



City Council

Approval of a Resolution Authorizing a Public Works Trust Fund Loan Application for the Fones Road Improvement Project

Agenda Date: 6/22/2021
Agenda Item Number: 4.G
File Number:21-0627

Type: resolution **Version:** 1 **Status:** Passed

Title

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Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve a Resolution authorizing a Public Works Trust Fund Loan application for the Fones Road Improvement project.

Report Issue:

Whether to approve a Resolution authorizing a Public Works Trust Fund Loan application for the Fones Road Improvement project.

Staff Contact:

Mark Russell, P.E., Deputy Director, Public Works Department, 360.753.8762

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

The Fones Road Project is the City's highest priority for funding in transportation. Construction of the Fones Road Improvement Project is scheduled for late 2022 through 2023.

Fones Road serves a unique mix of users, including freight, commuter traffic, bicyclists, and pedestrians. Traffic is concentrated on Fones Road because there are no nearby parallel routes, and it serves as a regional connection. Along the corridor there are single- and multi-family homes, businesses, and industrial uses. This high-volume street lacks sidewalks and bike lanes and needs resurfacing.

The Fones Road improvement projects is included in the Transportation Master Plan and the 2021-2026 Capital Facilities Plan. The scope of the Fones Road project is consistent with our

comprehensive plan goals for a more human-scale, multimodal street. See the project website for more on the project scope.

The total cost of the project, including design, is estimated to be between \$15 and \$18 million. A variety of sources are being used to fund the project and approximately \$13 million in funding is confirmed. Confirmed sources include \$9 million in City funds including Real Estate Excise Tax (REET), the Voted Utility Tax for sidewalks, Transportation Impact Fees, and Transportation Benefit District funds. Confirmed state and federal grants total \$4.1 million.

Several direct allocations for funding the project are pending, including \$5 million in Federal stimulus funds and \$5 million in State stimulus funds. Should the stimulus funds not be awarded, a Public Works Trust Fund Loan would be an appropriate funding source for the remaining construction costs.

Staff is proposing that a loan be pursued for \$5 million, with a 20-year term. Interest rates for Public Works Trust Fund Loans range from 0.23% - 0.94%. It is anticipated debt service would range from \$255,000 to \$275,000 per year. Staff proposes using Real Estate Excise Tax (REET) for debt service. Currently, the City receives just over \$1 million in REET revenues. REET revenues are used for a wide range of transportation projects. Should the City be awarded stimulus funds in the next year, the loan can be cancelled.

The attached Resolution authorizes the City Manager to apply for a Public Works Trust Fund Loan.

Neighborhood/Community Interests (if known):

The Fones Road project was identified more than 15 years ago, but recently the scope of the project was redefined. The Bicycle and Pedestrian Advisory Committee, in their review of the Capital Facilities Plan, commented that a re-envisioning of the corridor design was needed. In 2017, a value planning charrette explored the design concepts to enhance this corridor. The outcome of the charrette informs the scope of this project which is more multi-modal. The re-envisioned Fones Road project has been included in the Capital Facilities Plan for the last 3 years, and the Transportation Master Plan. The public has had the opportunity to comment on both plans, and no changes to the Fones Road Improvement Project have been suggested.

Options:

1. Approve a Resolution authorizing a Public Works Trust Fund Loan application for the Fones Road Improvement Project. Receiving a loan would allow the project to be fully funded.
2. Do not approve a Resolution authorizing a Public Works Trust Fund Loan application for the Fones Road Improvement Project. Additional City funds would be needed if stimulus funds or additional grants are not received for the project.
3. Consider a Resolution authorizing a Public Works Trust Fund Loan application for the Fones Road Improvement Project. Receiving a loan would allow the project to be fully funded at another time.

Financial Impact:

The City would commit to paying debt service of approximately \$255,000 to \$275,000 per year. Staff proposes using REET revenues for this additional debt service. The City is currently using impact fees for debt service on bonds for previous transportation projects. The bonds will sunset in 2029.

Attachments:

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Resolution
Project Website