



5

FUNDING AND IMPLEMENTATION STRATEGIES



CHAPTER 5: FUNDING AND IMPLEMENTATION STRATEGIES

The multi-modal improvement projects and programs provide the blueprint for the transportation system to meet existing and future travel demands in and around the City of SeaTac.

Like most communities, the costs of the desired transportation system improvements and programs will greatly exceed the current revenues. The financing program presented in this section is intended to provide a framework for decisions on which projects and programs are funded and when they may be able to be built. A summary of the estimated costs of the transportation projects and program is presented and compared to estimated revenues for implementing the projects and programs. The financing program also includes a discussion of options for additional funding to help implement the projects and programs over the life of the plan.

5.1 Project and Program Costs

Table 5-1 summarizes the costs of the recommended transportation improvement projects and programs. These cover maintenance and operations, and capital projects. The costs are summarized for the short-range (2015-2020), mid-range (2020-2026), long-range (2027-2035), and beyond 2035 relative time periods presented in Tables 4-2, 4-3, 4-4, and 4-5. The cost summary includes only project and program costs that would be under the jurisdiction of the City of SeaTac. The project and program costs are presented in constant 2014 dollars.

5.1.1 Program Costs

As discussed in Chapter 4, the annual transportation programs address a variety of transportation needs. These include preservation, maintenance, operations, and administration. Annual costs for these programs reflect historical data extrapolated to 2035 (in 2014 dollars). In addition, funding for the preservation program was increased to \$875,000 per year (2014 dollars) which is approximately double the historical funding rate. This level of funding is based on the range evaluated in the City of SeaTac, WA 2013 Pavement Management Analyses Report (IMS Infrastructure Management Services, 2013). The 2013 Pavement Management Analyses Report recommended funding increase to \$920,000 per year in order to maintain a pavement rating of 73



24TH AVENUE S RECONSTRUCTION PROJECT



Table 5-1: Transportation Program and Project Costs (2015-2035) – (1,000's of 2014 \$)

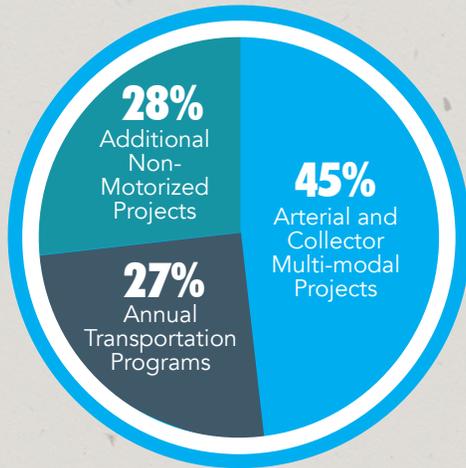
	SHORT-RANGE COSTS ¹ (2015-2020)	MID-RANGE COSTS ¹ (2021-2026)	LONG-RANGE COSTS ¹ (2027-2035)	BEYOND 2035 COSTS ¹ (2035 +)	TOTAL COSTS ¹ (2015-2035)
Annual Transportation Programs	\$31,570	\$37,410	\$69,760	-	\$138,740
Arterial and Collector Multi-modal Projects ²	\$31,561	\$28,840	\$34,150	\$136,860	\$231,411
Additional Non-Motorized Projects	\$6,000	\$6,000	\$9,000	\$119,565	\$140,565
Total	\$69,131	\$72,250	\$112,910	\$256,425	\$510,716

Sources: City of SeaTac, Transpo Group

1. All costs in \$1,000s of 2014 dollars

2. Allocation for timing assumes approximately \$1 million per year allocated to other non-motorized improvement projects based on historical and current funding outlook. The City can choose to shift funds from other projects/programs or raise more transportation revenues to increase the implementation of these projects that are largely based on the Safe and Complete Streets Plan and Station Area plans.

Transportation Program and Project Costs



**Total \$501,836,000
(2014 \$)**

or better. The \$875,000 assumption presented in the TMP funding analyses would generally meet that objective. The increase in funding more than doubles the City's historical expenditures for street overlays. Funding for overlays and preservation was increased by the City over the past several years.

The estimated cost for the Commute Trip Reduction Program reflects staff time based on historical and projected funding per the City's TIP and CIP. These costs are incorporated in the Maintenance, Operations, and Administration Program. Estimates of potential annual expenditures for the Intelligent Transportation System Program are based on a 2015-2035 funding level of \$5 million. This level of expenditure would cover a basic system and set the groundwork for an expanded system in the future. The Pedestrian Crossing Program assumes funding at \$50,000 per year. This level of funding would address 1 to 3 locations per year, depending on the specific scope for crossing

treatments.

Combined these programs are estimated to require over \$135 million in funding (2014 dollars) between 2015-2035. As shown in Table 5-1, all of the costs of transportation programs are within the life of the TMP and TE. These programs are a high priority for the City to address system preservation, safety, operations, and efficiency for all modes of travel. Reducing the funding for the transportation programs would likely add to costs in the future due to the need for more significant reconstruction of the existing system.

5.1.2 Project Costs

The transportation programs are a high priority for the City. As presented in Chapter 4, there are also significant costs associated with the identified improvements to the arterial and collector roadways (see Table 4-4). As shown in Table 5-1, these projects would require \$231 million (\$11 million per year) to be fully funded by 2035.

Arterial and Collector Project Costs

Approximately \$5 million of the \$231 million in costs are for the new roadway projects. This includes the remaining City cost of \$1.8 million for the extension of 28th/24th Avenue S. The other remaining cost of the 28th/24th Avenue S extension are covered by grants and other agency funding.

Upgrading and reconstructing the City's arterials and collectors would account for another \$150 to \$160 million (2014 dollars). Reconstructing roadways from the older King County rural arterial standards to meet urban traffic and multi-modal need is very expensive. Reconstruction and upgrading Military Road S and Des Moines





CONSTRUCTION ALONG S 168TH STREET

Memorial Drive S in the City accounts for a large portion of the \$150 to \$160 million costs included in this category. As an example, the City's recent reconstruction and upgrade of Military Road S between S 166th and S 176th Streets cost approximately \$10 million. This project covered a distance of approximately three-quarters of a mile.

Another \$70 million in project costs are estimated for multi-modal improvements in and around the City's Urban Center and other collector roads. These projects will improve safety, connectivity, and support the development of the Urban Center, including the Link light rail station areas. In addition these projects upgrade older County collector roadways to multi-modal urban standards.

Additional Non-motorized Projects

In addition to the more significant arterial and

collector projects, the TMP has identified a comprehensive list of additional non-motorized transportation improvements. These projects were derived from the S&CSP, Station Area Plans, and analyses from the TMP. These projects are estimated to cost over \$140 million (2014 \$). This would require an average funding of over \$6.5 million per year to fully fund them by 2035.

The funding program presented in Table 5-1 allocates \$1 million per year to these projects. The City has recently been funding these types of non-motorized projects at approximately \$1.5 million per year. However, some of the core funding for that program is no longer available to be dedicated to these projects. The City estimates that less than \$400,000 per year will be available to advance these types of projects under the existing transportation funding program structure. The \$1 million per year allocation for the TMP falls approximately mid-way between these funding levels and better reflects the City's intent and policy direction. Additional options for funding these projects are discussed in section 5.2.2.

5.2 Revenue Projections

Funding sources for transportation projects include various fees and tax revenues, grants, bonds, and developer contributions. The City of SeaTac funds transportation improvements through the Transportation Capital Improvement Fund, Arterial Street Fund and City Street Fund. Each of these funds tracks the City's revenues and expenditures for transportation projects and programs. Actual funding for transportation

improvement projects and programs is accomplished through the City's biennial budget process and document.

The following summarizes the estimated transportation revenues based on historical data for the City of SeaTac. It also provides insights into the levels of potential additional transportation revenues that could be generated during the TMP through changes in policies and/or new revenue sources. All of the fiscal data throughout this memorandum is provide in 2014 dollars (2014\$). The data sources and analysis are provided in the Transportation Funding Analysis, BERK, July 2015, included as part of the TMP's Supporting Materials documents.

5.2.1 Forecast Revenues Under Current Policies

Table 5-2 summarizes projected revenues for the primary sources of transportation revenue for the City of SeaTac. The revenues were spread over the 2015-2035 time horizon of the TMP for comparison with the project costs time horizons presented in Table 5-1. The City currently gets most of its revenues for funding transportation projects and programs from four primary sources:

- State and Federal grants;
- Motor vehicle fuel taxes (MVFT);
- Commercial Parking Taxes;
- GMA-based Transportation Impact Fees (TIF).

In addition, the City also uses other local funds for transportation projects and programs. These include various street-use permits, rental income, miscellaneous fees, and sale of City assets.



Table 5-2: Forecast Transportation Revenues (2015-2035) – (1,000's of 2014 \$)

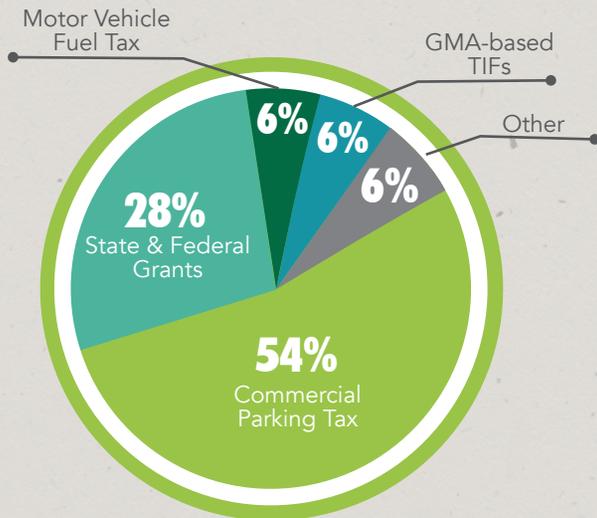
	SHORT-RANGE REVENUES ¹ (2015-2020)	MID-RANGE REVENUES ¹ (2021-2026)	LONG-RANGE REVENUES ¹ (2027-2035)	TOTAL REVENUES ¹ (2015-2035)
State and Federal Grants	\$12,400	\$14,900	\$28,100	\$55,400
Motor Vehicle Fuel Tax (MVFT)	\$3,800	\$3,470	\$4,630	\$11,900
Commercial Parking Tax	\$27,700	\$27,740	\$48,650	\$104,090
GMA-based Transportation Impact Fees ²	\$3,480	\$3,480	\$5,220	\$12,180
Other Local Sources	\$2,900	\$3,450	\$5,700	\$12,050
Total	\$50,280	\$53,040	\$92,300	\$195,620

Sources: BERK; City of SeaTac Transportation Master Plan Transportation Funding Analysis, July 2015.

1. All revenues in \$1,000s of 2014 dollars

2. Impact fee forecast based on existing TIF rate multiplied by forecast 2015-2035 traffic growth in City, exclusive of growth at Sea-Tac International Airport.

Projected Transportation Revenues (2015 - 2035)



Total: \$195,620,000
(2014 \$)

State and Federal Grants

The City has successfully secured grants for transportation projects. Between 2004 and 2013, the City secured over \$15 million (in 2014 dollars) in state and federal grants for transportation projects. This is an average of \$1.5 million per year in various transportation grants. The City also recently received grants for \$9.3 million for constructing 28th/24th Avenue S between S 200th and S 208th Streets in 2015 and 2016. In 2014/2015, the City also received \$3.8 million in grants for the recent improvements to Military Road S between S 166th and S 176th Streets. In 2013, the City was successful in getting almost \$3.7 million for improvements to S 154th Street west of International Boulevard.

Based on the historical and recent grants, it is projected that the City would be able to secure

\$55 million in federal and state transportation grants by 2035. This is an average of over \$2.5 million per year.

Funding through grants is tied to specific programs and types of projects. Several grant programs target transportation projects that support regional economic growth, mobility, and other travel models. Many of the projects identified in the Transportation Systems Plan support regional needs and would likely be eligible for some grant funding.

The Surface Transportation Program (STP) is one of the most flexible federal grant programs. STP funding can be used for highway and bridge projects, transit capital projects, and funding for bicycle, pedestrian, and recreational trail improvements. STP funding is one of the most flexible of the federal grant programs. They also can be used for public transportation capital improvements, car and vanpool projects, fringe and corridor parking facilities, and intercity or intracity bus terminals and bus facilities. STP funds also can be applied to surface transportation planning activities, wetland mitigation, transit research and development, and environmental analysis. STP funds also can be used for transportation control measures.

The Congestion Mitigation and Air Quality (CMAQ) program is a federally funded program administered through the Puget Sound Regional Council (PSRC). CMAQ funds projects and programs in air quality non-attainment and maintenance areas, which reduce transportation related emission. CMAQ grants cannot be used to fund general purpose roadway projects.



The Washington State Transportation Improvement Board (TIB) currently provides funding for urban areas in Washington through three grant programs:

- **Urban Arterial Program (UAP)** funds projects that address safety, growth & development, physical condition and mobility.
- **Urban Sidewalk Program (SP)** provides funding for sidewalk projects that improve safety and connectivity.
- **Arterial Preservation Program (APP)** provides assistance for roadway paving/overlays for cities/agencies with less than \$2 billion assessed valuation. The City of SeaTac exceeds the maximum assessed valuation criteria and therefore, is not eligible for this program.

The TIB projects are selected on a competitive basis. Each of the three programs has distinct criteria to rank the projects for funding. Once selected, TIB staff stays involved through grant oversight and helping bring projects to completion.

WSDOT administers various grants which fund non-motorized transportation improvements. The Safe Routes to Schools Program funds projects which are targeted at reducing collisions between vehicular and non-motorized road users and improving the accessibilities of schools to children on foot or bike. The WSDOT Pedestrian and Bicycle Program funds projects which promote healthy living through active transportation, improves non-motorized user safety, reduces vehicular travel, and has community support• Federal Grants

Motor Vehicle Fuel Taxes

This tax, statutorily authorized by Chapter 82.36 RCW, funds both annual maintenance projects and, to a lesser degree, capacity enhancement projects. Revenues are used to fund administrative, construction, reconstruction, maintenance and repair costs to highways, major arterials, and city streets. There are separate allocations for city streets and highways. WSDOT allocates a small portion of MVFT funds to cities and counties through an allocation formula. The City is forecast to receive an average of \$550,000 per year in fuel taxes under the current state allocation formulas (2014 \$).

Commercial Parking Tax

The City of SeaTac levies a special local option transportation tax of \$0.90 per short-term commercial parking transaction and \$3.00

per long-term commercial parking transaction within city limits. This tax applies to commercial, municipal, State of Washington and other governmental entities with parking operations. The tax is collected by parking service operators and remitted to the City each month. Those flat rates (\$3.00 for long term parking transactions and \$0.90 for short term parking transactions) have not been increased since 2010.

Following the events of September 11, 2001, air travel declined resulting in a short-term slowdown in parking tax revenues, which was extended as new airport security rules prevented people from picking travelers up at the gate, diverting people who might have parked to the airport pick-up lanes. After that period, from 2006 to 2010, commercial parking tax revenues increased due to increases to the parking tax rates. Since then, SeaTac's flat rates for this tax have not increased.



THE CITY IS FORECAST TO RECEIVE AN AVERAGE OF \$550,000 PER YEAR IN FUEL TAXES

THE CITY CURRENTLY RECEIVES \$3.00 PER LONG-TERM COMMERCIAL PARKING TRANSACTION WITHIN CITY LIMITS.



Because the rate is not increased on a regular schedule, nor indexed to inflation, the revenues from this approach are eroding annually based on the declining value of the dollar.

From 2010 to 2012, commercial parking tax revenues were fairly flat as erosion of the transaction rates negated any increases in parking transactions. Parking revenues increased by 6% in 2013 and 7.5% in 2014, which denotes an even more significant increase in parking transactions because of the opposite effect of the erosion of the value of the transaction rate happening at the same time.

For projection purposes, commercial parking tax revenues are based on the projected enplanements anticipated by the Port of Seattle. The projections used are linear, and do not account for the potential variation in the air travel market that could occur between now and 2035. As noted in Chapter 3, the percentage of auto vehicle trips accessing the airport is declining due to Link light rail, increased bus service, the increased availability of other modes of transportation to and from the airport, and the creation of the cell phone lot, which has further supported diversion of one-time parkers to the pickup lanes. This, coupled with the fact that an increased proportion of new enplanements are intra-airport flight transfers, is leading to a declining rate of parking transactions per enplanement.

Those factors coupled with the declining value of the dollar (due to inflation and demonstrated by the CPI factor used to compute the projections for the TMP in 2014 dollars) the effective rate

of this tax has been declining steadily since the transaction rate was raised. This effect is shown in the declining commercial parking tax revenues per year shown in Table 5-2. Under current policies, the City would expect almost \$105 million (2014 \$) in parking tax revenues between 2015 and 2035.

Commercial parking tax transaction fees were raised in 2006-2010 in concert with the renewal of the City's Interlocal Agreement (ILA) with the Port of Seattle. That ILA also contained some revenue sharing of these funds between the City and the Port. Appendix C, section 5.3.3 of the ILA states that "The parties agree that the parking tax collected by the City shall be applied according to the CIP as shown in the funding plan in the Joint Transportation Study (JTS)."

The JTS was the basis for the City's prior TE.



COMMERCIAL DEVELOPMENT IN SEATAC

Further, this dictates that 36.9% of the revenues are allocated to the Port to fund South Access, Westside Trail, and the Ring Road project. To this point, 14.9% of the funds have been allocated to the latter projects. Because no action has occurred furthering the South Access Expressway (SAE) project, the additional 22% of the funds have been held and spent on projects of mutual importance. Some of these funds were directed to the 28th/24th Avenue S improvement project, provided to WSDOT to help fund an additional eastbound lane on SR 518 connecting to the North Airport Expressway (NAE), and toward relocating the Port's Cell Phone parking lot. The City estimates that the "22%" allocation will have approximately \$4 million remaining at the end of 2015, when the existing ILA with the Port expires in February 2016. The disposition of these funds after the expiration of the current ILA will likely be determined in the new ILA.



Transportation Impact Fees

The Growth Management Act (GMA) allows agencies to develop and implement a traffic impact fee (TIF) program to help fund some of the costs of transportation facilities needed to accommodate growth. State law (Chapter 82.02 RCW) requires that TIFs be:

- related to improvements to serve new developments and not existing deficiencies;
- assessed proportional to the impacts of new developments;
- allocated for improvements that reasonably benefit new development;
- spent on facilities identified in the Capital Facilities Plan.

The City of SeaTac adopted a transportation impact fee program in 1995. The original rate was set at \$773 per net new PM peak hour trip. This rate was significantly below the maximum allowable rate based on the relative costs of growth-related transportation projects versus the benefits to growth. In 2002, the City raised the TIF rate to \$1,020 per net new PM peak hour trip. This is the current TIF rate (Chapter 11.15 of the City of SeaTac Code). A single-family house generates, on average, one trip during the PM peak hour, so the TIF for a single-family house would be \$1,020.

Based on historical data for the past several years, the City would be expected to collect about \$1 million in impact fee revenues by 2035. This estimate does not take into account the designation of the City's Urban Center and associated growth in travel demands, including auto trips. As noted in Chapter 3, the forecast growth in the City (exclusive of the Airport) would generate approximately 12,000 PM peak hour trips. This growth could result in \$12 million in TIF revenues if all of that growth occurred. If the growth does not occur, then the revenues would not be generated; however, the need for the identified growth –related transportation improvements also would be delayed to a later date.

The City does not collect TIF payments from development at Sea-Tac Airport. As presented in Chapter 3, Airport traffic growth accounts for an additional 3,800 PM peak hour vehicle trips which could generate transportation revenues if that agreement was modified.

As part of the 2015 TMP, the traffic impact fee program calculation was updated to reflect the revised growth forecasts and impact fee project costs. The updated methodology and findings result in a maximum TIF rate of over \$11,000 per PM peak hour trip.

The City of SeaTac's current rate of \$1,020 per PM peak hour trip is lower than the 2014 TIF rates in all South King County cities, except Burien (see insert on this page). Burien's rate of \$948 per PM peak hour trip is the only TIF rate lower than SeaTac's. TIF rates in Maple Valley and Kent are much higher, at approximately \$4,000 per single-family household.

The City will not actually collect all of the TIF funds because developers will be asked to construct some of the projects. Where a developer is conditioned to construct all or a portion of TIF project, the City will provide credits, consistent with GMA requirements.

Other Local Sources

Other local revenues are also used to help fund transportation projects or programs. These include street permit fees, rentals, and other miscellaneous fees. As shown on Table 5-2, other local funding sources are projected to generate \$575,000 in transportation revenues (2014 dollars) per year through 2035. The City also plans to use revenues from sales of City assets to help fund transportation improvements in the vicinity of the S 154th Street Station Area. In particular, the City's 2015-2020 CIP shows potential funding of \$5.4 million toward the S 152nd Street reconstruction project (ST-126 on Table 4-4). Since the asset sales revenues is not a regular, ongoing source of transportation revenues, this amount

Agency	Base Rate Per PM Peak Hour Trip	Rate per Single-family House	
		Citywide	Downtown
Auburn		\$3,641	\$2,950
Burien	\$948	\$957	
Covington		\$4,461	
Des Moines	\$3,194	\$3,656	
Enumclaw	\$2,907	\$2,937	
Federal Way		\$3,112	
Kent	\$4,006	\$3,877	\$3,141
Maple Valley	\$3,986	\$4,026	
Renton	\$2,503	\$2,857	
SeaTac	\$1,020		
Tukwilla	\$1,244	\$1,188	

SOUTH KING COUNTY 2014 TIF RATES



was not included in the 2015-2020 revenue projections. These monies may, however, become available in the future to help fund this and/or other transportation projects.

Other Agency Contributions

Other agencies also assist in funding the City of SeaTac transportation projects of mutual benefit. These could include sharing costs of a traffic signal improvement with the City of Des Moines when the city limits intersect. This is the case at the intersections of S 200th Street/Des Moines Memorial Drive S and S 208th/28th/24th Avenue S. Another example is funding contributed by the Port and Sound Transit for the extension of 28th/24th Avenue S extension project. In these cases the City of SeaTac project costs shown in Table 4-4 have been reduced to reflect the outside funding.

The Port of Seattle, Sound Transit, and other agencies also contribute to transportation improvements in the City of SeaTac. In some

cases, the other agency fully funds the project as part of mitigation for its project impacts. This was the case with Sound Transit funding intersection improvements at S 200th Street/Military Road S/ I-5 Southbound Off-ramp as part of the extension of Link light rail to S 200th Street. In these cases the project is listed in Table 4-2, Other Agency Multi-modal Transportation Improvement Projects.

5.2.2 Forecast Revenues From Potential Policy Changes

The analyses show that the City’s existing primary transportation revenue sources could generate up to \$195 million (2014 \$) over the 21-year life of the TMP. This is well short of the \$510 million in estimated costs in transportation projects and programs. As shown in Table 5-1, half of the project costs have been assigned to the post 2035 time horizon to reflect the significant shortfall in forecast transportation revenues. This still would leave a shortfall of almost \$60 million between 2015 and 2035.

The TMP evaluated possible strategies to increase revenues from changes in policies. These could be changes in policies around existing transportation revenue sources or new funding sources. The primary options for changes in the existing transportation revenues involve the TIF and commercial parking tax. Potential new transportation funding through creation of a Transportation Benefit District (TBD) also has been discussed with the Planning Commission and City Council in developing the TE and TMP. The potential revenues from these sources are presented below.

The potential for a business and occupation tax (B&O) to help fund transportation projects also was discussed during preparation of the 2015 TE and TMP. The City directed that that option be dropped from consideration at this time. In addition, the City could use Local Improvement Districts (LID) or direct other current taxes, such as the Real Estate Excise Tax (REET), to transportation projects. The City also chose not to build the TMP around those funding options.

Transportation Impact Fees

The City could change policies related to its TIF program in a couple of different ways. One option would be to increase the TIF rate from its current \$1,020 per PM peak hour trip. As discussed above, the TIF rate could be as high as \$11,000 per PM peak hour trip based on the 2015 TMP and TE calculations. It is unlikely that the City would consider such a high TIF. However, based on the 2014 TIF rates of other South King County cities, the City could increase its TIF rate to \$2,000 or \$3,000 per PM peak hour trip and remain at or below the average TIF rates of those cities. Based on these rates the City could generate \$20 to \$35 million in TIF funding assuming full build-out of the Urban Center and other parts of the City. This is an increase of \$8 to \$23 million with the same growth assumptions at the City’s existing rate of \$1,020 per PM peak hour trip.

However, the City is concerned over the potential for higher TIF rates to adversely affect economic growth. One option would be to phase in the increase over several years. The City of Des Moines phased implementation of its original TIF



CURRENT REVENUE FORECASTS ONLY ACCUNT FOR 38% OF PROPOSED COSTS (2014 \$)



in 2002, with the full rate taking effect in 2009. In 2009, the City of Des Moines updated their TIF calculation and determined that the maximum rate could be over \$6,000 per PM peak hour trip. The City did not change the rate TIF rate for 2009, but has been phasing in the updated rate. The full rate is scheduled to take effect in January 2017.

The City of Renton also recently updated their TIF program. The maximum TIF rate based on Renton's 2011 Rate Study is \$7,500 per PM peak hour trip. By policy, the City adopted a rate of \$2,856 per PM peak hour trip in 2011. Renton also adopted a phase-in schedule with the full adopted rate effective January 1, 2016.

Another consideration for the City of SeaTac would be to include an annual cost escalation factor. These could be applied to the existing TIF rate, a new rate, or a phased-in TIF rate. Des Moines and many other communities use the annual cost escalation factor to adjust their TIF rates to better track with construction costs. The WSDOT maintains a Construction Cost Index (CCI) which is based on actual costs of transportation improvement projects. Other cost indices, such as the Engineering News Record Construction Cost Index include costs for a much broader range of construction including buildings, dams, and other non-transportation projects. The Consumer Price Index also is not tailored to transportation construction so is not recommended for use in adjusting TIF rates.

The City of SeaTac does not collect TIF for development at Sea-Tac Airport through mutual agreement. If the City and Port were to agree

to have the Port pay the City's TIF, it would generate nearly \$4 million (2014 dollars) through 2035. If the City adopted a higher base trip rate or applied an annual cost escalation to its TIF, Airport-generated TIF revenues would increase proportionally.

Commercial Parking Tax

Currently SeaTac levies a flat tax of \$0.90 for each short-stay parking transaction and a flat tax of \$3.00 for each long-stay parking transaction. A transaction based fee is reflective of a commercial parking trip's impact to the transportation system. The state statute allows the City to change the way it administers this tax (levying it on a per-stall basis or changing to a rate based tax).

These funds could be used for the arterial and collector projects identified in the TMP, or could help supplement funding of neighborhood non-motorized improvements, or ongoing preservation and maintenance programs. All of these elements of the transportation needs are impacted by traffic to/from the Airport and City.

Currently the City of SeaTac's Interlocal Agreement with the Port of Seattle dictates that Commercial Parking Taxes collected by the City of SeaTac will be shared with the Port of Seattle. The sharing agreement dictates that 14.9% of these funds are allocated to projects of mutual importance and administered by the City on their behalf. An additional 22% has been allocated to the Port for the South Access Expressway (SAE). As the SAE project has not begun, the City may elect to change its sharing agreement with the Port of Seattle. This change in policy could increase the City's Commercial Parking Tax

revenues by \$29 million over the next 21 years, based on the current parking rates.

Transportation Benefit District

TBDs are independent taxing districts that can impose fees to fund transportation improvements, as described in their authorizing statute Chapter 36.73 RCW. Taxes that can be imposed include:

- Up to a 0.2% Sales and Use Tax (SUT) (not charged on sales of food and medicine);
- Up to a \$100 Motor Vehicle Excise Tax (MVET); \$20 of this can be levied without a vote of the people.

At this time, the City of SeaTac is considering exploring developing a TBD to levy a \$20 MVET tax or a 0.2% SUT. These funds could help provide a foundation for additional preservation (street overlays) or neighborhood non-motorized projects, as they are not restricted against these uses. The specific projects and programs would need to be defined and the TBD funds could only be spent toward those improvements.

A wide range of communities have created TBDs to help fund transportation projects. The Cities of Des Moines and Burien have formed TBDs with the focus on preservation and/or non-motorized transportation improvement projects. The City of Burien TBD was established in 2010 assesses a \$10 MVET. The City of Des Moines TBD assesses a \$20 MVET and was formed in 2009. The City of Renton is also considering exploring a TBD as part of its 2015 TE to help fund transportation preservation and/or non-motorized transportation projects.

The BERK analyses prepared for the City of



SeaTac TMP and TE estimate that a TBD based on a \$20 MVET would raise up to \$17 million (2014 dollars) between 2016 and 2035. A TBD based on an additional 0.2% sales tax would raise an estimated \$6 million over that same time period. If the TBD is started later than 2016, then lower levels of revenues would be generated.

5.3 Financing and Implementation Strategy

The TE and TMP are only effective if they can be systematically funded and implemented. Funding will take place over time meaning that some projects and programs will be implemented each year. For purposes of the TMP, the funding and implementation strategies are based on the same short (2015-2020), mid (2021-2026), long (2027-2035) and beyond 2035 time ranges reflecting the project concept presented in Chapter 4. The next section reviews the funding versus transportation costs during those time periods. That discussion is followed by a conceptual framework for implementation of the transportation programs and projects.

5.3.1 Transportation Funding Summary

Table 5-3 compares the forecast transportation revenues from the existing sources and policies with the conceptual timing horizon for funding the improvement project. As previously noted the project implementation concept assigned half the costs of the transportation programs and projects as being funding beyond 2035; all of the

estimated costs of programs were included in the 2015-2035 time frame of the TMP since these are very important in reducing future costs associated with major reconstruction of arterials, collectors, local streets, and non-motorized facilities.

As discussed in Chapter 4, the relative timing for the transportation projects takes into account the ability to fund the projects. This resulted in a reasonable balance between costs and revenues during the short (2015-2020) time period, with a shortfall of \$18.9 million. To fully fund the short-range transportation costs by 2020, the City would need to raise an average of \$3.1 million more per year in revenue. Alternatively, the City could slide some of those project costs to beyond 2020, which would result in bigger shortfalls during later time periods. The costs and

revenues are also out of balance in the later time periods. Between 2021 and 2026, the shortfall would require an additional \$3.2 million per year in revenues. The shortfall in revenues shown for 2027-2035 would require \$2.3 million per year on average. Unless additional transportation revenues are available, the number of projects including arterials and non-motorized system improvements would be slid to beyond 2035.

5.3.2 Implementation Strategy

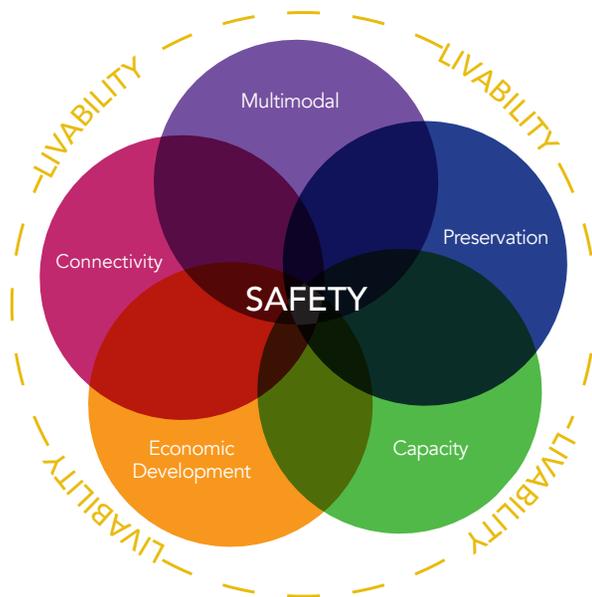
The shortfall in funding shown in Table 5-3 means that the City will need to be strategic in implementation of transportation projects to get the most bang for the buck. Other options for the City include potentially increasing transportation revenues, as discussed in section 5.2.2.

Table 5-3: Transportation Financing Summary by time Horizon (1,000's of 2014 \$)

	SHORT-RANGE ¹ (2015-2020)	MID-RANGE ¹ (2021-2026)	LONG-RANGE ¹ (2027-2035)	BEYOND 2025 ¹ (2035+)	TOTAL COSTS ¹ (2015-2035)
Estimated Revenues from Existing Sources/Policies ^{1, 2}	\$50,280	\$53,040	\$92,300	-	\$195,620
Estimated Costs of Programs and Projects ^{1, 3}	\$69,131	\$72,250	\$112,910	\$256,425	\$510,716
Net Difference⁴	(\$18,851)	(\$19,210)	(\$20,610)	(\$256,425)	(\$315,096)

- Sources: City of SeaTac, Transpo Group, BERK
 1. All revenues and costs in \$1,000s of 2014 dollars
 2. From Table 5-2
 3. From Table 5-1
 4. Estimated revenues less costs (\$X,XXX) means negative





Project Priorities

The relative timing shown for the projects and programs in Chapter 4 take into the availability of funding; the relative priority of the project; the relationship to other projects (such as the extension of SR 509); the time needed to fund, design, and construct improvements. The relative project priorities take into account direction from the City Council, Planning Commission, public comments, as well as the technical analyses. As previously noted that actual implementation and funding of projects and programs is annually reviewed as part of the City’s adoption of the Six-Year Transportation Improvement Program (TIP) and Capital improvement Program (CIP).

The City of SeaTac’s 2015 Comprehensive Plan

establishes a vision for the community. The transportation system priorities need to align with that vision to support the overall Plan for the City. In addition, the TMP priorities build from the City Council’s Vision as “a premier, global community, offering a solid, sustainable economy and a healthy, inclusive, and vibrant quality of life.”

Based on the high level framework provided by the Comprehensive Plan and City Council visions, community input, and the technical analyses, the TMP projects priorities and relative timing presented in Chapter 4 were based on 6 core factors to improve and support the livability and economic sustainability of the City. As shown in the adjacent diagram, safety of all travel modes is at the core of the transportation priorities. The other five elements of the priorities all support improved safety. The elements also overlap with each other. For example, added multi-modal capacity supports economic growth. New multi-modal facilities improve connectivity within the City and to other travel modes. The City will consider these elements in advancing transportation projects through its TIP and CIP.

Additional Revenues

The City’s transportation priorities also may result in a desire for additional revenues to help complete some projects sooner than would occur under current funding programs and policies. Based on the transportation funding analyses discussed above, the TMP suggests that the City consider potential additional funding opportunities. The additional funding options tie into different types of projects, so a combination

of the strategies may ultimately be desired. These include:

- **Increasing Transportation Impact Fee Revenues.** The City’s TIF rate is lower than most other cities in South King County and is approximately set at less than 10 percent of the maximum allowable TIF rate based on the 2015 TMP. The City could phase-in an increase to the TIF rate. The City also could consider including an annual escalator to help keep pace with changes in transportation project costs over time.

The City also could change its policy to not charge the TIF for new development at the Airport. This decision is tied into several agreements including the City/Port’s ILA and probably would affect other revenue or cost sharing agreements with the Port.

Increased TIF revenues can only be used for growth-related street and roadway projects. These would include reconstruction of Military Road S, Des Moines Memorial Drive S and many others. These types of multi-modal projects also support the City’s objectives to complete the pedestrian and bicycle system.

- **Increasing Commercial Parking Tax Revenues.** As part of the renegotiation of the City/Port ILA, the City could retain all or a portion of the current 22 % allocation of the commercial parking tax revenues earmarked

Each 1% of commercial parking tax shared equals approximately \$1.3 million (2014 \$) total between 2015 and 2035



for the SAE project. These revenues may best be directed toward funding implementation of the City's arterial, collector, and non-motorized projects shown in Tables 4-4 and 4-5. However, the parking tax revenues also could also be effective in funding preservation and other programs, such as the Pedestrian Crossing Program and the Intelligent Transportation Systems (ITS) programs listed in Table 4-3 to improve safety and efficiency of the transportation system.

- **Establishing a Transportation Benefit District (TBD).** Establishing a TBD could be considered by the City. Many agencies have used a TBD to provide additional and more stability to transportation preservation programs. Others have used the TBD funding for advancing implementation of non-motorized projects in neighborhoods or along arterials and collectors.

Reassessment Strategy

Without additional revenues the financing summary recognizes the potential for a shortfall of over \$300 million (2014 \$) over the life of the plan. The City is committed to reassessing their transportation needs and funding sources each year as part of its Six-Year Transportation Improvement Program (TIP) and CIP processes. This allows the City to match the financing program with the short range transportation improvement projects and funding. The TE and TMP also include goals and policies to periodically review land use growth, adopted level of service standards, and funding sources to ensure they support one another and meet

concurrency requirement. As noted in Chapter 3, the forecast housing and employment growth used in the travel forecast reflect full build-out of SeaTac and maximum air passenger traffic at the Airport.

In order to implement the TE and TMP, the City will consider the following principals in its transportation funding program and TIP/CIP processes:

- As part of the development of the annual Six-Year Transportation Improvement Program and Six-Year Capital Improvement Program, the City will balance improvement costs with available revenues;
- Review project design standards to determine whether costs could be reduced through reasonable changes in scope or deviations from design standards;
- Fund improvements or require developer improvements as they become necessary to maintain LOS standards to meet concurrency and off-set impacts on traffic operations, safety of all modes, and support the completion of the multi-modal transportation systems;
- Explore ways to obtain more developer contributions to fund the improvements;
- Coordinate and partner with WSDOT, the Port of Seattle, PSRC, the state legislature and local cities to vigorously pursue funding and construction of the extension of SR 509 and SAE as identified in the TE and TMP;
- Review funding strategy to see if the

transportation impact fees or commercial parking taxes should be revised to account for the updated capital improvement project list and revised project cost estimates;

- Consider establishing a TBD to help fund transportation system needs;
- If the actions above are not sufficient, the City could consider changes in its level of service standards and/or possibly limit the rate of growth in the City as part of future updates of its Comprehensive Plan (however, the changes in land use allocations would need to be agreed to with King County and other agencies in King County);
- Lower priority projects in the Transportation Element may be slid to beyond 2035 or deleted from the program.

