

6. Fundings



6. FUNDING
Funding and Implementing SETS

Funding and Implementing the Strategy

One of the key challenges in developing a long-range sub-area transportation plan is to identify how the recommended programs and projects could be fully implemented by the horizon year. In the case of the Southeast Transportation Study (SETS), this year is 2030. SETS would require approximately \$67 million to complete all of the High, Medium, and Long-Term Priority projects.

To successfully meet this challenge, SDOT must have a mechanism in place for moving the study recommendations from the planning to design and implementation stages. This process involves two critical steps.

First, individual projects must be prioritized either within the SDOT Capital Improvement Program (CIP) – which typically includes the larger, more complex and costly projects – or within an individual SDOT annual operational program such as:

- Pedestrian and Bicycle
- Neighborhood Traffic Calming
- Arterial Streets Traffic Operations
- Parking Management

Second, funding must be secured for each project. Funding can come from multiple sources such as the City's General Fund, partner agencies, private development, and/or external grants. Funds from various sources may be combined to meet total project costs. For larger projects, funding may be dedicated to a project over a period of several years. Smaller, less expensive projects are often built within a one- to two-year timeframe.

To be credible, a funding strategy must identify fiscal sources, forecast the potential and feasible funding levels available to implement City transportation projects, and be based on accurate project cost estimates.

Existing and Potential Funding Sources

The City of Seattle has historically funded transportation programs through gas tax revenues dedicated to transportation purposes, other local funds, grants, loans, and developer contributions. Some previous funding sources, including a Street Utility Tax and Vehicle License fees, are no longer available to the City as a funding source. Figure 23 shows historical transportation funding sources since 1995.

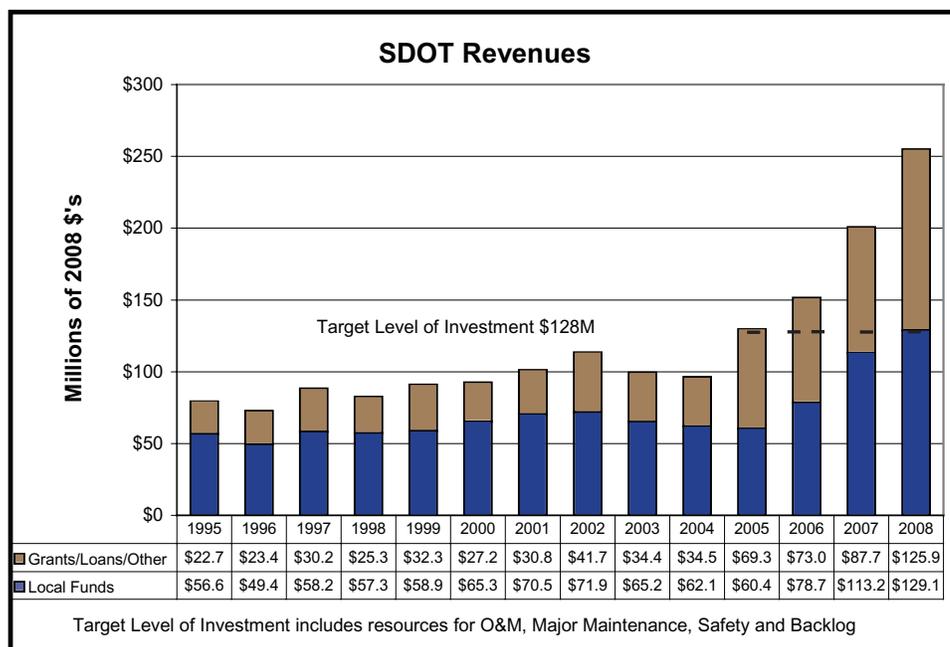


Figure 23. Local and Grant Funds

Local Funds

Local revenues make up the largest part of Seattle's transportation budget and include:

- The **City's General Fund**, which includes sales and property taxes and can be used for many types of transportation projects
- The **Cumulative Reserve Fund**, which is designated for maintenance of the transportation system
- The City's share of the **state gas tax**, which is designated for highway purposes
- The recently implemented **commercial parking** and **employee hours taxes**

Bridging the Gap Funds

Bridging the Gap is a voter-approved nine-year funding plan for transportation maintenance, pedestrian, transit and bicycle projects. A total of over half a billion dollars will be raised through:

- An increase in the **property tax levy lid**
- A **commercial parking tax**
- An **employee hours tax**

Although these funds are considered to be local funds, there is a list of specific projects and programs the voters expect to be funded by the plan. In large part, Bridging the Gap makes up for the vehicle licensing fees and street utility tax revenues that are no longer collected. Figure 24 shows the level of local

transportation funds since 1995 and the effect of Bridging the Gap funds in 2007, the first year of the program.

Grant Funds

Grant funds are available from the Federal and State governments for the construction and maintenance of roadways. Historically, Seattle has secured between \$20 million and \$40 million in grant funds annually. SDOT maintains a grant match reserve fund to provide a local match for potential new grants. Projects that are candidates for grant funds must be competitive against the granting agency's criteria, which have specific areas of emphasis, such as accident reduction, pedestrian safety, etc.

Partnership Funds

Occasionally there are projects from cooperating agencies or departments that can help fund and implement City transportation improvements. Proposed extensions of Sound Transit light rail or highway projects by WSDOT may offer opportunities to incorporate recommendations from this report. Work conducted by other City departments in the rights-of-way (e.g., Seattle Public Utilities, Seattle City Light) may offer similar opportunities.

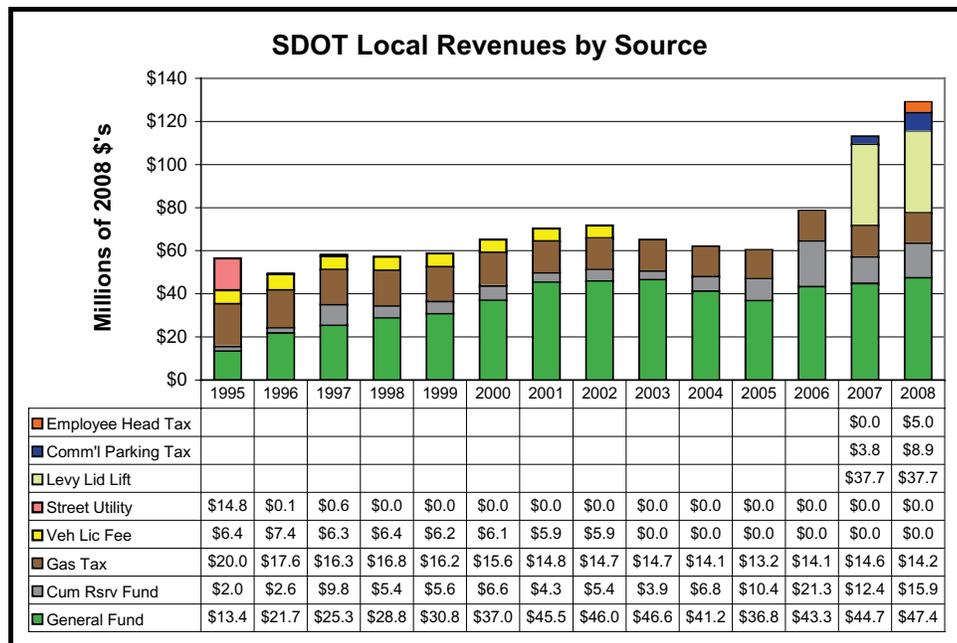


Figure 24. Local Funding Sources

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Potential Transportation Funding Sources

Other Potential Sources

The **Washington State Legislature** has approved a number of revenue sources that, with voter approval, can be used to fund transportation improvements. These revenue sources vary with regards to whether they are available on a regional, countywide or citywide basis.

Local Option Fuel Tax can be implemented on a county level only and would be restricted to roadway projects. With voter approval, an additional 10% of the statewide fuel tax could be collected.

Local Option Vehicle License Fee can be set up within a citywide or countywide Transportation Benefit District. Funds may be used for a variety of transportation projects. With voter approval, up to \$100 per vehicle can be collected annually under this fee.

Transportation Impact Fees can be applied to an entire city or targeted to a sub-area to help address the traffic impacts related to new development.

Revenue Forecasts

A review of existing and potential funding sources highlights the variability and uncertainty involved with City transportation revenues. Forecasts through the horizon year 2030, therefore, must make clear the assumptions used and identify a range of potential SDOT transportation revenues to provide a reasonable framework for setting future expectations.

Assumptions

Key assumptions for this analysis include:

- Expiration/renewal of Bridging the Gap funds: This analysis presents one scenario where Bridging the Gap is discontinued after the initial nine years (2015) and a second scenario that assumes the continuation of funding for an additional nine years (thru 2024)
- Existing funding levels for SDOT programs based on the City's 2007-2012 Capital Improvement Plan
- Continuation of grant funding and appropriations at \$20 million per year
- Funding for major projects, such as the Alaskan Way Viaduct, is not included

City Funding

A total range of \$2.2 billion to \$3.1 billion is projected to be available between 2008-2030 for constructing, operating and maintaining the City's transportation system. The lower figure assumes expiration of Bridging the Gap in 2015, while the larger figure assumes it is renewed for another nine years.

The majority of this funding is anticipated to be spent on operations and maintenance activities; only a portion of the total funds would be available for new projects, such as those recommended in SETS. A small portion of maintenance funding could be assumed to be able to implement improvement projects, such as when a pavement resurfacing project could stripe a new bike lane.

SDOT Project Selection Process

Upon identifying a range of potential future revenues to implement transportation improvements citywide, it is important to understand how project recommendations are prioritized and which programs are most likely to be responsible for implementation.

Capital Improvement Program (CIP)

Each year, the City updates its six-year capital budget (CIP) to identify likely funding sources for the highest priority projects and programs within forecasted revenue. While the CIP identifies potential funding over a six-year period, funding is only committed when the City Council adopts the annual budget.

Within the CIP, a significant amount of funding is dedicated to annual operational programs which in turn fund the majority of small-scale projects, such as bicycle improvements or traffic calming measures. The remainder of the CIP funding is targeted to individual large-scale capital projects. SDOT uses the following multi-step process to prioritize projects for inclusion in the CIP:

Step 1. Identification of Transportation Needs.

SETS will be one of many sources that identifies projects (and programs) to address existing and future transportation needs in Seattle. Other sources include SDOT's existing backlog of major maintenance and replacement projects, projects in the current CIP that require additional funding, projects from other planning studies, projects identified by operational program managers, and projects developed in coordination with partner agencies, such as WSDOT, Sound Transit, and King County Metro.

Step 2. Initial Rating of Projects.

Each project is evaluated and rated on its merits using criteria that reflect the City's Comprehensive Plan goals:

- Safety
- Preserving and maintaining infrastructure
- Cost effectiveness or cost avoidance
- Mobility improvement
- Economic development
- Comprehensive Plan/Urban Village land use strategy
- Improving the environment

SETS projects were evaluated using these categories to help determine how well the projects for Southeast Seattle meet the criteria.

Step 3. Prioritizing Projects for Implementation.

After projects are rated based on their ability to further City goals, the projects' overall priority ranking is established using the following considerations:

- Funding availability
- Interagency coordination
- Geographic balance
- Constituent support

Other SDOT Programs

While the above discussion describes how individual projects are prioritized within the six-year CIP, other SDOT programs such as the Pedestrian and Bicycle Program, Traffic Signals, Neighborhood Traffic Calming, Arterial Traffic Operations, and Parking Management have also designed their own criteria and prioritization system for ranking and implementing small-scale improvements. The prioritization systems parallel the one used for the CIP in that after needs identification, they are rated on their ability to meet various City goals and then are prioritized based on a second set of considerations to maximize funding leveraging opportunities and ensure equity across the City. These programs will utilize appropriate project recommendations from SETS to develop their annual work programs.

Modal Plans

The City's **Bicycle Master Plan (BMP)** will guide funding for bicycle projects throughout the City. SETS further defines recommendations from the Bicycle Master Plan and completes the analysis of projects and areas where additional analysis was called for. Bicycle elements of SETS will be implemented through funding opportunities identified in the BMP including:

- General Fund
- Bridging the Gap funding
- Bicycle Grant Matching funds
- Bicycle Spot Improvement Program

Similarly, the **Seattle Pedestrian Master Plan** will be prepared in 2008 and will likely prioritize and set aside funding for implementing pedestrian projects throughout the city. SETS includes a number of pedestrian improvements which can be rolled into the plan's project recommendations.

In addition, there may be opportunities where SDOT can leverage City resources by collaborating with other area projects. For example, Seattle City Light's underground utility work or Seattle Public Utilities low-impact development program may provide an opportunity to complete a SETS project.

Conclusion

As this chapter describes, there is a range of potential SDOT transportation revenues that may be available to implement projects over the next 23 years. A total of \$2.2 billion to \$3.1 billion (2008 dollars) is projected to be available over the 2008-2030 period for constructing, operating, and maintaining the City's entire transportation system.

With a host of transportation maintenance needs city-wide, it will be a tall - but certainly feasible - challenge to implement all of the SETS recommendations by 2030. The finance description included in the preceding pages estimates future revenues that may be available for SETS implementation, while at the same time acknowledging the uncertainty involved in predicting future funding levels. Revenue streams are dependent on the health of the national and local economies, renewal of current local levies such as Bridging the Gap, and national and state policies as they affect grant programs. These variables all determine the amount of funding that will ultimately be available to implement recommended projects from the Southeast Transportation Study (SETS).