



CITY OF LAKE FOREST PARK

CITY COUNCIL

AGENDA COVER SHEET

Meeting Date	May 23, 2024
Originating Department	Executive
Contact Person	Phillip Hill, City Administrator
Title	Resolution 24-1953/Authorizing the Administration to apply for Public Works Board financing for the 40 th Place roundabout.

Legislative History

- First Presentation – April 18, 2024, Budget and Finance Committee Meeting
 - Second Presentation – May 9, 2024, Regular City Council Meeting
 - Third Presentation – May 23, 2024 Regular City Council Meeting
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Attachments:

1. Resolution 24-1953 - authorizing the Administration to apply for Public Works Board financing for the 40th Place roundabout.
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Executive Summary

The public works department has been regularly updating the council about the budget shortfall related to 40th PL NE & Ballinger Way roundabout project. Due to inflation, cost escalation due to delays in schedule, the need for additional right-of-way acquisition, and changes to the project related to state and local code requirements, this project lacks the necessary funds to construct by roughly \$3M. It is anticipated that the Transportation Improvement Board (TIB) will approve up to \$1M in additional grant funds, leaving the city with a roughly \$2M funding gap. This resolution would authorize the administration to apply for financed funding to make up this difference through the Public Works Board.

Background

[RCW 43.155](#) authorizes the Public Works Board to loan and grant money to counties, cities, and special purpose districts to repair, replace or create infrastructure. This is a competitive process, where 61 of 84 applicants in the last round were awarded funding.

Funding, if awarded, is provided at a very reasonable rate of 1.71% for a five (5) to ten (10) year term. As part of the 2023/2024 budget process, the city council increased the city’s car tab fees by \$10 and began collecting a 0.1% sales tax that provide increased revenues to the city’s Transportation Benefit District. The estimated increase in revenue was targeted at \$259,000 per year. Based on early, end of year projections, the city is on track to receive the estimated amount. The table below shows the calculated annual payments of financing \$2.0M at the stated rate of 1.71% for 10 years.

At the May 9, 2023, regular council meeting, the question was raised as to why the administration is not requesting approval to apply for the full \$3.0M funding shortfall. The calculated annual payments for \$2.5M would be \$272,161.54, exceeding new TBD revenues by \$13,161.54 per year and for \$3.0M would require an annual payment of \$326,593.85, exceeding new TBD revenues by \$67,593.85 per year. It is at council’s discretion to authorize the administration to apply for more than the requested amount, but that decision would reduce the amount available each year for street and multi-modal improvements.

PWB Loan	\$	2,000,000.00
Term (months)		120
Rate		1.71%
Monthly		\$18,144.10
Annual		\$217,729.23
Increased TBD Budget (estimated)	\$	259,000.00

Fiscal Year 2025 All PWB Traditional Funding Programs – Interest Rates			
Award Limits:	Construction applicants can request up to \$10 million per project. Pre-construction and Emergency applicants can request up to \$1 million per project. The total funding received from all programs combined cannot exceed \$10 million per jurisdiction per biennium.		
Funding Type	Non-distressed	Distressed	Severely Distressed
Loan Term: 5 years or less (Pre-construction)	0.86%	0.68%	0.43%
Loan Term: >5 to 20 years* (Construction and Emergency)	1.71%	1.38%	0.86%
Local Match Funding:	NONE		
Loan Fee:	NONE		
<i>*The loan term cannot exceed the life of the asset being financed.</i>			

Application deadline and award date.

- Summer 2024: Review of applications received as of June 28, 2024, with an anticipated award date of August 2, 2024.

Senior Project Manager Silvia and the city’s engineering consultant have begun working on the application materials to meet the June 28, 2024, submittal date. Should the city council approve Resolution 24-1953, the administration will apply to the Public Works Board in the amount of \$2,000,000 and request a 10-year term. Loan repayments are due the June 1st following the first withdrawal of funds, consisting of interest only for the first payment. Subsequent payments consist of

principal and interest remaining for the term of the loan. The final payment shall be on or before the term of the loan to bring the balance to zero.

If the administration is approved to apply for this funding source, and awarded, council has asked what approach the administration will take should bids come in higher than the engineer's estimate. The Public Works Board does maintain a funding dependent budget that can provide up to \$500,000 to cover costs specific to bid cost overruns. There is also a small reserve in the cities Transportation Benefit District that could be considered.

Fiscal & Policy Implications

If the city was awarded financing from the Public Works Board for the roundabout, it would commit roughly \$218,000 per year of the city's transportation benefit district revenues to debt service which can be serviced by the increased revenues, of approximately \$259,000, to this fund adopted by the city council as part of the 2023/2024 biennial budget.

Alternatives

<i>Options</i>	<i>Results</i>
<ul style="list-style-type: none"> Approve Resolution 24-1953 authorizing the administration to apply for \$2M in funding from the Public Works Board for the 40th PL NE & Ballinger Way roundabout 	<p>If awarded the loan from the Public Works Board, and granted additional funding from the Transportation Improvement Board, the project would begin construction in 2025</p>
<ul style="list-style-type: none"> Do not approve Resolution 24-1953 authorizing the administration to apply for \$2M in funding from the Public Works Board for the 40th PL NE & Ballinger Way roundabout 	<p>The roundabout project would likely not move forward, as the administration has effectively exhausted all opportunities for additional outside grants</p>

Staff Recommendation

Approve Resolution 24-1953 - Authorizing the Administration to apply for Public Works Board financing for the 40th Place roundabout.