

Section

4

Finance & Implementation

## Finance & Implementation



A major challenge in moving forward with the *University Area Transportation Action Strategy* is to work to ensure that the recommended projects can be implemented by 2030. The *Action Strategy* requires approximately \$20.5 million to complete all of the Early Implementation, High and Medium Priority projects; and an additional \$16.5 million to complete the Montlake Blvd and Pacific St HOV Partnership projects. These figures do not include the costs of the recommended improvements to I-5, as these projects will have to be led and principally funded by WSDOT.

### Prioritization & Funding

To successfully meet this financial challenge, SDOT must have a mechanism in place for moving the *Action Strategy* recommendations from the early planning stage, through project design development, and finally towards construction. 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 needs to 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 resources; forecast the potential and feasible funding levels available for City transportation projects; and be based on accurate project cost estimates.

## Existing & 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 10** shows historic transportation funding sources since 1995.

### 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, the cumulative reserve fund, the City's share of the state gas tax and 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, and a business transportation 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 11** 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.

### Other Funding Sources

**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 and partnership opportunities. 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** could be used for projects that will be coordinated and partially funded through cooperation with a partnering agency. The proposed SR 520 Bridge Replacement Project may provide an opportunity to integrate the *Action Strategy's* recommendations with the State's bridge replacement program. Projects such as the Montlake or Pacific HOV lanes could have significant benefits to the operation of transit or carpool lane on the SR 520 Bridge, which may create an opportunity for moving forward as partnership projects.

Figure 10. Local and Grant Funds

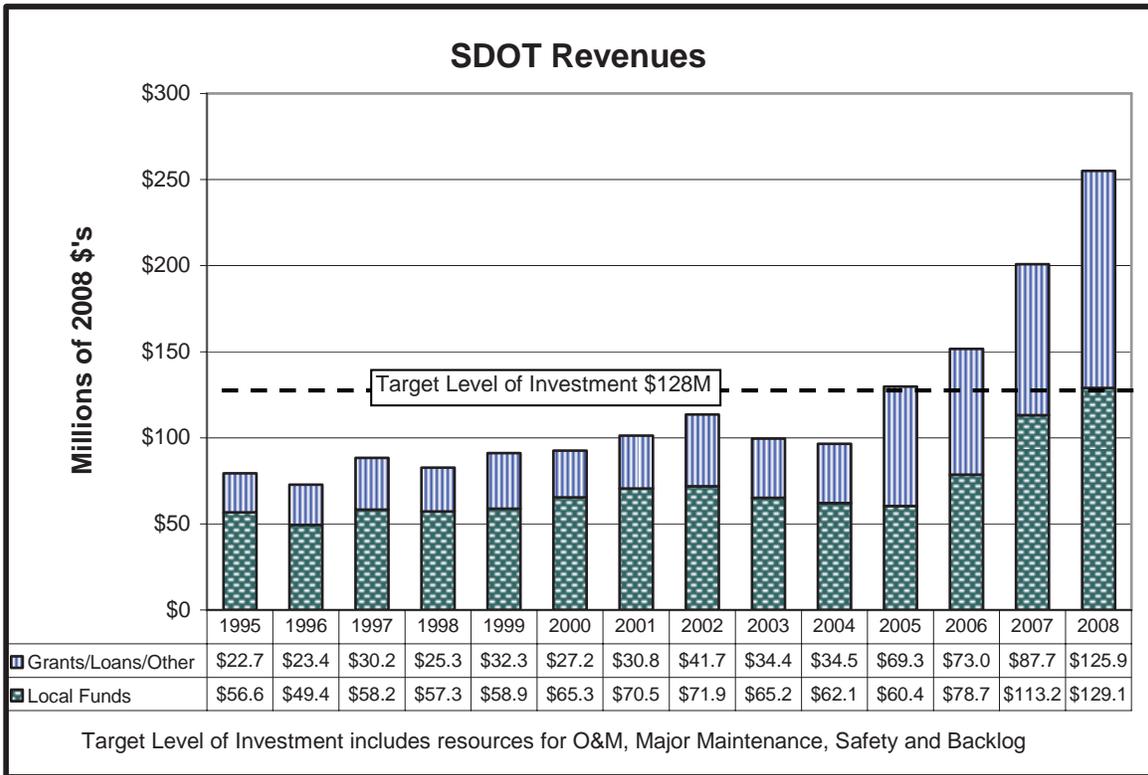
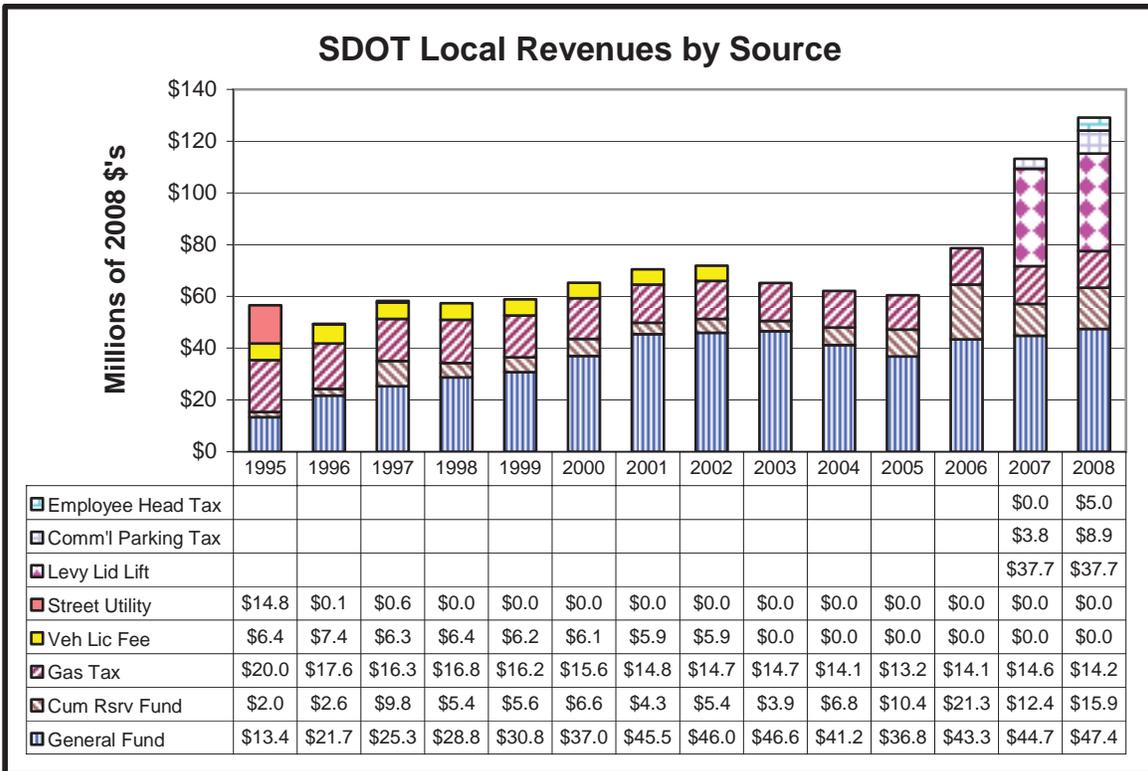


Figure 11. Local Funding Sources



### Private Development

The *Action Strategy* includes sufficient analysis to create a voluntary **Transportation Mitigation Payment Program**. This program would give developers an option to contribute towards the construction of a set of University Area projects, in lieu of directly funding off-site improvements mitigation as part of the State Environmental Protection Act (SEPA) requirements. The Mitigation Payment Program may be attractive to developers because of its potential to simplify the permitting and mitigation process. Developers, however, would still be required to mitigate the on-site impacts of their projects by such actions as building frontage improvements (e.g. new sidewalks).

### 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.

**Regional Transportation Improvement District funding** can be a combination of sales tax, fuel tax, licensing fee or a motor vehicle excise tax that can be used to fund new projects that benefit regional mobility. It can be implemented only at a regional level. To qualify, projects of regional significance would be competitively placed into a ballot measure and submitted to the voters for approval. Of the *Action Strategy* recommendations, the partnership projects would be the most likely to be funded with this type of funding.

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

**Local Option Vehicle License Fees** can be set up within a city-wide 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 sub-area to address the traffic impacts related to development activities.

### SDOT Project Selection Process

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.

### Capital Improvement Program (CIP)

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.** The *Action Strategy* 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 those 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

*Action Strategy* projects were evaluated using these categories to help determine how well each of the projects for the University Area meet these 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 leveraging opportunities and ensure equity across the City. These programs will utilize appropriate project recommendations from the *Action Strategy* to develop their annual work programs.

## Modal Plans

The City's **Bicycle Master Plan** will guide funding for bicycle projects throughout Seattle. The *Action Strategy* 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 the *Action Strategy* will be implemented through funding opportunities identified in the Master Plan, 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. The *Action Strategy* 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 Public Utilities stormwater management projects or Seattle City Light's spot utility work may provide opportunities to also help complete an *Action Strategy* project.

In order to implement the full range of recommendations in the *University Area Transportation Action Strategy*, projects must be prioritized within the CIP and various City programs and a host of funding sources must be explored to move each project towards implementation.

**Summary** As this section describes, there is a range of potential SDOT transportation revenues that may be available for 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 transportation system.

Key assumptions for this analysis include:

- Full implementation of Bridging the Gap funds over the next nine years. The analysis presents one scenario where Bridging the Gap is discontinued after the initial nine years (\$2.2 billion) and a scenario that assumes the continuation of funding for another nine years (\$3.1 billion)
- 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

The funding analysis included in the preceding pages estimates future revenues that are potentially available for *Action Strategy* project 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 policy as it directs grant programs. These variables all determine the amount of funding that will ultimately be available to implement the projects recommended in the *University Area Transportation Action Strategy*.

