

## BUDGET DELIBERATIONS

### SEATTLE DEPARTMENT OF TRANSPORTATION

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Monday, October 16, 2017

#### Budget Summary (\$ in 000's)

	2017 Adopted	2018 Endorsed	2018 Proposed	% Change 2018 Endorsed to Proposed
<b>Appropriations by BCL</b>				
Mobility-Operations	\$92,743	\$91,102	\$97,878	7.4%
ROW Management	\$32,851	\$32,515	\$40,140	23.5%
Street Maintenance	\$30,002	\$29,822	\$31,092	4.3%
Bridges & Structures	\$11,760	\$12,021	\$11,469	(4.6%)
Urban Forestry	\$5,586	\$5,724	\$5,741	0.3%
Engineering Services	\$3,776	\$3,810	\$17,031	347.0%
Department Mgt	\$476	\$1,086	\$800	(26.3%)
General Expense	\$37,548	\$38,822	\$36,224	(6.7%)
<b>Total O&amp;M BCL's</b>	<b>\$214,742</b>	<b>\$214,902</b>	<b>\$240,375</b>	<b>11.9%</b>
Mobility-Capital	\$86,766	\$232,957	\$147,979	(36.5%)
Major Maint/Replacement	\$73,325	\$80,232	\$46,654	(41.9%)
Major Projects	\$73,547	\$37,141	\$37,391	0.7%
<b>Total Capital BCL's</b>	<b>\$233,638</b>	<b>\$350,330</b>	<b>\$232,024</b>	<b>(33.8%)</b>
<b>Total Expenditures</b>	<b>\$448,380</b>	<b>\$565,232</b>	<b>\$472,400</b>	<b>(16.4%)</b>
<b>Total FTEs*</b>	885.5	885.5	917.5*	3.6%*
<b>Revenues</b>				
Transportation Taxes	\$177,034	\$181,926	\$183,726	1.0%
Grants (Anticipated)	\$0	\$81,559	\$0	(100.0%)
Grants (Secured)	\$11,308	\$63,162	\$47,453	(24.9%)
Charges for Service	\$78,906	\$70,602	\$90,497	28.2%
Bond Proceeds	\$55,296	\$42,235	\$35,685	(15.5%)
General Fund Support	\$42,966	\$41,608	\$41,904	0.7%
STBD Vehicle License Fees	\$31,845	\$32,198	\$32,781	1.8%
Property Sales	\$10,800	\$26,300	\$0	(100.0%)
Transfers - Other Funds	\$32,394	\$17,472	\$21,784	24.7%
School/Red-Light Camera	\$6,419	\$4,552	\$4,527	(0.5%)
Use of Fund Balance	\$1,412	\$3,618	\$14,043	288.1%
<b>Total Revenues</b>	<b>\$448,380</b>	<b>\$565,232</b>	<b>\$472,400</b>	<b>(16.4%)</b>

\*Total FTEs in the 2018 Proposed Budget includes 30 FTEs to implement Move Seattle and Sound Transit projects, which were approved by Council in June 2017 (Ordinance [125318](#)). Separately, the 2018 Proposed Budget includes an additional 2 FTEs proposed in the ROW Management BCL (discussed under Street Use).

Interactive Budget Website: <http://www.seattle.gov/city-budget/2018-proposed-budget/transportation>

## **BACKGROUND:**

Central Staff presented an overview of SDOT's revenue and budget structure ([memo](#)) to the Select Budget Committee on September 20, 2017. The Executive transmitted the 2018 Proposed Budget to Council on September 25, 2017.

### **Context Issues:**

This section provides additional context for Council's consideration of the 2018 Proposed Budget.

#### **1. Reduced Capital Spending**

Overall, SDOT's 2018 Proposed Budget is \$93M less than the 2018 Endorsed Budget. This is largely due to a \$118M reduction in planned capital spending (Capital BCLs). The bulk of this reduced capital spending reflects revised construction schedules on three projects:

- The Bridge Rehabilitation and Replacement project (TC366850) shifted planned spending for Fairview Bridge into 2019, reducing 2018 capital spending by \$18M.
- The Center City Streetcar Connector project (TC367210) shifted planned spending into 2019 and 2020, reducing 2018 capital spending by \$56M.
- The S. Lander Grade Separation project (TC366150) shifted planned spending into 2019, reducing 2018 capital spending by \$45M.

These projects were in the planning and design phase in the 2017 Endorsed Budget, and have been rescheduled based on project development and external funding decisions (grants) that occurred in 2017. Funding for these projects is provided through external grants, Move Seattle levy funds, and bond proceeds (backed by Commercial Parking Tax). The shift in capital spending does not significantly impact SDOT's financial resources or cash flow projections.

#### **2. Increased Operations & Maintenance Spending**

The 2018 Proposed Budget increases operations and maintenance spending (O&M BCLs) by \$25M. This increase includes a number of technical adjustments that are not policy proposals. The most significant technical adjustments are:

- \$13M for engineering services on Pier 62/63 (reimbursed from Parks).
- \$7M to reflect overtime/temporary labor for street use permits (fee supported).
- \$2.7M to reflect updated 2017 transit spending levels (funded by the Seattle Transportation Benefit District (STBD) Proposition 1).

Significant policy proposals will be discussed as separate issues identified in this memo.

#### **3. Street Use Cost Center**

The Proposed Budget adds 2 FTE in SDOT's Street Use Division, funded by street use fees:

- 1 FTE for a U-District Hub Construction Coordinator to address increased development activity in the U-District and anticipated development associated with the University of Washington major institution master plan.

- 0.5 FTE for a Shoreline Street Ends Project Coordinator to enforce permitting compliance, manage encroachments, and provide a point of contact for program stakeholders.
- 0.5 FTE for early design review coordination with SDCI and assist in identifying and mitigating transportation impacts. The position will focus on large development projects that require early design guidance from the Design Review Board.

The Executive has also transmitted Street Use Fee legislation to update right-of-way permit and use fees. Based on projected development activity, the revised fee structure is anticipated to increase Street Use revenue by \$8.5M to advance the goal of full cost recovery in the Proposed Budget.

#### **4. Move Seattle and General Fund Minimum Allocation**

The Move Seattle levy includes a requirement<sup>1</sup> that the City provide a minimum annual amount of General Fund support to SDOT. Based on the levy-specified inflationary index, the minimum required General Fund support for 2018 is \$41.9M; the Proposed Budget includes this minimum level of General Fund support in SDOT’s budget.

#### **5. Performance Measures**

The Proposed Budget reports on 4 performance measures for SDOT. Including these measures in the budget document is intended to improve accountability and highlight significant public policy goals. The performance goals for SDOT include:

- Repaving Seattle’s Key Arterial Streets – the performance measure tracks the increase in “traveler miles” on arterial streets in fair or better condition due to the Move Seattle levy. SDOT’s stated goal is that the use of Move Seattle funds (\$250M over 9 years for arterial streets) will increase this percentage by 11 percent by 2025. With the 2018 Proposed Budget, SDOT estimates it will have achieved 3 percent of this increase.
- Timely and Efficient Repair of Potholes – SDOT’s stated goal is to repair 80 percent of reported potholes within 3 business days. SDOT notes that it has consistently met this goal in the past, and estimates a 90 percent achievement rate with the 2018 Proposed Budget.
- Reducing Polluted Runoff through Street Sweeping – SDOT, working with SPU, has identified a 2018 goal of removing 200 tons of pollutants from Seattle’s roads before they are washed into receiving water bodies. The 2018 Proposed Budget includes \$1.8M for this program and the department expects to meet the 2018 target.
- Providing More Transit Choices – the performance measure tracks the increase in the percentage of households within a 10-minute walk to frequent transit service based on the City’s purchase of King County Metro service hours (funded through STBD Proposition 1). SDOT reports that this percentage of households increased from 25 percent to 51 percent with the initial investment of STBD Proposition 1 funds. With the 2018 Proposed Budget, SDOT estimates that 70 percent of households will meet this threshold.

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<sup>1</sup> The requirement may be waived with a ¾ Council vote finding that economic or financial considerations prevent the City from appropriating the minimum amount required by Move Seattle.

## **ISSUE IDENTIFICATION:**

Central Staff has reviewed SDOT's Proposed Budget and identified a number of issues for Council consideration. Some issues are included based on previous Council interest and presented without specific options or recommendations.

### **1. Remote Bridge Operations Pilot**

The Proposed Budget includes \$3M of Commercial Parking Tax revenue to implement remote operations for one of Seattle's moveable bridges (to be determined). This project will allow SDOT to open and close the bridge from a central operating location. SDOT currently operates 5 moveable bridges with on-site operations; collectively, these bridges open approximately 15,400 times a year. The funding will provide for additional cameras, sensors, communication equipment, a remote operations center, and bridge modifications. The project will require approval from the U.S. Coast Guard, which regulates SDOT's bridge operations.

Remote operations will not change the job requirements for Bridge Operators, and the pilot project is not anticipated to reduce operating costs as a stand-alone project. SDOT anticipates that if all 5 bridges were remotely operated, SDOT could save \$1M per year through centralized staffing resulting in reduce labor costs. Full implementation to fully achieve these savings would require significant future funding, which is not currently identified.

#### **Options:**

- A. Eliminate or defer the pilot; redirect \$3M of Commercial Parking Tax to other transportation priorities.
- B. Approve the Executive's proposal.

### **2. Facility Consolidation Study**

The 2018 Proposed Budget includes \$500,000 for a feasibility study to consolidate SDOT's operations and maintenance divisions into a single facility. SDOT currently operates 5 separate facilities, including Charles St., West Seattle, Haller Lake, Fremont, and Sunny Jim. Consolidating facilities may allow for other uses at vacated sites, such as envisioned by the 2015 Finance and Administrative Services study of the Charles St. facility and the Office of Planning and Community Development's on-going work with the Chinatown/International District community. Community stakeholders continue to express interest in future non-SDOT uses for the Charles St. site.

The SDOT feasibility study would focus on addressing emergency/disaster management needs, facility overcrowding, and neighborhood development challenges. The study would provide the basis for future cost-estimation and design work. Proposed funding for the study is Commercial Parking Tax (25 percent) and indirect cost recovery (75 percent). The Executive anticipates that future project costs would be bond financed against Commercial Parking Tax; SDOT's financial plan includes a planning cost estimate of \$25M for consolidation in 2019.

#### **Options:**

- A. Eliminate or defer the study; redirect \$125,000 of Commercial Parking Tax to other transportation priorities.
- B. Approve the Executive's proposal.

### **3. Voluntary Transportation Improvement Credits**

In February 2017, Council authorized SDOT to credit up to \$300,000 of permit fees in exchange for voluntary transportation improvements of equal or greater value (Ordinance [125251](#)). In 2017, SDOT exercised this authority on three developments, crediting a total of \$550,000 in foregone permit fees. For 2018, SDOT has allocated \$750,000 in foregone revenue for voluntary transportation improvement credits. Specific developments and improvements have not yet been identified. Council may wish to consider other transportation uses for these funds.

#### **Options:**

- A. Redirect some or all of the \$750,000 of voluntary transportation improvement credits (street use fee revenue) to other transportation priorities.
- B. Approve the Executive's proposal.

### **4. Real Estate Excise Tax Capital Spending**

The 2018 Proposed Budget includes an additional \$4M of proposed Real Estate Excise Tax (REET) spending in SDOT. The increased funding is spread across four projects:

- An additional \$2M for sidewalk repair to respond to safety needs identified through the sidewalk condition assessment (authorized by Council in the 2017 Adopted Budget). The 2018 Endorsed Budget included a base of \$1.6M for this work.
- An additional \$1M for landslide hazard mitigation. This additional funding would be used to proactively address known at-risk sites, unless needed to respond to landslide events. The 2018 Endorsed Budget included a base of \$440,000 for this work.
- An additional \$500,000 for arterial paving. This additional funding would focus on spot repairs at the worst locations along key arterials. The 2018 Endorsed Budget included a base of \$4.9M for this work.
- \$500,000 for the Market to MOHAI CIP project. This is a new project in the CIP which will implement pedestrian improvements along Thomas St., 9<sup>th</sup> Ave., and Bell St. in coordination with private property owners and community partnerships. Improvements could include street lighting, sidewalk paving markers, wayfinding, or other improvements.

#### **Options:**

- A. Redirect some or all of the \$4M to other REET-eligible projects.
- B. Approve the Executive's proposal.

### **5. Move Seattle Implementation**

The 2018 Proposed Budget includes \$116M of Move Seattle spending across the spending categories authorized by the levy in 2018; these spending levels are generally consistent with past Council-reviewed spending plans. The 2018 spending includes \$4M in accelerated funding for Bike Master Plan implementation, as directed by Council in the 2018 Endorsed Budget.

It is worth noting that SDOT's implementation of Move Seattle projects has required some ramp-up time. In the first year of the levy, SDOT carried forward \$32M of Move Seattle appropriations into 2017; SDOT anticipates a similar level of carry forward into 2018. SDOT is also in the process of hiring Move Seattle positions authorized by Council in June 2017 (Ordinance [125318](#)). SDOT may have difficulty implementing further requests to further accelerate Move Seattle projects

during 2018.

The Move Seattle levy anticipates leveraging significant grant and partnership contributions for congestion relief projects, including seven bus rapid transit (BRT Corridor) projects identified in the levy. The Proposed Budget advances design on the Madison BRT, Roosevelt RapidRide, Delridge RapidRide, Rainier RapidRide, and Market/45<sup>th</sup> RapidRide projects. The total assumed grant and partnership contributions for these projects is \$209M which is about 80 percent of the overall project costs.

Given the uncertainty with federal transportation funding under the current administration, Council may wish to consider a SLI asking SDOT to report on federal funding opportunities and present options for delivering the seven BRT Corridor projects in time for 2019-2020 Budget deliberations. Options could include revising project delivery schedules, reducing scope across projects, or prioritizing corridors for available funding.

**Options:**

- A. Request that SDOT report back to Council on federal funding opportunities and options for delivering the 7 Move Seattle bus rapid transit projects (Statement of Legislative Intent).
- B. No action.

**6. Center City Streetcar**

Some Councilmembers have expressed interest in the status of the Center City Streetcar Project (TC367210). This section briefly encapsulates recent history and the current status.

In July 2017, Council authorized SDOT to accept grants for the Center City Streetcar Connector, including \$50M from the Federal Transit Administration (FTA) and \$7.3M from the Puget Sound Regional Council (Ordinance [125346](#)). The FTA grant award includes an additional \$25M in the future to fully fund the project; however, this funding is subject to future federal appropriations.<sup>2</sup> The Central Staff memo related to grant acceptance for the Center City Streetcar is linked [here](#) for reference. The grant acceptance legislation also required that SDOT provide a financial operating plan and identify contingencies to address the risk of under collecting future operating revenue. SDOT's [response](#) was transmitted to Council in September 2017. SDOT's FTA grant application included the following anticipated costs and revenues for the entire streetcar system with the Center City Streetcar Connector.

**Table 1: Anticipated costs and revenues for the Streetcar system with Center City Connector:**

<b>Projected Revenue Sources</b>	<b>Amount</b>
Budgeted Fare Revenue	\$9,016,920
FTA 5307 Formula Funds	\$600,000
Sponsorship Revenues	\$1,550,000
King County Metro (SLU)	\$1,550,000
Sound Transit (First Hill)	\$5,000,000
<b>Total Projected Revenue Sources:</b>	<b>\$17,146,920</b>
<b>Estimated Operating Cost:</b>	<b>\$16,060,000</b>
<b>Net Revenue:</b>	<b>\$1,086,920</b>

<sup>2</sup> The Center City Streetcar CIP page includes \$25M in "To be determined" funding. If federal appropriations follow through on the remaining \$25M FTA grant award, this would fully fund the project's capital costs.

For the local portion of capital funding for the project, the Executive proposes to finance \$50M in bond sales, backed by Commercial Parking Tax revenues. Annual debt service on these bonds will reach \$3.9M by 2021 and is included in SDOT's out-year projections for the Commercial Parking Tax. The financial plan for the project also includes \$14M of utility funds. Groundbreaking for the project is scheduled for October 18, 2017 with advance utility relocations.

## **7. Red Light and School Zone Cameras**

Some Councilmembers have expressed interest in the status of Red Light Cameras and School Zone Cameras. This section briefly encapsulates recent history and the current status.

As directed by Council in the 2017 Adopted Budget, 20 percent of infraction revenue from Red Light Cameras and 100 percent of infraction revenue from School Zone Cameras are deposited into the School Safety Traffic and Pedestrian Improvement Fund and reserved for school traffic and pedestrian infrastructure projects, safety education campaigns, and administrative costs for the cameras.

The 2018 Proposed Budget anticipates \$8.1M of revenues from Red Light and School Zone Cameras, which is \$1.4M higher than was anticipated in the 2018 Endorsed Budget. This projected increase partially offsets the one-time \$2.3M expenditure to support Seattle Public School's transition from a three-tier bus schedule to a two-tier bus schedule authorized by Council in August 2017 (Ordinance [125379](#)). Spending for the Seattle Public School schedule transition is split between 2017 and 2018.

The Proposed Budget notes that SDOT is evaluating additional schools for camera implementation and may add up to 10 additional cameras in 2018. The earliest opportunity for implementation would be Fall 2018, in advance of the 2018 school year. Implementation of additional cameras is not assumed in the 2018 Proposed Budget and would require future legislation. Camera services are installed and managed through an outside vendor. School zone cameras cost \$57,000 per year; red light cameras average \$46,000 per year.

## **8. Right-of-Way Cleanup (Unsheltered Response/Encampments)**

The 2018 Endorsed Budget included a base of \$200,000 for SDOT for right-of-way (ROW) cleanup. As part of a coordinated interdepartmental response for individuals living unsheltered, the Executive proposes increasing SDOT's funding levels for ROW cleanup to \$1M and transferring these funds to Parks for implementation on an on-going basis. The Proposed Budget also includes an additional one-time SDOT expenditure of \$500,000 for associated equipment purchases. Options related to the Executive's interdepartmental proposal will be discussed in greater detail as part of the separate Homelessness Response issue paper.

### **BUDGET ACTIONS PROPOSED BY COUNCILMEMBERS AS OF 10/09/17:**

#### **1. Add \$200,000 GSF for Pre-Tax Commuter Benefit outreach and assistance (CM O'Brien)**

This funding would provide for outreach and assistance services to encourage businesses to offer their employees a tax-free commuter benefit subsidy. Implementing such programs are generally cost neutral for businesses to implement, as the cost of commuter benefits is offset by employee and employer payroll tax deductions as provided for in federal tax provisions. The outreach and

assistance services could be contracted to Commute Seattle or other business outreach organizations.

**2. Develop a Transportation Management Program (TMP) fee proposal (CM O'Brien)**

This proposal would request that the Executive develop draft legislation for Council consideration to implement a new fee to support monitoring and enforcement of TMPs (Statement of Legislative Intent). Currently, the City has limited resources to monitor and enforce TMP's required as part of SEPA or other Land Use Code-required reviews. The new fee would apply to approximately 200 buildings that currently have TMP requirements, as well as future developments that meet the TMP thresholds.

**3. Add \$200,000 to address local diversion due to SR-99 tolls (CM O'Brien)**

This funding would support consultant studies to understand the implications of SR-99 diversion and explore options, such as congestion pricing, to help manage impacts to local streets and transit travel times.

**4. Add \$250,000 to support Transportation Equity (CM O'Brien)**

SDOT's Transportation Equity Program is focused on providing transportation options, supporting diverse communities in their access to transportation options, and mitigating racial disparities and the effects of displacement. SDOT currently has 1.0 FTE to support this work. The additional funding would provide for a temporary position, stipends for community consultation, and internships to help develop the next generation of transportation equity leaders.

**5. Proviso the NE 43<sup>rd</sup> Street Improvements CIP project (CM Johnson)**

This proviso would require that the design of the project would close NE 43<sup>rd</sup> St from Brooklyn to 15<sup>th</sup> Ave NE to vehicular traffic and only allow for pedestrian and non-motorized use.

**6. Add \$75,000 for the Play Street program (CM Johnson)**

This funding would allow SDOT to pilot permanent (year-round) Play Street installations. The pilot would provide for signage, right-of-way restrictions, and other physical improvements (with a design life of 2-5 years) as appropriate. The Proposed Budget includes \$25,600 in base funding for the Play Street program in 2018.

**7. Add \$500,000 to implement South Park pedestrian improvements (CM González)**

This funding would implement projects identified in the South Park Public Safety Taskforce [Report](#) (developed in response to the 2017 [SLI 206-1-A-1](#)). The funding would be used to install crosswalks and signage at specific locations identified in the report and explore pedestrian lighting options for 8<sup>th</sup> Ave S.