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The Levy Oversight Committee is an advisory body that monitors revenues, expenditures, and program and project implementation. The Oversight Committee advises the City Council, the Mayor, and SDOT on responding to program and project cost savings or overruns. The Oversight Committee reviews SDOT's program and project priorities and financial plans and makes recommendations to the Mayor and City Council regarding the spending of levy proceeds.

Council Bill 118402

October 19, 2020

To: Seattle City Councilmembers

From: Move Seattle Levy Oversight Committee

Cc: Mayor Jenny Durkan; Sam Zimbabwe, SDOT Director; Lorelei Williams, SDOT Deputy Director

Subject: Review of the 2021 SDOT Budget

On October 6th the Move Seattle Levy Oversight Committee (MSLOC) received a detailed briefing on Mayor Durkan's proposed budget for the Seattle Department of Transportation. In light of the significant declines in non-Levy sources supporting transportation, near-term financing and spending adjustments are warranted. In this memo the MSLOC gives its recommendations to the City Council based on its review of the 2021 SDOT budget.

The Levy Oversight Committee thanks SDOT and Budget Office staff for their open and collaborative approach to working with us and for their work in preparing a budget briefing package that was both comprehensive and comprehensible. A particular thank you to Lorelei Williams, SDOT Deputy Director; Rachel McCaffrey, Committee Staff; and Keira Dragich, SDOT Boards and Commissions Coordinator for their work in assisting the committee.

Values Reflected in Legislation

The MSLOC places the highest priority on safety and equity. This ensures that the values reflected in the transportation Levy's enabling legislation will be reflected in the projects the Levy is able to fund. The Levy is intended to nurture vibrant communities, improve public health, and provide safe infrastructure for children and pedestrians. Areas of the city that have been historically underserved and have less of this infrastructure are generally the areas with higher minority populations; it is appropriate that delivery of Levy dollars is targeted there.

Financing Changes

SDOT presented new financing strategies to keep current and shovel-ready projects on track. The SDOT proposed budget depends on receiving \$25 million in city interfund loans. The MSLOC recommends proceeding with acquiring these loans as a source of near-term financing.

Bonding was also presented as a source of near-term financing for transportation projects. Levy revenues in 2023-2024 would be used to pay back the bonds used for Levy projects. The MSLOC understands that the City Council will need to approve the use of bonds as a separate piece of legislation outside of the budget. The MSLOC supports the use of bonds as a source of near-term financing for both Levy and non-Levy transportation projects. It recommends that the City Council approve their use.

With the recent ruling finding Initiative 976 unconstitutional, the MSLOC also recommends that the full funding from vehicle licensing fees be considered as a source of revenue in the 2021 SDOT budget.

Spending Changes

When first enacted, the Move Seattle Levy multiyear program spending was divided into a Safe Routes category receiving 22%, a Maintenance & Repair category receiving 45%, and a Congestion Relief category receiving 33%. The sharp reductions in non-Levy sources would have a particularly adverse effect on safety projects if no adjustments are made.

The Mayor's proposal mitigates this to some extent by shifting Levy funds resulting in the following new distribution: Safe Routes (26%), Maintenance & Repair (43%), and Congestion Relief (31%). The MSLOC recommends the City Council support this change. Safety projects should have a higher priority than arterial paving which would experience the largest sized reduction. Anticipated federal grants are projected to minimize the adverse impact of shifts from the Congestion Relief to Safe Routes.

Please feel free to reach out to the Move Seattle Levy Oversight Committee with any questions or clarifications.

Sincerely and on behalf of the Move Seattle Levy Oversight Committee,

Rachel Ben-Shmuel
Co-Chair (2020/2021)

Ron Posthuma
Co-Chair (2019/2020)