

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

Staff: Dan Eder & Mike Fong
Date Prepared: 10/15/10

Expenditures & Revenues

	2009 Actuals	2010 Adopted Budget	2011 Proposed Budget	% Change 2010 to 2011	2012 Proposed Budget	% Change 2011 to 2012
Expenditures by BCL						
1 Major Projects	\$84,880,000	\$75,177,000	\$105,134,000	39.8%	\$117,105,000	11.4%
2 Major Maint./Repl.	\$51,280,000	\$84,847,000	\$56,783,000	-33.1%	\$47,165,000	-16.9%
3 Mobility-Capital	\$45,080,000	\$37,335,000	\$34,030,000	-8.9%	\$22,603,000	-33.6%
<i>Subtotal Capital</i>	<i>\$181,240,000</i>	<i>\$197,359,000</i>	<i>\$195,947,000</i>	<i>-0.7%</i>	<i>\$186,873,000</i>	<i>-4.6%</i>
4 Mobility-Operations	\$36,297,000	\$35,113,000	\$37,304,000	6.2%	\$38,079,000	2.1%
5 Street Maintenance	\$25,085,000	\$28,246,000	\$30,294,000	7.3%	\$31,366,000	3.5%
6 ROW Management	\$10,476,000	\$11,304,000	\$12,135,000	7.4%	\$12,537,000	3.3%
7 Bridges & Structures	\$7,182,000	\$7,245,000	\$7,646,000	5.5%	\$7,928,000	3.7%
8 Urban Forestry	\$4,150,000	\$4,371,000	\$4,103,000	-6.1%	\$4,245,000	3.5%
9 Engineering Services	\$1,900,000	\$2,280,000	\$2,126,000	-6.8%	\$2,146,000	0.9%
<i>Subtotal Operations</i>	<i>\$85,090,000</i>	<i>\$88,559,000</i>	<i>\$93,608,000</i>	<i>5.7%</i>	<i>\$96,301,000</i>	<i>2.9%</i>
10 General Expense	\$16,908,000	\$20,782,000	\$22,787,000	9.6%	\$31,954,000	40.2%
11 Department Mgmt	\$3,599,000	\$3,497,000	\$922,000	-73.6%	\$876,000	-5.0%
<i>Subtotal Administrative</i>	<i>\$20,507,000</i>	<i>\$24,279,000</i>	<i>\$23,709,000</i>	<i>-2.3%</i>	<i>\$32,830,000</i>	<i>38.5%</i>
Total Expenditures	\$286,837,000	\$310,198,000	\$313,263,000	1.0%	\$316,001,000	0.9%
Total FTEs	798.5	790	765	-3.2%	765	0.0%
Revenues SDOT						
1 General Subfund & Gas Tax	\$52,830,000	\$52,064,000	\$49,852,000	-4.2%	\$51,402,000	3.1%
2 Cum Reserve Subfund	\$9,139,000	\$7,656,000	\$5,383,000	-29.7%	\$3,774,000	-29.4%
3 BTG Levy, CPT & EHT	\$63,077,000	\$60,989,000	\$62,528,000	2.5%	\$64,036,000	2.4%
4 Grants, Bonds, Other	\$164,112,000	\$189,489,000	\$177,276,000	-6.4%	\$174,627,000	-0.9%
<i>Subtotal Base Revenues</i>	<i>\$289,158,000</i>	<i>\$310,198,000</i>	<i>\$295,039,000</i>	<i>-4.9%</i>	<i>\$293,839,000</i>	<i>0.0%</i>
5 New 7.5% CPT			\$14,824,000	n/a	\$15,362,000	3.6%
6 New \$20 VLF			\$3,400,000	n/a	\$6,800,000	100.0%
<i>Subtotal New Revenues</i>			<i>\$18,224,000</i>	<i>n/a</i>	<i>\$22,162,000</i>	<i>21.6%</i>
Total SDOT Revenues	\$289,158,000	\$310,198,000	\$313,263,000	1.0%	\$316,001,000	0.9%

Introduction:

Seattle Department of Transportation (SDOT)'s base revenues in the proposed 2011 budget will decrease by 4.9% or approximately \$15 million compared to 2010 Adopted Budget levels. However, the Mayor's proposed 2011 budget more than offsets the decreasing base revenues because it includes \$18 million in proposed new revenues that would come from a 17.5% Commercial Parking Tax and a \$20 Vehicle License Fee (through the Seattle Transportation Benefit District). The proposed 2011 budget would abrogate 33 SDOT positions and add 5 SDOT positions for a net decrease of 28 positions. Additional staff layoffs may be necessary in the event that Council does not agree with the Mayor's proposed new revenues.

SDOT's proposed budget includes \$5 million in increased 2011 spending and \$8 million in increased 2012 spending for pedestrian and bicycle infrastructure; together, this has been called the \$13 million "Walk-Bike-Ride" initiative. However, proposed spending for Walk-Bike-Ride is funded using an increment of revenues from the proposed 17.5% Commercial Parking Tax (5 percentage points above the Council-approved level of 12.5%) and from implementing a new \$20 Vehicle License Fee.

Identified Issues:

1. **CPT increase** (Eder). The Mayor's proposed budget includes \$10 million annually from an increase in the Commercial Parking Tax (CPT) beyond the rate Council has already approved.

In an August 13, 2010 budget priorities letter (**Attachment A**), Councilmembers expressed willingness to increase the Commercial Parking Tax (CPT) to a level not higher than 12.5%. In September 2010, Council acted to increase the CPT rate from 10% to 12.5% effective January 1, 2011; this will provide approximately \$5 million in additional CPT revenues annually beginning in 2011.

The Mayor's proposed budget programs the \$5 million from Council's approved 12.5% CPT. However, the Mayor's proposed budget also includes a proposal to raise the CPT to 17.5%; this higher rate would be effective January 1, 2011 and – if approved by the Council – would supersede the Council's recent action adopting a 12.5% rate. The proposed budget therefore includes a total of \$15 million in spending supported by the proposed further CPT increase. The difference between the Council approved 12.5% rate and the Mayor's proposed 17.5% rate accounts for approximately \$10 million in "added" CPT revenues.

a) Does Council intend to keep the CPT rate at current 12.5% level or increase to 17.5%?

If Council is willing to increase the CPT rate to 17.5% as proposed, then the Mayor's proposed budget is balanced. No further action is required, although staff would identify issues and propose options for Council's consideration. The list of projects and programs supported with "added" CPT is provided as **Attachment B**.

If Council is not willing to increase the CPT rate, then the Mayor's proposed budget is not balanced. Assuming no funding is available from other departments to backfill CPT revenue, the Mayor's proposed budget includes \$10 million in funding that cannot be supported with current revenues.

Option A: Increase CPT rate to 17.5% as proposed.

Option B: Keep the CPT rate at current 12.5% level; and cut \$10 million from proposed SDOT budget.

b) If Council wishes to cut \$10 million from SDOT's budget, what is the preferred approach?

If Council is not willing to increase the CPT higher than 12.5%, Council will need to cut \$10 million in added CPT revenues from the Mayor's proposed budget in 2011 and another \$10 million in 2012 to keep approved appropriations in balance with projected revenues.

Councilmembers and staff requested that SDOT prioritize its proposed budget to allow Council to make informed decisions should it wish to eliminate the added \$10 million per year in CPT revenues. However, the Executive has not provided Council with a prioritized list at this time.

The Mayor proposes to use \$10 million of added CPT revenue in 2011 and another \$10 million in 2012 to support the list of SDOT projects and programs in **Attachment B**. These projects and programs are separated into two categories: Programmatic Increases (increased funding primarily for capital projects) and Maintaining Core Services (avoided cuts in operations and maintenance staffing/activities). Following is a summary of the detail provided in **Attachment B**:

Table 1: Added CPT by Category

Category	Added CPT 2011	Added CPT 2012
Programmatic Increase	\$7.3	\$7.3
Maintaining Core Services	\$2.6	\$2.5
Total	\$9.9	\$9.8

All figures in \$millions, rounded to nearest \$100,000.

Following is a summary of these projects and programs by Budget Control Level (BCL) that are detailed in **Attachment B**:

Table 2: Added CPT by BCL

BCL	Added CPT 2011	Added CPT 2012
Bridges & Structures Total	\$0.1	\$0.1
Department Management Total	\$0.2	\$0.2
Engineering Services Total	\$0.2	\$0.2
Major Maintenance/Repair Total (Capital)	\$3.9	\$3.8
Mobility-Capital Total (Capital)	\$2.2	\$2.2
Mobility-Operations Total	\$2.4	\$2.4
Street Maintenance Total	\$0.9	\$0.9
Grand Total	\$9.9	\$9.8

All figures in \$millions, rounded to nearest \$100,000.

Staff recommends that Council eliminate all of the added CPT revenues from the proposed budget and then (if desired) consider reallocating SDOT revenues from other projects and programs to fund Council's priority projects, programs, or BCLs through a two-step process:

Step 1: Reduce SDOT's Budget Control Levels (BCLs) by the amount of added CPT revenues included in the Mayor's proposed budget – see Table 2 above.

It is the Mayor's responsibility to prioritize spending by project and program within each BCL. A cut of this magnitude will require a reduction in services and layoffs of additional SDOT staff; but a BCL-level budget cut would allow SDOT to use its expertise to maintain the highest priority services and staff functions within each affected BCL.

Council also adopts SDOT's Capital Improvement Plan including specific projects. If Council agrees with the recommendation to reduce BCLs, Council would also need to reduce 2011 appropriations in individual capital projects to match the reduction in capital BCLs.

Step 2: Councilmembers can identify any specific projects, programs, or BCLs for which they would like to restore funding in whole or in part. In order to restore funding, some other project or program (or BCL) in the proposed budget will need to be cut to balance SDOT's budget.

2. **CPT decrease** (Eder). The University of Washington and some other parking operators have requested that Council reduce or eliminate the CPT for those major institutions that use parking revenues to incentivize transit use and to reduce the number of single-occupant vehicle trips.

In September 2010, Council increased the Commercial Parking Tax (CPT) rate 12.5% for all commercial parking operators. This action increased CPT revenue projections by approximately \$5 million annually starting in 2011.

The City needs \$62 million in funding for the City's 2011 and 2012 project costs under a Memorandum of Agreement with the State of Washington for the Alaskan Way Viaduct Replacement Program (AWVRP). The City's project responsibilities include: Mercer West, Alaskan Way Central Seawall, parking program, and Alaskan Way Surface Street & Waterfront Open Space). Consistent with the intent of the majority of the Council, the Mayor's proposed budget assumes \$5 million in annual CPT revenues – the amount flowing from Council's recent CPT increase to 12.5% – is available for debt service to support \$62 million in bonds for these projects.

Option A: Maintain 12.5% CPT rate for all commercial parking operators.

Option B: Reduce CPT to 10% only for the University of Washington. The City Budget Office (CBO) estimates this would reduce CPT revenues by approximately \$500,000 per year. It appears that remaining CPT revenues will not be sufficient to support Bridging the Gap commitments (revenues from 10% CPT rate) and the

City's \$62M in 2011 and 2012 AWVRP commitments (revenues from Council's decision to increase the CPT to 12.5%).

Option C: Reduce CPT to 10% for the University of Washington and for a list of other major institutions. Staff would need direction from Council on which additional types of institutions to include. The expanded list could include the University of Washington and one or more of the following:

- a. Other public colleges;
- b. Private colleges;
- c. Hospitals;
- d. Non-profits;
- e. Public garages (e.g., Seattle's Sea-Park Garage, Seattle's Municipal Tower Garage, Seattle's Pacific Place Garage, Washington State Convention Center);
- f. Other types of institutions.

Option D: Reduce the CPT for some commercial parking operators (i.e., Option 2 or Option 3 above) *without changing the City's overall CPT revenues*. This would require an increase in the CPT rate for other operators. For instance, the City could offset the \$500,000 revenue loss from a 10% University of Washington rate (Option 2) by increasing the CPT rate by a 0.5% increment for all other operators from 12.5% rate to a new 13% rate.

3. **Vehicle Licensing Fees. (Fong)**

Background:

Through Ordinance 123397, Council created a Transportation Benefit District (TBD) that enables the TBD Governing Board (Councilmembers acting as Boardmembers) to pursue and implement several new sources of transportation revenue. Council has signaled through Resolution 31240 an interest in considering imposition of a \$20 vehicle license fee (VLF). The Mayor has assumed the revenue generated from the \$20 VLF is available to support initiatives in the proposed 2011-12 budget.

CBO and Council staff estimate that a \$20 VLF could generate \$6.8 million annually. State law requires that the Department of Licensing (DOL) begins collecting revenue six months after the date the TBD governing board acts to implement a new VLF. The Mayor's proposed budget assumes the TBD will begin collecting the VLF on July 1, 2011; and the proposed 2011 budget therefore includes a half year of VLF revenues (\$3.4 million) programmed for transportation projects in 2011.

Council will likely want to examine the Mayor's proposed expenditures supported with VLF revenues in the context of transportation projects that are proposed to be funded with the CPT. Given that these two fund sources are fungible, assuming the TBD Governing Board is prepared to enact a \$20 VLF, Council will have some flexibility for re-prioritizing these funds.

Attachment C to this memo summarizes the Mayor's proposal for spending VLF revenues.

Discussion:

- a. *Does the TBD Governing Board intend to impose a \$20 VLF? If so, what is the timing of this action?*

Given that the Mayor has included TBD revenues in his proposed budget, as part of the budget review process the TBD Governing Board must make a decision regarding whether to impose the \$20 VLF. Deferral of this decision would require cutting \$3.4 million in 2011 and \$6.8 million in 2012 to balance the budget.

As previously mentioned, RCW 82.80.140 states that VLF revenues cannot be collected until six months after approval of the fee by the TBD Governing Board. The Mayor has assumed revenue collection to begin July 1, 2011. However, if the decision is to impose the \$20 VLF, the TBD Governing Board has the flexibility to act on legislation anytime between now and the adoption of the 2011-12 biennium budget in late November. Earlier approval of the VLF would allow DOL to collect revenues sooner in 2011 and thereby generate more revenue than anticipated in the Mayor's proposed budget.

Option A: Adopt the \$20 VLF as proposed by the Mayor in conjunction with adoption of the biennium budget at the end of November. Notify and request DOL to begin revenue collection on July 1, 2011 as proposed by the Mayor (\$3.4M in 2011 and \$6.8M in 2012).

Option B: Convene the TBD Governing Board by the end of October and adopt the \$20 VLF. Notify and request DOL to begin revenue collection on May 1, 2011. This action would generate approximately \$1 million in additional VLF revenue in 2011 (\$4.4M in 2011 and \$6.8M in 2012).

Option C: Do not adopt the \$20 VLF and cut SDOT funding (\$3.4M in 2011 and \$6.8M in 2012).

Option D: Adopt a lower VLF (\$10 for example) and cut SDOT funding (\$10 VLF instead of \$20 VLF would decrease anticipated revenues by \$1.7M in 2011 and by \$3.4M in 2012).

b. What is the policy approach for allocating VLF revenues in 2011 and beyond?

If Council decides to impose the VLF, Resolution 31240 articulated a policy approach to considering future transportation investments. Council's direction included the following:

- Convene a Citizens Transportation Advisory Committee (CTAC III) to evaluate and prioritize transportation projects for revenues from a \$20 VLF in 2012 and beyond with a focus on:
 - Preservation and Maintenance;
 - Bicycle and Pedestrian Safety and Mobility; and
 - Improving Mobility and Safety for People with Disabilities.
- CTAC III would also be charged with the responsibility to examine all TBD revenue sources as well as other options for transportation funding and carry out a broader review of SDOT's transportation revenues and priorities.
- CTAC III is envisioned to advise the TBD Governing Board about whether/how to develop a funding proposal that could go to voters for approval.

As part of this approach, Council had anticipated that expenditure decisions for VLF revenues would need to be made for the 2011 budget prior to CTAC III convening. The Mayor has proposed spending 2011 VLF revenues exclusively on core maintenance activities (See **Attachment C**). Council could decide to reallocate this revenue based on other priorities.

Option A: Adopt spending plan as proposed by Mayor for 2011 and 2012.

Option B: Adopt spending plan as proposed by the Mayor for 2011 only and defer future allocation decisions until CTAC III provides recommendations. (Possible exception could be funding for Linden).

Option C: Adopt a new spending plan based on re-prioritizing back-fill for "core maintenance and preservation" services for 2011 only. Defer 2012 allocation decisions until CTAC III provides recommendations.

Option D: Adopt a new spending plan for 2011 based on a mix of core services and new bike and pedestrian projects. Defer 2012 allocation decisions until CTAC III provides recommendations.

4. **Legislation.** The Mayor transmitted the following items as budget SDOT budget legislation:
- a) **Overtime Parking Failure-to-Respond Fee** (Eder). Legislation behind Gray Notebook Tab #21 would increase the penalty for failing to respond to a parking infraction.
 - b) **CPT increase** (Eder). See discussion in Commercial Parking Tax section above regarding legislation behind Gray Notebook Tab #30.
 - c) **AWV Bond Levy** (Eder). Legislation behind Gray Notebook Tab #31 would place a special election on the February 8, 2011 regarding a proposed \$243 million bond and property tax levy.
 - d) **Street Use Fee** (Jenkins). Legislation behind Gray Tab #32 would increase the Street Use fee schedule (SMC 15.04.074) to meet full cost recovery for street use permit issuance activities, as required by SMC 15.04.074.A.
 - e) **Skybridge and Shoreline Permit Fee** (Jenkins). CB 116957 (behind Gray Tab #33) would amend SDOT's street use permit fee schedule related to its Term Permit (Skybridges, structures in the right of way, etc.) and Shoreline Street End Permit fee methodologies. Currently determined by individual ordinance, the legislation would clearly state the method by which the fees for each such use of the City right-of-way are calculated. CB 116957 is referred to the budget committee, after first being considered at the September 28, 2010 Transportation committee meeting.
 - f) **Restricted Parking Zone Fees** (Fong). Legislation behind Gray Notebook Tab #34 would increase Restrict Parking Zone (RPZ) fees from \$45 to \$65 and raise the guest permit fee from \$15 to \$30. The legislation would also change the current two-tiered 60-day temporary permit fee from \$10 (1st permit) and \$15 (2nd permit) to a flat \$25 fee for each. The increases are proposed in order to help recover costs associated with operating the RPZ Center. Growth in permit holders has slowed and SDOT costs have grown relating to new and expanded zones and other technology investments. The fee increase along with a reduction in staffing to better align resources is expected to allow the RPZ Center to attain solvency in 2011. SDOT estimates that without the fee increases, there would be an operating deficit of \$320,000 in 2011.
 - g) **Truck Permit and Parking Fees** (Fong). Legislation behind Gray Notebook Tab #35 would increase fees for temporary use of curb space to bring fees into alignment with the proposed increase in downtown paid parking rates. These fees are charged to contractors, business owners and residents that want to reserve curb space for construction, moving, loading and other special circumstances. The rate proposed for the "curb space reservation"

from 7am to 6pm is proposed to go up from \$15 per day to \$20 per day (33.3% increase) and the 24-hour reservation is proposed to go from \$18 per day to \$25 per day (\$38.8% increase). SDOT has indicated that if Council chooses to lower the downtown parking rates substantially from the Mayor's proposal, they would recommend leaving curb space fees at the current 2010 rates.

- h) Utility Cuts and Restoration Fees** (Fong) – Legislation behind Gray Notebook Tab #36 would amend the existing fee schedule for various street repairs necessitated by utility work in public right of way. The proposal would increase fees by 15% above the rates last adopted in 2009 in order to bring revenues and costs in alignment. The Council approved a 13% increase in 2009. Without the increase, DOF estimates that SDOT's Utility Cut Cost Center will operate at a loss of approximately \$1.4M in 2011 and \$1.8M in 2012. SDOT explains that without the rate increases, operating shortfalls would result from increases in the cost of labor, construction materials, equipment and administration as well as other business practice changes made by the department.
 - i) Scofflaw Parking Program** (Harris). Legislation behind Gray Notebook Tab #37 would authorize a new booting program for vehicles of parking scofflaws. Scofflaws are vehicle owners with four or more outstanding parking infractions. The proposed legislation would allow a scofflaw's vehicle to be immobilized with a boot. If past-due infractions and the booting fee are not paid within 48 hours, the vehicle will be towed. Full payment must be made or a time-payment arrangement agreed upon before the vehicle will be released. Overall, the scofflaw booting program is intended to increase parking availability, promote personal responsibility of citizens in scofflaw status, and increase parking payment compliance.
5. **Other Potential SDOT Budget Issues** (Eder). Council may wish to explore whether proposed budget adds or other changes proposed by the Mayor are consistent with the Council's priorities, particularly in light of the Commercial Parking Tax discussion above.
- **BIPs offered but not accepted.** Many of SDOT's proposed BIPs were accepted as GSF cuts but then restored using added CPT revenues or new VLF revenues (see sections above). The following items were also suggested by SDOT for proposed cuts, but these proposed cuts were not accepted and not backfilled with added CPT or VLF revenues. Council could decide to take these further cuts in the proposed 2011 budget and then reprogram the GSF or gas tax funding for different priorities.

BIP #	BIP Name	2011	2012
509	60% Reduction in Stairway Rehab	243,000 GSF	243,000 GSF
511	Bridge Painting / Ballard Bascule Bridge	400,000 Gas tax	400,000 Gas tax

- **BIPs accepted that increase GSF or gas tax support.** The following items are increases that the Mayor funded in the proposed budget. Council may wish to identify any items that should be explored further for possible cuts.

BIP #	BIP Name	2011	2012
102	Emergency Services – brings SDOT’s Winter Snow Response Plan (2009-10) funding closer to 8-year actual average cost	300,000 GSF	300,000 GSF
500	Arterial Maintenance – funds efforts to address more backlog of deferred pavement maintenance created by significant budget reductions in recent years	400,000 GSF	562,000 GSF
515	Freight Mobility – increase funding for small-scale improvements to the City's street system to enhance connections between the port, railroad intermodal yards, industrial businesses, the regional highway system, and improvements along the “last mile” leading to freight delivery areas	100,000 GSF	100,000 GSF

- **2010 mid-year cuts not continued.** Some 2010 mid-year budget cuts were not continued in the Mayor’s proposed budget. Council may wish to identify any items that should be explored further for possible cuts. SDOT is in the process of compiling this information at Central Staff’s request.
- **Other projects and programs in SDOT proposed budget.** Council may wish to repurpose funds from other parts of SDOT’s base budget to support Council priorities.



Seattle City Council

August 13, 2010

Honorable Michael McGinn
Mayor
City of Seattle
600 4th Avenue, Floor 7
Seattle, WA 98104

Dear Mayor McGinn:

As we move quickly toward this year's fall budget process, it remains clear that we have significant challenges ahead of us. The local economy remains weak and the recovery we hope for appears slower and weaker than anticipated. Spending reductions will be difficult to implement because they will likely force cuts in important services and staff, and options for increasing revenues are limited. We dealt with these difficult issues in the development and adoption of the 2010 budget, and recognize that the challenges faced for 2011 and 2012 are even greater.

Earlier this year we sat together at community meetings in north and south Seattle and heard the concerns and hopes of hundreds of people. We've all received messages about critical and beloved city programs. When people take the time to engage in the cause of building community city government should be their full partner. Together we will make difficult decisions this year. This recession requires us to reexamine what we do and how we do it so that we can be a higher-value partner for taxpayers.

In this context, the Council wanted to take this opportunity to clearly articulate our priorities for the 2011/2012 biennium.

1. **Protect the health and safety of all Seattle.** In these difficult times, it is the Council's belief that the City must continue to protect the health and safety of all of Seattle's residents, while at the same time providing assistance to the most needy amongst us.

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As such, human services and public safety (Fire and Police services) are the Council's highest priorities for the 2011-2012 biennium. We request that you maintain funding for important existing direct services and avoid reductions in such services. This is not the time to significantly expand existing programs that are not human services or public-safety related or to propose the addition of new programs.

2. **Maintain our commitment to Neighborhood Policing.** The Council reaffirms its support for implementation of the Neighborhood Policing Plan (NPP). Recognizing that in your 2010 mid-year budget reductions, the hiring of additional police officers was not continued we ask that your 2011-12 budget proposal include your plan for the full implementation of NPP. If you do not intend to resume police officer hiring, then we ask that you present a detailed plan that will allow for full implementation of NPP through alternative means.
3. **Reduce costs.** We fully understand that this is easier said than done. However, it is clear that city revenues will not quickly rebound to the levels previously enjoyed. This is the time to reevaluate the size and scope of city government. To successfully balance the financial demands we now face, improvements in the efficiency of service delivery must be a significant element of the City's overall budget strategy. We look forward to, and will strongly support, proposals that reduce operational costs while limiting the impact on **the actual** delivery of direct services.
4. **Where and when appropriate raise revenue.** We anticipate that revenue enhancements will be part of your biennial budget proposal. The Council will carefully consider proposals for increases in user fees, fines and other revenues being mindful of the need to mitigate negative impacts such fees would have on access to services for economically disadvantaged residents. Consistent with legislation recently sponsored by a majority of Councilmembers, we are willing to support an increase in the Commercial Parking Tax to 12.5 percent from the current 10 percent. These new revenues will be targeted to provide the resources needed to address ongoing work on the replacement of the Seawall and the Alaskan Way Viaduct program. Further increases in the parking tax or other taxes that unduly burden local business would not be prudent at this time. The regional economy remains fragile. Downtown and neighborhood businesses are under significant stress and have expressed specific concerns about the perception and reality of parking costs.

The 0.2 percent sales tax increase proposed by the County offers the prospect for new revenue. If the voters approve this measure, cuts to the City budget could be reduced. However, we cannot take for granted that the proposal will win public support. Consistent with City policy, we request that you develop a budget proposal that does not assume these revenues.

We look forward to working with you in the coming months on the development adoption of the 2011/2012 biennial budget.

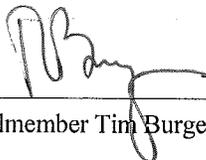
Sincerely,



Council President Richard Conlin



Councilmember Sally Bagshaw



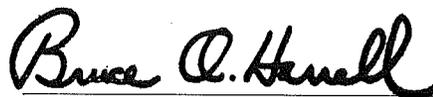
Councilmember Tim Burgess



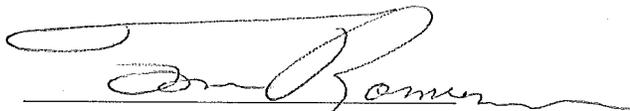
Councilmember Sally J. Clark



Councilmember Jean Godden



Councilmember Bruce A. Harrell



Councilmember Tom Rasmussen

Cc: Beth Goldberg, Acting Director, City Budget Office

Attachment B:

2011 CPT

Projects and Programs supported with CPT

	2011			
	A	B	C	D=A+B+C
	Base Funding	Proposed Adds GSF	Proposed Adds CPT	Total Funding
<u>Programmatic Increases:</u>				
2010 Stormwater Code Impacts	450,988	0	234,000	684,988
Emergency Services Increase	697,040	0	600,000	1,297,040
SR 519 Elevator Maint	0	0	120,000	120,000
Homeless Encmpmnt Cleanups	0	0	200,000	200,000
<u>Walk-Bike-Ride</u>				
-Ped Master Plan Impl	4,344,844	380,000	900,000	5,624,844
-NSF/CRS Neighbhd Pgm	3,011,000	0	1,000,000	4,011,000
-Bike Master Plan Impl	4,387,000	0	1,700,000	6,087,000
-Transp Demand Mgt	1,259,907	150,000	300,000	1,709,907
-Transit Master Plan	0	0	500,000	500,000
-Wayfinding & Street Furniture	0	0	100,000	100,000
South Park Bridge (Internal)	0	0	187,500	187,500
South Park Bridge (Constr Tranf)	0	0	1,500,000	1,500,000
<i>Subtotal Programmatic Increases</i>	<i>14,150,779</i>	<i>530,000</i>	<i>7,341,500</i>	<i>22,022,279</i>
<u>Maintaining Core Services</u>				
Curbspace Management	412,838	0	91,693	504,531
Neighbhd & Corr Planning	757,746	0	59,000	816,746
Neighbhd Traffic Services	430,321	0	147,793	578,114
Paid Pkg Maint & Install	4,094,108	0	252,000	4,346,108
Risk Mgmt Contingency	149,590	0	51,000	200,590
Signing Corr &Rechan	1,159,682	0	300,000	1,459,682
Traffic Ops Manager II	0	0	158,507	158,507
Transit Program	1,259,907	0	98,000	1,357,907
Transp Demand Mgmt	1,259,907	0	122,000	1,381,907
Transp Systems Design and Planning Program	757,746	0	24,001	781,747
Bridge Painting Program	2,135,000	0	500,000	2,635,000
Reduce Retaining Wall Repair and Restoration	212,000	0	13,000	225,000
Freight Program	605,000	0	300,000	905,000
Complete Streets Program	757,746	0	38,000	795,746
Red Light Photo Enforcement	1,159,682	0	28,000	1,187,682
Crash Cushion Guard Rail	347,866	0	90,000	437,866
Cleaning Services	2,587,744	0	261,000	2,848,744
<i>Subtotal Core Services</i>	<i>18,086,883</i>	<i>0</i>	<i>2,533,994</i>	<i>20,620,877</i>
Total	32,237,662	530,000	9,875,494	42,643,156

2012 CPT
Projects and Programs supported with CPT

	2012			
	A	B	C	D=A+B+C
	Base Funding	Proposed Adds GSF/other	Proposed Adds CPT	Total Funding
<u>Programmatic Increases:</u>				
2010 Stormwater Code Impacts	460,008	0	234,000	694,008
Emergency Services Increase	710,981	0	600,000	1,310,981
SR 519 Elevator Maint	0	0	120,000	120,000
Homeless Encmpmnt Cleanups	0	0	200,000	200,000
<u>Walk-Bike-Ride</u>				
-Ped Master Plan Impl	4,590,200	385,000	900,000	5,875,200
-NSF/CRS Neighbhd Pgm	2,054,000	0	1,000,000	3,054,000
-Bike Master Plan Impl	4,612,000	0	1,650,000	6,262,000
-Transp Demand Mgt	1,285,105	0	350,000	1,635,105
-Transit Master Plan	0	0	500,000	500,000
-Wayfinding & Street Furniture	0	0	100,000	100,000
South Park Bridge (Internal)	0	0	145,000	145,000
South Park Bridge (Constr Tranf)	0	0	1,500,000	1,500,000
<i>Subtotal Programmatic Increases</i>	13,712,294	385,000	7,299,000	21,396,294
<u>Maintaining Core Services</u>				
Curbspace Management	421,095	0	91,693	512,788
Neighbhd & Corr Planning	772,901	0	59,000	831,901
Neighbhd Traffic Services	438,927	0	147,793	586,720
Paid Pkg Maint & Install	4,175,990	0	252,000	4,427,990
Risk Mgmt Contingency	152,582	0	51,000	203,582
Signing Corr &Rechan	1,182,876	0	300,000	1,482,876
Traffic Ops Manager II	0	0	158,507	158,507
Transit Program	1,285,105	0	98,000	1,383,105
Transp Demand Mgmt	1,285,105	0	122,000	1,407,105
Transp Systems Design and Planning Program	772,901	0	24,001	796,902
Bridge Painting Program	2,135,000	0	500,000	2,635,000
Reduce Retaining Wall Repair and Restoration	212,000	0	13,000	225,000
Freight Program	935,000	0	300,000	1,235,000
Complete Streets Program	772,901	0	38,000	810,901
Red Light Photo Enforcement	1,182,876	0	28,000	1,210,876
Crash Cushion Guard Rail	354,823	0	90,000	444,823
Cleaning Services	2,639,499	0	261,000	2,900,499
<i>Subtotal Core Services</i>	18,719,581	0	2,533,994	21,253,575
Total	32,431,874	385,000	9,832,994	42,649,868

Attachment C:

2011 VLF

Projects and Programs supported with VLF

	2011			
	A	B	C	D=A+B+C
	Base Funding	<u>Proposed Adds</u> GSF/other	<u>Proposed Adds</u> VLF	Total Funding
<u>Programmatic Increases:</u>				
Walk-Bike-Ride				
- Ped Master Plan Implementation	4,344,844	0	0	4,344,844
- Transp Demand Management	4,387,000	0	0	4,387,000
- Transit Master Plan	1,259,907	0	0	1,259,907
Debt Svc for Linden Ave N, other	0	0	0	0
<i>Subtotal Programmatic Increases</i>	<i>9,991,751</i>	<i>0</i>	<i>0</i>	<i>9,991,751</i>
<u>Maintaining Core Services</u>				
Grant Management Program	88,925	0	119,000	207,925
Neighborhood Traffic Services	430,321	0	122,000	552,321
Landscape Maintenance	2,970,000	0	700,001	3,670,001
Street Cleaning	2,587,744	0	750,000	3,337,744
Surface Repair	4,347,146	0	473,981	4,821,127
Neighborhood Traffic Control	202,000	0	198,001	400,001
Surface Repair	4,347,146	0	868,000	5,215,146
Crash Cushion Guard Rail	347,866	0	90,000	437,866
<i>Subtotal Core Services</i>	<i>15,321,148</i>	<i>0</i>	<i>3,320,983</i>	<i>18,642,131</i>
Total	25,312,899	0	3,320,983	28,633,882

2012 VLF

Projects and Programs supported with VLF

	2012			
	A	B	C	D=A+B+C
	Base Funding	<u>Proposed</u> <u>Adds</u> GSF/other	<u>Proposed</u> <u>Adds</u> VLF	Total Funding
<u>Programmatic Increases:</u>				
Walk-Bike-Ride				
- Ped Master Plan Implementation	4,590,200	0	1,325,000	5,915,200
- Transp Demand Management	1,285,105		100,000	1,385,105
- Transit Master Plan		0	500,000	500,000
Debt Svc for Linden Ave N, other	0	0	1,475,000	1,475,000
<i>Subtotal Programmatic Increases</i>	10,487,305	0	3,400,000	13,887,305
<u>Maintaining Core Services</u>				
Grant Management Program	90,704	0	119,000	209,704
Neighborhood Traffic Services	438,927	0	122,000	560,927
Landscape Maintenance	3,029,400	0	700,001	3,729,401
Street Cleaning	2,639,499	0	750,000	3,389,499
Surface Repair	4,434,089	0	473,981	4,908,070
Neighborhood Traffic Control	202,000	0	198,001	400,001
Surface Repair	4,434,089	0	868,000	5,302,089
Crash Cushion Guard Rail	354,823	0	90,000	444,823
<i>Subtotal Core Services</i>	15,623,531	0	3,320,983	18,944,514
Total	26,110,836	0	6,720,983	32,831,819