

## 2023-2024 PROPOSED MID-BIENNIAL BUDGET ADJUSTMENTS REVIEW

### SEATTLE DEPARTMENT OF TRANSPORTATION

Staff: Calvin Chow

**Table 1: Budget Summary (\$ in 000s)**

	2023 Adopted	2024 Endorsed	2024 Proposed	% Change 2024 Endorsed to 2024 Proposed
<b>Appropriations by BSL</b>				
<b>Operating</b>				
a. Bridges & Structures	\$ 17,180	\$ 17,705	\$ 16,645	(6.0%)
b. Maintenance Operations	\$ 50,807	\$ 52,153	\$ 55,703	6.8%
c. Mobility Operations	\$ 100,944	\$ 104,107	\$ 104,916	0.8%
d. ROW Management	\$ 47,547	\$ 49,010	\$ 50,842	3.7%
e. First Hill Streetcar Operations	\$ 9,748	\$ 9,760	\$ 9,760	0.0%
f. SLU Streetcar Operations	\$ 4,475	\$ 4,630	\$ 4,630	0.0%
g. Waterfront and Civic Projects	\$ 33,642	\$ 34,811	\$ 34,811	0.0%
h. General Expense	\$ 52,288	\$ 59,370	\$ 59,204	(0.3%)
i. Leadership and Administration <sup>1</sup>	--	--	--	--
<b>Operating Subtotal</b>	<b>\$ 316,631</b>	<b>\$ 331,545</b>	<b>\$ 336,511</b>	<b>1.5%</b>
<b>Capital</b>				
j. Major Maintenance/ Replacement	\$ 55,405	\$ 61,504	\$ 91,516	48.8%
k. Mobility-Capital	\$ 236,186	\$ 157,942	\$ 240,533	52.3%
l. Major Projects	\$ 1,922	\$ 1,971	\$ 1,971	0.0%
m. Central Waterfront	\$ 102,753	\$ 6,894	\$ 35,607	416.5%
<b>Capital Subtotal</b>	<b>\$ 396,265</b>	<b>\$ 228,312</b>	<b>\$ 369,628</b>	<b>61.9%</b>
<b>Total Appropriations</b>	<b>\$ 712,897</b>	<b>\$ 559,857</b>	<b>\$ 706,139</b>	<b>26.1%</b>
<b>Total FTE</b>	<b>1,044.0</b>	<b>1,044.0</b>	<b>1,113.5</b>	<b>6.7%</b>
<b>Appropriations by Revenue Fund – includes use of fund balance</b>				
n. General Fund	\$ 57,860	\$ 59,034	\$ 58,907	(0.2%)
o. Transportation Fund	\$ 317,938	\$ 241,716	\$ 325,195	34.5%
p. Move Seattle Levy Fund	\$ 105,311	\$ 108,249	\$ 129,835	19.9%
q. STBD Fund	\$ 79,673	\$ 81,084	\$ 96,092	18.5%
r. SSTPI Fund	\$ 11,720	\$ 16,409	\$ 14,939	(9.0%)
s. Seattle Streetcar Operations	\$ 15,073	\$ 14,390	\$ 13,890	(3.5%)
t. Payroll Expense Tax	\$ 250	--	\$ 1,000	--
u. REET I/II Capital Funds	\$ 42,571	\$ 32,581	\$ 31,173	(4.3%)
v. LTGO Bond Funds	\$ 6,950	--	\$ 28,713	--
w. Waterfront LID #6751	\$ 37,600	\$ 350	\$ 350	0.0%
x. Central Waterfront Improvement	\$ 37,950	\$ 6,044	\$ 6,044	0.0%
<b>Total Revenues</b>	<b>\$ 712,897</b>	<b>\$ 559,857</b>	<b>\$ 706,139</b>	<b>26.1%</b>

<sup>1</sup> The Leadership and Administration BSL includes an indirect cost recovery offset to avoid showing double appropriations. This offset was \$93.1 million in the 2023 Adopted Budget, \$94.7 million in the 2024 Endorsed Budget, and \$97.0 million in the 2024 Proposed Budget; a 2.5 percent increase over the 2024 Endorsed amount.

## **I. Introduction**

The Seattle Department of Transportation's (SDOT's) 2023-2024 Proposed Mid-Biennial Budget Adjustments (2024 Proposed Budget) reflect a 26.1 percent increase in appropriations over the 2024 Endorsed Budget; however, this direct comparison may be misleading. The bulk of this increase is in SDOT's capital program, and the 2024 Proposed Budget includes a shift of \$83 million planned capital spending from 2023 to 2024. Excluding this capital adjustment, SDOT's budget proposal would be an 11.3 percent increase in spending over the 2024 Endorsed Budget. SDOT's total appropriations in the 2024 Proposed Budget is slightly less than was approved in the 2023 Adopted Budget.

Similarly, the 2024 Proposed Budget represents a 6.7% increase in FTE count. However, this comparison includes 57.0 FTE that were approved by Council after passage of the 2023 Adopted Budget. SDOT's budget proposal includes 12.5 FTE of new staffing, including conversion of 4 temporary positions to permanent positions. The proposed new 12.5 FTE would represent a 1.1% increase in staffing over currently authorized positions.

## **II. Issue Identification**

### **A. Issues and Options**

#### **1. School Zone Camera Expansion**

In the 2023 Adopted Budget, the Council directed the Executive to double the number of speed enforcement cameras deployed in school zones from 35 to 70, adding \$1.7 million in the Seattle Police Department (SPD) for implementation, and requesting an implementation plan through a Statement of Legislative Intent (SLI).<sup>2</sup>

In August 2023, SDOT provided a SLI response to Council. The SLI response provided an illustrative 14-month schedule to demonstrate an aggressive best-case scenario for implementation by the beginning of the 2024-2025 school year and recommended extending the schedule for school zone camera expansion beyond 2024. The SLI response identified staffing limitations within SPD for processing violations within the required 14-day window as a key limiting factor, identifying the need for four to five new officers to meet the expected increase in violations. SPD noted that its staffing model relies on personnel on light duty temporary assignments and overtime to meet existing staffing needs.

In the 2023 Mid-Year Supplemental, the Council transferred \$500,000 of this 2023 funding from SPD to SDOT to begin work on new camera deployments. At the time of this writing, it is unclear if SDOT or SPD spent any of these 2023 implementation funds. Any unspent 2023 appropriations of School Zone Camera revenues would partially offset reduced revenue projections discussed in Issue 2. The 2024 Proposed Budget does not include funding to expand school zone cameras.

#### **Options:**

- A. Reprioritize other funding for school zone camera expansion. The expenditure of any added funds will depend on Executive support for expansion. Absent Executive support, appropriated funds would likely remain unspent.
- B. Proviso SDOT spending related to school zone cameras
- C. No change

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<sup>2</sup> See [CBA SDOT-103-B-001-2023](#) and [SLI SDOT-304-A-001-2023](#).

## 2. School Zone Camera Revenue and Capital Spending

The 2024 Proposed Budget projects a \$3.5 million decrease in revenues from speed enforcement cameras deployed in school zones compared to the 2024 Endorsed Budget due to reduced collections and lowered growth assumptions. Recent media stories identified that 100,000 potential infractions were not reviewed within the mandatory 14-day window since 2021.<sup>3</sup> Central Staff is requesting more information from the Executive on the performance of the School Zone Camera program and revenue assumptions for 2024.

As a result of reduced School Zone Camera revenue, the 2024 Proposed Budget includes the following program cuts:

- Reduce \$350,000 for the Road Safety Initiative program.
- Reduce \$2.4 million for the Americans with Disabilities Act (ADA) Curb Ramp Program Capital Improvement Program (CIP) project. Although this will reduce the number of curb ramps installed, the City will continue to meet its obligations under the 2017 settlement of the federal curb ramp lawsuit.
- Reduce \$500,000 for the Bike Master Plan (BMP) – Greenways CIP project. SDOT anticipates delivering commensurate investments through the Vision Zero CIP project.

### Options:

- A. Reprioritize other funding to backfill some or all of the reduced spending
- B. No change

## 3. Culture Connector Delivery Assessment

The Culture Connector (previously named the Center City Streetcar) was first established in the 2014-2019 Adopted CIP. The project would connect the existing South Lake Union and First Hill streetcar lines by constructing new trackway along 1<sup>st</sup> Avenue and Stewart Street, allowing for a contiguous streetcar network operating through Downtown Seattle. The project includes procurement of additional streetcar vehicles and development of a new streetcar maintenance facility.

In March 2018, Mayor Durkan halted work on the project in response to escalating costs and questions about funding shortfalls for operating the streetcar system.<sup>4</sup> Planned work to re-evaluate the project did not proceed due to budget shortfalls following the COVID-19 pandemic.

In June 2023, Mayor Harrell identified the Culture Connector as an element of his Downtown Activation Plan and SDOT requested \$1.1 million as part of the 2023 Mid-Year Supplemental for a project delivery assessment. The Council did not approve the proposed appropriations. SDOT reports that the department began work on the delivery assessment using existing 2023 budget authority. At the time of this writing, it is unclear what SDOT work was deferred or reduced to accommodate this spending. The delivery assessment work is intended to reassess construction costs and risk, update designs and vehicle specifications, and provide a planning-level update of ridership projections. SDOT anticipates this work will be completed in 2023.

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<sup>3</sup> Kromen, David. ["100k expired traffic tickets take bite out of Seattle's safety budget."](#) *Seattle Times*, October 9, 2023.

<sup>4</sup> Gutman, David. ["Seattle underestimates by millions the cost to run its new streetcar line, Metro says."](#) *Seattle Times*. March 16, 2018.

The 2024-2029 Proposed CIP does not show any planned spending for the Culture Connector in 2024, but shows \$92.7 million in 2025 (including a Federal Transit Agency Small Starts Grant and utility contributions) and an unsecured funding gap of \$92.8 million. These costs have not been updated since 2018 and do not reflect the 2023 delivery assessment results. Currently there is no fully-funded financial plan for construction or operation of the Culture Connector. The results of the 2023 delivery assessment may provide the basis for an updated project proposal in next year's budget.

**Options:**

- A. Proviso SDOT to restrict 2024 spending on the Culture Connector
- B. Preclude further spending on the Culture Connector and remove the project from the CIP
- C. No change

**4. Seattle Transit Measure Emerging Needs**

Approved by voters in November 2021, the Seattle Transit Measure (STM) imposed a 0.15 percent sales tax to fund additional transit service, access to transit, and transit capital projects within the City of Seattle. Table 2 shows actual STM spending in 2022 and planned spending of appropriations in 2023 and 2024. The sales tax is projected to raise \$54.5 million in 2024, so the proposed 2024 spending relies on \$16.9 million of available fund balance.

**Table 2: Seattle Transit Measure Appropriations (\$ in 1,000s)**

	2022 Actual	2023 Adopted	2024 Proposed
<b>Seattle Transit Measure Spending Categories</b>			
a. Transit Service	\$ 21,745	\$ 36,074	\$ 39,491
b. Emerging Needs	\$ 5,201	\$ 7,506	\$ 8,826
c. Transit Access Programs	\$ 3,448	\$ 5,139	\$ 5,851
d. Planning & Analysis	\$ 1,295	\$ 1,618	\$ 2,198
e. Transit Infrastructure &	\$ 2,263	\$ 15,097	\$ 15,000
<b>Total</b>	<b>\$ 33,953</b>	<b>\$ 65,435</b>	<b>\$ 71,366</b>

The STM allows for up to \$9 million annually to support Emerging Needs in the wake of the COVID-19 pandemic and the closure of the West Seattle Bridge. In 2022, the Emerging Needs category supported additional transit service purchases to mitigate the closure of the West Seattle Bridge (which reopened to traffic in September 2022). Following the budget transmittal, SDOT provided an updated spending plan showing planned spending for Emerging Needs at \$6 million in 2023 and \$3.5 million in 2024. This would be a \$5.3 million reduction of spending in Emerging Needs for 2024.

**Options:**

- A. Reduce appropriations for Emerging Needs to match planned spending
- B. Reprioritize all or a portion of Emerging Needs funds for other eligible STM purposes
- C. Proviso all or a portion of these funds for specific activities or until planned Emerging Needs spending is reported or approved by Council
- D. No change

## 5. SDOT Budget for the Downtown Activation Plan

The 2024 Proposed Budget includes \$1 million of JumpStart Payroll Expense Tax in SDOT to support the Mayor's Downtown Activation Plan. This funding is intended to foster community building, placemaking, and economic vitality through SDOT's management and activation of the right-of-way. The 2024 Proposed Budget does not include a detailed spending plan for these funds. See Central Staff's JumpStart Fund Balancing Analysis memo for additional discussion of the JumpStart Payroll Expense Tax.

### Options:

- A. Reprioritize all or a portion of JumpStart funds for other eligible JumpStart purposes
- B. Proviso all or a portion of these funds for specific right-of-way management and activation activities
- C. Proviso all or a portion of these funds until planned Downtown Activation Plan spending is reported or approved by Council
- D. No change

## B. Contextual Budget Issues

### 1. Move Seattle Levy expiring in 2024

Move Seattle is a voter-approved, nine-year, \$930 million property tax levy that will expire at the end of 2024. In preparation for a potential renewal proposal for the November 2024 ballot, SDOT is completing work on the Seattle Transportation Plan (STP). The STP will establish an integrated transportation policy framework to guide transportation investments for the next 20 years, identify performance targets for mobility goals, update the modal priority network maps, and identify funding needs for these improvements. Council previously provided policy direction on the development of the STP and expectations for public outreach in the 2022 Adopted Budget and 2023 Adopted Budget.<sup>5</sup>

Development of the STP includes significant public engagement and review. SDOT released a draft of the STP and a Draft Environmental Impact Statement in August 2023; SDOT anticipates finalizing the plan for Council approval in early 2024. The draft STP, opportunities for feedback, and a report of comments received is available through SDOT's STP engagement [hub](#).

In coordination with the STP and other asset management and planning efforts, SDOT is beginning development of a Transportation Funding Plan (TFP). The TFP will form the basis of the Executive's levy renewal proposal for Council consideration in 2024. The deadline for placing a measure on the November 2024 ballot is August 6, 2024. Including the 2024 Proposed Budget and carry-forward 2023 appropriations, SDOT has identified \$2.5 million to support completion of the TFP in 2024.

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<sup>5</sup> See [CBA SDOT-004-B-001-2022](#) and [SLI SDOT 305-B-001-2023](#).

## 2. Operational Subsidy for Streetcar Lines and use of STM Funds

The City of Seattle owns the South Lake Union Streetcar and First Hill Streetcar lines, and it provides service through an operating agreement with King County. While streetcar fares and ORCA card revenues offset operational costs, the streetcar lines require on-going subsidy. For 2023, the required operating subsidy from the City is \$5.5 million.

In 2024, the City's operating subsidy will increase to \$10.2 million. This increase reflects the expiration of Sound Transit's contribution (\$5 million annually) to First Hill Streetcar operations at the end of 2023.<sup>6</sup> In 2025, the City's operating subsidy is expected to increase to \$12.0 million as King County's contributions to South Lake Union Streetcar operations are scheduled to be reduced from \$1.7 million in 2024 to \$900,000 in 2025.<sup>7</sup> King County's contributions are set to expire completely at the end of 2027.

Historically, the City has used Commercial Parking Tax (CPT) revenues to support streetcar operations. To address declining revenues from CPT and other transportation revenue sources, SDOT intends to use \$5 million of STM funding in 2023 and \$10 million STM funding in 2024 to support streetcar operations. This SDOT administrative decision to use STM funding was first communicated to Council with the transmittal of the 2024 Proposed Budget. SDOT intends to communicate this decision to the Transit Advisory Board as part of a presentation on SDOT's 2024 Proposed Budget. The STM ballot measure allows for spending on transit service operated by King County with more than 65 percent of stops within the City of Seattle, which would include streetcar service. Due to King County limitations on increasing bus service during the COVID-19 recovery, STM funding is available to support the streetcar subsidy in 2023 and 2024 through use of fund balance.

## 3. Bridge Operations and Capital Spending

In September 2020, the City Auditor completed an audit of SDOT's bridge maintenance program. The [report](#) identified an ongoing need for \$34 million per year for bridge maintenance, based on an engineering assumption that SDOT's annual bridge maintenance spending should be one percent of the total replacement cost for SDOT-owned bridges that are over 60 years old. SDOT reported significant progress on the report's recommendations; the main body of work still in process includes the development of a bridge asset management plan and staffing analysis.

The report found that SDOT's average spending on bridge maintenance from 2006 to 2019 was \$6.6 million per year. In calculating this figure, the audit only considered bridge maintenance expenses (including the Bridge Load Rating, Bridge Painting, and the Structures Maintenance programs). The audit excluded bridge seismic and bridge replacement expenses, as these programs are related to preservation of assets and are not considered routine maintenance. A summary of bridge spending in the 2023 Adopted, 2024 Endorsed, and 2024 Proposed Budgets is shown in Table 3. The Bridge Rehabilitation and Replacement CIP projects are included in the maintenance section as the bulk of the funding is for rehabilitation of the 4<sup>th</sup> Ave/Argo Bridge.

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<sup>6</sup> Sound Transit provided construction funding and 10 years of operational support for the First Hill Streetcar as part of the Sound Transit 2 voter-approved funding measure.

<sup>7</sup> King County's contributions to the South Lake Union Streetcar operations are part of the streetcar operating agreement authorized by [ORD 126003](#).

**Table 3: Bridge Programs (\$ in 1,000s)**

	2023 Adopted	2024 Endorsed	2024 Proposed
<b>Bridge Maintenance Projects and Programs</b>			
a. Structures Maintenance (O&M)	\$ 9,937	\$ 10,242	\$ 9,721
b. Bridge Load Rating	\$ 346	\$ 273	\$ 273
c. Bridge Painting Program	\$ 5,318	\$ 2,576	\$ 7,500
d. Bridge Rehabilitation and Replacement	\$ 30	\$ 30	--
e. Bridge Rehabilitation and Replacement Phase II	--	\$ 2,923	\$ 2,923
f. Structures Major Maintenance	\$ 5,561	\$ 5,389	\$ 11,134
g. West Seattle Bridge Immediate Response	--	--	\$ 4,682
<b>Bridge Maintenance Subtotal</b>	<b>\$ 21,192</b>	<b>\$ 21,433</b>	<b>\$ 36,233</b>
<b>Other Bridge Projects and Programs</b>			
h. Bridge Operations (O&M)	\$ 4,134	\$ 4,258	\$ 4,258
i. Engineering & Operations Support (O&M)	\$ 1,676	\$ 1,729	\$ 889
j. Structures Engineering (O&M)	\$ 1,433	\$ 1,478	\$ 1,778
k. Bridge Seismic - Phase III	\$ 11,764	\$ 5,966	\$ 26,016
<b>Other Subtotal</b>	<b>\$ 19,007</b>	<b>\$ 13,429</b>	<b>\$ 32,939</b>
<b>Total Bridge Programs/Projects</b>	<b>\$ 40,199</b>	<b>\$ 34,862</b>	<b>\$ 69,172</b>

While the 2024 Proposed Budget includes \$36.2 million on bridge maintenance projects and programs, it is important to note that this includes a proposed \$10.1 million of 2023 spending carrying into 2024 (this includes \$4.9 million in the Bridge Painting Program and \$5.2 million in Structures Major Maintenance). Similarly, there is a proposed \$20 million shift in the Bridge Seismic – Phase III project from 2023 spending into 2024.

#### 4. Alaskan Way Main Corridor Concrete Strike Delay

The 2021/2022 concrete delivery strike resulted in delay and project cost escalation on the Alaskan Way Main Corridor. To address these cost increases, the 2024 Proposed Budget includes an additional \$25 million for the project. These costs would be included in the 2024 Limited Tax General Obligation (LTGO) Bond Issue, resulting in increased debt service costs of \$1.4 million in 2024 and \$2.2 million thereafter for the 20-year term. SDOT's financial plan anticipates using Commercial Parking Tax to support debt service payments.

## **C. Budget Legislation**

### **1. On-Street Paid Parking Rates**

This Council Bill would raise the minimum on-street hourly parking rate from \$0.50 to \$1.00 and would raise the maximum hourly rate from \$5.00 to \$8.00. The existing provision to allow a maximum hourly rate of \$12.00 within a mile of Seattle Center would be unchanged. The intent of raising the minimum hourly rate is to cover basic parking program cost recovery, while the intent of raising the maximum hourly rate is to provide SDOT with more rate flexibility to manage parking availability.

SDOT's parking rate setting is governed by policy and authority established in [Section 11.16.121](#) Seattle Municipal Code (SMC). On-street parking revenues accrue to the General Fund. The proposed legislation is projected to raise \$2.4 million in 2024 and \$3.8 million in subsequent years.

#### **Options:**

- A. Pass
- B. Do not pass