

## Overview and Initial Issues Identification SDOT / Transportation Operating Fund

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**Table 1: Budget Overview**

| Expenditures               | 2014<br>Adopted               | 2015<br>Proposed   | Change<br>'14-'15 | 2016<br>Proposed   | Change<br>'15-'16 |
|----------------------------|-------------------------------|--------------------|-------------------|--------------------|-------------------|
| Mobility-Operations        | 39,823,525                    | 41,877,289         | 5%                | 32,919,588         | (21%)             |
| Street Maintenance         | 21,553,681                    | 25,168,928         | 17%               | 26,278,951         | 4%                |
| Bridges & Structures       | 9,044,244                     | 8,835,533          | (2%)              | 8,042,234          | (9%)              |
| Engineering Services       | 1,633,142                     | 1,467,371          | (10%)             | 1,492,775          | 2%                |
| ROW Management             | 19,842,865                    | 24,176,824         | 22%               | 18,379,222         | (24%)             |
| Urban Forestry             | 4,644,740                     | 4,825,767          | 4%                | 3,431,585          | (29%)             |
| Department Management      | 1,624,271                     | 1,941,863          | 20%               | 113,079            | (94%)             |
| General Expense            | 32,866,203                    | 27,294,309         | (17%)             | 30,935,097         | 13%               |
| <b>Total O&amp;M BCL's</b> | <b>131,032,671</b>            | <b>135,587,884</b> | <b>3%</b>         | <b>121,592,531</b> | <b>(10%)</b>      |
| Mobility-Capital           | 54,509,442                    | 64,688,870         | 19%               | 41,217,198         | (36%)             |
| Major Maint/Replacement    | 51,170,007                    | 42,678,798         | (17%)             | 33,422,000         | (22%)             |
| Major Projects             | 171,917,004                   | 186,480,291        | 8%                | 145,084,618        | (22%)             |
| <b>Total Capital BCL's</b> | <b>277,596,453</b>            | <b>293,847,959</b> | <b>6%</b>         | <b>219,723,816</b> | <b>(25%)</b>      |
| <b>Total Expenditures</b>  | <b>408,629,124</b>            | <b>429,435,843</b> | <b>5%</b>         | <b>341,316,347</b> | <b>(21%)</b>      |
| Total FTE's                | Listed 758.5<br>Revised 785.5 | 792.5              | 0.9%              | 795.5              | 0.4%              |

  

| Revenues                    | 2014<br>Adopted    | 2015<br>Proposed   | Change<br>'14-'15 | 2016<br>Proposed   | Change<br>'15-'16 |
|-----------------------------|--------------------|--------------------|-------------------|--------------------|-------------------|
| General Fund Support        | 41,253,066         | 42,546,115         | 3%                | 45,242,662         | 6%                |
| School Zone Camera Funds    | 7,088,500          | 8,524,411          | 20%               | 6,217,212          | (27%)             |
| Taxes                       | 88,010,701         | 95,113,754         | 8%                | 53,176,345         | (44%)             |
| Seawall/CWF Levy (Proceeds) | 78,000,000         | 134,700,000        | 73%               | 78,103,000         | (42%)             |
| Bonds                       | 28,378,000         | 15,633,371         | (45%)             | 33,819,000         | 116%              |
| Fees                        | 7,851,309          | 8,002,427          | 2%                | 7,256,441          | (9%)              |
| Charges for Service         | 60,112,445         | 29,266,125         | (51%)             | 28,918,610         | (1%)              |
| Grants                      | 57,461,691         | 20,571,961         | (64%)             | 66,790,835         | 225%              |
| Property Sales              | 1,976,527          | 24,217,045         | 1,125%            | 7,850,679          | (68%)             |
| Transfers - Other Funds     | 32,290,888         | 32,177,831         | (0%)              | 24,236,000         | (25%)             |
| Use of Fund Balance         | 6,205,997          | 18,682,803         | 201%              | (10,294,437)       | (155%)            |
| <b>Total Revenues</b>       | <b>408,629,124</b> | <b>429,435,843</b> | <b>5%</b>         | <b>341,316,347</b> | <b>(21%)</b>      |

## **Introduction:**

The Seattle Department of Transportation (SDOT)'s budget increases by 5% in the 2015 Proposed Budget, and decreases by 21% in the 2016 Proposed Budget. New initiatives in 2015 are funded primarily from increased Commercial Parking Tax (CPT), street vacation, and school-zone camera revenues, or are recovered through the street use cost center. Aside from baseline increases and city-wide cost adjustments, the Proposed Budget assumes no new General Subfund revenue.

The reduction in 2016 is largely due to the lapse of the Bridging-the-Gap property tax levy, which will reduce support for operations and maintenance programs (\$13M) and capital programs (\$30M). Most of the remaining 2016 reductions reflect planned lower capital spending, particularly for the Major Projects BCL, which is \$41M lower in 2016 and includes the Alaskan Way Main Corridor, Elliott Bay Sewall, and Mercer West Corridor projects.

The Proposed Budget includes 7 new positions in SDOT in 2015. Two of these positions are supported by street use fees, one position is supported by school camera funds, and four positions related to the new Office of the Waterfront are funded with existing resources. An additional 3 new position are proposed for 2016. Two of these positions are funded with CPT revenues and reimbursements from Seattle Public Utilities, and one position is supported by street use fees. The proposed budget also reflects a baseline adjustment of an additional 27 FTE, which were previously authorized by supplemental budget and stand-alone legislation. CBO has provided Central Staff with a detailed list of these previously authorized positions.

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## 1. Bicycle Master Plan implementation (Lindsay)

The 2015 proposed budget increases Bicycle Master Plan (BMP) capital and operating expenditures by \$1.4M. With respect to capital expenditures, the proposed budget increases funding for the Bicycle Master Plan Implementation CIP project (TC366760) by about \$800,000. The proposed increase funds improvements related to the City Center Protected Bicycle Lanes (PBL) along 2<sup>nd</sup> and 4<sup>th</sup> Avenue. The proposed budget also increases funding for operating expenditures by \$600,000 for expansion of the Bike Share program. The 2016 proposed budget does not include any additional funding for BMP implementation.

The 2015 base budget includes \$11M in capital expenditures for BMP projects and programs. The proposed budget includes \$1.4M in increases resulting in a total of \$12.4M in BMP expenditures for 2015. Table 2 summarizes the baseline budget and proposed budget increases for 2015.

The recently released BMP Implementation Plan indicates that an additional \$7.9M in unspent 2014 appropriations have carried forward for the Bike Master Plan Implementation CIP in 2015. Including projected grant funding and carry forward appropriations, anticipated BMP expenditures for 2015 are about \$21.6M. Table 3 describes 2015 BMP spending including the proposed budget, past appropriations, and anticipated grants.

Table 2: 2015 Bicycle Master Plan Budget Summary

|                              | <b>Bike Master Plan Implementation (TC366760)</b> | <b>BMP Other CIP Projects</b> | <b>BMP O&amp;M Programs (Bike Share)</b> | <b>Total</b> |
|------------------------------|---|-------------------------------|--|--------------|
| <b>2015 Baseline Budget</b>  | \$5.7M  | \$5.3M                        | \$0                                      | \$11.0M      |
| <b>2015 Proposed Changes</b> | \$0.8M  | \$0                           | \$0.6M                                   | \$1.4M       |
| <b>2015 Proposed Budget</b>  | \$6.5M  | \$5.3M                        | \$0.6M                                   | \$12.4M      |

Table 3: 2015 Bicycle Master Plan Spending Summary

|  | <b>Bike Master Plan Implementation (TC366760)</b> | <b>BMP Other CIP Projects</b> | <b>BMP O&amp;M Programs (Bike Share)</b> | <b>Total</b> |
|--|---|-------------------------------|--|--------------|
| <b>2015 Proposed Budget</b>              | \$6.5M  | \$5.3M                        | \$0.6M                                   | \$12.4M      |
| <b>2014 Carry Forward Appropriations</b> | \$7.9M  | \$0                           | \$0                                      | \$7.9M       |
| <b>2015 Grants</b>                       | \$0.9M  | \$0                           | \$0.4M                                   | \$1.3M       |
| <b>2015 Planned Spending</b>             | \$15.3M   | \$5.3M                        | \$1.0M                                   | \$21.6M      |

The 2016 proposed budget does not include any additional spending for BMP improvements. There is about \$4.7M in capital spending included in the baseline for capital projects and \$3.1M in anticipated supporting grants. Total anticipated spending for 2016 is \$7.8M representing a 64% decrease in comparison to 2015 spending. The decrease is largely a result of the funding gap caused by the expiration of the Bridging the Gap levy in 2015, and no assumed carry forward into 2016. Tables 4 and 5 summarize the budget and spending for BMP in 2016.

**Table 4: 2016 Bicycle Master Plan Budget Summary**

|                              | <b>Bike Master Plan Implementation (TC366760)</b> | <b>BMP Other CIP Projects</b> | <b>Total</b> |
|------------------------------|---|-------------------------------|--------------|
| <b>2016 Baseline Budget</b>  | \$2.3M  | \$2.4M                        | \$4.7M       |
| <b>2016 Proposed Changes</b> | \$0   | \$0                           | \$0          |
| <b>2016 Proposed Budget</b>  | \$2.3M  | \$2.4M                        | \$4.7M       |

**Table 5: 2016 Bicycle Master Plan Spending Summary**

|                              | <b>Bike Master Plan Implementation (TC366760)</b> | <b>BMP Other CIP Projects</b> | <b>Total</b> |
|------------------------------|---|-------------------------------|--------------|
| <b>2016 Proposed Budget</b>  | \$2.3M  | \$2.4M                        | \$4.7M       |
| <b>2016 Grants</b>           | \$0   | \$3.1M                        | \$3.1M       |
| <b>2016 Planned Spending</b> | \$2.3M  | \$5.5 M                       | \$7.8M       |

In the past, spending provided a convenient metric to assess the City’s progress related to BMP implementation, but there may be other indicators that demonstrate progress relative to the plan. Annual expenditures quantify the City’s financial investment in BMP projects over time, but do not necessarily reflect the extent of physical progress in BMP implementation. In SDOT’s recent presentation to the Council, SDOT staff indicated that lane miles are one of the key measures defining BMP implementation and progress. In terms of investment, variations in topography and the built environment mean that not all lane miles are equivalent, but lane miles remain a reasonable expression of the physical BMP network and a reliable baseline to measure progress. Going forward, Council may want to consider SDOT’s success in delivering lane miles as a supplemental metric to measure BMP progress relative to plan.

**Options:**

- A. No action -- Approve the Mayor’s proposal and focus on both implementation of lane miles and spending as key indicators of BMP progress.
- B. Identify additional funding to accelerate existing BMP projects.

## **2. Bike Share Expansion (Chow)**

The 2015 Proposed Budget includes \$600,000 of commercial parking tax to expand the Bike Share program into the Central District, Yesler Terrace, and Chinatown/International District. SDOT has also applied for a \$400,000 CMAQ/STP grant for this work. Together, these funds provide for the capital cost and installation of 12-15 additional bike stations. This proposal takes advantage of system efficiencies by expanding into areas adjacent to the Downtown core service area. Council may want to pursue other means of expanding bike share access to vulnerable and historically disadvantaged populations, such as support for a community-based planning process that explores expansion into Southeast Seattle.

### **Options:**

- A. Provide additional resources to explore expansion of bike share to Southeast Seattle.
- B. No action.

## **3. Heavy Haul Corridor (Lindsay)**

SDOT is working with the Port of Seattle to implement upgrades for a heavy haul corridor to facilitate movement of oversize container loads between the Port of Seattle and the intermodal rail yards. Primarily focused on paving, the project proposes to strengthen roadways along the corridor to a specific heavy haul standard. Operationally, vehicles with overweight loads would be issued permits to utilize the specified route. Similar facilities are in use among major port cities around the country such as Long Beach, Los Angeles, and Tacoma. Developing a heavy haul corridor helps Seattle maintain competitiveness in its port operations.

The Mayor's budget proposes \$1.5M in 2016 to fund design and to leverage additional resources to help fund heavy haul improvements. There is currently not a designated heavy haul route fitting the Port of Seattle's desired specifications. Since the specific corridor routing has not been determined, the scope and geographic breadth of the project is unknown. The Port of Seattle has not committed financially to the project but has discussed assisting with finding additional funds. SDOT has also indicated that the city would take on recurring costs related to an enforcement role requiring additional staff and capital purchases to issue permits and cite violators on streets not designated for heavy haul traffic.

### **Options:**

- A. Impose a proviso stating that the proposed \$1,500,000 in 2016 cannot be used for construction and can only be used for design purposes.
- B. No action – approve the Mayor's proposal.

#### **4. Seattle Summer Streets (Chow)**

The SDOT Summer Streets program allows for short-term closures of arterial streets to allow for broader community use and celebration of these public spaces. These events typically engage community organizations in providing art, music, dance, crafts, non-motorized travel, and other community uses. The program currently supports four events a year, with total yearly attendance of approximately 30,000 attendees and 400 participating organizations. The current program costs \$48,520 to run all four existing events, or approximately \$12,130 each.

The proposed budget includes an additional \$323,520 in both 2015 and 2016, utilizing Commercial Parking Tax revenues. Of this increase, \$300,000 provides for an additional four events, following the model of Portland's "Sunday Parkways" program. These new events would be significantly more expensive to run and are expected to cost \$75,000 each and reflect a 600% increase in the program budget. The new events would impact multiple roadways and focus on larger loop routes that connect parks, business districts, and other community events. The remaining \$23,520 reflects an existing budget gap which SDOT has previously filled through fundraising.

Council may wish to redirect some or all of this funding to other transportation priorities.

##### **Options:**

- A. Maintain the current Summer Street calendar of 4 events a year and reduce the Proposed Budget by \$300,000 to support other Council transportation priorities.
- B. Reduce the number of new events, and reduce the Proposed Budget accordingly. Each new event costs \$75,000.
- C. No action – approve the Mayor's proposal.

#### **5. Fautleroy Way SW Green Boulevard (Chow)**

The Fautleroy Way SW Green Boulevard project provides for pedestrian, bicycle, and street design improvements along Fautleroy Way SW, between 35<sup>th</sup> Ave SW and SW Alaska St. The project design includes a raised median, 6-foot wide sidewalks, protected bike lanes, street lighting and other safety improvements. Last year, Council added \$1.3M to continue design work on this project in the 2014 Adopted Budget, and the project is now at 60% design.

The 2015 Proposed Budget includes \$500,000 to complete 100% design on the project by 2Q 2015, but it does not include construction funding. The current construction cost estimate for the project is approximately \$13M, based on the 60% design. This estimate does not include undergrounding of Seattle City Light (SCL) distribution lines, which could add between \$6M to \$11M to the project. If undergrounding of SCL facilities was included in the project scope, Council staff anticipates that 60% of the additional undergrounding cost would be paid by SCL's ratepayers, while the remaining 40% would be added to the transportation project cost.

Depending on project sequencing and phasing, SDOT estimates that construction could take between 9 months and 2 years. Council may wish to consider options for funding construction of this project.

**Options:**

- A. Reprioritize existing transportation funding in the proposed 2015-2016 budgets to fund some or all of the \$13M needed for construction.
- B. Debt finance all, or a portion, of the project. Debt service on \$13M for 20 years at 5% interest would be approximately \$1M/year.
- C. Complete design and wait for future funding opportunities, which could include potential renewal of the Bridging the Gap levy. Approve the Proposed Budget.

**6. Transportation Impact Fee Evaluation (Chow)**

In recent years, a number of Washington cities (e.g. Bellevue, Kirkland, Shoreline) have enacted transportation impact fees to help address the additional transportation demands of growth. Under the Growth Management Act, impact fees may be imposed for improvements that are reasonably related to new development and reasonably benefit the new development.

Council may want to provide resources to study this issue in 2015. Consultant and staff resources could be used to develop an impact fee proposal, provide the transportation analysis on which to base the proposal, and support public outreach and engagement on the proposal.

**Options:**

- A. Provide \$300,000 in Finance General for evaluation and development of a transportation impact fee proposal. Request that the Executive develop a work plan for this funding and present to Council by February 28, 2015
- B. No action.

**7. Night-Owl Bus Service (Chow)**

As part of King County Metro's (Metro) September service change, the City agreed to fund the continued operation of Night-Owl bus service on the routes 82, 83, and 84 through February 2016. Together, these 3 routes provide six late night trips and cost \$553,000 per year. Council may wish to consider additional purchases of Night-Owl service or other routes from Metro.

It may be worth noting that the Seattle Transportation Benefit District (STBD) has placed an initiative on the November 4<sup>th</sup>, 2014 ballot. If passed, the STBD initiative would implement a 0.1% sales tax and a \$60 vehicle license fee to raise approximately \$45M a year for transit service in Seattle.

**Options:**

- A. Increase funding to purchase additional bus service from Metro.
- B. No action.

**8. Mercer Adaptive Traffic Signal Control (Chow)**

As part of the Mercer Corridor project, SDOT is installing signal detection, controller, and communication equipment to support the future deployment of an adaptive traffic signal control (ATSC) system. This new system will eventually allow traffic signals to adjust to changing congestion patterns in real time. SDOT currently lacks funding for start-up and operation of the ATSC system, including the funding for a central server and central operating station.

**Options: TBD**

Council staff is exploring this issue with SDOT to understand the plan for ATSC deployment, and to identify the potential benefits, costs, and feasibility of early ATSC deployment in the Mercer Corridor.

**9. Related Budget Legislation**

**a. Streetcar Capital Interfund Loan Extension**

The Mayor has proposed budget legislation to extend the term of the South Lake Union Streetcar Capital interfund loan to December 31, 2016. The current loan expires on December 31, 2014 and has an outstanding balance of \$5M. This issue was addressed in a separate budget issue paper and discussed with Council on Wednesday, October 22<sup>nd</sup> (Sund).

**b. LTGO Bonds**

The Proposed Budget includes \$15.6M of 2015 Limited Term General Obligation (LTGO) bonds for SDOT projects. Council staff do not have concerns with the proposed SDOT funding in the LTGO bond legislation. SDOT's financial plan anticipates a \$33.8M LTGO bond sale in 2016.

In past years, SDOT carried significant amounts of unused bond proceeds from year to year, which was of concern to Council. SDOT has reduced this balance in recent budgets and projects to have \$10.2M in unspent bond proceeds by year-end 2014.

|                             |             |             |             |             |                        |
|-----------------------------|-------------|-------------|-------------|-------------|------------------------|
| <i>Cumulative SDOT</i>      | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u>            |
| <i>Unused Bond Proceeds</i> | \$91.2M     | \$110.8M    | \$65.3M     | \$24.3M     | \$10.2M<br>(projected) |



## 10. Other Items That May Not Warrant Analysis as “Issues”

### **a. Construction Coordination/Access Seattle**

The Proposed Budget increases support for the Access Seattle program, which seeks to manage and coordinate transportation impacts in areas of the city experiencing multiple simultaneous private and public construction projects. The proposed budget adds 2 positions and creates a Construction Coordination Command Center to consolidate the Urban Forestry, Traffic, Roadway, and Street Maintenance call centers. The SDOT proposal is funded through street use fees. The Office of Economic Development has a related Access Seattle proposal to add a business liaison position, supported by the General Subfund.

### **b. Street Use Cost Center**

The Proposed Budget includes \$200,000 for a consultant review and rebuild of the street use rate model. This work is expected to lead to changes in the Street Use Cost Center for the 2016 budget cycle. The Proposed Budget also includes funding for temporary staffing to handle the increased demand and workload in the Applicant Services Team and the Public Space Management Program in 2015.

### **c. Transit Division**

SDOT is consolidating existing staff working on transit issues into a new Transit Division. This division will focus on policy development, planning, and managing relations with service providers, including bus, light rail, streetcar, and “last mile” services (bike share and ride share).

### **d. Office of the Waterfront**

The Proposed Budget creates the Office of the Waterfront within the Director’s Office Program of the Department Management Budget Control Level. This proposal uses existing appropriations, and adds 4 new positions for the office. Two of these positions were created as emergency positions earlier this year. The Central Waterfront Project was presented as a separate budget item on Wednesday, October 22<sup>nd</sup> (Lester, McConaghy).

### **e. Center City Streetcar Funding**

Consistent with last year’s CIP, the Proposed CIP includes \$4M of funding for continued design of the Center City Streetcar in 2015. With these 2015 appropriations, the City will have identified a total of \$7.7M for this project to complete design. No additional resources have been identified in the CIP beyond 2015. The current estimate for the full development costs of the Center City Streetcar is \$110M. SDOT intends to pursue an FTA Small Starts grant of up to \$75M to support construction of this project. The annual operations and maintenance costs for operating a contiguous center city streetcar line (including First Hill and South Lake Union) is approximately \$15M/year.