growth and those needed to serve growth. The reconstruction and non-motorized enhancements category includes projects involving reconstructing roadways to meet County road standards and widening and upgrading roadway shoulders to improve safety and to provide for non-motorized travel. Capital projects required to address existing or forecast safety issues and replacement or rehabilitation of aging bridges also are included in this category.

The reconstruction and non-motorized enhancement projects were prioritized into three tiers, as discussed in Chapter 7. The total cost of these projects between 2008 and 2027 is $190 million (in 2008 dollars). This includes projects that are already partially funded or under construction. Approximately $32 million (17 percent) of these project costs were identified as being in the Tier 1, highest priority category. Another $44 million in costs would be needed to cover the Tier II priority improvements. Another $114 million in reconstruction and non-motorized enhancement projects are included in the Tier III priority level.

New Construction or Upgraded Transportation Improvements to Serve Growth

The third category of projects and associated costs cover improvements that were primarily defined to support forecast growth. These include construction of new arterials or collectors, widening existing roadways to add capacity, improvements for non-motorized travel, and intersection improvements to resolve operations or level of service impacts due to new growth.

As shown on Table 9-1, growth-related improvements are estimated to cost $114 million (in 2008 dollars) through 2027. Approximately $21 million of these project costs were rated as Tier I, with an additional $17 million in Tier II. The remaining $76 million would be Tier III category, meaning they are needed improvements but not as high of a priority for County funding.

Multi-Agency Regional Improvement Projects

In addition to the costs of maintenance, operations, and capital improvements to arterials, collectors, and local roadways in the unincorporated areas, Chelan County also will be a stakeholder for implementing regional transportation improvement projects. The regional improvements may include major trails connecting various communities, improvements to the state highways, and possible mega projects such as new bridges connecting into Wenatchee, which is the commercial core of the County.

Total costs of these projects have not been estimated as part of the County's Transportation Element. Additional studies need to be completed by the Wenatchee Valley Transportation Council (WVTC) or others, to evaluate alternatives, select preferred strategies and alignments, and identify funding sources. Chelan County could help support these improvements through funding a portion of the "local match" of a grant or other elements, such as acquiring right-of-way for these regional projects.

Due to the unknown nature of the improvements or level of these costs, the County's Transportation Element does not include an estimate the County's cost share of these regional improvements. However, they must be kept in mind in the overall analyses of the funding strategies.

Transportation Revenues

Like most counties in Washington State, Chelan County primarily relies on property taxes, real estate excise taxes (REET), motor vehicle fuel taxes, and state grants for funding the maintenance, operation, and improvement of its transportation system. The County also has used federal grants and revenues from the Federal Forest Yield program. Historical data were used to project these potential baseline revenues (in 2008 dollars) from these sources through 2027. These estimates are presented below. Other potential revenue sources available to Chelan County to supplement the baseline revenue projections are also presented.

Baseline Revenue Projections

Historical financial data from Chelan County and the Washington State Department of Transportation (WSDOT) were reviewed to estimate revenues from existing revenue sources. These include:

- Property Taxes
- General Fund Revenues
- Other Local Funding
- Motor Vehicle Fuel Tax
- State Funding
- Federal Funding

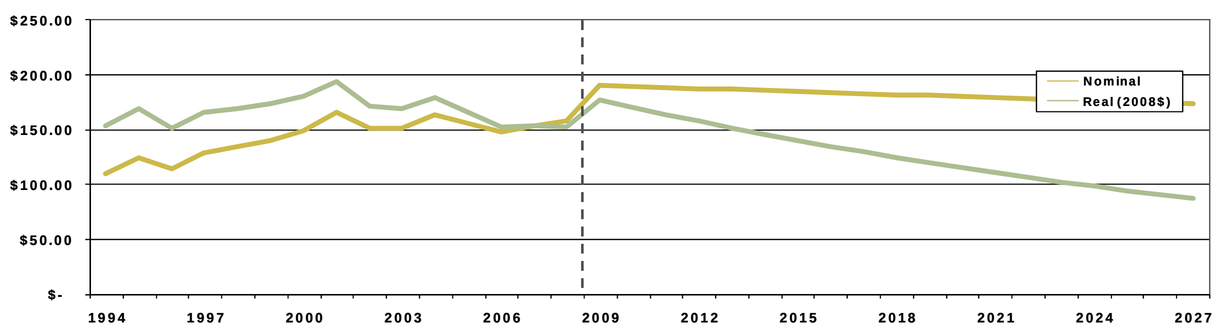
A summary of the baseline funding projections is then presented.

Property Tax Revenues

Historically, property taxes have accounted for approximately 50 percent of Chelan County transportation-related revenues. Passage of Initiative 747 restricted total Property Tax revenue increases at 1.0 percent annually, lower than the estimated 3.5 percent rate of inflation. Therefore, cities and counties are seeing a decline in total Property Tax purchasing power. Up to 2008, the County had not used its entire legal limit for property tax assessments, leaving it with some "banked capacity." For its 2009 budget, the County Commissioners elected to use the banked capacity and levy the entire legal limit. While the County has the discretion to collect less than the legal limit, this analysis assumes that the County will continue to collect the full legal limit of the Road Levy because of unmet needs for maintenance and operations.

The amount of Property Tax collected through the Road Levy in Chelan County has been declining on a per capita basis at approximately 0.2 percent annually. Because of I-747, the total increase in revenues should not exceed 1.0 percent annually. In order to maintain this 1.0 percent increase as population increases, the per capita decline assumed in the future is 0.5 percent.

Figure 9-3 shows per capita Property Tax for transportation in both nominal and "real" inflation-adjusted dollars. Historical data is shown to the left of the dotted line, and future projections to the right. The decline in per capita revenues since the institution of I-747 in 2001 is evident particularly in the inflation-adjusted numbers shown by the "real" revenue line.



SOURCE: Chelan County Transportation Funding Report, Berk & Associates, March 19, 2009

Figure 9-3. Chelan County Per Capita Baseline Projections - Property Tax for Transportation

General Fund Revenues

Historically the County's General Fund contributions to transportation capital have been sporadic. There has been no contribution since 2001. No General Fund contributions toward transportation maintenance, operations, or capital improvements are assumed for the future. The County may choose to contribute General Funds for particular projects, but given the recent history there is no basis to assume a reliable stream of General Fund dollars for funding transportation improvements.

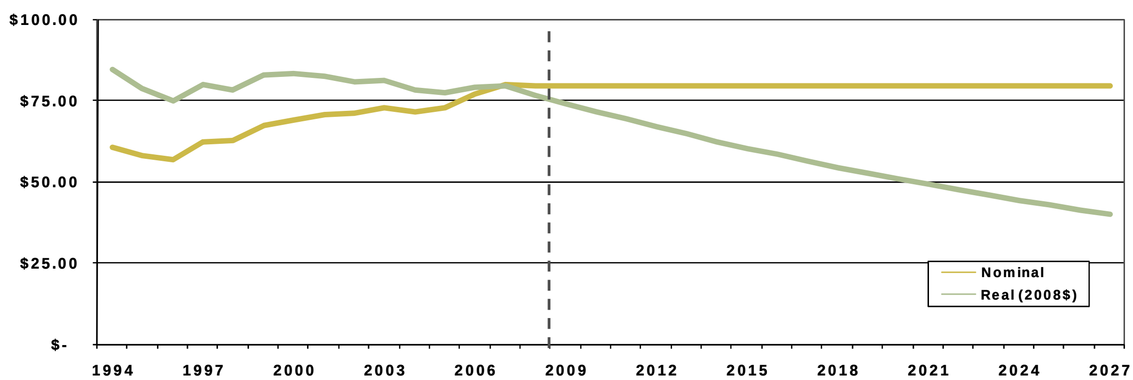
Other Local Funding

Other local funding for transportation include REET funds, Leasehold Excise Taxes, Road Permits, payments in lieu of taxes, and others. Since 2005, the County has made a standing contribution of REET funds toward transportation improvements. A $400,000 annual commitment has been assumed into the future. Because these funds are not increasing to account for population growth or inflation, “real” per capita dollars will decline over time.

The remaining other funds in this category were approximately $2.33 per capita in 2007 and $2.40 in 2008. It is assumed that this per capita level of funding will continue into the future, increasing at the rate of inflation.

Motor Vehicle Fuel Tax

Approximately one-quarter of the County’s transportation revenues come from state fuel taxes. This is the second largest component of the County’s transportation revenues, behind property taxes. Although historical per capita gas tax dollars have been increasing in nominal numbers, when adjusted for inflation, per capita revenues have been declining over time. In the more recent history, this trend is becoming more pronounced due to large increases in the price of gasoline (not withstanding the decline in fuel prices in the second half of 2008). Taking into account the recent shift in behavior, this analysis assumes that per capita spending will remain constant on a nominal basis, therefore decreasing in “real” dollars at the rate of inflation annually. Figure 9-4 shows the historical and projected data in “real” and nominal dollars.



SOURCE: Chelan County Transportation Funding Report, Berk & Associates, March 19, 2009

Figure 9-4. Chelan County Per Capita Baseline Projections – State Fuel Tax

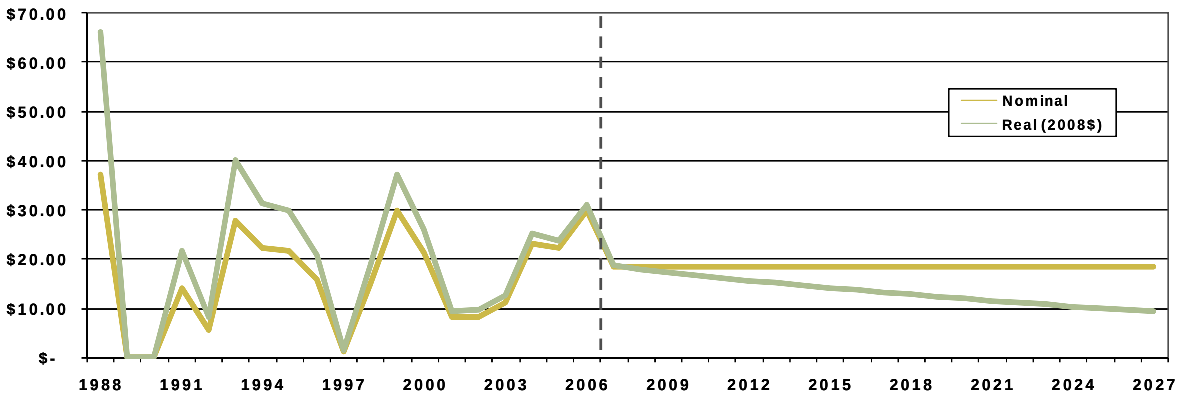
State Funds

Chelan County receives grants for specific transportation projects. It also uses revenues from the Reforestation Harvest Tax for transportation purposes.

State grants are primarily funded through the state Motor Vehicle Fuel Tax. As discussed above, revenues generated from the purchase of gasoline are declining over time, and are expected to do so more dramatically in the near future, leading to fewer available grant dollars. In addition, with the passage of Initiative 747, all state jurisdictions are seeing a decline in a significant source of general revenue. This is causing a higher demand for grant funding and greater competition between jurisdictions.

Since 1988, Chelan County has averaged $18.62 per capita in state funds after adjusting for inflation. It was assumed that the County will continue to receive this level of funding on a nominal basis, leading to a decline in “real” revenues at the rate of inflation.

Historical funding and future projections are shown in Figure 9-5 for state grants. Because these dollars are largely project-based, the projections shown here are likely to be higher than actual in some years, and lower in others.



SOURCE: Chelan County Transportation Funding Report, Berk & Associates, March 19, 2009

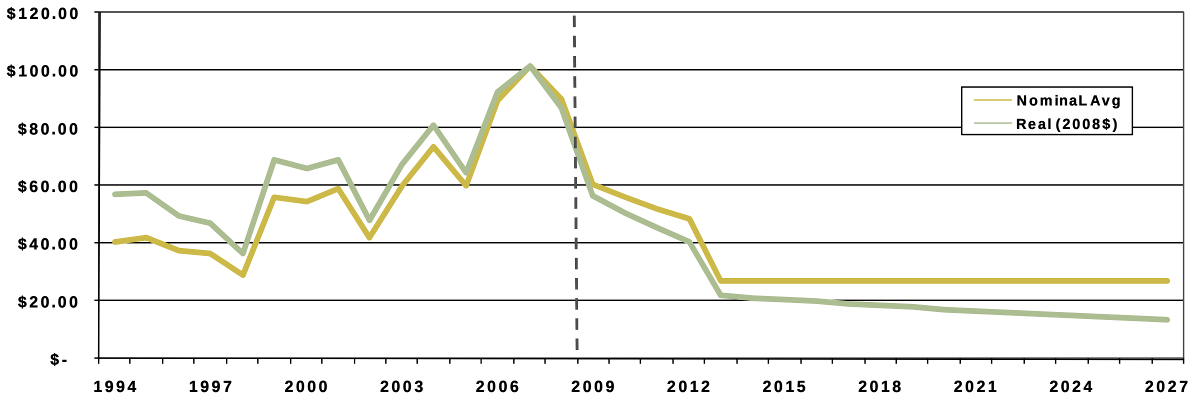
Figure 9-5. Chelan County Per Capita Baseline Projections – State Funds

Federal Funds

Federal funds include both federal grant revenues and the Federal Forest Yield regularly received by Chelan County. Federal funds have represented 15 to 20 percent of Chelan County’s transportation revenues. Historically, the Federal Forest Yield program has been funded through Federal timber sales. Due to decreases in the volume of annual timber sales, revenue from this program has decreased. In 2008, funding for this program was reauthorized through Federal fiscal year 2011, at which time the program would end. The Secure Rural Schools and Community Self-Determination Act of 2000, of which the Forest Yield Program is a part of, is currently being lobbied in Congress for reauthorization. Given this uncertainty, this analysis assumes 100 percent of estimated funding for 2008 with a 10 percent reduction for the following four years. A final program year of 2011 is assumed, with no funding beyond 2011.

The federal grant portion of these funds has been treated similar to state grants. The average per capita grant revenues received by Chelan County have been $29.68 annually, when adjusted for inflation. This value per capita is assumed to continue in nominal dollars into the future, causing “real” grant revenues to decline at the rate of inflation.

Figure 9-6 shows the per capita funds expected from the combination of the Federal Forest Yield program (through 2012) and federal grant dollars.



SOURCE: Chelan County Transportation Funding Report, Berk & Associates, March 19, 2009

Figure 9-6. Chelan County Per Capita Baseline Projections – Federal Funds

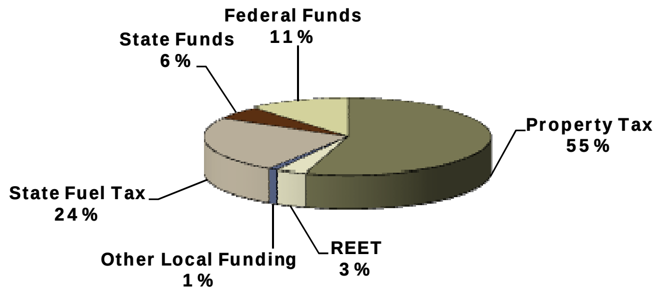
Total Baseline Projections

Table 9-2 shows the total baseline revenue projections over the 20-year study period in five-year increments. These revenues are displayed in inflation-adjusted 2008 dollars. A total of $171 million in revenues is projected from the baseline revenue sources. The "real" revenues decrease in value over time. Approximately $35 million are projected for the 5-year period between 2023 and 2027. This is 35 percent lower than the revenues between 2008 and 2012. Figure 9-7 illustrates the expected distribution of the total projected revenues over the 20-year study period.

Table 9-2. Chelan County Baseline Transportation Revenue Summary[1]

Baseline	Total 2008-2012	Total 2013-2017	Total 2018-2022	Total 2023-2027	Total 2008-2027
Estimated Future Revenues					
Property Tax	$27,259,254	$25,034,259	$22,145,149	$19,489,460	**$94,028,121**
REET	$1,869,232	$1,573,843	$1,325,134	$1,115,727	**$5,883,935**
Other Local Funding	$384,359	$414,064	$446,064	$480,538	**$1,725,026**
State Fuel Tax	$11,852,481	$10,750,725	$9,751,383	$8,844,935	**$41,199,524**
State Funds	$2,782,071	$2,523,461	$2,288,891	$2,076,125	**$9,670,547**
Federal Funds	$8,624,408	$3,673,661	$3,332,173	$3,022,428	**$18,652,671**
Total Estimated Available Revenues	**$52,771,805**	**$43,970,013**	**$39,288,793**	**$35,129,214**	**$171,159,825**

SOURCE: Chelan County Transportation Funding Report, Berk & Associates, March 19, 2009 Draft
1. All costs in 2008 dollars, totals may not match due to rounding.



SOURCE: Chelan County Transportation Funding Report, Berk & Associates, March 19, 2009

Figure 9-7. Chelan County Projected Transportation Revenue Distribution

As shown in Table 9-2, County transportation revenues are projected to have significantly lower purchasing power in terms of real dollars in future years. This represents the limits on property tax revenues due to Initiative 747, the likely loss of Federal Forest Yield funding after 2012, and reduction in Fuel Tax revenues, which are directly distributed to Chelan County or used to fund state programs.

When comparing total available revenues for transportation capital and maintenance with expected costs over the 20-year study period, revenues fall short of paying for just the estimated maintenance costs before even considering capital project costs. This is consistent with the financial analyses showing that the main revenues used for transportation are increasing at a relatively slow rate, while costs are increasing more quickly over time. Although spending is currently balanced with revenues, the increase in costs of transportation system needs begins to outpace the increase in revenues in the very near term.

As discussed earlier, the total estimated transportation revenues for the study period are approximately $171 million. These revenues are the total available for all capital and maintenance needs for the County for the next 20 years. However, some funds are not available for maintenance expenses, including most grant funds, REET funds, and matching funds for grants. The estimated $30 million in grants must, therefore, not be counted towards maintenance costs, as well as $6 million in REET funds and an estimated minimum of $6 million in matching funds for grants. This leaves $131 million available for maintenance compared to an estimated cost of $187 million for the study period, resulting in an estimated $56 million shortfall to cover estimated maintenance and operations needs during the 20-year life of the plan. This results in $40 million available for capital projects, and those dollars are heavily dependent upon grant awards.

Table 9-3 illustrates the shortfall in maintenance and operations of $56 million over the life of the plan. As noted above, preserving the existing transportation system is the highest priority for Chelan County. Capital costs would exceed existing revenues by $264 million over the 20-year period. The available $40 million for capital projects would not fully cover the $53 million in Tier I priority projects. It also would be $36 million short of covering the $76 million cost of the Tier I and Tier II reconstruction and non-motorized enhancement projects exclusive of any growth-related transportation improvements.

Table 9-3. Comparison of Transportation Revenues and Costs from 2008 to 2027

	Total Estimated Revenues[1] (2008-2027)	Total Estimated Costs[1] (2008-2027)	Difference[1]
Maintenance & Operations	$131 million	$187 million	($56 million)
Capital Improvements[2]	$40 million	$304 million	($264 million)
Total Transportation Program	**$171 million**	**$491 million**	**($320 million)**

1. All costs and revenues in 2008 dollars. (xxx) means negative value.
2. Includes reconstruction and non-motorized enhancements and growth-related new construction and upgrade projects.

Other Potential Revenue Sources

The following outlines possible funding sources to help close the maintenance and capital funding shortfalls. Chelan County is faced with a projected funding shortfall over the planning horizon of its Transportation Element. The County explored strategies to best match its diverse transportation funding needs. In order to address the funding imbalance, the County may consider policy changes that would increase future revenues and available funding. The potential funding sources are described below.

Transportation Benefit District (Unincorporated Chelan County)

Description. A Transportation Benefit District (TBD) may be established for the construction, maintenance, preservation, and operation of improvements to state, regional, or local agency roadways, high capacity transportation systems, public transit, and transportation management programs. State law sets requirements for selecting improvements, including the need for the projects that are "necessitated by existing or reasonably foreseeable congestion levels." The projects must be contained in the transportation plan of the State or the regional transportation planning organization (RTPO). The following types of fees may be imposed:

- **Sales and Use Tax**. Up to 0.2 percent with voter approval for up to 10 years – unless reauthorized by voters.
- **Motor Vehicle License Renewal Fee**. Up to $100 annually, with voter approval – a jurisdiction may impose a $20 fee without voter approval, but by adoption through the Board of County Commissioners (BoCC).
- **Excess Property Tax Levies**. One-year maintenance and operation with voter approval or multi-year for general obligation bonds.
- **Transportation impact fees on commercial and industrial buildings.** (residential buildings are excluded). Commercial or industrial projects would receive a credit if a transportation impact had already been imposed in the County.
- **Vehicle Tolls.** Tolls can be established and collected for improvement projects within the TBD.
- **Latecomer Agreements.** Latecomers Agreements allow property owners who have paid for capital improvements to recover a portion of the costs from other property owners in the area who later develop property that will benefit from those improvements.

Potential Revenue Impacts. The following illustrates potential levels of revenues that could be generated under the TBD funding options.

- A voter approved 0.2 percent sale tax increase could generate approximately $700,000 per year. Example: A purchase of a television costing $1,000 would be assessed an additional $2 in sales tax under this scenario.
- A BoCC enacted $20 vehicle license renewal fee could generate approximately $0.6 million per year. A voter approved $100 fee could generate approximately $3 million per year.
- A voter approved excess levy could generate funds dedicated to the repayment of general obligation bonds. These proposals to voters are typically presented in terms of a total dollar amount and the levy rate is determined by the assessed value in the district. Example: On a $30 million voted excess levy, a single family home valued at $250,000 would likely pay an additional $80 per year in property taxes to retire the bonds.

Transportation Impact Fees

Description. Transportation impact fees (TIF) may be charged to help fund specific transportation projects shown to be reasonably related to new development. The impact fees “shall only be used to fund system improvements” that are reasonably related to and benefit the new development. Impact fees may not be used to correct existing deficiencies. The imposing jurisdiction must also contribute funds to the included projects, which by statute cannot be funded 100 percent through impact fees.

Potential Revenue Impacts. The goal of calculating transportation impact fees is to create fees based on new development’s expected impact on the transportation system and the need for improvements. Generally, this is done by basing the fees on the number of vehicle trips a development is expected to generate and the proportional cost of the transportation improvement projects (alternatively can be charged on a per unit basis) needed to serve growth. Since these fees are contingent on impact, they can vary by jurisdiction or subarea within the County. Example: The impact fees must be calculated based on project costs and growth. As an example, for every $1,000 in the impact fee rate, $8 million in revenue could be generated over the next 20 years, based on the estimated 8,000 new residential units expected to be built in unincorporated Chelan County during that time horizon. Commercial development also would pay the fee based on their relative traffic impacts and benefit of the TIF improvement projects which would increase the potential revenues.

Local Improvement Districts

Description. Any jurisdiction may form a local improvement district (LID) and levy a special assessment on properties within the LID that would benefit from the improvement. These improvements include streets, parking facilities, park boulevards, and other public places along with local transportation systems, such as buses and railways, and the facilities necessitated by these systems. A county may levy a tax on the property within an area that will benefit from a specific capital project.

Potential Revenue Impacts. A LID’s property assessment is determined during its formation and is assessed relative to the benefits the users derive from the improvements. Example: A LID in a commercial area funding right-of-way improvements might charge on the basis of commercial building square footage. If the LID funded $1 million of improvements and there were 100,000 square feet of commercial square footage in the district, a property owner with 10,000 square feet of shop space might be assessed an additional $100,000 ($10/sq ft). Typically, the LID payments are paid over an extended number of years.

Road Levy

Description. Every county in Washington State is eligible to collect a property tax road levy for the construction and maintenance of county roads and bridges. The levy may not exceed $2.25 per every $1,000 of assessed value. The County's levy rate in 2007 was $1.48. An increase of the levy that would exceed the legal 101 percent limit (called a levy lift), would need to be passed by voters. However, counties may have "banked capacity" in their levy that they can use at discretion of the Commissioners (without a public vote) and are required to use before they may pursue a voter approved levy lift. Banked capacity refers to the difference between the County's legal road levy limit and the current amount being used. As noted above, Chelan County chose to use its full legal limit for Property Taxes starting in 2009 by applying its banked capacity.

Potential Revenue Impacts. A levy lid lift of the County's road levy from the current $1.48 would require voter approval. Example: A hypothetical $0.50 increase to the County's road levy could generate approximately $3.5 million a year. A single family home valued at $250,000 would likely pay an additional $125 a year in property taxes.

Bonds Supported with a Levy Lid Lift

Description. The Board of County Commissioners may choose to pass one or more councilmanic bonds up to their legal limit, which can provide funding through debt, but does not increase revenue. The County may also go to the public for a voter-approved bond with a levy lid lift. With voter approval, the County can increase funding through debt and also gives authority to increase property tax rates to pay the debt service.

Potential Revenue Impacts. A voter approved levy lid lift designated to pay back general obligation bond proceeds could generate additional funds. Example: On a $30 million voted excess levy backed by a levy lid lift, a single family home valued at $250,000 would likely pay an additional $80 a year in property taxes to retire the bonds.

Planned Action Ordinance

Description. Planned Action Ordinances (PAO) are a project specific action under the State Environmental Protection Act (SEPA) in which an Environmental Impact Statement (EIS) designates, by ordinance, those types of projects to be considered Planned Actions – spelling out mitigation measures that will be applied. This type of action is appropriate for small areas expecting a specific type of development. PAOs are restricted to urban growth areas per state law.

Potential Revenue Impacts. A feature of a PAO is the level of flexibility and specificity that it may proscribe as mitigation for all development within the Planned Action area. Both existing deficiencies and growth-related improvements can be included to the degree they mitigate transportation impacts of new development.

Local Gas Tax

Description. State law allows counties to levy local option gas taxes of up to 10 percent of the current state gas tax. This funding option would require voter approval. Revenues from this tax can be used for "highway purposes" including the construction, maintenance, and operation of city streets, county roads, and state highways; operation of ferries; and related activities. The tax must be imposed countywide (there is no city levy). Revenues are distributed back to county and cities contained within the county, levying the tax on a weighted per capita basis (1.5 for population in unincorporated areas; 1.0 for population in incorporated areas).

Potential Revenue Impacts. The current state motor vehicle fuel tax is 37.5 cents per gallon. A 10 percent voted increase would add an additional 3.75 cents to this total for a combined tax of 41.25 cents. Estimating the revenue impacts is difficult since the amount of gas sold is not readily available. Using the 2007-2009 biennium budget estimate of $2.5 billion as an estimate (approximately $1.2 billion a year), the per capita statewide fuel tax revenue estimate in 2008 is $19 per person. From the County's perspective, since the distribution of the tax is weighted depending where people live, a 10 percent increase in the motor vehicle fuel tax could generate in the range of $850,000 in additional revenue a year.

Other Development Mitigation

Description. All new development in the County must comply with state and local development regulations and requirements. These include GMA concurrency requirements, the State Environmental Policy Act (SEPA), and road standards/frontage improvements. These elements are project specific and are reviewed as part of each development application.

Potential Revenue Impacts. Funding or construction of improvements through development mitigation is dependent on the location, timing, and type/size of new developments. Therefore, a specific estimate cannot be made.

Latecomers Agreements

Description. Latecomers Agreements allow property owners who have paid for capital improvements to recover a portion of the costs from other property owners in the area who later develop property that will benefit from those improvements. The period of collection may not exceed 15 years and is based on a pro-rata share of the construction and contract administration costs of the particular project. The city or county must outline an area subject to the charges by determining which properties would require similar improvements. The improvement must be required for property development by city or county ordinance in order for the reimbursements to be assessed.

Potential Revenue Impacts. Latecomers agreements are typically done on a pro-rata share of the project cost plus administrative fees. Example: A one-block-long sidewalk costs a builder $45,000 to construct. Adjacent developments that benefit from the sidewalk contract to reimburse the original owner $15,000 to cover the cost of the improvement based on their relative benefit.

Funding Strategy

Chelan County has identified a multifaceted strategy for funding its highest priority transportation needs. The strategy builds on its current revenue base supplemented with potential new resources. The financing strategy is guided by the following principles:

- New development should fund its share of expanding/upgrading transportation facilities in unincorporated areas of Chelan County.
- Use broad County funding sources, such as the Road Levy, to fund maintenance, operations, and highest priority capital improvement projects to preserve the existing transportation system and resolve existing deficiencies.
- Reserve regional funding sources to partner with other agencies to address transportation facilities of countywide or regional significance.

The funding strategy includes the following four primary elements:

- Funding from New Development

- Sustaining the County's Road Levy
- Pursuing Grants and Other Funding
- Funding Regional Transportation Improvements

In addition, a reassessment strategy is included to help balance the County's transportation financing with its level of service standards and land use plan. Maintaining this balance is a basic tenet of the GMA.

Funding from New Development

Growth within the County results in a need for additional transportation improvements, as previously discussed. Chelan County has primarily required new developments to mitigate their potential transportation impacts based on its review under the State Environmental Policy Act (SEPA), its road standards under Title 15 Development Standards requirements, and GMA concurrency. Due to the County's prior review processes and standards, these programs have not fully addressed the transportation impacts of new development.

The County has, or is modifying, its development review processes, level of service standards/concurrency program, and its road standards to better address the adequacy of the transportation system to serve growth. In addition, the funding strategy includes a GMA-based transportation impact fee (TIF) to help fund growth-related roadway and intersection improvements.

Development Review Process

Chelan County is required by state law to review development proposals for environmental impacts under SEPA. Under GMA, Chelan County must prohibit new development unless its transportation system is adequate to support the growth; this is implemented through GMA's concurrency regulations. The County also has adopted Development Standards (Title 15) to guide the construction or upgrading of roadways, intersections, and other related facilities. These processes all support the development and improvement of the County's transportation system. Figure 9-8 shows the general flow of these processes and how they work together to mitigate the transportation impacts of new development. The County's transportation review program is documented in its Transportation Impact Study (TIS) Guidelines.

Concurrency Review. As the first step in the review process, a proposed development would be evaluated based on the County's updated transportation concurrency program. The concurrency program is directly linked to the County's updated level of service standards which are based on roadway conditions instead of the level of congestion at intersections under its prior Transportation Element. The road conditions rating considers functional classification, traffic volumes, pavement width, pavement condition, roadway grades, and availability of pedestrian facilities. The revised concurrency program will be implemented as a development regulation and adopted through ordinance. The concurrency review would evaluate each road segment impacted by a minimum number of trips generated by each new development.

If each County roadway segment impacted by the proposed development meets the minimum road condition rating, then the development meets concurrency and would move to a full application for review under SEPA and other regulations. If concurrency is not met for all impacted roadways, the development could mitigate its impacts by funding and constructing improvements along the impacted segments that did not meet standards. Alternatively, the application could be modified to reduce its impact to use alternative routes to pass the concurrency evaluation.

If concurrency is not met through mitigation or modification of the application, then the development would be denied until the County or another party (such as a different developer) resolve the road condition deficiency. While denial of the development does not help improve the transportation system, it would reduce the rate of the degradation of the system, especially in corridors that are not priorities for County funding.

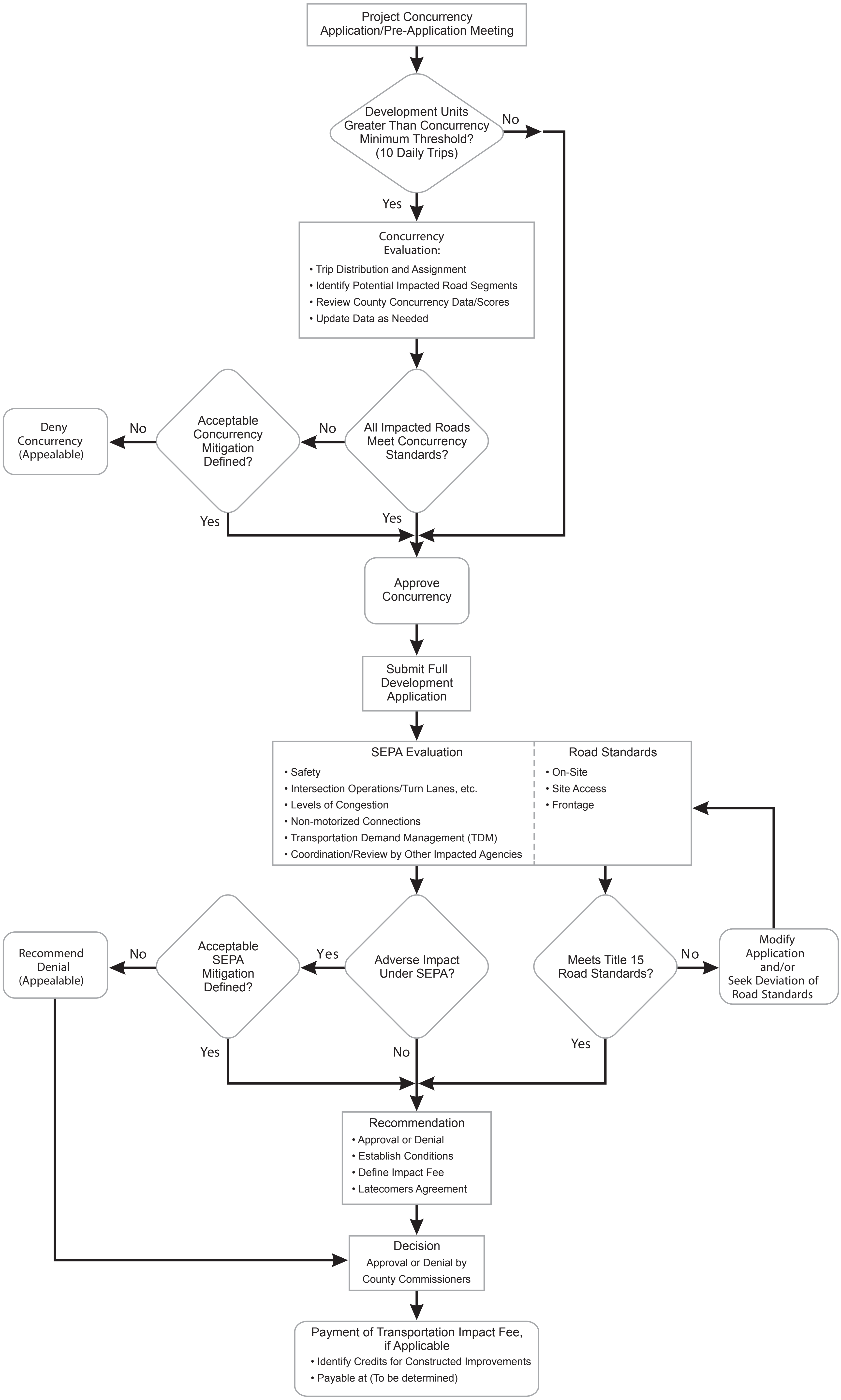
SEPA Review. Chelan County will continue to use SEPA to review the impacts of new development on roadways and intersections. As a minimum, the SEPA review would be used to evaluate impacts on:

- Safety, such as horizontal curvature issues, sight distance, non-motorized, and other
- Intersection operations, level of service, and queue impacts
- Roadway congestion
- Transit and Non-motorized transportation

SEPA review is based on the development project having an adverse impact. Assessment of transportation impacts under SEPA depends on the conditions for each transportation facility or service serving a new development. If adverse impacts are identified, the County can condition the development to provide mitigation to offset or reduce its impacts. This mitigation would help improve the transportation system, at least to the extent of mitigating project impacts.

As discussed previously, a SEPA review also can be through a Planned Action Ordinance (PAO). Planned Actions can be used to address both existing deficiencies and growth-related improvements based on their need to mitigate adverse impacts of new development. PAOs are currently limited under state law for use in urban growth areas (UGAs). Chelan County may consider using a PAO to more systematically address development impacts in urban growth areas such as Peshastin, Chelan, or Manson. Except for the limitation under state law, PAOs also could be a good tool for mitigating transportation impacts in identified Local Areas of More Intensive Rural Development (LAMIRDs) such as Malaga. PAOs also could be an appropriate tool for other rural areas of the County. Chelan County should work with its state legislators, other counties, and the development community to remove or at least modify this restriction on PAOs.

Development Standards (Title 15). Chelan County has adopted road classification and design standards. They identify requirements for design speed, right-of-way width, pavement width, grade, non-motorized facilities, parking and other roadway design features. New developments are required to comply with the road standards for all on-site roadways, adjacent street frontage, and access roadways. The standards cover both public and private roadways. The County has specific review and approval processes if variances to the standards are requested by the developer.



Transportation Development Review and Mitigation Flow Chart

FIGURE 9-8

Latecomers Agreements. Mitigation under concurrency, SEPA, or the Title 15 Development Standards may entail constructing or improving roadways or intersections that future development in the County will benefit from. To help balance the costs with the benefits of the improvements, Chelan County provides for Latecomer Agreements. As discussed previously, Latecomer Agreements allow property owners to recover a portion of their costs of constructing capital improvements from other future developments that benefit from the improvements. The Latecomers Agreements are set up for specific improvements and would calculate a share of the construction costs based on the relative benefit of the improvement to each development. Contract administration costs of the agreement also can be included. A maximum period of 15 years can be established for the Latecomers Agreement.

Transportation Impact Fees

To address the broader system transportation impacts of new growth, Chelan County also will pursue development and implementation of a transportation impact fee (TIF) program. The TIF would need to be implemented as a development regulation adopted by ordinance. The TIF would be the final step of the developer mitigation as shown on Figure 9-8.

The GMA allows agencies planning under the Act to develop and implement a TIF program to help fund transportation projects needed to accommodate the growth. State Law (Revised Code of Washington [RCW] Chapter 82.02) sets forth that the impact fees:

- Shall only be imposed for system improvements that are reasonably related to the new development;
- Shall not exceed a proportional share of the costs that are reasonably related to the new development;
- Shall be used for system improvements that will reasonably benefit the new development; and
- May only be collected and spent on public facilities that meet the requirements of RCW 82.02 and are addressed by the capital facilities plan (CFP) element of the Comprehensive Plan.

TIFs can only be used to help fund the improvements needed to serve new growth; GMA specifically notes that the fees cannot be used to address existing deficiencies. The County could include costs of prior capital projects to the extent that new growth will benefit from the improvements.

A draft TIF program was prepared to estimate potential revenues for implementing the Transportation Element. The list of capital projects in Appendix B were reviewed to determine if they could be included in a TIF under the GMA requirements. The potential projects for the draft TIF program are identified in Table 9-4. The County could opt to not include all of the TIF-eligible improvements in the final program.

The costs of the TIF-eligible projects were adjusted to account for the costs of resolving existing deficiencies, which cannot be funded with the TIF. The costs of the TIF-eligible projects were adjusted to account for previous or currently committed funding. The County could further reduce the estimated eligible costs as a matter of policy as part of the final TIF program.

Table 9-4. Transportation Impact Fee Program Eligible Projects

MAP ID[1]	Project Title	Priority Tier[2]	Cost[3] ($1,000s)	Impact Fee Cost[3] ($1,000s)	TSA[4]
CC-R1	Corridor Study – Alternative route between Manson and Chelan	I	$300	$270	3
CC-R2	Alternative route between Manson and Chelan	III	$49,280	$14,784	3
CC-R3	Titus Road to Chumstick Highway Connector	I	$1,960	$1,764	2
CC-R9	North-south connection using new US 2 underpass – Blewett Cut-off Road	II	$2,620	$2,358	2
CC-R10	Bergtstrasse Road/Detillion Road connector	II	$2,130	$1,491	2
CC-R11	Union Valley Road	II	$2,360	$1,652	3
CC-R12	Boyd Road	I	$3,030	$2,121	3
CC-R16	North Road	I	$9,800	$6,860	2
CC-R17	E. Leavenworth Road	II	$4,410	$3,087	2
CC-R18	E. Leavenworth Road	II	$4,180	$2,926	2
CC-R20	Dixie Lane	I	$2,440	$1,708	1
CC-R21	West Malaga Road	I	$2,740	$1,918	1
CC-R26	Ford Street	I	$1,380	$966	3
CC-R27	Ivan Morse Road	II	$1,570	$785	3
CC-R28	Winesap Road	II	$1,330	$665	3
CC-R29	Totem Pole Road	III	$5,180	$3,626	3
CC-R31	Sleep Hollow Road/E Richard Road – Improve route between Monitor and Wenatchee	III	$8,780	$6,146	2
CC-R33	North Road	I	$2,520	$2,016	2
CC-R34	Beecher Hill Road	II	$1,110	$888	2
CC-R35	Rollercoaster Road	II	$2,130	$1,704	2
CC-R42	Knowles Road	I	$2,920	$2,336	1
CC-R43	American Fruit Road	II	$3,600	$2,880	1
CC-R44	Easy Street	I	$9,490	$7,592	1
CC-R45	School Street	I	$1,660	$1,328	1
CC-R46	Rolling Hills Road	II	$1,830	$1,281	1
CC-R47	Lower Sunnyslope Road	II	$1,810	$1,267	1
CC-R48	Number One Canyon Road	II	$940	$752	1
CC-R49	Squilchuck Road	III	$3,360	$2,688	1
CC-R51	McKittrick Street	II	$930	$744	1
CC-R52	Walnut Street	III	$3,900	$3,120	1
CC-I3	Chumstick Highway/North Road	I	$280	$140	2
CC-I4	W. Malaga Rd/McEldowney Rd	I	$190	$95	1
CC-I5	Washington St/Banks Ave	I	$280	$140	3
CC-I9	Main Street/Peshastin Rd	I	$280	$196	2

CC-I10	School Street/Easy Street	II	$1,010	$909	1
CC-I11	Knowles Road/School Street	I	$240	$120	1
CC-I12	Easy Street/Peters Street	II	$1,010	$909	1
CC-I13	Easy Street/Penny Road	I	$570	$513	1
CC-I15	Easy Street/Crestview Road	I	$240	$216	1
CC-NM8	Ski Hill Drive	II	$1,720	$1,204	2
CC-NM9	Titus Road	II	$2,710	$1,897	2
	Total		**$148,220**	**$88,062**	

1. See Tables 8-1 through 8-10 and Appendix B for description of projects.
2. See Table 7-3 for description of priority tiers.
3. Planning level cost estimates in $1,000s of dollars (2008 $)
4. Preliminary Transportation Service Area (TSA) concept per Figure 9-9.

The Transportation Element includes over 100 capital improvement projects costing $304 million in 2008 dollars. Of these projects, 42 projects with a total estimated cost of almost $150 million (in 2008 dollars) were identified as being at least partially eligible for a TIF program (see Table 9-4). After adjusting the costs to only include growth-related elements, a maximum of $88 million (in 2008 dollars) in project costs could be included in the TIF program, as shown in Table 9-4. This would result in a Chelan County share of over $60 million (in 2008 dollars) to fully fund the TIF-eligible projects.

The TIF-eligible projects and costs were allocated to three service areas comprised of the transportation study subareas which are similar to the County Commissioner Districts (see Figure 9-9). The TIF-eligible project costs in each district were divided by the estimated number of new growth daily vehicle trips generated in each district to derive a cost per new daily growth vehicle trip. Under this approach new growth in each service area only pays for growth-related transportation improvements in that service area. In reality, growth trips from each district could benefit from TIF improvements in other districts. However, this would likely be relatively minor due to the reliance on state highways for longer, intra-county travel.

If these projects and costs are included in an adopted TIF ordinance and the growth projections are realized, Chelan County could generate up to the $88 million (in 2008 dollars) over the life of the Transportation Element. The project cost estimates would increase over time requiring adjustments through annual cost escalations. Chelan County also should update the cost estimates if actual project costs increase at a rate above the rate in the annual cost escalator.

Table 9-5 summarizes the calculation of potential TIF rates per new daily growth trip for each transportation service area (TSA) assuming inclusion of all eligible project costs. As shown on Table 9-5, the fees range from $409 to $813 per new daily vehicle trip. TSA 2 has the highest cost rate at $813 per new daily vehicle trip and TSA 1 has the lowest rate. TSA 1 has the lowest overall costs because it has the highest level of traffic growth, while having approximately the same amount of capital costs of the other two areas. Both TSA 2 and 3 have the highest potential transportation impact fee rates because growth in spread among various communities, creating more substantial infrastructure needs and costs to serve less growth.

The County may consider including only the higher priority improvements in its TIF program. This would reduce the resulting impact fees. This would also reduce the County's $60 million share of TIF-related project costs which may not be the highest priority for use of limited County funds.

If only the Tier 1 TIF-eligible projects were included in the program, the County could collect over $30 million (in 2008 dollars) during the life of the plan. This assumes that the forecast growth occurs as projected for developing the Transportation Element. Under this scenario the TIF rates per new daily vehicle trip would be $213 in TSA 1, $273 in TSA 2 and $94 in TSA 3.

If the County included all Tier 1 and Tier II TIF-eligible projects in the impact fee program, it could potentially generate almost $58 million in revenues (in 2008 dollars). The resulting fees per new daily vehicle trip for a Tier I plus Tier II impact fee program would be $331 for TSA 1, $660 for TSA 2, and $178 for TSA 3.

The County can select which improvement projects to include based on priorities and location of growth. It also will need to identify the level of County funding it can direct to TIF projects versus other transportation priorities.

Table 9-5. Resulting Potential Transportation Impact Fee Rates

	Countywide	TSA 1[2] (Central)	TSA 2 (West)	TSA 3 (North)
TIF Total Project Costs[1]	$149 million	$39 million	$45 million	$65 million
Total Potential TIF Cost Share[1]	$88.1 million	$30.4 million	$32.7 million	$25.0 million
Estimated New Daily Growth Trips	151,500	74,200	40,200	37,100
TIF Cost per New Daily Growth Trip[3]	$581	$409	$813	$674

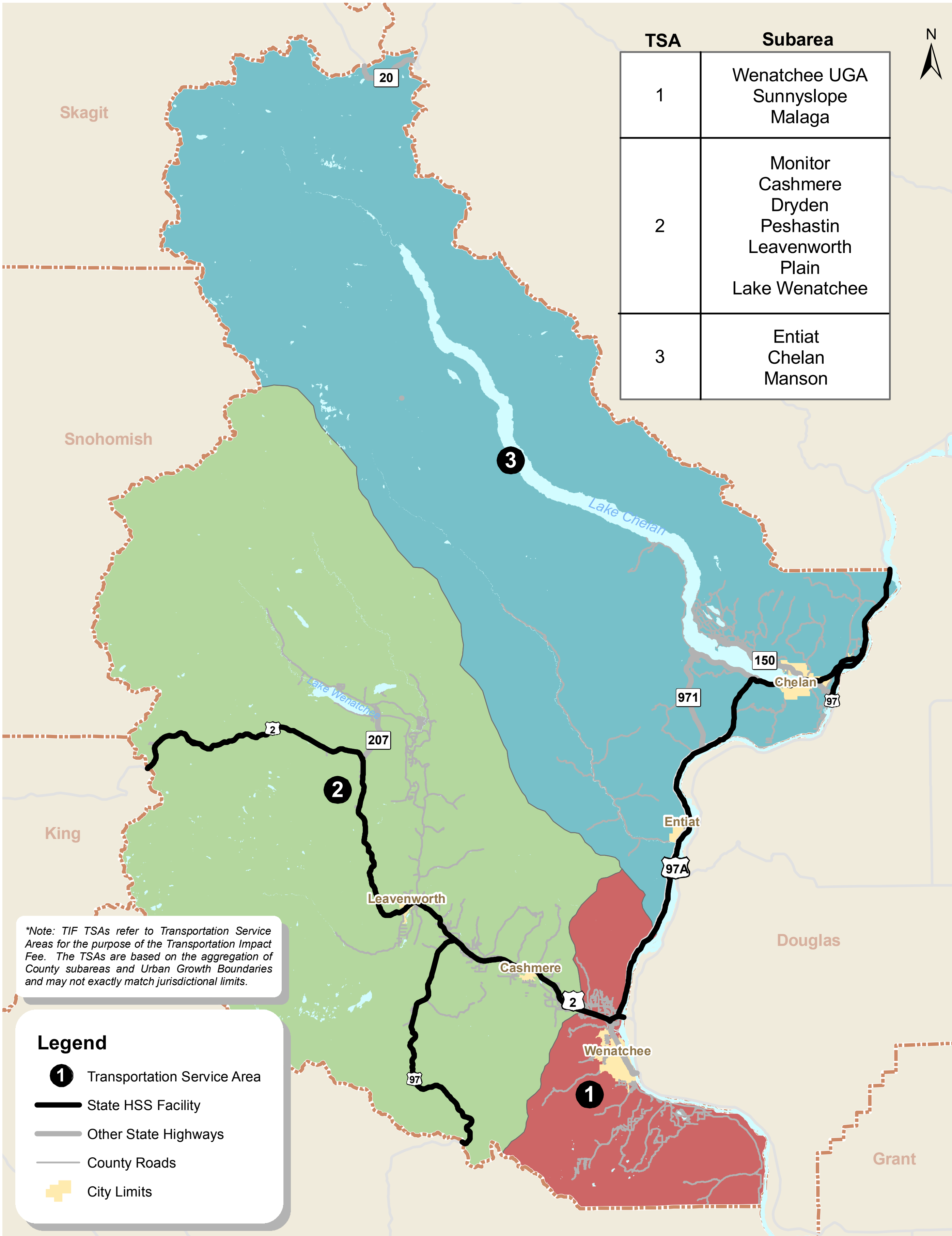
1. Costs in 2008 dollars
2. TSA = Transportation Service Area
3. Calculations not exact due to rounding

The cost per new daily growth trip would be converted to a cost per unit of new development for each TSA. This would be developed based on trip generation rates as compiled in the latest edition of *Trip Generation*, Institute of Transportation Engineers (ITE), 7th Edition, 2003. Adjustments would be made to account for “pass-by” trips and relative trip length. (Pass-by trips are trips that are already on the adjacent roadway system and make an intermediate stop. For example, a trip from work to home with a stop at a grocery store.) This would provide the County a relatively simple tool for implementing the TIF. It also would allow developers to estimate their potential TIF requirements prior to application. As required under RCW 82.02, the TIF ordinance must provide for consideration of additional studies or data provided by the development applicant.

The TIF program and ordinance also must allow developers to receive credits against the TIF if they are required to construct all or a portion of a TIF project as a condition of development (e.g. through SEPA, concurrency, or road standards). Costs for dedication of right-of-way included in the TIF costs also would be eligible for credits.

The County can allow for exemptions to the TIF for low-income housing or other development projects that serve a broad public purpose. These could include schools, parks, or County or other government facilities. The County would need to provide the funding, with non-TIF monies, to offset the fees for any exemptions.

Chelan County also can enter into Interlocal Agreements with other agencies to share impact fees. This could be a good strategy for the Chelan and Mason areas with the City of Chelan. It also could be appropriate with the City of Wenatchee or Leavenworth. Through an Interlocal Agreement, key system improvements within a City could be added to the County’s TIF program and resulting rates. The County would then pass the portion of the fee associated with the City improvements to the City. The City also would collect fees from developments under its jurisdiction for system improvements in the unincorporated areas of Chelan County. This would help fund key improvements serving the UGAs concurrent with the development.



Potential Transportation Impact Fee Service Areas

Chelan County Transportation Element

FIGURE

9-9

M:\07\07376 Chelan County Transportation Plan\Graphics\GIS\MXD\TIF Service Areas.mxd

transpoGROUP

Sustaining the County's Road Levy

Counties are dependent on the Road Levy to fund their transportation needs, and unlike other general service providers, cannot rely on growth in other revenue sources to offset declines. Counties generally do not have statutory authority to levy new taxes. And, unlike special service districts, counties have a much more complex relationship with their constituencies.

The value of the Road Levy for the County is unmatched by any other revenue source. Since the passage of Initiative 747, the County has seen the real per-capita value of the Road Levy decline at a rate of 3.2 percent annually. From a fiscal sustainability perspective, the County cannot allow the largest component of their transportation funding to decline in value relative to the rate of growth of their basic transportation needs. The County has a strong, if not difficult, argument to make to its citizens that they need to restore the value of the Road Levy to levels that will sustain their base transportation needs. Alternatively, the County could reduce levels of services, especially in maintenance and operations programs. However, this approach could result in a more significant funding issue in the future because more expensive capital improvements would be needed to fix failed roadways. The Road Levy can be addressed through two mechanisms:

- In the short-term, using the "banked capacity" in the Road Levy to increase transportation funding. In late 2008, the County Commissioners adopted policies to use the approximately $1.1 million in banked capacity. This will help address the short-term funding needs. The additional increase in Road Levy funding has been incorporated into the assumptions in developing the baseline revenue projections.
- In the long-term, the County will need to secure a levy lid lift, or a series of lifts, with majority approval from voters in the County. The amount of the levy lift will need to be sized to the amount of need and the ability to obtain voter approval. The County may choose either temporary or permanent levy lid lifts; however, given the ongoing needs, a voted permanent lift would be the preferable mechanism (voted on by unincorporated residents).

The County should fund the additional preservation, maintenance, and operation needs by making the Road Levy a sustainable revenue source. The Road Levy also can be used to leverage grants and other local funding to maximize its value. The Road Levy may also need to support additional transportation needs outside of maintenance and operations to meet its other obligations (e.g. its share of regional projects, its share of impact fee projects, or the local matching funds for grants).

The Road Levy may not exceed $2.25 per every $1,000 of assessed value. The County's levy rate in 2007 was $1.48 and declined to $1.27 in 2008. An increase of the real per-capita value of the Road Levy at a rate of only 2 percent could generate an additional $20 million over the planning period (2008 dollars). Under this scenario, the total levy would grow at a rate matching general inflation (3.5 percent). As noted previously, a funding gap of $56 million is anticipated for maintenance and operations over the 20 year life of the plan. The County would likely need to consider raising the levy to a level to meet its funding needs or choose not to fund all of its transportation needs. In order to close the projected maintenance and operations funding gap, the Road Levy would need to grow at an approximate annual rate of 4.5 percent through levy lid lifts over the planning horizon.

Pursuing Grants and Other Funding

As noted previously, the County receives state and federal grants to help implement its transportation improvements. These grants are becoming more competitive because most agencies are facing funding issues, gas tax revenues used to fund the grants are declining, and project costs are increasing at a rate faster than inflation. The County will need to continue to pursue traditional transportation related grants through the Transportation Improvement Board

(TIB), County Road Administration Board (CRAB), and Federal Grant programs administered by WSDOT. These grants can be used to fund preservation, non-motorized facilities, intersection, and roadway projects. Grant programs specific to regional trail projects also should be pursued with state, regional and other local agencies.

In addition, the County will need to pursue grants for other types of projects and programs that can partially support transportation improvements. These could include Federal Emergency Management Agency (FEMA) grants related to flood control or economic development grants such as the Local Infrastructure Financing Tool (LIFT) administered through the Washington State Department of Trade and Economic Development (CTED).

Typically, the County will need to provide local matching funds to receive the grants. The need for these matching funds further supports the strategy for a Road Levy lift. Chelan County can also apply for low interest loans through the Public Works Trust Fund (PWTF). While not a source of new funding, the loans can help advance high priority projects. Depending on the interest rate, the loans may help reduce the total project costs by completing projects prior to inflationary increases in construction costs. Similarly to the PWTF, Chelan County could choose to bond for some transportation projects. Bonds do not generate new revenues by themselves but also can be used to advance priority projects.

Local Improvement Districts (LIDs) or Road Improvement Districts (RIDs) can be established to cover improvements in specific areas. LIDs must be used to fund improvements that directly benefit nearby property owners. They can be created by local governments or they can be initiated by property owners in the benefit area. Voter approval is NOT required, but the LID could be challenged by property owners. RIDs are similar to LIDs, except they are specifically limited to road improvements in unincorporated areas. The County would initiate any RID funding program. Property owners that will benefit from the improvements would be assessed a special benefit assessment based on proportionate levels determined during the formation of the districts. This special benefit assessment would typically be paid annually by the property owner for a time period established during the formation of the district. The County would have discretion in its financial contribution to the overall project costs of the district.

Funding Regional Transportation Improvements

The Transportation Element identifies several potential regional transportation improvements. These improvements would provide benefits to residents, property owners, businesses, and tourists in unincorporated Chelan County and its cities, and in adjacent Douglas County. These projects include regional trails, such as the Valley Trail between Wenatchee and Leavenworth. Other regional improvements along the state highways and potential new bridges/corridors to enhance access/egress to the City of Wenatchee could be included, beyond those specifically incorporated in the Transportation Element of the Chelan County Comprehensive Plan.

In an effort to create a new revenue source suitable to funding new transportation facilities, the County may wish to create a Transportation Benefit District (TBD). A TBD may be established for the construction, operation, or maintenance improvements to County roadways. The TBD may be used for the reconstruction and upgrade of existing facilities, pedestrian and bicycle enhancements, or other regionally significant projects included in the RTPO transportation plan.

While the County may create the TBD for just the unincorporated portions of the County, it may be beneficial for Chelan County to partner with the local incorporated jurisdictions through interlocal agreements on project funding. This may be desirable on these accounts:

- The County is increasingly home to regional tourist activities centered in Leavenworth, Wenatchee, and Chelan. These areas generate large volumes of taxable retail sales – sales that represent the spending of many individuals not living in Chelan County, but nonetheless whose activities strain the County's transportation network. Tapping this out-of-county revenue source will help offset their impacts.

- The County's role as a local and regional service provider for transportation facilities supports these areas and commerce that takes place there.

Regardless of whether a countywide TBD is feasible in the short-term, the County should pursue (at a minimum) a strategy to implement a TBD for the unincorporated areas. It also should work with other agencies to explore and possibly implement a multiagency TBD. The County should seek to create a TBD to fund a share of regional improvements, including regionally significant pedestrian and bicycle enhancements. While the TBD allows for an array of funding options, including a property tax levy, it is suggested that the County TBD consider some combination of the following types of fees:

- **Sales and Use Tax.** Up to 0.2 percent with voter approval for up to 10 years – unless reauthorized by voters. A voter approved 0.2 percent sales tax increase could generate approximately $700,000 per year for the unincorporated areas. Assuming a 2 percent rate of growth in the value of taxable retail sales collected, the 0.2 percent sales tax could generate an additional $8.6 million over the planning period (in 2008 dollars). This number grows to $37 million if the entire County (incorporated and unincorporated areas) is included in the TBD.
- **Motor Vehicle License Renewal Fee.** Up to $100 annually, with voter approval – a jurisdiction may impose a $20 fee without voter approval. A County Commission enacted $20 vehicle license renewal fee could generate an additional $8 million over the planning period (in 2008 dollars). This number grows to $18 million if the entire County is included in the TBD with a $20 fee. These revenue figures would be larger if the County pursued the levy of higher fees – up to $100 (with the required public vote).

The TBD could help fund anywhere from $8 million ($20 fee in unincorporated areas) to $140 million depending on the combination and magnitude of funding options pursued (Countywide $100 fee and 0.2 percent sales tax) during the 20-year life of the plan.

Current state law restricts use of TBDs to transportation projects or programs that are regionally significant. As noted in the project list, many of the County's needs are on roadways serving more rural areas, some of which may not be considered regionally significant. To provide more flexibility for use of TBDs, the County should consider working with other counties, cities, and other stakeholders to revise the allowed uses of TBD funding.

Financing Summary and Reassessment Strategy

Overall the County is not likely to be able to fully fund the identified transportation projects and programs. This section summarizes potential revenue generation versus project costs. It also provides a reassessment strategy to help maintain a viable transportation program to address the County's existing and future needs.

Finance Summary

Table 9-6 compares the range of potential revenues generated over the 20-year life of the Transportation Element with project and program costs. The revenues build from the $156 million in existing sources (including use of the previously "banked capacity" in the County Road Levy as enacted in 2008). As previously noted these revenues would fall well short of the estimated 20-year costs of transportation improvements and programs.

Table 9-6. Financing Summary

	Projected Revenues (2008 to 2027)[1, 8]	
	Low Range	**High Range**
Existing Programs[2]	$171,200,000	$171,200,000
Development Review Funding[3]	-	-
Transportation Impact Fee[4]	$30,300,000	$88,200,000
Road Levy Lift[5]	$0	$56,000,000
Transportation Benefit District[6]	$8,000,000	$48,600,000
Total Estimated Revenues	**$209,500,000**	**$364,000,000**
Projected Costs[7]	$240,000,000	$491,000,000
Difference (Revenue less Costs)	**($30,500,000)**	**($127,000,000)**

1. All costs and revenues in 2008 dollars.
2. Based on forecast of existing revenue programs per Table 9-2.
3. Development review funding including concurrency and SEPA mitigation and road standards depends on location and timing of new developments; therefore, it cannot be accurately estimated. A small portion of the development review mitigation will probably be for improvements not included in the program or project costs.
4. Minimum impact fee revenues based on only including Tier I projects; maximum is based on all projects. Assumes $10 million County match for the Tier 1 projects and $60 million for all projects.
5. Minimum amount of Road Levy Lift reflects no lift in the road levy "maximum" amount based on a 4.5 percent increase over 2009 levels for life of plan.
6. Minimum value for TBD is based on $20 license fee for unincorporated areas; maximum is based on $100 license fee plus 0.2 percent sales tax applied to unincorporated area.
7. From Table 9-1. Minimum includes Tier I projects; maximum also includes all project costs. Does not include costs of regional improvements likely to be funded with the use of a TBD.
8. Does not assume significant revenues through expanded grants or other funding programs.

One of the most significant new or expanded revenue sources will be a lift in the Road Levy. The lift could generate up to $56 million in additional revenues beyond the recent decision to use the prior "banked capacity." No additional Road Levy funding would occur under the low range, which already assumes continued use of the full levy rate enacted for 2009. The high end assumes growth of the Road Levy at an annual rate of approximately 4.5 percent over the planning horizon, compared to the original. It should be noted that future Commissioners could roll back the Road Levy rate which would reduce the revenues available for the transportation system improvements.

Enacting a transportation impact fee (TIF) could generate $30 to $88 million in revenues. The County will need to be able to fund their share of these improvements which would likely come from the Road Levy lift. An initial TIF program limited to the highest priority projects may be a reasonable approach to best assure that the County can meet its obligations.

A Transportation Benefit District (TBD) would likely focus on regional roadway or trail projects. The County would have a share of these projects. Depending on the funding sources selected, and approval by voters, the TBD could generate nearly $50 million. This level of funding should not be counted on. Instead, a lower funding of $8 million to $20 million may be reasonable for Chelan County, especially if a TBD is developed with other agencies to help fund the large regional projects.

As shown in Table 9-6, the funding program does not specifically account for other developer mitigation (beyond the potential TIF). Much of the funding through developer mitigation or road standards would occur on roadways not included in the plan's project list. While some developer improvements would directly address the plan's projects, the overall share of the costs would be relatively minor compared to the projected deficits.

Additional grant funding also has not been estimated. The funding of existing or new grant programs in the future is uncertain and therefore, the financing strategy does not assume additional funding from grants or local improvement districts.

Overall, the County could fund much of its highest priorities including maintenance and operations and the highest priority Tier I projects with the addition of the banked capacity in its Road Levy, a limited TIF program, and a potential TBD to help fund regional projects. The County should consider a larger, permanent lift in the Road Levy to fund more of its needs, including potential expansion of the TIF program to include more projects. County funding toward regional projects would likely be limited, unless a TBD or major grants are secured.

Reassessment Strategy

The financing strategy is based on the ability of the County to expand funding from its existing revenue sources and generate additional revenues from new funding sources. Some of these efforts will require specific action by the County Commissioners, such as its decision in late 2008 to use the “banked capacity” in the Road Levy and the adoption of new concurrency and transportation impact fee programs as proposed in this Transportation Element. Other strategies, such as an additional Road Levy lift and use of some funding mechanisms for a TBD will require voter approval. These requirements will affect the actual level of funding and its timing.

Due to the uncertainties in funding and the magnitude of the potential deficit, Chelan County is committed to reassessing its transportation needs and funding each year as part of the development of its Six-Year Transportation Improvement Program (TIP). This will allow the County to match available funding with its highest priority improvements and programs. The reassessment strategy also includes a periodic review of its land use plans, level of service standards, and funding options to ensure they support one another and ensure that concurrency requirements are met. The County will consider the following principles in its transportation funding programs:

- As part of the development of the annual Six-Year Transportation Improvement Program, the County will balance improvement costs with available revenues;
- Review roadway designs to determine whether costs can be reduced through reasonable changes in scope or deviations from design standards;
- Fund improvements or require developer improvements as they become necessary to maintain the County’s roadway condition level of service standards to meet concurrency;
- Work to adopt a Transportation Impact Fee program;
- Review transportation funding strategy periodically to see if the transportation impact fees should be revised to account for updates to the capital improvement project list and revised project cost estimates;
- Assure that developer contributions adequately address their impacts and benefits;
- Coordinate and partner with WSDOT and local agencies to vigorously pursue a full range of grants from state and federal agencies to fund regional transportation improvements;
- Work with local agencies to establish interlocal agreements for impact fees or City TBDs to fund transportation improvements in UGAs;
- If the actions above are not sufficient, the County could consider changes in its level of service standards and/or possibly limit the rate or location of growth in unincorporated Chelan County as part of future updates of its Comprehensive Plan; and
- Acknowledge that some lower priority projects may be delayed or deleted from the program.