

7.3 OTHER PROGRAMS

The County is involved in two other programs that could be considered TSM or TDM. The County employees working at the Courthouse complex in downtown Mount Vernon have always had to pay to have a parking space. With the advent of Skagit Transit bus service to the Mount Vernon, the County increased its parking fees for its employees, creating an additional incentive to use the bus.

8.0 FINANCING PLAN

8.1 COUNTY FINANCING PLAN

The Growth Management Act (GMA) requires the Transportation Element of the Comprehensive Plan to include a multi-year financing plan based on the identified improvement needs in the transportation technical appendix. The financing plan is the basis for developing the required six-year Transportation Improvement Program (TIP). If probable funding is less than the identified needs, then the transportation financing program will have to balance several goals, including financial solvency, maintenance and operations of the existing system, and supporting an appropriate transportation level of service.

To understand this balance, Skagit County has evaluated its future revenues against its existing TIP and 20-year transportation programs and project list. These projects, identified to address existing and future transportation system needs in Skagit County, are then compared to those future revenues. This comparison demonstrates the County's ability to implement its Transportation Element.

As with most local agencies, existing transportation revenues will not allow Skagit County to fund all of its planned maintenance, operations, or capital improvements. The Transportation Element identifies ways to balance the transportation budget, including through prioritization of capital improvement projects and new policies that could generate additional revenue. Any funding strategy must balance the County's transportation goals against its system of sustainable revenue sources. This is even more pressing given the limited policy mechanisms counties have at their disposal for raising revenue.

Methodology

Historical Revenues and Expenditures

The data used to summarize historical revenues and expenditures is from the Washington State Department of Transportation's (WSDOT's) County Road and City Street Revenues and Expenditures Fiscal Year 2005 to 2014 datasets. WSDOT collects this data from counties and cities as part of its annual reporting to the Federal Highway Administration. The data is collected from counties and cities using a standard report that uses the Budgeting, Accounting, and Reporting System (BARS) codes to standardize the data collected among all reporting jurisdictions. This standardization, along with the availability of significant longitudinal data, makes this data set appropriate for capital revenue analysis. Because this data provides historical actuals, it is presented in year of estimate dollars (YOES\$).

Projected Revenues and Expenditures, including Estimated Future Funding Sources

This analysis projects most future revenues and expenditures using compound annual growth rates on per capita funding and spending derived from 10-year historical averages. These growth rates are then multiplied by the 2014 per capita spending to project future revenues.

A few revenues and expenditures were projected differently from this typical approach. For example, Ferry Tolls were generated using the actual tolls collected from 2010 to 2014 and were compared against the County’s own revenue projections.

All the fiscal projections in the Financing Plan are provided both in year of estimates (YOES) and in 2015 dollars (2015\$). Present value in 2015\$ is accomplished by dividing year of estimates (historical actuals and future projections that reflect the expected value of a dollar for those years) by a 2015 inflation assumption (3% inflation per year).

Revenues

To build a foundation for the development of funding strategies, this section examines historical County revenues for a 10-year period, 2005-2014. Historical revenues for this 10-year period are shown in Exhibit 29, below.

Exhibit 29: Skagit County Transportation Historical Revenues, 2005 to 2014 (YOES)

| | Property Taxes | General Fund Appropriations | Other Local Receipts | State Fuel Tax Distributions | Other State Funds | Federal Revenues | Total Revenues |
|--------------|-----------------------|-----------------------------|----------------------|------------------------------|----------------------|----------------------|-----------------------|
| 2005 | \$ 10,457,836 | \$ - | \$ 2,387,229 | \$ 3,466,955 | \$ 2,078,182 | \$ 3,019,856 | \$ 21,410,058 |
| 2006 | \$ 10,880,846 | \$ - | \$ 3,130,716 | \$ 3,836,220 | \$ 1,876,855 | \$ 793,824 | \$ 20,518,461 |
| 2007 | \$ 10,047,042 | \$ 1,167,626 | \$ 4,073,656 | \$ 3,751,045 | \$ 1,530,760 | \$ 2,915,910 | \$ 23,486,039 |
| 2008 | \$ 11,928,093 | \$ - | \$ 2,294,583 | \$ 3,762,717 | \$ 2,012,579 | \$ 750,983 | \$ 20,748,955 |
| 2009 | \$ 10,392,635 | \$ - | \$ 979,190 | \$ 3,491,711 | \$ 1,129,586 | \$ 2,580,058 | \$ 18,573,180 |
| 2010 | \$ 10,222,035 | \$ - | \$ 543,741 | \$ 3,477,117 | \$ 1,363,591 | \$ 1,810,357 | \$ 17,416,841 |
| 2011 | \$ 10,535,383 | \$ - | \$ 1,007,924 | \$ 3,190,882 | \$ 2,230,296 | \$ 3,538,740 | \$ 20,503,224 |
| 2012 | \$ 10,797,049 | \$ - | \$ 1,490,759 | \$ 3,749,813 | \$ 7,367,845 | \$ 6,808,754 | \$ 30,214,219 |
| 2013 | \$ 11,150,557 | \$ 2,516 | \$ 1,963,613 | \$ 3,832,597 | \$ 1,340,077 | \$ 2,130,029 | \$ 20,419,390 |
| 2014 | \$ 11,272,361 | \$ 500,000 | \$ 2,354,848 | \$ 3,197,496 | \$ 1,409,684 | \$ 4,374,833 | \$ 23,109,222 |
| Total | \$ 107,683,837 | \$ 1,670,142 | \$ 20,226,259 | \$ 35,756,553 | \$ 22,339,454 | \$ 28,723,344 | \$ 216,399,590 |

Source: WSDOT, 2015; BERK Consulting, 2015.

As the exhibit shows, the County has five annual transportation funding sources, which include:

- Property Taxes
- Other Local Receipts
- State Fuel Tax Distributions
- Other State Funds
- Federal Revenues

On occasion the County sometimes supplements its transportation budget with General Fund Appropriations.

Additionally, the County generates revenues through ferry tolls. Rather than use the WSDOT dataset for this, this analysis uses Skagit County 2015 Draft Fare Revenue Target Report which includes actual revenues for the five year period 2010 to 2014.

Each funding source is discussed in greater detail below.

Property Taxes

Skagit County generates transportation revenue through its county road tax. This tax is currently (February 2016) \$1.96365 per \$1,000 valuation. These revenues may fund projects throughout the

county transportation network. Exhibit 30 shows historical and future projected revenues from property taxes for Skagit County in both 2015 dollars and year of estimate (YOE) dollars.

Exhibit 30: Historical and Future Property Tax Revenue, 2005 to 2036



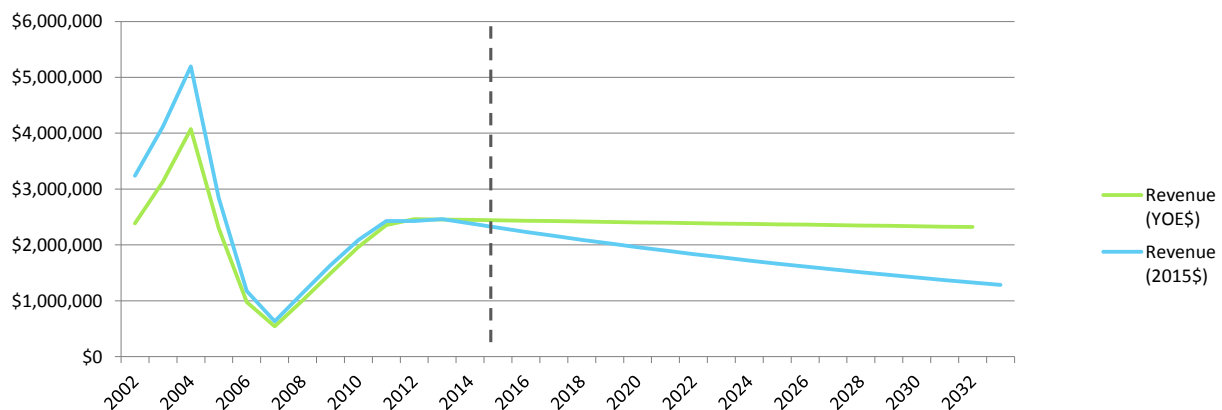
Source: WSDOT, 2015; BERK Consulting, 2015.

As shown in Exhibit 30, while revenues presented in nominal dollars (not adjusted for inflation) are projected to grow slightly over the next 20 years, the actual value of this revenue source is quickly eroding despite projected population increases due to the declining value of the dollar due to inflation. This projected decline is due to the strict 1% limit on growth of property tax revenues put in place by Initiative 747.

Other Local Receipts

Other local receipts typically include some combination of Real Estate Excise Tax (REET) funds, Leasehold Excise Taxes, Road Permits, and other miscellaneous capital and transportation funds. This has been a relatively steady source of funding, though overall contributing a relatively small share of total revenues for transportation investments. Exhibit 31 shows historical and future projected revenues from other local sources for Skagit County.

Exhibit 31: Historical and Future Revenues from Other Local Sources, 2005 to 2036



Source: WSDOT, 2015; BERK Consulting, 2015.

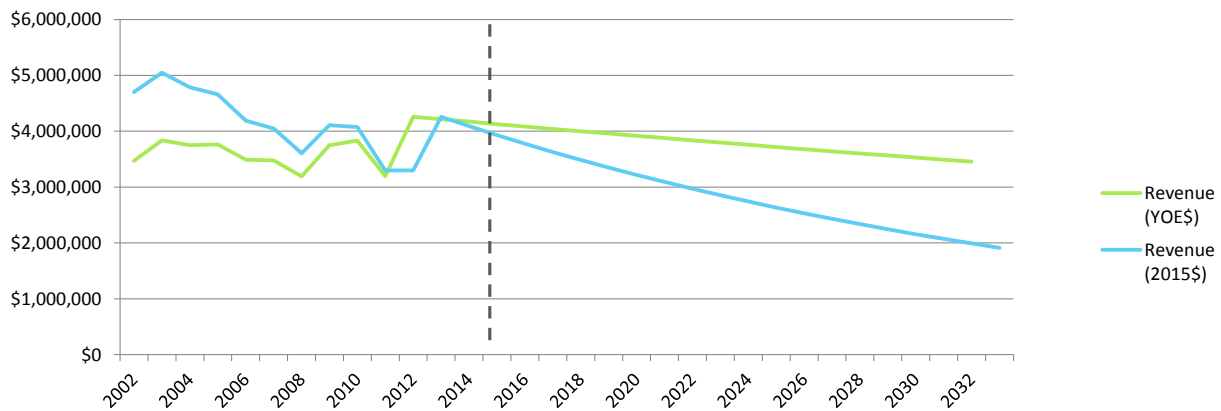
Nominal local receipts are expected to stay fairly flat, which represents a decrease in the value of the revenue source. More generally, local receipts have historically been highly responsive to the economy, as demonstrated by the sharp decline in 2008, and steady recovery since. It is possible that this projection is conservative in the short term.

State Fuel Tax Distributions

Per capita fuel tax dollars have been declining over time. This trend has become more pronounced in recent history due in part to a significant shift toward more fuel efficient vehicles. It is worth noting that there is significant statewide concern regarding the long-term viability of this source of funds as the fleet mix continues to shift toward ever more fuel efficient vehicles and automakers focus on meeting the new Corporate Average Fuel Economy (CAFE) standards.

The state legislature has conducted a number of recent studies to explore options to replace the gas tax, but no new funding packages have been approved at the time of this writing. In looking forward, there will continue to be uncertainty around revenues from this tax source. Exhibit 32 shows historical and future projected revenues from state fuel tax distributions for Skagit County.

Exhibit 32: Historical and Future Revenues from State Fuel Tax Distributions, 2005 to 2036



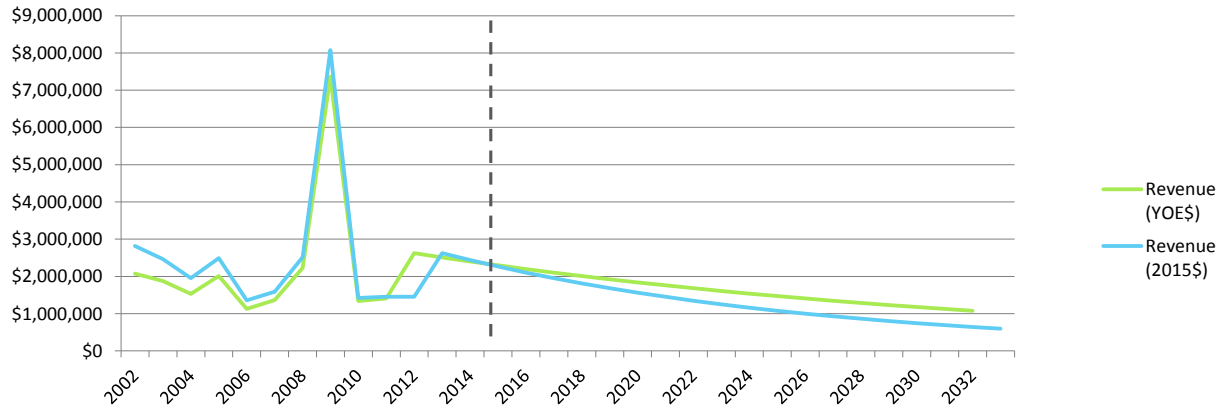
Source: WSDOT, 2015; BERK Consulting, 2015.

As shown in Exhibit 32, while revenues presented in nominal dollars are projected to decline slightly over the next 20 years, the actual value of this revenue source is quickly eroding despite projected population increases due to the declining value of the dollar from inflation. Another factor is the projected long term decrease in fuel purchases as the public purchases more fuel efficient vehicles and more and more residents move to other transportation modes.

Other State Funds

This category is primarily state grants and grants from the Urban Arterial Board, Transportation Improvement Board, Department of Community, Trade, and Economic Development, and the Washington State Department of Transportation. Beyond State grants, state shared revenues, entitlements, impact payments, and in-lieu taxes might be included in this revenue category. Exhibit 33 shows historical and future projected revenues from other state funds for Skagit County.

Exhibit 33: Historical and Future Revenues from Other State Funds, 2005 to 2036



Source: WSDOT, 2015; BERK Consulting, 2015.

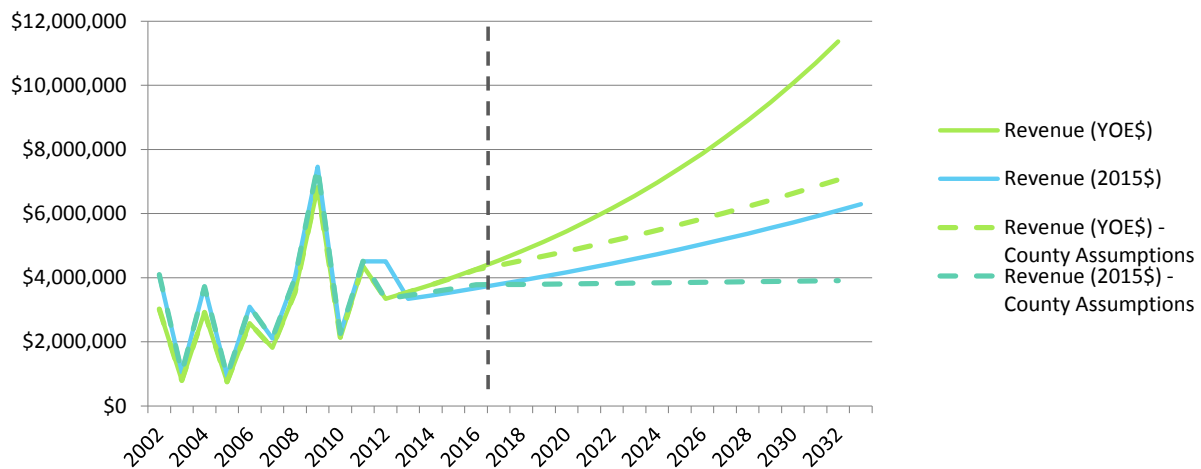
Other state funds are another highly volatile revenue source. As such, we have presented a very conservative projection. It is possible that the County could receive more state funds between 2016 and 2036 than is anticipated by this projection.

Federal Revenues

Federal transportation grants are funded through the federal portion of the Fuel Excise Tax. The federal gas tax rate has fluctuated between \$0.184 and \$0.183 per gallon since 1994. The majority of these funds are deposited into the Highway Trust Fund and disbursed to the states through the federal Highway and Mass Transit Accounts. The Federal share of funding has been a meaningful portion of overall funding, which demonstrates the County’s overall success in winning grant applications for specific projects.

Exhibit 34 shows historical and future projected revenues from federal sources for Skagit County.

Exhibit 34: Historical and Future Revenues from Federal Sources, 2005 to 2036



Source: WSDOT, 2015; BERK Consulting, 2015.

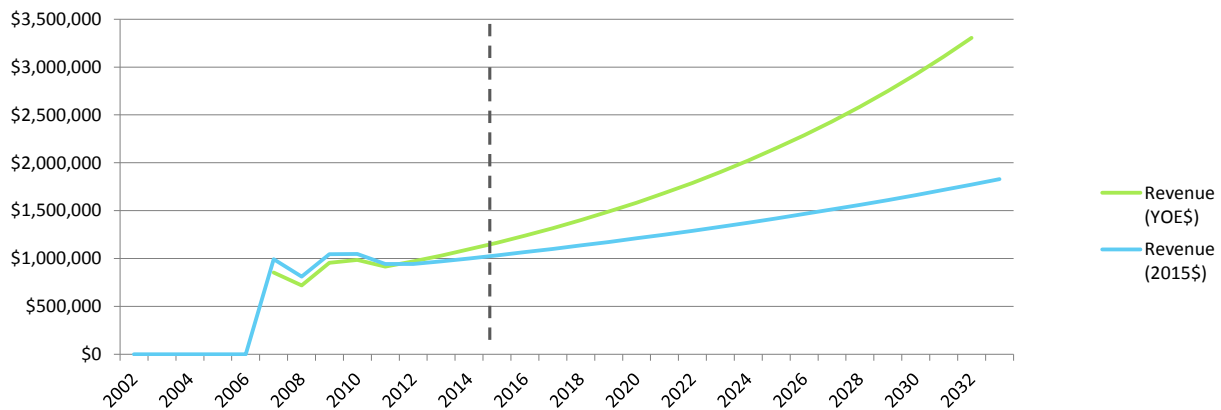
As shown in Exhibit 34, while revenues presented in nominal dollars are projected to grow over the next 20 years, the actual value of the revenues generated is not expected to grow significantly. In addition to our base projection, which assumes a per-capita revenue growth rate equal to inflation (assumed to be

3% for the purposes of this analysis), we have also provided a secondary projection based on the SCOG’s assumptions: 2.9% per-capita revenue growth from 2016 to 2020 and no growth (0% per capita growth rate) from 2020 to 2036.

Ferry Tolls

Skagit County operates a ferry between Anacortes and Guemes Island. This ferry is subsidized by the County government with a cost-recovery target from fare-box of 65%. These fares are one of the County’s dedicated transportation revenue sources. The County Board of Commissioners sets fares for the ferry annually. Exhibit 35 shows historical and future projected revenues from ferry tolls for Skagit County.

Exhibit 35: Historical and Future Revenues from Ferry Tolls, 2005 to 2036



Source: Skagit County 2015 Draft Fare Revenue Target Report, 2015; BERK Consulting, 2015.

As shown in Exhibit 35, while revenues presented in nominal dollars are projected to grow over the next 20 years, the actual value of the revenues generated is not expected to grow as highly. The revenue projections assume 3% annual growth in revenues from Ferry tolls.

Supplemental Revenues

General Fund Appropriations

Because general fund revenues have few restrictions on how they are spent and the County has a dedicated Road Levy for transportation, it is relatively unusual for these funds to be used for transportation purposes. Historically the County’s General Fund contributions to transportation have been sporadic and relatively small. Over the ten year historical period, the County supplemented transportation funding with general funds three times:

1. \$1,167,626 in 2007
2. \$2,516 in 2013
3. \$500,000 in 2014

Bonds

The County has the ability to supplement its transportation budget using financing in the form of limited tax general obligation (LTGO) bonds or unlimited tax general obligation (UTGO) bonds. These two financing sources are described below:

- **LTGO bonds**, also referred to in Washington State as "councilmanic" bonds, do not require voter approval and are payable from the issuer's general fund and other legally available revenue sources. LTGO bonds can be used for any purpose, but funding for debt service must be made available from existing revenue sources. The Washington State Constitution limits non-voted municipal indebtedness to an amount not to exceed 1.5% of the actual assessed valuation within the County.
- **UTGO bonds** are both a financing and funding source as their issuance includes the levy of an additional tax to repay them. These bonds require 60% voter approval and may only be used for capital purposes. When residents of a county vote for a bond issue, they are being asked to approve: (a) the issuance of a fixed amount of general obligation bonds and (b) the levy of an additional tax to repay the bonds, unlimited as to rate or amount. Once voter approval is obtained, a municipal corporation is still restricted by constitutional and statutory debt limits with these bonds. The statutory debt limits on this type of debt is 2.5% of the assessed value of property inclusive of any LTGO (non-voted) debt.

The County didn't rely on any bonds to support transportation funding during the historical period 2005 to 2014. At this time, the County doesn't have plans to issue bonds to support any transportation improvements; however bonds can still be considered a supplemental funding source.

Expenditures

County Road Fund expenditures include administration, construction (including capital projects), operations, facilities, other maintenance, and ferry related expenditures. Historical expenditures for major transportation programs is displayed in Exhibit 36, below.

Exhibit 36: Skagit County Transportation Historical Expenditures, 2005 to 2014 (YOE\$)

| | Construction | Preservation | Maintenance | Administration & Operations | Maintenance & Construction of Facilities | Other | Total Expenditures |
|--------------|----------------------|---------------------|-----------------------|-----------------------------|--|---------------------|-----------------------|
| 2005 | \$ 2,868,990 | \$ - | \$ 8,207,696 | \$ 5,771,519 | \$ 842,933 | \$ 1,061,132 | \$ 18,752,270 |
| 2006 | \$ 7,492,995 | \$ - | \$ 8,532,744 | \$ 5,656,631 | \$ 52,761 | \$ 800,316 | \$ 22,535,447 |
| 2007 | \$ 3,291,923 | \$ - | \$ 9,329,174 | \$ 5,369,976 | \$ 55,742 | \$ 660,871 | \$ 18,707,686 |
| 2008 | \$ 971,909 | \$ - | \$ 10,347,652 | \$ 5,723,406 | \$ 1,527,127 | \$ 330,454 | \$ 18,900,548 |
| 2009 | \$ 4,055,597 | \$ - | \$ 10,168,828 | \$ 7,550,951 | \$ 524,599 | \$ 670,324 | \$ 22,970,299 |
| 2010 | \$ 3,502,818 | \$ - | \$ 9,769,725 | \$ 5,772,255 | \$ 555,737 | \$ 576,008 | \$ 20,176,543 |
| 2011 | \$ 5,051,940 | \$ - | \$ 10,082,699 | \$ 5,282,478 | \$ 503,889 | \$ 388,675 | \$ 21,309,681 |
| 2012 | \$ 14,633,891 | \$ - | \$ 11,061,497 | \$ 5,594,383 | \$ 85,679 | \$ 1,348,495 | \$ 32,723,944 |
| 2013 | \$ 6,313,338 | \$ - | \$ 11,594,322 | \$ 5,659,009 | \$ 79,787 | \$ 2,122,652 | \$ 25,769,108 |
| 2014 | \$ 1,098,812 | \$ 4,365,122 | \$ 12,145,523 | \$ 4,912,747 | \$ 25,054 | \$ 826,909 | \$ 23,374,165 |
| Total | \$ 49,282,213 | \$ 4,365,122 | \$ 101,239,859 | \$ 57,293,354 | \$ 4,253,308 | \$ 8,785,836 | \$ 225,219,691 |

Note: The County's reporting to WSDOT changed in 2014 whereby construction expenditures were broken out into construction and preservation.

Source: WSDOT, 2015; BERK Consulting, 2015.

Historical expenditures provide a benchmark that can be used to approximate expected transportation funding needs, however they are not always an accurate indicator of a county's future capital funding needs. The County's capital project list can be used to approximate funding need more accurately, as is done in the following portion of this appendix.

Administration, Maintenance, and Operations Costs

The County has estimated 20-year costs for maintenance, preservation, and operations of the County transportation system at approximately \$239 million dollars for 2016-2036. The estimated costs take into account the current pavement condition of the road surface. Other factors used in generating the

estimate include Average Daily Traffic (ADT), truck routes, and pavement surface ratings. The current network condition report has the overall average of the network at a pavement surface rating of 88 out of possible 100.

Ferry Operations and Maintenance costs are not included in the projected \$239 million in maintenance, preservation, and operations costs projected by the County for 2016-2036. Rather, we projected these potential costs separately based on historical revenue information for 2011 to 2015 presented in the Skagit County Public Works Department Ferry Operations Division 2016 Ferry Fare Revenue Target Report.

Transportation Program and Capital Project List

Transportation System Vision and Capital Program

The County's 20-year transportation program and capital project list implement the County's transportation system vision, goals, and policies in the Transportation Element. The County's transportation system priorities, as outlined in the Transportation Element's goals and policies, are to:

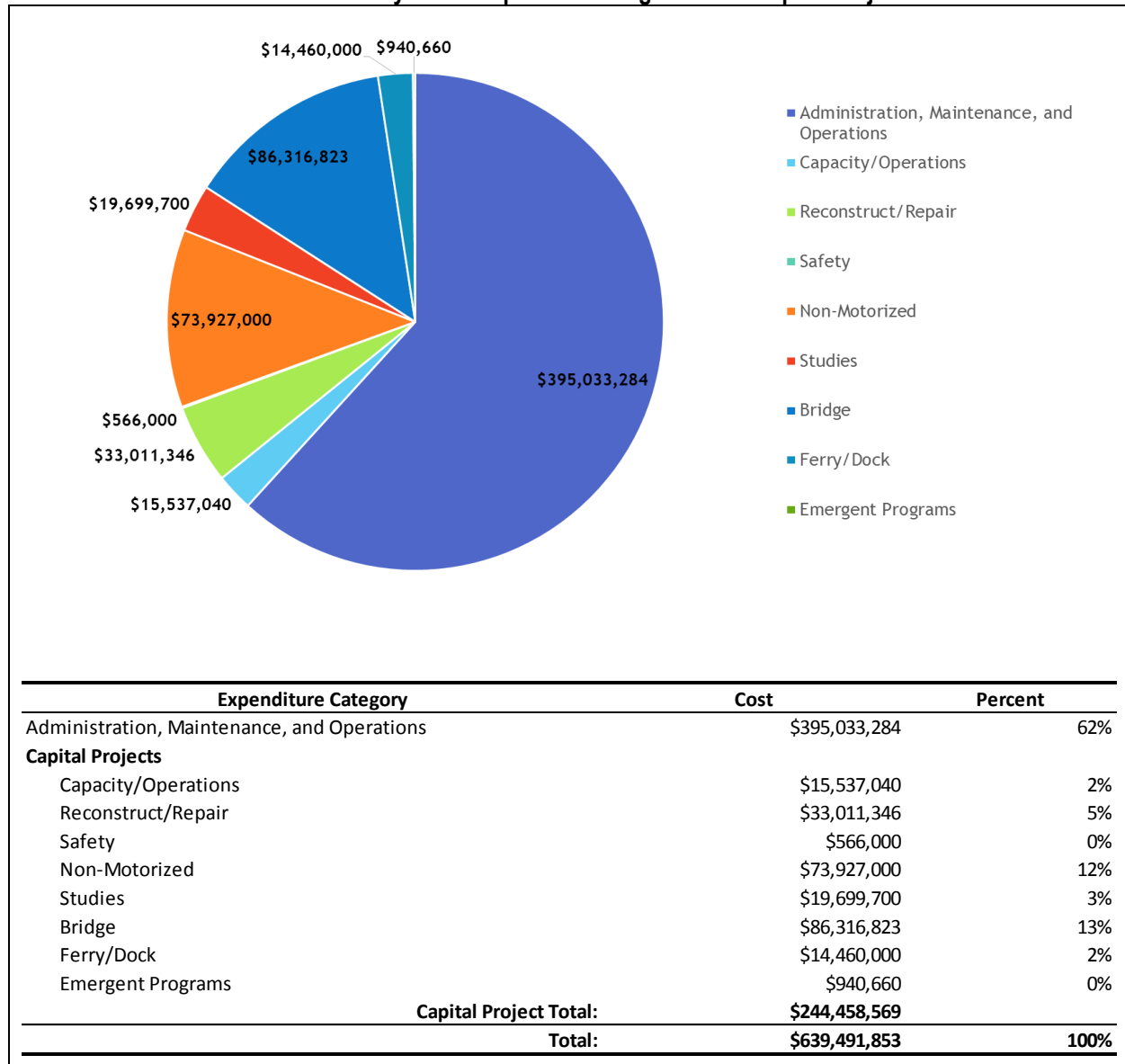
- Plan and maintain a safe and efficient system for the movement of people and goods in partnership, where appropriate, with the Skagit Council of Governments. (Goal A)
- Maintain and improve the County roadway system consistent with the growth management strategies of the Land Use Element, and respect the unique environmental and economic character of the area. (Goal A1)
- Provide a safe and efficient network of trails and bikeways, including both on- and off-road facilities that link populated areas of the County with important travel destinations. (Goal A6)
- Provide a safe travel environment for county residents and visitors in all modes of transportation. (Goal A10)
- Provide a high level of maintenance to the County transportation system. (Goal A11)
- Increase the efficiency of the existing transportation system before major capital expenditures are made. (Goal A12)
- Integrate the Six-Year Transportation Improvement Program (TIP) and the 20-year long range transportation needs assessment with the Capital Facilities Plan consistent with the goals and policies of this Comprehensive Plan. (Goal A16)
 - **Evaluation Criteria** – Evaluate proposed projects according to the Comprehensive Plan goals and policies as well as engineering feasibility, costs and benefits to the public, safety, impacts to the built and natural environment, community support, opportunities for staged implementation, and system benefits and maintainability. (Policy 8A-16.1)
 - **Funding** – Make transportation capital investment decisions in consideration of capacity, safety, economic development, public health and growth management needs. (Policy 8A-16.2)

The County's policy priorities are reflected in the 2016-2036 allocation of administrative, maintenance, and operations programs and capital projects detailed in Exhibit 38.

Planned expenditures by category are summarized in Exhibit 37. Administration, maintenance, and operations accounts for over half of the planned expenditures (62%) during the 20-year planning period, followed by bridge projects (13%) and non-motorized projects (12%). The planned expenditures are consistent with the County's transportation priorities and focused on maintaining the existing system.

The County’s 2016-2021 six-year TIP identifies only two capacity projects that are necessary to support new growth. Both projects are along Cook Road and are scheduled to be completed in 2016 and between 2018 and 2020. Based on the analysis of state and local system needs, no other capacity projects are necessary to accommodate future growth during the 20-year planning period.

Exhibit 37. 20-year Transportation Programs and Capital Projects



Source: BERK, 2016; Skagit County, 2016

Exhibit 38. 20-Year Transportation Program and Capital Project List

| Project ID | Project | Location | Description | Total Project Cost | 2016-2021 | 2022-2036 | Revenue Sources |
|--|--|--|---|--------------------|---------------|---------------|------------------------------------|
| Administration, Maintenance, and Operations | | | | | | | |
| N/A | Administration | | General Skagit County transportation program administration | \$146,681,684 | X | X | County Road Fund |
| N/A | Operations and Maintenance | | General Skagit County road maintenance, including overlay | \$239,351,600 | X | X | County Road Fund |
| N/A | Bridge Maintenance | | General Skagit County bridge maintenance | \$9,000,000 | X | X | County Road Fund |
| Subtotal | | | | \$395,033,284 | \$118,509,985 | \$276,523,298 | |
| Capacity/Operations | | | | | | | |
| 7 | Cook Road Reconstruction | I-5 to Green Rd | Capacity improvements at Cook Road/Old Hwy 99; Potential I-5 ramp improvements; Potential railroad crossing improvements. | \$15,483,040 | X | | Federal, State, Local |
| 8 | Cook Road Signal Advance Warning | East leg of Cook Rd/Old Hwy 99 Intersection | Install signal warning flashers when westbound signal is changing. Will also upgrade intersection signal hardware. | \$54,000 | X | | Federal, State, Local |
| Subtotal | | | | \$15,537,040 | \$15,537,040 | \$0 | |
| Reconstruct/Repair | | | | | | | |
| 1 | Bow Hill Road Reconstruction | Old Hwy 99 to Darrk Ln | Reconstruct roadway | \$3,304,170 | X | | STPR (Federal), RAP (State), Local |
| 2 | Bradshaw Road Rehabilitation | Summers Dr to McLean Rd | Rehab and resurface concrete roadway | \$1,650,000 | X | | Local |
| 4 | Cascade River Road Stabilization | East county | Stabilize roadway | \$85,000 | X | | FEMA/FLAP (Federal), |
| 6 | Concrete Sauk Valley Road Stabilization | MP 13.0 | Bank stabilization along Sauk River | \$1,000,000 | X | | DEMO (Federal), Local |
| 12 | Francis Road Section 1 | MP 5.05 to 5.66 (near SR 9) | Reconstruct roadway, SR 9 intersection improvements | \$1,425,000 | X | | RAP (State), Local |
| 13 | Francis Road Section 3 | MP 2.75 to 3.75 | Reconstruct roadway and bridges | \$3,644,143 | X | | RAP (State), Local |
| 14 | Francis Road Section 4 | MP 1.48 to 2.75 | Reconstruct roadway and bridges | \$4,422,000 | X | | Other (State), Local |
| 16 | Fruitdale/Kalloch Road Arterial Improvements | Vicinity of Fruitdale Rd and Kalloch Rd Intersection | Repair and widen to arterial standards | \$2,270,000 | X | | Disc-STP (Federal), Local |
| 17 | Green Road Rehabilitation | Cook Rd to Kelleher Rd | Repair surface | \$500,000 | X | | Local |
| 21 | Josh Wilson Road Phase 1 | Jensen Ln to Avon Allen Rd | Reconstruct to improve roadway to standards | \$1,870,520 | X | | STP(R) (Federal), Local |
| 22 | Josh Wilson Road Phase 2 | SR 11 to Avon Allen Rd | Reconstruct to improve roadway to standards | \$4,166,670 | X | | RAP (State) |
| 23 | Josh Wilson Road Phase 3 | Jenson Ln to Emily Ln | Reconstruct to improve roadway to standards | \$1,684,730 | X | | RAP (State) |
| 24 | Josh Wilson Road Phase 4 | Higgins Airport Way to Farm to Market Rd | Reconstruct to improve roadway to standards | \$1,910,350 | X | | RAP (State) |
| 29 | Peterson Road | Bayview Ridge neighborhood to Higgins Airport Way | Improve to urban standards | \$3,853,763 | X | | TIB (State), Local |
| 30 | River Bend Road Improvements | West of Burlington | Repair and raise roadway | \$850,000 | X | | DEMO (Federal) |
| 37 | South Shore Road | Guemes Island | Stabilize roadway | \$75,000 | X | | Local |
| 39 | South Skagit Highway Milepost 4.0 | MP 4.0 | Stabilize roadway | \$300,000 | X | | Local |

| Project ID | Project | Location | Description | Total Project Cost | 2016-2021 | 2022-2036 | Revenue Sources |
|----------------------|--|--|---|--------------------|--------------|--------------|-----------------------|
| | | | | Subtotal | \$33,011,346 | \$33,011,346 | \$0 |
| Safety | | | | | | | |
| 9 | Dodge Valley Road Barrier Protection | Chilberg Rd to Best Rd | Install new guardrail at various locations to improve safety | \$400,000 | X | | HSIP (Federal) |
| 28 | Old Highway 99 North Illumination | Morton Rd Vicinity | Install lighting to improve safety along approximately half-mile of Old Hwy 99 | \$166,000 | X | | HSIP (Federal) |
| | | | | Subtotal | \$566,000 | \$566,000 | \$0 |
| Non-Motorized | | | | | | | |
| 5 | Centennial Trail | Big Rock to Clear Lake | Construct pedestrian/bicycle trail | \$2,030,000 | X | | PED/BIKE (State) |
| | Bicycle Route 5 (Coast Millennium Trail) | Southern County line to Bayview State Park | A north / south multimodal transportation corridor from the Southern County Line north to Bay View State Park which passes through the Town of La Conner and Bay View utilizing County roads and trails. The projects would include paved shoulder widening, trail improvements, and signing along the corridor | \$7,000,000 | | X | Federal, State, Local |
| | North Fork Bridge | North Fork Bridge | Improvements to the bridge to increase driver awareness and bicyclist safety; located on Bicycle Route 5 (Coast Millennium Trail). The project would install rider activated flashing beacons and signs warning motorist of bicycles on the bridge | \$7,000 | | X | Federal, State, Local |
| | Bicycle Route 14 | Mount Vernon to McLean Pock Park | A east / west multimodal transportation corridor from Mount Vernon to the McLean Pocket Park and Bicycle Route 5 (Coast Millennium Trail) utilizing McLean Road. The project would include shoulder maintenance and widening where needed with the addition of signing | \$100,000 | | X | Federal, State, Local |
| | McLean Pocket Park | Best Road and McLean Road | A rest stop with amenities for the bicycle/pedestrian community positioned at the intersection of Best Road and McLean Road and centrally located between Skagit County's major destinations. This project park would include bicycle racks, picnic area, toilets, and informational signing of bicycle routes and trails in the area | \$300,000 | | X | Federal, State, Local |
| | Bayview Ridge Spur | City of Burlington to Bay View Ridge | A alternative parallel multimodal transportation corridor to USBR 10 that connects the City of Burlington to Bay View Ridge and Bicycle Route 5 (Coast Millennium Trail). This project would construct a multi-use trail connecting to other existing and planned routes and trails | \$3,780,000 | | X | Federal, State, Local |

| Project ID | Project | Location | Description | Total Project Cost | 2016-2021 | 2022-2036 | Revenue Sources |
|------------|--|--|---|--------------------|-------------|--------------|-----------------------|
| | Swinomish Indian Tribal Community Safe Routes | Swinomish Indian Tribal Community to La Conner and La Conner Schools | Improvements to Tribal, Town, and County roads and sidewalks from the Swinomish Indian Tribal Community to La Conner and La Conner Schools to increase bicyclist and pedestrian safety for residents and students. This project would make pedestrian and bicycle improvements to the existing road system that include flashing crosswalks, bicycle lanes, signing, and pavement markings. | \$800,000 | | X | Federal, State, Local |
| | Burlington to Edison Multi Modal Pathway (Tiger Trail) | City of Burlington to the Town of Edison | A separated non-motorized trail adjacent to State Route 11 connecting the City of Burlington to the Town of Edison and Bicycle Route 5 (Coast Millennium Trail). This project acquire right-of-way/easement adjacent to SR 11 for a separated multi-use trail, connecting the Allen, Blanchard, Bow, Edison area to the City of Burlington and other planned bicycle routes and trails | \$8,900,000 | | X | Federal, State, Local |
| | Avon Multimodal Cutoff | SR 20 east of Burlington | An east / west multimodal corridor from City of Burlington to the intersection of Higgins Airport Way and State Route 20, utilizing unopened county right-of-way. This project would construct a trail from the Pulver Road area to Higgins Airport Way connection to the Port trail system utilizing existing County owned right-of-way | \$3,000,000 | | X | Federal, State, Local |
| | Guemes Ferry Trail | Ferry terminal to Edens Rd | A separated trail located on Guemes Island, adjacent to Guemes Island Road, that connects the ferry landing to Schoolhouse Park. This project would construct a multi-use trail connecting the Ferry Terminal to the Community Center and Park near Edens Road. Where possible it would utilize adjacent right-of-way along Guemes Island Road | \$1,400,000 | | X | Federal, State, Local |
| | US Bicycle Route 13 (Cascade Trail) | State Route 9 and County Roads | A north / south multimodal transportation corridor from the southern County Line to the northern County Line adjacent or parallel to State Route 9 and County roads. The path would consist of a 10 paved trail and a grass shoulder for equestrian use | \$26,610,000 | | X | Federal, State, Local |
| | US Bicycle Route 10 (Cascade Trail) | State Route 20 | An east / west multimodal transportation corridor from Fidalgo Island to the Town of Concrete utilizing State Route 20, City and County roads and trails. This would include shoulder widening where necessary and trail construction and/or improvements | \$20,000,000 | | X | Federal, State, Local |
| Subtotal | | | | \$73,927,000 | \$2,030,000 | \$71,897,000 | |

| Project ID | Project | Location | Description | Total Project Cost | 2016-2021 | 2022-2036 | Revenue Sources |
|-------------------|---|---|---|--------------------|--------------|--------------|---|
| Studies | | | | | | | |
| 35 | Skagit River Bridge Modification and I-5 Protection Project | Transportation facilities near Skagit River | Study potential modifications of transportation facilities to improve flood control along Skagit River | \$1,199,700 | X | | DEMO (Federal) |
| 38 | South Skagit Highway Realignment | S Skagit Hwy at Mill Creek | Study to identify ways to improve fish habitat and bridge maintenance at Mill Creek, including possible realignment | \$18,500,000 | X | | Other (State) |
| Subtotal | | | | \$19,699,700 | \$19,699,700 | \$0 | |
| Bridge | | | | | | | |
| 3 | Burlington Northern Overpass (Old Highway 99) | Cook Rd to Dahlstedt Rd | Replace timber trestle bridge over railroad | \$17,104,317 | X | | STP(BR) (Federal), Other (State), Local |
| 15 | Friday Creek Bridge (Old Highway 99) | North of Bow Hill Rd | Repair bridge deck | \$320,000 | X | | STP(BR) (Federal) |
| 18 | Hard Creek Bridge Replacement | East county | Replace damaged bridge | \$1,098,000 | X | | PLH (Federal), Local |
| 20 | Illabot Creek Alluvial Fan Restoration | Rockport Cascade Rd | Construct 2 bridges to restore original channels | \$3,621,806 | X | | SRFB (State) |
| 25 | Lower Finney Creek Bridge Repairs | S Skagit Hwy west of Concrete | Replace bridge deck | \$304,000 | X | | STP (BR) |
| 27 | North Fork Skagit Bridge Replacement (#40037) | Best Rd | Replace Bridge | \$25,000,000 | X | | STP(BR) (Federal), Local |
| 32 | Samish River Bridge Repair (Old Hwy 99 N) | Old Hwy 99 | Replace/repair bridge | \$732,500 | X | | STP(BR) (Federal) |
| 40 | Thomas Creek Bridge (Old Hwy 99 N) | Old Hwy 99, south of Kelleher Rd | Replace Bridge | \$2,000,000 | X | | STP(BR) (Federal), Local |
| 41 | Upper Finney Creek Bridge (Strengthening) | East County | Strengthen bridge for truck use | \$1,136,200 | X | | FLAP (Federal), Other (State) |
| | BN-Overpass Replacement | | | \$17,000,000 | | X | Federal, State, Local |
| | Three Bridges Deck Repair | | | \$2,000,000 | | X | Federal, State, Local |
| | Bridge Painting | | Various Locations | \$11,000,000 | | X | Local |
| | Nookachamps Big Lake | | | \$5,000,000 | | X | Federal, State, Local |
| Subtotal | | | | \$86,316,823 | \$51,316,823 | \$35,000,000 | |
| Ferry/Dock | | | | | | | |
| 43 | Guemes Ferry Boat Replacement or Overhaul | | Replace/overhaul ferry | \$12,000,000 | X | | FBD (Federal), Other (State), Local |
| 42 | Guemes Ferry Parking Lot Improvements | Guemes Island | Improve parking area | \$250,000 | X | | FDP (Federal), Local |
| 34 | Sinclair Island Marine Access (#40160) | Sinclair Island | Repair/replace dock facility | \$2,210,000 | X | | Other (State), Local |
| Subtotal | | | | \$14,460,000 | \$14,460,000 | \$0 | |
| Programs | | | | | | | |
| 10 | Emergent Projects at Various Locations | | Address emergency repairs, minor construction, and safety improvement projects | \$60,000 | X | | Local |
| 11 | Fish Passage Emergent Projects | | Address projects that improve fish passage | \$30,000 | X | | Local |
| 19 | Hot Mix Asphalt Overlay Project | | Address various roadway locations that have poor | \$604,660 | X | | Local |

| Project ID | Project | Location | Description | Total Project Cost | 2016-2021 | 2022-2036 | Revenue Sources |
|--------------|---------------------------------------|----------|---|----------------------|----------------------|----------------------|-----------------|
| | | | pavement ratings | | | | |
| 26 | Non-Motorized Emergent Projects | | Address various non-motorized type projects | \$30,000 | X | | Local |
| 31 | Safety Improvement Emergent Projects | | Address safety improvement projects | \$120,000 | X | | Local |
| 33 | School Safety Emergent Projects | | Address safety projects related to schools | \$6,000 | X | | Local |
| 36 | Slope Stabilization Emergent Projects | | Address slope stabilization projects | \$90,000 | X | | Local |
| Subtotal | | | | \$940,660 | \$940,660 | \$0 | |
| Total | | | | \$639,491,853 | \$256,071,554 | \$383,420,299 | |

Source: Skagit County, 2015; WSDOT, 2015; BERK Consulting, 2015

8.2 FUNDING AND FINANCE PLAN

Cities and counties planning under GMA are required to develop a financing plan to demonstrate the ability to fund the six-year TIP including transportation projects. The financing plan must demonstrate an ability to fund the six-year project list in support of anticipated future growth as outlined in the Land Use Element. Funding sources in the 2016-2021 period are summarized in Exhibit 39 based on the six-year TIP, which is incorporated by reference as updated.

General funding sources for the 20-year long-range projects should also be identified based on GMA and implementing rules; accordingly, broad categories of funds are identified in Exhibit 40. 20-year revenue projections are identified in the next section along with potential gaps in dedicated capital funds and the potential for additional revenue sources.

Six-Year TIP Program and Financial Plan

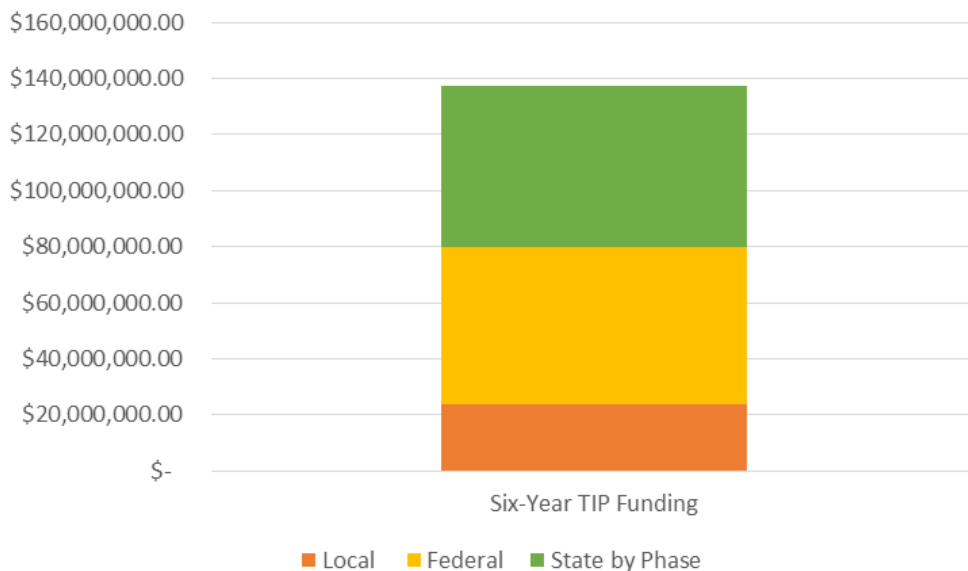
The County’s six-year TIP flows from the County’s overall system vision and Transportation Policies. The focus of the six-year TIP is on preservation and maintenance of the existing system and two necessary capacity projects to accommodate future growth.

The projected 2016-2021 capital needs are fully funded through a combination of local, state, and federal funds. The six-year TIP identifies project costs, funding sources, and the year(s) of planned project expenses. The total cost for funding the 2016-2021 TIP is approximately \$137.5 million.

The total amount of local funds for the six-year TIP is approximately \$23.8 million or approximately \$4 million per year. Local funding for TIP projects in 2016 is approximately \$3 million.

The County has been successful in securing significant federal and state funds for the current TIP. Revenues to fund the approximately \$137.5 million in capital expenditures in the 2016-2021 TIP include approximately \$58 million in state funds and \$56 million on federal funds as shown in Exhibit 39.

Exhibit 39: 2016-2021 TIP Revenues



Source: Skagit County, 2015; BERK, 2015

Financial Capacity for Transportation Capital Investments: 2016-2036

To understand Skagit County’s ability to meet its future transportation improvement goals, the County has evaluated its future revenues against its existing 20-year transportation programs and project list.

The County already has a highly detailed, fully-funded TIP for 2016 to 2021. This TIP relies on some large, already dedicated grants as well as other, more regular revenues. Revenues for the 7 to 21 year capital program are less certain since it has a longer horizon.

The 2016-2021 TIP also documents expected dedicated capital revenues as well as one-time revenues not included in the 20-year revenue projections. To reconcile these two different accountings of transportation revenues and expenditures, and present a holistic picture of Skagit County’s available transportation funding for 2016 to 2036, we calculated the difference attributable to one-time revenues and added it as a revenue source in Exhibit 40, below. These projected future revenues are presented in inflation-adjusted 2015 dollars to show the relative purchasing power of transportation revenues through time.

Exhibit 40: Skagit County Future Transportation Revenues, 2016 to 2036 (2015\$)

| | 2016-2021 | 2016 - 2021 with Expected One-time Revenues | 2022 - 2036 | Total, 2016 - 2036 |
|------------------------------|-----------------------|--|-----------------------|-----------------------|
| Property Taxes | \$ 70,921,106 | \$ 70,921,106 | \$ 140,299,618 | \$ 211,220,724 |
| Other Local Receipts | \$ 13,206,982 | \$ 13,206,982 | \$ 23,660,106 | \$ 36,867,089 |
| State Fuel Tax Distributions | \$ 22,265,258 | \$ 22,265,258 | \$ 37,034,705 | \$ 59,299,963 |
| Other State Funds | \$ 15,887,619 | \$ 15,887,619 | \$ 40,624,933 | \$ 56,512,552 |
| Federal Revenues | \$ 22,420,937 | \$ 22,420,937 | \$ 78,812,066 | \$ 101,233,002 |
| Ferry Tolls | \$ 6,515,667 | \$ 6,515,667 | \$ 22,903,287 | \$ 29,418,954 |
| One-Time Revenues (estimate) | | \$ 116,155,250 | N/A | \$ 116,155,250 |
| Total Revenues | \$ 151,217,568 | \$ 267,372,818 | \$ 343,334,715 | \$ 610,707,534 |

Source: Skagit County, 2015; WSDOT, 2015; BERK Consulting, 2015.

To understand Skagit County’s ability to accomplish its desired capital projects, programmatic expenditures (from administration, maintenance, and operations) are subtracted from total revenues. This is presented in Exhibit 41, below. The County has insufficient local funds to fund the planned administration, operations, and maintenance costs over the next twenty years. When one-time revenue sources are accounted for the County still has a deficit in funding the administration, maintenance, and operation costs between 2022 and 2036. Some one-time revenues are restricted and cannot fund administration, operations, and maintenance costs and may only be used for capital expenditures.

Exhibit 41: Skagit County Revenues Available for Capital Projects under Desired Future State Maintenance and Operations, 2016 to 2036 (2015\$)

| | 2016-2021 | 2016 - 2021 with Expected One-time Revenues | 2022 - 2036 | Total, 2016 - 2036 |
|---|----------------|--|----------------|-----------------------|
| Total Revenue | \$ 151,217,568 | \$ 267,372,818 | \$ 343,334,715 | \$ 610,707,534 |
| Administration | \$ 41,237,258 | \$ 41,237,258 | \$ 105,444,426 | \$ 146,681,684 |
| Operations and Maintenance | \$ 68,386,171 | \$ 68,386,171 | \$ 170,965,429 | \$ 239,351,600 |
| Ferry Operations and Maintenance | \$ 17,616,391 | \$ 17,616,391 | \$ 61,923,558 | \$ 79,539,949 |
| Bridge Annual Maintenance | \$ 2,571,429 | \$ 2,571,429 | \$ 6,428,571 | \$ 9,000,000 |
| Total Programmatic Expenditures | \$ 129,811,249 | \$ 129,811,249 | \$ 344,761,984 | \$ 474,573,233 |
| Remaining Revenue for Capital Projects <i>(Total Revenue Minus Total Programmatic Expenditures)</i> | \$ 21,406,319 | \$ 137,561,569 | \$ (1,427,268) | \$ 136,134,301 |

Source: Skagit County, 2015; WSDOT, 2015; BERK Consulting, 2015.

Exhibit 42 shows the limited revenues available for capital projects beyond the 2016-2021 TIP. Skagit County's current capital project list over the next 21 years, 2016 to 2036, is almost \$250 million. However, as Exhibit 42 shows, the County is currently projecting only about \$135 million in available revenues for capital projects, leaving a gap of about \$110 million dollars in unfunded capital projects between 2022 and 2036. It is important to note, however, that one-time revenues are a significant revenue source for the 2016-2021 TIP, which supports the expectation that the County may have access to one-time revenues to fund its 2022 to 2036 capital projects. It is difficult to predict the magnitude of one-time revenues that may be available in the future, so the County should also consider additional policies that could generate additional revenues.

Exhibit 42: Skagit County Capital Project Summary, 2016 to 2036 (2015\$)

| | 2016-2021 | 2016 - 2021 with Expected One-time Revenues | 2022 - 2036 | Total, 2016 - 2036 |
|---|------------------|--|------------------|-----------------------|
| Remaining Revenue for Capital Projects | \$ 21,406,319 | \$ 137,561,569 | \$ (1,427,268) | \$ 136,134,301 |
| Capital Projects | \$ 137,561,569 | \$ 137,561,569 | \$ 106,897,000 | \$ 244,458,569 |
| Revenue Deficit <i>(Total Remaining Revenue Minus Capital Projects)</i> | \$ (116,155,250) | \$ 0 | \$ (108,324,268) | \$ (108,324,268) |

Source: Skagit County, 2015; WSDOT, 2015; BERK Consulting, 2015.

Because none of the 2022 to 2036 projects are necessary to meet concurrency, the County can fully consider additional prioritization or new revenues to help it accomplish its capital project goals. This is described below.

Prioritization and Funding Options

Ongoing program costs over 20-years would be fully funded. Additionally, the County fully funds its six-year TIP with both dedicated capital revenue and one-time funds. However, carrying forward current revenue policies shows that the County would only be able to fund about one half of its desired transportation capital improvement projects for the 2022-2036 period. The County could address this shortfall in several ways:

1. **Prioritizing Capital Projects.** The County can prioritize its capital projects, such that projects are funded on an as-funds-are-available basis. This would result in a delay in implementation of some projects, especially lower priority improvements.

2. **Generating Additional Revenue.** The County could increase funding for capital transportation projects through several policy changes that would generate additional transportation revenues. These include partnering with other agencies or additional grants.
3. **Restructuring the Ferry System.** The County may consider restructuring the ferry system as an enterprise such that the ferry would no longer be subsidized by the County's overall transportation program.

Each option to address potential 2022-2036 shortfalls is further described below.

Prioritizing Capital Projects`

It is likely that there are low and medium priority projects in the 20-year project list that the County could choose to remove from the project list. Removing the costs of the low to medium priority projects would reduce the estimated funding shortfall. The projects are, however, still included in the Transportation Plan to illustrate the County's desired transportation system.

Additionally, some of the capital improvements may only become necessary when and if development occurs. These projects are somewhat unique in that the cause and effect of capital projects is directly linked to the individual development projects themselves, as compared to capital projects that become necessary due to aggregate growth within the County as a whole. Funding for these projects could be tied to developer mitigations or other County revenues generated through increased sales taxes.

The County may choose to prioritize its project list, and fund and pursue additional revenues only for the highest priority project.

Generating Additional Revenues

There are several new policies that Skagit County could consider to generate additional revenues for transportation:

- Property Tax Levy Lid Lifts
- Transportation Benefit Districts
- Voter Approved Bond/Tax Package
- Other Developer Mitigation and Requirements
- Local Improvement Districts

Each of these policies is discussed below. It is possible that some of these policies may be less feasible than others based on Skagit County's limited growth expectation. That should be considered when considering any of these new policies.

Property Tax Levy Lid Lifts

The Road Levy is a property tax collected by the County specifically for transportation funding and accounts for a large portion of the County's transportation funds. Since the passage of I-747, the revenues from this levy have been declining because the 1.0 percent allowed increase does not keep pace with inflation (which hovers around 3.0 percent), or population growth.

One tool that counties can, and increasingly are, using to combat this is a levy lid lift. To do this, a county asks its voters to "lift" the 1 percent levy limit on annual levy increases so the district can collect a higher levy amount, up to the maximum rate limit amount for that jurisdiction. Many of these districts have seen their levy rate reduced year after year to avoid levying more than 1 percent additional revenue as property valuations increase. A levy lid lift lets them increase rates up to the statutory maximum rate.

This is a powerful funding tool, but does pose the challenge of requiring voter authorization. There is prevailing sentiment, though, that barring the legislature redesigning the current levy caps, jurisdictions will be forced to employ levy lid lifts to collect revenues lost from the 1 percent levy cap.

Transportation Benefit Districts

Transportation Benefit Districts (TBDs) (Chapter 36.73 RCW) are independent taxing districts that can impose fees and/or taxes to fund transportation improvements. TBDs can be established via ordinance in jurisdictions ranging from a city to multi-county area. TBDs are intended to finance construction and improvements to roadways, high capacity transportation systems, public transit systems, and other transportation management programs.

1. **Sales and Use Tax (RCW 82.14.0455).** Cities can authorize local TBDs that provide up to a 0.2% local sales and use tax with voter approval. This tax must be authorized by voters, and may not be in effect longer than 10 years unless reauthorized by voters.
2. **Motor Vehicle Excise Tax (MVET) (RCWs 81.100 and 81.104).** TBDs can levy up to a \$100 fee for each new vehicle weighing less than 6,000 pounds registered in its jurisdiction. \$20 of this fee can be leveraged without a public vote.

At this time, Skagit County has not established a TBD, and, therefore, does not collect any revenue via this mechanism. To generate transportation revenues via a TBD, Skagit County would first need to pass a County ordinance establishing the TBD, and then impose a fee or tax (from the options above) on that TBD. Depending on the fee or tax levied in the TBD, Skagit County might have to hold a public election to levy the tax. Two cities within the County, Anacortes and Sedro-Woolley, have already enacted TBDs.

Voter Approved Bond/Tax Package

Bonds do not result in additional revenue unless coupled with a revenue generating mechanism, such as a voter approved tax. The debt service on the bonds results in increased costs which can be paid with the additional tax revenues. Although the County does not anticipate issuing bonds in the near future, it remains an option for generating additional transportation revenues to fund some of the higher cost improvement projects.

Other Developer Mitigation and Requirements

The County could adopt specific development related requirements which would help fund the identified improvements. These include frontage improvements and mitigation under the State Environmental Policy Act (SEPA) and concurrency requirements. The County requires developments to fund and construct certain roadway improvements as part of their projects. These typically include reconstructing abutting streets to meet the County's current design standards. These improvements can include widening of pavement, drainage improvements, and construction of curb, gutter, and sidewalks.

The County has the authority to evaluate impacts of development projects under SEPA. The SEPA review may identify adverse transportation impacts. These could include impacts related to safety, traffic operations, non-motorized travel, or other transportation issues. The needed improvements may or may not be identified as specific projects in the Plan.

The County requires an evaluation of transportation concurrency for development projects (SCC 14.28). The concurrency evaluation may identify impacts to facilities that operate below the County's level of service standard. To resolve that deficiency, the applicant can propose to fund and/or construct improvements to provide an adequate level of service. Alternatively, the applicant can wait for the County, or another agency or developer to fund improvements to resolve the deficiency. However,

growth projections do not appear to require capacity increases in the county road system in the 2022-2036 period.

Local Improvement Districts

A local improvement district (LID) (*RCW 35.43 to 35.56*) is a special assessment area established by a jurisdiction to fund specific public improvements, including transportation improvements, through mechanisms that assess those costs to benefitted property owners. LIDs could be formed to construct sidewalks, upgrade streets, improve drainage, or other similar types of projects. A LID may be in residential, commercial, or industrial areas or combinations depending on the needs and benefits. LIDs can be proposed either by the County or by residents or business/property owners. LIDs must be formed by a specific process which establishes the improvements, their costs, and assessments. The assessments are added to the property tax which helps to spread the costs over time. The amount of money generated through an LID has to be equal to or less than the special benefit generated by the project for the properties being assessed. Due to that funding limiter, this tool works only in certain situations and for certain projects, but if the right opportunity presents itself it could be a useful tool. Many of these situations hinge on development, so it is unlikely that it will be a large funding source for Skagit County moving forward.

Restructure Ferry System

Currently the County Board of Commissioners is considering several strategies for more closely managing the relationship between ferry revenues and expenditures. These ideas, documented in the Draft 2015 Fare Revenue Target Report, include:

- Establishment of an Enterprise Fund for the Ferry starting on January 1, 2016. The Enterprise Fund would account for all activities of the ferry, including revenues, operational and capital expenditures; or
- Implementation of a rate setting policy for the purposes of determining the appropriate fare structure based on a current methodology in place; or
- The creation of a Ferry District per RCW 36.54.110 for Guemes Island and assessing 75 cents per \$1,000 in valuation. The proceeds of the assessment would be retained in the Ferry Enterprise fund for capital purposes including the eventual replacement of the current ferry. Estimated revenue from a Guemes Island Ferry District is just over \$200,000 per year.

9.0 INTERGOVERNMENTAL COORDINATION

Intergovernmental coordination was formalized in 1967 through establishment of the Skagit Regional Planning Council (SRPC), the precursor to the Skagit Council of Governments (SCOG). SRPC was formed through an agreement between Anacortes and Skagit County with the founding agreement noting the need for regional communication, cooperation and coordination. Later in the 1960s and 1970s, all the other cities and towns of Skagit County joined the organization. Special purpose districts and the Swinomish Indian Tribal Community also joined SRPC and participated in regional planning.

In 1978, SRPC developed the first regional transportation plan for Skagit County. Many other plans and studies were developed by SRPC throughout the 1970s and 1980s for subjects ranging from economic development, housing, solid waste, transit and social services.