

**MERCER ISLAND  
TRANSPORTATION BENEFIT DISTRICT BOARD**

City Hall Council Chambers  
9611 SE 36th Street, Mercer Island

**Monday, November 17, 2014 | 6:00 PM**

**CALL TO ORDER & ROLL CALL, 6:00 PM**

**APPEARANCES**

*“Appearances” is the time set aside for members of the public to speak to the Mercer Island Transportation Benefit District Board about issues of concern. Please speak audibly into the podium microphone, state your name and address for the record, and limit your comments to three minutes.*

**REGULAR BUSINESS**

Adoption of MI TBD Charter and Bylaws

MI TBD Vehicle License Fee Adoption

**ADJOURNMENT, 7:00 PM**

## BUSINESS OF THE MERCER ISLAND TRANSPORTATION BENEFIT DISTRICT

<b>MEETING DATE</b>	November 17, 2014
<b>AGENDA ITEM</b>	MI TBD Charter and Bylaws
<b>PROPOSED BOARD ACTION</b>	Adopt Charter and Bylaws for the Mercer Island Transportation Benefit District.
<b>EXHIBITS</b>	1. MI TBD Proposed Charter 2. MI TBD Proposed Bylaws
<b>APPROVED</b>	

### SUMMARY

The Mercer Island City Council adopted Ordinance 14C-11, establishing a Transportation Benefit District (TBD), on October 20, 2014. The first steps in implementing the Transportation Benefit District involve passing a Charter and Bylaws, as well as the election of officers for the Board.

#### MI TBD CHARTER

A Charter grants authority or rights to the TBD. A proposed Charter for the TBD is attached as Exhibit 1. It covers the following areas:

1. Name (Mercer Island Transportation Benefit District)
2. Nature and Purposes
3. Dissolution
4. Powers; Indemnification
5. Board of Directors
6. Meetings
7. Amendment to Charter
8. Commencement
9. Miscellaneous (liberal construction and severability)

#### Powers of the TBD

Powers of the TBD include the authority to authorize a vehicle tax of up to the maximum amount as provided for by RCW 82.80.140. Staff proposes using this language in the charter, but restricting the fee to \$20 in the fee ordinance. Should the authority to impose fees be increased by a change to State Law, the TBD Board would need to adopt a new fee ordinance, but an amendment of the charter would not be required.

#### Board of Directors

The Board of Directors shall be composed of the seven members of the Mercer Island City Council. The Board Officers shall include a President and Vice President. Additional officers may be provided for in the bylaws.

#### Meetings

Staff proposes that the TBD Board meet annually on the first Monday of April and biennially (even numbered years only) on the first Monday of October. At the April meeting, the TBD Board will receive an annual report on the

sources and uses of TBD monies in the prior year. At the October meeting, the TBD Board will provide direction on how TBD monies will be spent in the following biennium.

The TBD Board may also call Special meetings per the Charter.

#### Voting

As proposed in the Charter and Bylaws the actions of the Board which would require a majority of the full TBD Board include the imposition of the \$20 fee, an amendment to the charter and the removal of a board member from office. State law requires the \$20 fee to be imposed by a majority vote of the TBD Board.

#### **MI TBD BYLAWS**

The proposed Bylaws for the MI TBD are attached as Exhibit 2. The bylaws address the following areas:

1. Membership
2. Officers and Committees
3. Meetings (in more detail than the Charter)
4. Amendments to the Bylaws
5. Administrative Provisions
6. Approval of Bylaws

Following adoption of the Charter and Bylaws of the Mercer Island TBD, a President and Vice President should be elected as TBD Board officers.

#### **RECOMMENDATION**

- MOVE TO:
1. Adopt the Charter of the Mercer Island Transportation Benefit District
  2. Adopt the Bylaws of the Mercer Island Transportation Benefit District

**CHARTER  
of the  
MERCER ISLAND TRANSPORTATION BENEFIT DISTRICT**

**ARTICLE I  
NAME**

**Section 1.01 Name.** The name of the Transportation Benefit District shall be the “Mercer Island Transportation Benefit District.”

**ARTICLE II  
NATURE AND PURPOSES**

**Section 2.01 Nature of the District.** The District shall be a Transportation Benefit District organized pursuant to Chapter 36.73 RCW (“Statute”), Mercer Island Ordinance No. 14C-11 (“Ordinance”) and Chapter 3.26 MICC. The boundaries of the District shall be coextensive with the boundaries of the City. The District shall be a municipal corporation, an independent taxing “authority” within the meaning of Article VII, Section I of the Constitution of the State of Washington (the “Constitution”), and a “taxing district” within the meaning of Article VII, Section 2 of the Constitution. The District shall be an entity independent of and separate from the City.

**Section 2.02 Purposes.** The purpose of the District shall be to provide a separate legal entity pursuant to Statute and Ordinance to exercise the powers available under the Statute to the extent authorized by the Ordinance. The primary purpose of the District shall be the acquisition, construction, improvement, provision and/or funding of transportation improvements within the District that are:

- (a) Consistent with state, regional, and local transportation plans; and
- (b) Necessitated by reasonably foreseeable congestion levels.

**Section 2.03 Limitations on Liability.** All debts, liabilities and other obligations incurred by the District (“Obligations”) shall be satisfied: (a) in the case of Obligations which, by their terms, are not payable from a special or limited source of funds, exclusively from the revenues, assets and properties of the District, and (b) in the case of Obligations which, by their terms, are payable from a special or limited source of funds, exclusively from such revenues, assets and properties of the District as shall be specifically pledged thereto or otherwise identified as being the source of payment thereof. No creditor, claimant or other person shall have any right of action against or recourse to the City or its revenues, assets or properties on account of or with respect to any such Obligations, or otherwise on account of or with respect to any acts or omissions of the District or its officers, employees or agents.

**Section 2.04 Mandatory Disclaimers.** A disclaimer in substantially the following form shall be posted in a prominent place accessible to the public in the District's principal office, which shall be the Mercer Island City Hall. It shall also be printed or stamped on all contracts, bonds and other

documents that evidence or create any Obligation, which, by its terms, is not payable from a special or limited source of funds.

*The Mercer Island Transportation Benefit District is a Transportation Benefit District established pursuant to Ordinance No. 14C-11 of the City of Mercer Island, Washington, and the laws of the State of Washington, including, but not limited to, Chapter 36.73 of the Revised Code of Washington. All debts, liabilities and other obligations incurred by the District shall be satisfied exclusively from the revenues, assets and properties of the District. No creditor, claimant or other person shall have any right of action against or recourse to the City of Mercer Island, the State of Washington, or any other political subdivision of the State of Washington on account of or with respect to any debts, liabilities or other obligations of the District, or otherwise on account of or with respect to any acts or omissions of the District or its officers, employees or agents.*

### **ARTICLE III DISSOLUTION**

**Section 3.01 Dissolution.** The District shall exist until dissolved in accordance with the requirements of RCW 36.73.050 and MICC 3.26.070. The retirement of debt, notice of dissolution and payment of creditors shall all comply with the provisions of the Statute. The District shall be automatically dissolved when all indebtedness of the District has been retired, and when all the District's anticipated responsibilities have been satisfied.

### **ARTICLE IV POWERS; INDEMNIFICATION**

**Section 4.01 Powers.** Except as otherwise provided herein, the District shall have and may exercise all lawful powers conferred upon a Transportation Benefit District as of the date hereof by the laws of the State of Washington, limited as provided in the Ordinance. Such powers shall include, but are not limited to, the following:

(a) To hire employees, staff, and services, to enter into contracts, to direct agents and services acquired pursuant to contract or interlocal agreement, and to sue and be sued. Public works contract limits applicable to the City of Mercer Island shall apply to any contract entered into by the District. In the event that City staff is utilized, the general fund of the City shall be reimbursed to, but only to the extent required by RCW 43.09.210 for local government accounting. The annual plan of the District shall provide estimates of all such charges and the final cost of all projects shall indicate such charges.

(b) To authorize a vehicle tax of up to the maximum amount as provided for by RCW 82.80.140.

(c) When authorized by the voters pursuant to the requirements of Chapter 36.73, to authorize other taxes, fees, charges and tolls or increases in these revenue sources, and to use such funds assessed for the preservation, maintenance and operation of City streets in accordance with the provisions of a state, regional, or local plan.

(d) The Board shall have and may exercise all powers and functions provided by the Statute to fulfill the functions of the District.

(e) Additional powers and authorities may be conferred upon the District only in accordance with the requirements of the Statute following a public hearing and other procedural requirements as set forth in the Statute.

**Section 4.02 Indemnification.** To the extent permitted by law, the District shall protect, defend, hold harmless and indemnify any Board member, officer, employee or agent of the District who is a party or threatened to be made a party to a proceeding by reason related to that person's conduct as a director, officer, employee or agent of the District, against judgments, fines, penalties, settlements and reasonable expenses (including reasonable attorneys' fees) incurred by him or her in connection with such proceeding, if such person acted in good faith reasonably believed his or her conduct to be in the District's best interests and if, in the case of any criminal proceedings, he or she had no reasonable cause to believe that his or her conduct was unlawful. The indemnification and protection provided herein shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law, by City ordinance, or by contract or by vote of the Board of Directors. The District may purchase and maintain appropriate insurance covering such risks.

## **ARTICLE V BOARD OF DIRECTORS**

**Section 5.01 Board Powers.** All powers of the District shall be exercised by or in the name of the Board of Directors (the "Board"). The powers of the Board shall include, but are not limited to, the following:

(a) To establish and implement the policies and programs of the District, and the procedures for the management and administration of the District's affairs;

(b) To appoint and remove from his/her position on the Board, at the pleasure of a majority vote of the Board, the District's officers, agents and employees, (except as expressly provided herein) and to prescribe their respective powers and duties consistent with the provisions hereof;

(c) To provide for the investment of the District's funds.

**Section 5.02 Board Composition.** The Board shall be composed of the seven (7) members of the Mercer Island City Council, who shall serve in an *ex officio* and independent capacity. A Board member may be removed from service on the Board only when removed from his or her office as a Council Member. Any vacancy shall be filled only by the appointment or election of a new City Council Member.

**Section 5.03 Board Officers.** The Board shall include two or more officers. The same person shall not occupy both the office of President and any office responsible for the custody of funds and maintenance of finances and accounts. The initial officers of the Board shall be the President, Vice President and Treasurer. Additional officers may be provided for in the Bylaws of the District (as

approved by the Board). The President shall be the agent of the District for purposes of receiving service of process. The District may contract with the City of Mercer Island for such service as it may require.

**Section 5.04 President.** The President shall serve as the ceremonial head of the District and shall preside over all Board meetings. The President shall, subject to the control of the Board, exercise general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the District.

**Section 5.05 Vice President.** The Vice President shall serve in the absence of the President as the ceremonial head of the District and shall preside over Board meetings in the President's absence and shall otherwise execute the President's powers and duties.

**Section 5.06 Treasurer.** The Treasurer of the District shall be the City's Finance Director. The Finance Director is required by the Statute to serve as Treasurer and is not subject to removal by the Board.

**Section 5.07 Conflict of Interest.** Board members shall comply in all respects with the conflict of interest guidelines and prohibitions of Chapter 42.23 RCW as the same exists or is hereafter amended.

**Section 5.08 Attorney.** The Board shall be represented by the City Attorney's Office of the City of Mercer Island, provided, however, that the Board may, in the event of conflict, engage separate legal counsel of its choosing. Any potential conflicts of interest involving the City Attorney shall be determined and resolved by reference to the Rules of Professional Conduct, as they now exist or may be amended. Charges and fees of the attorney, as well as other services provided by City employees, shall be reimbursed in accordance with Section 4.01(a).

## **ARTICLE VI MEETINGS**

**Section 6.01 Board Meetings.** Regular Board meetings shall be held at 6:00 p.m. on the first Monday of April of each year and the first Monday of October of even numbered years. Special Board meetings may be called from time to time as determined necessary by a majority of the Board or Board President.

**Section 6.02 Board Quorum and Concurrence.** A quorum to commence a Board meeting shall be no fewer than four (4) members. The Bylaws of the District may prescribe Board quorum restrictions that equal or exceed the quorum restrictions imposed in this Section. Board members present at a duly convened meeting may continue to transact business notwithstanding the withdrawal of enough members to leave less than a quorum; provided, any action shall be approved by at least three (3) members. Board concurrence may be obtained at any regular or special meeting by an affirmative vote of a majority of the Board members voting on the issue; provided, that such majority shall include not less than four (4) votes.

Final action of the Board with respect to imposing a vehicle fee authorized in RCW 36.73.065 and RCW 82.80.140 shall require the affirmative vote of four (4) members.

Voting by proxy shall not be permitted. Electronic meetings or participation are authorized so long as the meeting, notice and opportunity for public participation comply with state law.

**Section 6.03 Open Public Meetings.** Notice of meetings shall be given in a manner consistent with the Open Public Meetings Act, Chapter 42.30 RCW, as supplemented and amended. The District shall provide the opportunity for public comment at Board meetings.

In addition, the District shall provide reasonable notice of meetings to any individual specifically requesting it in writing. The District shall define in its Bylaws the opportunity for public comment to be permitted at Board meetings.

**Section 6.04 Minutes.** Copies of the minutes of all regular or special meetings of the Board shall be available to any person or organization that requests them as required by State law; provided, however, that minutes with respect to closed executive sessions need not be made available.

The minutes of all Board meetings shall include a record of individual votes on all matters requiring Board concurrence.

**Section 6.05 Material Change Policy and Annual Report.** The Board shall develop a material change policy to address major plan changes that affect project delivery or the ability to finance the adopted plan. At the date of adoption of a plan to execute the functions of the District, the Board shall adopt a material change plan which addresses material changes to cost, scope, and schedule, the level of change that will require Board involvement and how the Board will address those changes. At a minimum, in the event that a transportation improvement cost exceeds its original cost estimate by more than twenty percent (20%) as identified in the District's original finance plan, the governing body shall hold a public hearing to solicit comment from the public regarding how the cost change should be resolved. In addition, the District, upon approval by the Board, shall issue an annual report, indicating the status of transportation improvement costs, transportation improved expenditures, revenues, and construction schedules, to the public and the newspapers of record in the District. "Newspapers of record in the District" shall include all newspapers, which have filed a request for public notice of meetings with the District.

## **ARTICLE VII AMENDMENT TO CHARTER**

**Section 7.01 Proposals to Amend Charter.** Any Board member may introduce a proposed amendment to the Charter at any regular meeting or special meeting of the Board, provided, however, that all amendments shall comply with the minimum requirements and provisions of RCW 36.73 and Chapter 3.26 MICC.

**Section 7.02 Vote Required for Proposals to Amend the Charter.** Resolutions of the Board approving proposals to amend the Charter shall require the affirmative vote of four (4) members.

**Section 7.03 Public Hearings.** Certain amendments of the Charter may require action of the Mercer Island City Council and a public hearing pursuant to the requirements of the Statute. No consideration of any charter amendment may occur until the City complies with such requirements.

**ARTICLE VIII  
COMMENCEMENT**

**Section 8.01 Commencement.** The District commenced its existence on November 3, 2014. This Charter shall become effective upon its approval by the Board.

**ARTICLE IX  
MISCELLANEOUS**

**Section 9.01 Liberal Construction and Severability.** This Charter shall be liberally construed to effect its purposes. If any section or part of this Charter is ultimately ruled invalid or illegal by a court of competent jurisdiction, such invalidity or illegality shall not affect the remaining sections or parts of this Charter.

THIS CHARTER IS EXECUTED AS OF THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2014.

TRANSPORTATION BENEFIT DISTRICT

\_\_\_\_\_  
By:  
Its: President

APPROVED AS TO FORM:

\_\_\_\_\_  
By: Christina Schuck  
Assistant City Attorney

ATTEST:  
  
\_\_\_\_\_  
By: Allison Spietz  
City Clerk

**BYLAWS  
of the  
MERCER ISLAND TRANSPORTATION BENEFIT DISTRICT**

**ARTICLE I  
MEMBERSHIP**

**Section 1.1 Membership.** Each member of the Mercer Island City Council shall be an *ex officio* member of the Board of the District.

**ARTICLE II  
OFFICERS AND COMMITTEES**

**Section 2.1 Officers Designated.** The officers of the Board shall be a President, Vice President and Treasurer. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board. No person may simultaneously hold more than one office. In addition to the powers and duties specified below, the officers shall have such powers and perform such duties as the Board may prescribe.

**Section 2.2 Election, Qualification, and Term of Office.** The President and Vice President shall be elected by the Board from among its members. The Treasurer shall be the City of Mercer Island Finance Director. Except for the Treasurer, the officers shall be elected by the Board at the first regular meeting each year, for a one-year term, and each officer shall hold office during this one-year term and until his or her successor is elected. The first officers of the Board shall be elected by the Board at its first meeting. Officers may, at the discretion of the Board, hold their respective offices for successive terms.

**Section 2.3 Powers and Duties.** The officers of the Mercer Island Transportation Benefit District ("District") shall have the following duties:

(a) President. The President shall serve as the ceremonial head of the District and shall preside over all Board meetings. The President shall, subject to the control of the Board, exercise general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the District. The President shall be the District's registered agent for purposes of service of process.

(b) Vice President. The Vice President shall serve in the absence of the President as the ceremonial head of the District and shall preside over Board meetings in the President's absence and shall otherwise execute the President's powers and duties.

(c) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit the same in such bank or banks as may be designated by the Board. The Treasurer shall also discharge such other duties as may be prescribed by the Board.

**Section 2.4 Establishment of Committees.** The Board may, by resolution, designate from among its members one or more committees, each consisting of at least two members, to represent the Board and, where consistent with these Bylaws, the Charter, and Chapter 36.73 RCW, to act for and on behalf of the Board. The designation of any such committee and the delegation thereto of authority shall not operate to relieve any member of the Board from any responsibility imposed by law. All actions of the District require the vote of the Board.

**Section 2.5 Removal from Office.** Upon reasonable prior notice to all Board members of the alleged reasons for dismissal, the Board, by an affirmative vote of the majority of the Board, may remove any officer of the Board from his or her office whenever in its judgment the best interests of the District will be served thereby. An officer so removed shall continue to serve on the Board.

### **ARTICLE III MEETINGS**

**Section 3.1 Regular Board Meetings.** Regular Board meetings shall be held at 6:00 p.m. on the first Monday of April of each year and the first Monday of October of even numbered years. in the City of Mercer Island City Council Chamber. At any regular meeting of the Board, any business may be transacted and the Board may exercise all of its powers.

**Section 3.2 Special Board Meetings.** Subject to the Charter, special meetings of the Board may be held at any place and at any time whenever called by the President or by a majority of the members of the Board.

**Section 3.3 Notice of Regular Board Meetings.** Subject to the Charter, no notice of regular meetings shall be required, except for the first regular meeting after any change in the time or place of such meeting adopted by resolution of the Board as above provided. Notice of such changed, regular meeting shall be given by personal communication over the telephone to each Board member at least 24 hours prior to the time of the meeting or by at least three days' notice by written communication. If mailed, notice shall be mailed by United States mail, postage prepaid, to the last known address of each Board member. In addition, the District shall routinely provide reasonable notice of such changed meetings to the City of Mercer Island and to any individual specifically requesting such notice in writing.

**Section 3.4 Notice of Special Board Meetings.** Notice of all special meetings of the Board shall be given by the City Clerk or by the person or persons calling the special meeting by delivering personally or by mail written notice at least 24 hours prior to the time of the meeting to each Board member, and to each local newspaper of general circulation and to each radio or television station that has requested notice of meeting of the City Council with the City of Mercer Island as provided in RCW 42.30.080. In addition, the District shall provide notice of special meetings any individual specifically requesting such notice in writing. The time and place of the special meeting and the business to be transacted must be specified in the notice. Final action shall not be taken at a special meeting on any matter not referenced in the notice.

**Section 3.5 Waiver of Notice.** Notice as provided in Sections 3.3 and 3.4 hereof may be dispensed with as to any member of the Board who, at or prior to the time the meeting convenes,

files with the Board a written waiver of notice or who is actually present at the meeting at the time it convenes. Such notice may also be dispensed with as to special meetings called to address an emergency involving injury or damage to persons or property or the likelihood of such injury or damage, where time requirements of such notice would make notice impractical and increase the likelihood or severity of such injury or damage. Notice concerning proposed amendments to the Charter or Bylaws, and votes on such amendments, may not be waived.

**Section 3.6 Procedure.** *Robert's Rules of Order* shall be final authority on all questions of procedure and parliamentary law not otherwise provided by ordinance, statute, Charter or these Bylaws; PROVIDED, that with the concurrence of four (4) members, such rules may be waived or modified. PROVIDED FURTHER, that failure to follow such rules will not in itself constitute sufficient grounds for invalidating any Board action.

**Section 3.7 Public Comment.** Opportunity for public comment at Board meetings shall be required when the Board considers adoption of (1) its annual plan for service, (2) a material change policy, (3) imposition of any tax, charge or fee, and (4) any response to a material change; PROVIDED, that the Board from time to time may, in its sole discretion, permit public comment regarding additional topics.

**Section 3.8 Proxies Prohibited.** Votes may be cast at Board meetings only by members of the Board in attendance at the meeting either in person or by electronic means. Voting by proxy shall be prohibited.

#### **ARTICLE IV AMENDMENTS TO BYLAWS**

**Section 4.1 Proposals to Amend Bylaws.** Any Board member may introduce a proposed amendment to the Bylaws at any regular meeting or special meeting of the Board, provided, however, that all amendments shall comply with the minimum requirements and provisions of RCW 36.73 and Chapter 3.26 MICC.

**Section 4.2 Board Approval of Amendments to Bylaws.** Resolutions of the District approving amendments to the Bylaws by affirmative vote of a majority of the Board may be implemented at such time as selected by the District in the Resolution without further action. Copies of the all amendments to the Bylaws shall be filed with City of Mercer Island City Clerk as public records.

#### **ARTICLE V ADMINISTRATIVE PROVISIONS**

**Section 5.1 Books and Records.** The District shall keep current and complete books and records of account and shall keep minutes of the proceedings of its Board and its committees. The City Clerk of the City of Mercer Island, or his/her designee, shall serve as its secretary for such purposes.

**Section 5.2 Principal Office.** The principal office and mailing address of the Mercer Island Transportation Benefit District shall be located at 9611 SE 36<sup>th</sup> Street, Mercer Island, WA 98040.

**Section 5.3 Fiscal Year.** The Fiscal Year of the District shall begin January 1 and end December 31 of each year, except the first fiscal year which shall run from the date the Charter was adopted to December 31, 2014.

**ARTICLE VI  
APPROVAL OF BYLAWS**

Adopted by the Mercer Island Transportation Benefit District Board on November 17, 2014.

## **BUSINESS OF THE MERCER ISLAND TRANSPORTATION BENEFIT DISTRICT**

<b>MEETING DATE</b>	November 17, 2014
<b>AGENDA ITEM</b>	MI TBD Vehicle License Fee Adoption
<b>PROPOSED BOARD ACTION</b>	Adopt Ordinance No. 1, authorizing a vehicle license fee and fixing a time when the same shall become effective.
<b>EXHIBITS</b>	1. Ordinance No. 1
<b>APPROVED</b>	

### **SUMMARY**

#### **BACKGROUND**

The Mercer Island City Council created a Transportation Benefit District on October 20, 2014 by adopting Ordinance No. 14C-11. The TBD is a quasi-municipal corporation and independent taxing district. As such, the TBD can raise revenue by imposing specific taxes or fees either with voter authorization or simply through action by the TBD.

Once the TBD is in existence and has established its governing framework by adopting a charter and bylaws, the TBD can take action and adopt an ordinance imposing the fee. State law requires a majority vote of the TBD Board to do so. Proposed Ordinance No. 1 (Exhibit 1) sets the annual vehicle fee at \$20. In order to increase the fee, without voter approval, the State legislature would need to increase the limit set in RCW 82.80.140(2)(a) and the Mercer Island TBD would need to adopt a new Ordinance establishing the higher fee.

After the TBD Board enacts an ordinance imposing the fee, the Department of Licensing can begin collecting this fee six months later. If the fee is enacted on November 17, 2014, fees would start to be collected May 1, 2015.

The City estimates a \$20 vehicle license fee will raise approximately \$350,000 per year. After administrative costs (mostly audit and insurance costs), approximately \$335,000 per year will be generated for transportation improvement purposes. Services provided by City Staff to the TBD will need to be reimbursed to the City's General Fund.

#### **USE OF FUNDS**

State law allows a city to establish a TBD for the purpose of acquiring, constructing, improving, providing and funding "transportation improvements" within the district. The phrase "transportation improvement" is explicitly defined within the statute and means a "project" contained in the transportation plan of the state, regional planning organization, city or county. Additionally, transportation improvements must be necessitated by existing or reasonably foreseeable congestion levels and of statewide or regional significance.

Accordingly, the TBD must be used to fund transportation improvements within Mercer Island, that are tied to a state, regional or local transportation plan and are an investment in a principal arterial of regional significance or high capacity transportation, public transportation or other transportation projects of regional or statewide significance. The transportation improvements would be owned by the City and maintained by the City.

## **NEXT STEPS**

The TBD Board will need to adopt three interlocal agreements between the TBD and:

- the City of Mercer Island for staff support services;
- the Washington State Department of Licensing for the collection of vehicle license fees; and
- the Washington Cities Insurance Authority for errors/omissions and liability insurance.

The TBD Board must adopt a material change policy, which will lay a foundation for how the TBD is to address major plan changes that affect project delivery or the ability to finance the plan.

A Special Meeting of the TBD Board will be scheduled once the interlocal agreements and the material change policy have been drafted.

## **RECOMMENDATION**

**MOVE TO:** Adopt Ordinance No. 1, an Ordinance of the Mercer Island Transportation Benefit District authorizing a Vehicle License Fee, and fixing a time when the same shall become effective.

**MERCER ISLAND TRANSPORTATION BENEFIT DISTRICT  
ORDINANCE NO. 1**

**AN ORDINANCE OF THE MERCER ISLAND TRANSPORTATION BENEFIT DISTRICT  
AUTHORIZING A VEHICLE LICENSE FEE, AND FIXING A TIME WHEN THE SAME SHALL  
BECOME EFFECTIVE**

WHEREAS, Chapter 36.73 RCW and RCW 35.21.255 authorize the City Council to establish a Transportation Benefit District within the City's jurisdiction for the purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the district that are consistent with existing state, regional, and local transportation plans and necessitated by existing or reasonably foreseeable congestion levels; and

WHEREAS, the City Council of the City of Mercer Island found it to be in the best interests of the City to establish a citywide Transportation Benefit District for the preservation and maintenance of the City's streets and related infrastructure consistent with Chapter 36.73 RCW, to protect the City's long term investments in that infrastructure, to reduce risk of transportation facility failures and improve safety, to continue optimal performance of the infrastructure over time, and to avoid more expensive infrastructure replacements in the future; and

WHEREAS, in Ordinance No. 14C-11, the City Council of the City of Mercer Island established a Transportation Benefit District as authorized by RCW 35.21.225 and subject to the provisions of RCW 36.73; and

WHEREAS, the Transportation Benefit District includes the entire City of Mercer Island as the boundaries currently exist; and

WHEREAS, pursuant to RCW 36.73.030(3), the members of the City Council, acting ex officio and independently, constitute the governing body of the Transportation Benefit District; and

WHEREAS, RCW 36.73.065 authorizes a transportation benefit district to impose, by majority vote of the district's governing board, up to \$20.00 (twenty dollars) of the vehicle fee authorized in RCW 82.80.140; and

WHEREAS, the Board of the City of Mercer Island's Transportation Benefit District finds it in the best interests of the District to establish an annual vehicle fee in the amount of \$20.00 (twenty dollars) for the purposes of ongoing transportation improvements that preserve and maintain the transportation infrastructure of the City of Mercer Island, consistent with Chapter 36.73 RCW.

NOW, THEREFORE, THE BOARD OF THE MERCER ISLAND TRANSPORTATION BENEFIT DISTRICT,  
WASHINGTON DO ORDAIN AS FOLLOWS:

**Section 1.**     **Establishment of Annual Vehicle Fee.** An annual vehicle fee in the amount of \$20.00 (twenty dollars) is established, consistent with RCW 36.73.065 to be collected by the Washington Department of Licensing on qualifying vehicles, as set forth in RCW 82.80.140 and chapters 36.73 and 46.16 RCW.

**Section 2.**     **Effective Date.** This ordinance shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

ADOPTED BY THE BOARD OF THE MERCER ISLAND TRANSPORTATION BENEFIT DISTRICT, WASHINGTON  
AT ITS REGULAR MEETING ON THE 17TH DAY OF NOVEMBER 2014.

\_\_\_\_\_  
\_\_\_\_\_, MI TBD PRESIDENT

ATTEST:

\_\_\_\_\_  
Allison Spietz, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Christina Schuck, Assistant City Attorney