1. **Welcome and Roll Call** – Mayor Bernie Talmas, Woodinville, Chair  
   5 minutes

2. **Public Comment** – Mayor Bernie Talmas, Woodinville  
   10 minutes

3. **Approval of minutes – January 8, 2014 meeting**  
   Page 4  
   5 minutes

4. **Chair’s Report** – Mayor Bernie Talmas, Woodinville, Chair  
   5 minutes

5. **Executive Director’s Report** – Deanna Dawson, SCA Executive Director  
   15 minutes

6. **PIC Operating Policies**  
   **ACTION ITEM**  
   Page 15  
   Deanna Dawson, SCA Executive Director  
   (3 minute update, 7 minute discussion)  
   10 minutes

7. **PIC Nominating Committee Recommendation**  
   **ACTION ITEM**  
   Redmond Councilmember Hank Margeson, Chair of the PIC Nominating Committee  
   Page 20  
   (5 minute update, 5 minute discussion)  
   10 minutes

8. **Transportation Funding**  
   **ACTION ITEM**  
   Deanna Dawson, SCA Executive Director  
   Page 21  
   (5 minute update, 25 minute discussion)  
   30 minutes
9. **Transit Orientated Development (TOD) Property Acquisition Fund**

**DISCUSSION ITEM**  

Monica Whitman, SCA Senior Policy Analyst  
(5 minute update, 10 minute discussion)

10. **Upcoming Events**

   a) SCA Networking Dinner – Wednesday, February 19, 2014 – 5:30 PM  
      Renton Pavilion Events Center – Seattle Mayor Ed Murray, Keynote Speaker
   b) SCA Woman’s Leadership Breakfast – Thursday, February 20, 2014 – 7:30 AM
   c) SCA Public Issues Committee Meeting – Wednesday, March 12, 2014 – 7:00 PM  
      Renton City Hall

11. **For the Good of the Order**

12. **Adjourn**

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### Did You Know?

A number of SCA members participated in the annual One Night Count of homeless people, conducted during the early morning hours of Friday, January 24, 2014. Volunteers counted a total of 3,117 unsheltered people on the streets, in parked cars, on Metro Night Owl buses or in other places not meant for human habitation. This is a 14% increase over the 2013 count. More than 800 volunteers participated and teams were dispatched from ten locations throughout the county.

Why does the Count take place? The primary purpose of the One Night Count is to document how many people lack basic shelter; it does not include those who are staying in shelters and transitional housing, who are counted separately. Many communities across the country participate in such “point-in-time” counts. The data inform elected officials and planners at all levels of government about the extent of homelessness in their community. "It's heartening to see over 800 people take to the streets to count and raise awareness of their neighbors who have nowhere to sleep at night but a makeshift shelter, a bus, a frosty car," said Mark Putnam, Director of the Committee to End Homelessness in King County, a regional collaborative of homelessness providers, advocates, and funders. "Tonight is an indicator of both the needs of the homeless in our community but also the compassion of our community. We serve more than 9,000 households a year in our shelter and transitional housing programs, and we need to do more to meet the needs of those still living outside."
Sound Cities Association

Mission
To provide leadership through advocacy, education, mutual support and networking to cities in King County as they act locally and partner regionally to create livable vital communities.

Vision
To be the most influential advocate for cities, effectively collaborating to create regional solutions.

Values
SCA aspires to create an environment that fosters mutual support, respect, trust, fairness and integrity for the greater good of the association and its membership.

SCA operates in a consistent, inclusive, and transparent manner that respects the diversity of our members and encourages open discussion and risk-taking.
1. **Welcome and Roll Call**
PIC Chair Mayor Bernie Talmas, Woodinville called the meeting to order at 7:06 p.m. 30 cities had representation (Attachment A). Guests present included: Nancy Tosta, Burien City Council; Bob Keller, Sammamish City Council; John Stilin, Redmond City Council; Bill Peloza, Auburn City Council; Dawn Dofelmire, Algona City Council; Vic Kave, Pacific City Council; John Stokes, Bellevue City Council; Tammy Deady, Black Diamond City Council; Mayor Mary Jane Goss, Lake Forest Park; John Drescher, Newcastle City Council; Diane Carlson, King County Executive’s Office; Kimberley Matej, City of Tukwila staff; Michael Hursh, Auburn staff; Rob Gala, City of Seattle staff; and Carolyn Busch, King County Council staff.

Chair Talmas welcomed all the members and guests to the meeting.

2. **Public Comment**
Chair Talmas asked if any member of the public had any public comment. Seeing none, Talmas closed the public comment portion of the meeting.

3. **Introduction of Members** – Mayor Bernie Talmas, Woodinville, Chair
Chair Talmas asked members to introduce themselves, and to share how long they had been an elected official and how long they had been serving on the PIC. Members and guests introduced themselves.

4. **Approval of the December 11, 2013 Minutes**
Mayor David Baker, Kenmore, moved, seconded by Councilmember Hank Margeson, Redmond, to approve the December 11, 2013 meeting minutes.

Councilmember Jerry Robison, Burien, recommended a correction to the minutes, noting that his name was spelled wrong on page 8 of the minutes.

The motion passed unanimously, with the correction of Jerry Robison’s name. Staff noted that the change would be made in the minutes.

5. **Chair’s Report**
Chair Talmas welcomed everyone to the first meeting of the year. Talmas encouraged members to read their packets, discuss issues with their council and come back to each
meeting with new ideas and prepared to give direction.

6. **Executive Director’s Report**

Deanna Dawson, SCA Executive Director, welcomed everyone to the PIC. ED Dawson encouraged members to feel free to speak up at PIC meetings. Dawson noted that members are encouraged to ask questions, either at the PIC meeting or of staff after the meeting.

Dawson noted that one of the current members of the PIC Nominating Committee (Mayor Haggerton of Tukwila, representing the South caucus) would be stepping down from PIC in 2014, creating a vacancy for a South representative to the Committee. She encouraged PIC representatives from the South to apply for the Committee.

ED Dawson congratulated the 2014 SCA Board of Directors.

The four north caucus Board members were reelected: Mayor John Marchione, Redmond; Councilmember Don Gerend, Sammamish; Deputy Mayor Chris Eggen, Shoreline; and Mayor David Baker, Kenmore. The four new south caucus Board members are: Mayor Jim Haggerton, Tukwila; Council President Dennis Higgins, Kent; Mayor Nancy Backus, Auburn; and Mayor Bill Allison, Maple Valley. The South Valley is represented by Mayor Dave Hill, Algona and the Snoqualmie Valley, by Mayor Matt Larson, Snoqualmie. Mayor Denis Law, Renton will serve as immediate past president of the Board. Mayor Bernie Talmas, Woodinville, has a seat on the Board as the PIC chair. Derek Matheson, Covington has been selected as the City Manager representative to the Board.

ED Dawson attended the City Managers / Administrators meeting earlier in the day. AWC shared their 2014 Legislative Priorities, [www.awcnet.org/LegislativeAdvocacy/Legislativepriorities.aspx](http://www.awcnet.org/LegislativeAdvocacy/Legislativepriorities.aspx). Dawson noted that AWC’s City Action Days will be held on January 29-30 in Olympia, registration at [www.awcnet.org/TrainingEducation/Conferences/CityActionDays.aspx](http://www.awcnet.org/TrainingEducation/Conferences/CityActionDays.aspx). Dawson reviewed the top priorities shared by AWC staff.

AWC’s top priority is the restoration of liquor revenue to cities for the 2015-2017 biennium. Other top priorities include: securing a share of marijuana revenue for cities, and reconciliation between medical and recreational marijuana regulations, restoration of the Public Works Trust Fund and preventing the funds from being taken for other purposes in the future, an issue on which a broad coalition of interests is working. Other priorities discussed include funding transportation needs, stormwater management, and the collection of impact fees.

ED Dawson highlighted that the City Managers / Administrators also received an excellent presentation by the City of Tukwila on community revitalization and a social media presentation by the City of Issaquah. If cities would like to have Issaquah give their presentation at a Pre-PIC Workshop, please contact ED Dawson at Deanna@soundcities.org.

ED Dawson reminded members that the SCA Board of Directors will elect their leadership on January 15. The annual board retreat will be held on January 31. If there are issues you would like the board to consider, please contact ED Dawson at Deanna@soundcities.org.

Councilmember Hank Margeson, Redmond, added that a statewide transportation package should be the top priority in all city legislative agendas as well as AWC’s legislative agenda.

ED Dawson offered to share member’s feedback with AWC noting that cities still need critical state funding for highway projects, in addition to local options in King County. Dawson noted that there would be more discussion of transportation funding options later in the agenda.

7. PIC Nominating Committee Recommendation

Redmond Councilmember Hank Margeson, Chair of the 2014 PIC Nominating Committee, reported that the PIC Nominating Committee met on January 3, 2014 to discuss nominees for the Solid Waste Advisory Committee (SWAC) and the King Conservation District (KCD) Advisory Committee.

Margeson reported that there is a vacancy on SWAC resulting from a Councilmember from Burien not being reelected. The appointment is to fill the term (ending 9/31/14).

Margeson also reported that the three King Conservation District appointments are to a new Advisory Committee arising out of the King Conservation District/King County Conservation Panel and Task Force report, www.kingcd.org/pdf/conservation-panel-and-task-force-common-set-of-recommendations.pdf.

Chair Hank Margeson, Redmond moved, seconded by Councilmember Ross Loudenback, North Bend to recommend to the SCA Board of Directors the appointment of Stacia Jenkins, Normandy Park Councilmember, to the Solid Waste Advisory Committee (SWAC), and the appointment of Chris Eggen, Shoreline Councilmember; Kate Kruller, Tukwila Councilmember; and Jim Berger, Carnation Mayor, to the King Conservation District (KCD) Advisory Committee.

Chair Margeson noted that it was important to have Councilmember Jenkins, Normandy Park, on a regional committee for a number of reasons, including having Normandy Park involved with SCA, to develop newer members, and to have geographic diversity on SWAC.

Regarding the KCD Advisory Committee recommendations, Margeson noted that it was important to have continuity on the KCD Advisory Committee and the three members being recommended were on the KCD Task Force in 2013. This committee is also asking for the
ability to appoint alternates in order to build bench strength. *(Note: On January 13, 2014 KCD confirmed SCA will be able to appoint alternates. A Call for Nominations will be issued.)*

The motion passed unanimously.

Chair Margeson reported that Deputy Mayor Penny Sweet, Kirkland will not be able to continue on the GMPC due to a meeting conflict. A Call for Nominations for the GMPC vacancy will be sent out and an appointment considered at the February PIC meeting.

As a follow-up to ED Dawson’s Directors Report, it was also noted that there will also be an opening on the PIC Nominating Committee from the South caucus.

### 8. 2014 PIC Meeting Schedule

ED Dawson stated that this item is on the agenda in order to ensure that all members and the public will be aware of SCA’s meeting schedule, and to be as transparent as possible.

Dawson asked PIC members to respond to questions about meeting location preferences and about attendance on March 12, 2014 as it is the same date as the NLC Conference in Washington DC.

Councilmember Kate Kruller, Tukwila moved, seconded by Councilmember Ross Loudenback, North Bend approval of Resolution 2014-1 Setting the Public Issues Committee’s 2014 Meeting Calendar.

Members had a debated the merits of having the meetings in one location versus having occasional meetings at an alternate location or locations.

Councilmember Hank Margeson, Redmond moved, seconded by Councilmember Kingston Wall, Snoqualmie to amend the motion to have two meetings in Kirkland, in April and July.

Members had a robust discussion on the merits of the amendment. Following that discussion, Chair Talmas called for a vote on the amendment to hold the April and July PIC meetings in Kirkland.


Councilmember Layne Barnes, Maple Valley moved, seconded by Councilmember Andy Rheaume, Bothell to have one meeting in Kirkland in July.

There was a discussion of the amendment. Following that discussion, Chair Talmas called for a vote on the amendment to have the July PIC meeting in Kirkland.
The motion passed. Algona, Auburn, Des Moines, Enumclaw, Kent, Normandy Park, North Bend, and Pacific voted no. Kirkland and Renton abstained.

Following additional discussion, the original motion, as amended, was called for a vote.

The motion passed. Algona voted no.

ED Dawson asked which if any members had a conflict with the March 12 date. Only three PIC members indicated a conflict. With no further discussion or motion, the PIC meeting date for March 2014 will be held on March 12.

9. Transportation Funding
ED Dawson noted that transportation was a major priority for SCA in 2013.

Dawson reminded members that in 2012, SCA member cities, Seattle, and King County were unable to come to agreement on the parameters of a local option component of a transportation package and, as a result there were competing bills in Olympia. Legislators advised that unless the parties were able to resolve their differences, no local option would be available.

In 2013, after extensive negotiation, SCA members, Seattle and King County worked hard to come to terms on a local option that all three entities could support. In addition, all three entities (as part of a countywide coalition that also included business and labor, and environmental and transit advocates) came together to support a statewide transportation package. Despite these efforts, a state transportation package did not pass in 2013 and the likelihood of the state passing such a package in 2014 is unclear at best.

King County is now considering a local option for transportation funding using existing authority under state law. This includes the ability to form a countywide Transportation Benefit District (TBD) utilizing a sales tax (of up to .2%) and a vehicle license fee (of up to $100).

Combined, these sources would raise over $130 million, which is similar in scope to the approximately $140 million that would have been raised by the local option sought by SCA from the legislature in 2013.

Additional detail may be found in the staff memo provided to PIC members.

Mayor Dave Hill, Algona, moved, seconded by Councilmember Kingston Wall, Snoqualmie to bring the following policy position back for adoption at the next PIC meeting:

In order to address the critical transportation needs facing King County and cities throughout the County, the Sound Cities Association supports the formation of a countywide Transportation Benefit District (TBD), with 60% of the funds going to Metro for transit funding and 40% being distributed to the County and cities based on population for other transportation needs including local roads, sidewalks, bike paths, additional transit, and other
transit purposes as determined by the particular needs of the local jurisdiction. In order to ensure that dollars can be used as effectively and efficiently as possible to address the pressing transportation needs of each individual jurisdiction and to avoid the creation of additional burdensome bureaucracies, the funding raised should be provided to local jurisdictions through a direct distribution.

A number of members spoke to the motion. Mayor Dave Hill, Algona noted although the amount of roads funding is relatively small for a city of Algona’s size he urged cities to take into consideration the impact that transit cuts will have on their community. Hill requested additional financial accounting from Metro. He spoke about the impact that Metro cuts will make in Algona and Pacific, reiterating that Metro is the family car for many. Hill urged members to save transit.

Deputy Mayor Catherine Stanford, Lake Forest Park, questioned whether the County’s proposal could affect Lake Forest Park’s Transportation Benefit District. Stanford commented Lake Forest Park would like to consider raising their Transportation Benefit District amount. ED Dawson noted that cities existing TBD authority of $20 would not be affected, nor would any future proposals to increase the councilmanic authority to $40. The total Transportation Benefit District authority is $100. King County is considering $60 rather $100 to allow cities to maintain their existing and proposed future authority.

Councilmember Ross Loudenback, North Bend noted that it appeared that under the proposed ordinances, there would be no specific allocation to cities. ED Dawson noted that this was an issue that the County Council is considering. The policy position submitted to PIC would ask that the County Council adhere to the past agreement reached between the County, Seattle, and SCA member cities, and to designate 60% of revenues to Metro, with 40% of the revenue raised allocated to jurisdictions based on population for other transportation needs.

Councilmember Tola Marts, Issaquah noted that Issaquah had raised concerns in the past about imposition of regressive taxes. He asked for clarity about the split of the $130 million between sales tax and license fees. In response, Dawson noted that a .1% sales tax would raise approximately $50 million in the first year, while a $60 vehicle license fee would raise approximately $80 million. Dawson also noted that the less regressive tax option supported earlier by member cities was not authorized under existing state law.

SCA staff distributed a handout illustrating the amount of revenue that would be raised for jurisdictions if 40% of total TBD revenue would be allocated to cities and the unincorporated area based on population.

Councilmember Andy Rheaume, Bothell pointed out a typo on the handout, the heading Total Allocation to Cities (40%) should read Total Allocations to Jurisdictions as unincorporated King County is included. A revised handout (Attachment B) is included with these minutes.
Mayor David Baker, Kenmore reiterated concerns about cities supporting formation of a TBD without an assurance of a share of revenues being devoted to city transportation needs, given that 90% of residents reside in cities, and the bulk of revenues are being raised in cities and from city residents.

Councilmember Toby Nixon, Kirkland shared the concern about whether cities could support a ballot measure if the County did not adhere to the agreement that 40% of revenue be devoted to local jurisdictions for their transportation needs. Nixon stated that Kirkland may consider passing a resolution against the formation of a TPB if this agreement were not maintained.

Deputy Mayor Chris Eggen, Shoreline noted that the continued partnership with the County as to this agreement on shared revenues was important. He however wanted to ensure that cities were able to fully discuss the position, and not to pre-commit cities to support until that discussion had been had. He also noted the Regional Transit Committee is still working with Metro to improve service. Eggen proposed moving the position forward to the next PIC meeting.

Councilmember Kate Kruller, Tukwila, felt the proposed position was consistent with the voice of SCA in the past. She also shared that she felt it was consisted with the National League of Cities (NLC) approach, recommending moving transportation decision-making to the local level.

Mayor Dave Hill, Algona also supported bringing this item forward to the next meeting of the PIC. He reiterated that while the dollars allocated to Algona would not have a large impact, they may have a large impact on his neighboring cities, which was also important to Algona. The potential of transit cuts are also a major concern to Algona. He urged PIC members to look at the impacts of transit cuts across the region.

Diane Carlson of King County noted, in response to a question from Chair Talmas, that the formation of a TBD is up for consideration at the County Council. In the ordinance the Executive transmitted, he respected the agreement that was made with the cities as to the 40% allocation to jurisdictions, and included that percentage in his transmittal to the County Council.

Members concurred that maintaining this agreement with the County was critically important in getting their cities to support the TBD.

Councilmember Hank Margeson, Redmond noted that the PIC may wish to be more specific in the policy position that they ultimately adopt. He suggested, for example, that SCA may want to consider specifying support for a 0.1% sales tax and $60 vehicle license fee. Margeson supported the position moving forward but noted that the position may evolve between now and February. He also noted that King County needs to be accountable and cities will need some level of commitment of where the money is going.

Chair Talmas called for a vote on the motion.
The motion passed unanimously.

ED Dawson provided an overview of this item. She asked that members give feedback on which items are of continuing vitality, which are outdated and/or should be revised, and which should be archived.

ED Dawson requested that members contact staff with suggestions related to specific policies.

Members made note of policies regarding the King Conservation District which may need to be archived. Tola Marts of Issaquah requested that SCA staff bring back potential policies regarding combatting human trafficking, based on an earlier presentation to PIC.

11. **Future Training Opportunities for SCA Members**
Chair Talmas reviewed the 2013 trainings opportunities held for PIC members and requested input from members on trainings they would like to see in 2014. Members’ suggestions for training topics in 2014 included: city use of social media; continued public records training; municipal goal setting and council metrics, Redmond’s budgeting process – budgeting by priorities; giving effective presentations (including but not limited to how member cities give updates to their councils on PIC issues); how to engage with legislators; and how to effectively utilize the Washington State Legislature website. ED Dawson noted that based on member feedback, members indicated that they prefer to have trainings over in-depth presentations at pre-PIC meetings. Members concurred.

12. **Upcoming Events**
   a) SCA Board Meeting – Wednesday, January 15, 2014 – 10:00 AM, Renton City Hall
   b) Newly Elected Officials Workshop – Wednesday, January 15, 2014 – 4:00 PM, SeaTac City Hall
   c) 2014 Board and Committee Orientation – Wednesday, January 15, 2014 – 6:00 PM Dinner, 6:30 Orientation, SeaTac City Hall
   d) SCA Woman’s Leadership Breakfast – Thursday, January 16, 2014 – 7:30 AM Puget Sound Skills Center – Burien
   e) SCA Board Retreat – Friday, January 31, 2014 - Exact Time and Location TBD
   f) SCA Pre-PIC Workshop with Ann Macfarlane, Jurassic Parliament Wednesday, February 12, 2014 – 6:00 PM Renton City Hall
   g) SCA Public Issues Committee Meeting – Wednesday, February 12, 2014 – 7:00 PM Renton City Hall
   h) SCA Networking Dinner – Wednesday, February 19, 2014 – 5:30 PM Renton Pavilion Events Center –Seattle Mayor Ed Murray, Keynote Speaker

13. **For the Good of the Order**
Councilmember Melissa Musser, Des Moines, reminded members of the Women’s Leadership Breakfast on January 16 at 7:30 at the Puget Sound Skills Center in Burien.
Councilmember Ed Prince, Renton invited members to the 12th Man Seahawks Rally at on Friday in Renton. Mayor Law will raise the 12th Man Flag. Members responded, “GO HAWKS!”

Councilmember Kate Kruller, Tukwila announced she had been appointed to NLC’s Transportation Infrastructure & Services Steering Committee.

Councilmember Toby Nixon, Kirkland announced that the Washington Coalition for Open Government will hold their statewide conference in Mercer Island on March 8 and invited members to attend, http://www.washingtoncog.org/events.php.

14. Adjourn
The meeting was adjourned at 8:46 p.m.
## 2014 Roll Call – Public Issues Committee Meeting
### January 8, 2014

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Electeds present are highlighted in gray. Cities represented are bolded.
King County 2015 Transportation Benefit District (TBD) Distribution Estimates
Updated 1/6/2014

Major Assumptions
TBD revenue is based on the implementation of a $60 license fee and 0.1% countywide sales tax. 40% of total TBD revenue would be allocated to cities and the unincorporated are based on population.

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Item 6:
PIC Operating Policies – Public Comment

Action Item

Staff Contact
Deanna Dawson, Executive Director, office 206-433-7170, deanna@soundcities.org

Potential Action

To amend the PIC Operating Policies to add the following language under Section C:

Meetings are open to the public. The agenda shall include ten (10) minutes at the beginning of each regularly scheduled meeting for public comment. Each speaker shall be allowed a maximum of two (2) minutes to speak. The period for public comment may be amended at the discretion of the Chair, depending on the length of the agenda, and the number of individuals wishing to comment.

Background

At the January 8, 2014 pre-PIC orientation, many PIC members requested that staff bring back draft language to add clarification to the PIC Operating Policies regarding length of time for public comment at PIC meetings.

The PIC Operating Policies (attached) currently provide that PIC meetings are open to the public. The PIC agenda has included a time for public comment at the beginning of each meeting. Pursuant to the request of members, the draft amendment above is intended as a starting point for PIC Members to discuss adding detail to the PIC Operating Policies in order to balance the interest of the public in giving comment against the need for an efficient meeting and the limited time available at each PIC meeting.

Attachment

A. Current PIC Operating Procedures
SCA Public Issues Committee Operating Policies


A. Role and Responsibilities of SCA Public Issues Committee

1. Standing or Temporary Committees, General. The Board, by resolution duly adopted by a majority of the directors present at a meeting at which a quorum is present, may designate and appoint one or more standing or temporary committees. Such committees shall have and exercise the authority of the directors in the management of the corporation, subject to such limitations as may be prescribed by the Board; except, that no committee shall have the authority to: (a) amend, alter or repeal these Bylaws; (b) elect, appoint or remove any member of any other committee or any director or officer of the corporation; (c) amend the Articles of Incorporation; (d) adopt a plan of merger or consolidation with another corporation; (e) authorize a sale, lease or exchange of all or substantially all of the property and assets of the corporation not within the ordinary course of business; (f) authorize the voluntary dissolution of the corporation or revoke proceedings therefore; (g) adopt a plan for the distribution of the assets of the corporation; and (h) amend, alter or repeal any resolution of the Board or membership that by its terms provides that it shall not be amended, altered or repealed by a committee. The designation or appointment of any such committee and delegation thereto of authorities shall not operate to relieve the Board or any individual director of any responsibility imposed upon it, him or her by law. Only members in good standing may be represented on any committee of the Board. SCA Bylaw 4.17.1

2. Public Issues Committee. There shall be a Public Issues Committee which shall review and evaluate policy positions and recommend to the Board what, if any, action should be taken on such policy positions. SCA Bylaw 4.17.6

3. Regional Committee Appointments shall be recommended to the Board by December 1st each year. Additional recommendations may be made through June of each year. A nominating committee of the Public Issues Committee consisting of one representative of each SCA Regional Caucus shall be appointed by the Chair of the Public Issues Committee in October to recommend appointments to the committee. Members shall serve for a period of one year.

Appointees to major regional committees shall be selected from among elected officials otherwise qualified to serve in such positions, in accordance with the terms of the enabling documents creating such boards and committees. Appointees shall represent the positions of all the suburban cities. Equitable geographic distribution shall be considered in recommending appointments to the Board of Directors.
Suburban cities within King County who are not members of the Association may make recommendations to the nominating committee and be appointed to regional committees. SCA Bylaw 4.17.7.g

Appointments to regional boards and committees shall be made pursuant to the protocols set forth in adopted SCA Board policy 701.

Pursuant to SCA Board Policy 701, “A member representing SCA is expected to reflect policy which has been developed by SCA when sitting as a member of any regional committee, board or task force.”

SCA representatives serving on regional boards and committees shall endeavor to avoid taking positions that are harmful to any SCA member cities. SCA appointees shall follow the following protocols when serving on regional boards and committees:

1) When the PIC & Board adopt a public policy position, it shall be binding on SCA representatives serving on regional boards and committees;

2) In the absence of such a position, the SCA caucus of a given board or committee shall attempt to develop a caucus position that represents the consensus of the caucus, based (where applicable) on existing SCA policy positions;

3) Where no policy position has been adopted by the PIC and Board, and the caucus is unable to reach a consensus position, individual members shall be free to vote their conscience, with the caveat that no SCA representative to a regional board or committee shall vote in a manner that is at odds with an adopted SCA policy position.

B. Manner of Acting

1. Membership shall consist of one representative and one alternate from each member city. Each representative or alternate must hold an elective office in the city or town they represent. SCA Bylaw 4.17.7.a

2. Resignation. Any member of any committee may resign at any time by delivering written notice to the President or the chairperson of such committee, or by giving oral or written notice at any meeting of such committee. Any such resignation will take effect at the time specified therein, or if a time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. SCA Bylaw 4.17.3

3. Vacancies on the committee are to be filled immediately by the member city responsible for the vacancy. SCA Bylaw 4.17.7.f

4. Committee Leadership shall be a Chair and Vice-chair elected by the committee. The nominating committee of the PIC shall solicit names for the Chair and Vice-chair of the PIC and make a recommendation to the PIC by December 15th of each year. The Chair may serve a one
year term with a two term maximum. The Chair shall establish the agenda in advance of each meeting in conjunction with the Executive Director. The Chair shall appoint subcommittees as needed.

5. **Regular Meetings** shall be held monthly or as deemed necessary.

SCA Bylaw 4.17.7.c.

6. **Quorum; Manner of Acting**

   a. Fifty-one percent of the members of the committee, represented in person, shall constitute a quorum at a meeting of the committee. If less than a quorum of the members is represented at a meeting, a majority of the members so represented may adjourn the meeting. The vote of two thirds (2/3) represented in person at a meeting at which a quorum is present shall be necessary for the advancement of a public policy position to the Board. Votes shall be recorded in the minutes of the PIC meeting. Votes shall be in the name of the member city, rather than the individual representing the city.

   SCA Bylaw 4.17.7.e

   b. **SCA Meeting Ground Rules/Protocol/Group Guiding Principles**
      During SCA Meetings:
      - Participate—listen, share your ideas, thoughts and concerns, and ask questions
      - One person talks at a time; no side bar conversations, please
      - All voices are heard
      - Stay on track
      - Always RSVP to the SCA office regarding attendance per meeting
      - Do your best to do the agreed upon “homework” and reading
      - Turn off cell-phones
      - Do not promote one city or project above others regardless of size.

   SCA Board Policy 104.1

   c. The PIC shall not make policy recommendations to the Board of Directors that are divisive among the members of SCA. See Board Policy 104.2. “Divisive” is defined as “creating disunity or dissension” among SCA member jurisdictions. SCA shall not take policy positions that are harmful to the interests of any member city, even if favored by a supermajority of members.

7. **Special Meetings** may be called by the Chair of the committee or at the request of the Board in an emergency situation. Single issue emergency meetings may be held by conference call. SCA Bylaw 4.17.6.d

8. **Agenda Development.** Issues shall be sent to the SCA Executive Director by any member, committee member or SCA delegation to any regional or county board, committee or task force to be placed on the agenda. Issues will be heard at one regularly scheduled meeting for discussion and may
return no sooner than the next regularly scheduled meeting for action. Resources for the development of the issue will be provided by the interested cities. If not immediately addressing a policy issue renders SCA unable to take a position on a timely basis, 85% of those present at a regularly scheduled meeting may declare an issue an emergency and the issue may be discussed and voted upon at the same meeting. SCA Bylaw 4.17.7.e

- Issues will be heard at one regularly scheduled meeting for discussion and may return no sooner than the next regularly scheduled meeting for action. Resources for the development of the issue will be provided by the interested cities. If not immediately addressing a policy issue renders SCA unable to take a position on a timely basis, 85% of those present at a regularly scheduled meeting may declare an issue an emergency and the issue may be discussed and voted upon at the same meeting.
- Sub-committees, appointed by the Chair, will be made up of members declaring an interest in the issue

10. Agenda Structure.
- Order of Business
  a. First on the agenda will be the action items (having been discussed at the prior meeting)
  b. Second on the agenda will be discussion items (new items being brought forward)
  c. Third, Regional Committee Reports will be called for. A time limit of 3 minutes per report will be encouraged.
  d. Fourth, Other Business

11. Lobbying Activities. Individuals who are not members or staff of SCA may submit written materials regarding an agenda item to SCA for distribution at the PIC but are prohibited from lobbying the PIC or its members during debate of an issue. Materials are subject to SCA’s guidelines for background papers.

C. General
- Communications shall be funneled electronically through the SCA office, including submissions to agendas, back-up materials, meeting notices.
- Meetings will be evening meetings unless otherwise noted.
- There will be no proxy voting.
- Meetings are open to the public.
Item 7:
Recommendation from the PIC Nominating Committee Regarding Board and Committee Vacancies on the Growth Management Planning Council (GMPC) and King Conservation District (KCD) Advisory Committee

**Action Item**

**Staff Contact**
Deanna Dawson, Executive Director, office 206-433-7170, deanna@soundcities.org

**SCA PIC Nominating Committee Representatives**
Chair Hank Margeson, Redmond City Council President; Leanne Guier, Mayor of Pacific; Ross Loudenback, North Bend Councilmember; Ed Prince, Renton City Councilmember.

**Potential Action**
To make recommendations to the SCA Board on filling vacancies on the Growth Management Planning Council (GMPC) and the King County Conservation District (KCD) Advisory Committee.

**Background**
The chair of the PIC Nominating Committee will be presenting recommendations for vacancies on the Growth Management Planning Council (GMPC) and the King County Conservation District (KCD) Advisory Committee. The PIC Nominating Committee is scheduled to meet on Friday, February 7, 2014. Additional information may be provided to PIC members prior to the February 12, 2014 Public Issues Committee meeting.
Item 8:
Transportation Funding

Action Item

Staff Contact
Deanna Dawson, Executive Director, office 206-433-7170, deanna@soundcities.org

Potential Action

To recommend the following policy position to the SCA Board of Directors:

In order to address the critical transportation needs facing King County and cities throughout the County, the Sound Cities Association supports the formation of a countywide Transportation Benefit District (TBD), with 60% of the funds going to Metro for transit funding and 40% being distributed to the County and cities based on population for other transportation needs including local roads, sidewalks, bike paths, additional transit, and other transportation purposes as determined by the particular needs of the local jurisdiction. In order to ensure that dollars can be used as effectively and efficiently as possible to address the pressing transportation needs of each individual jurisdiction and to avoid the creation of additional burdensome bureaucracies, the funding raised should be provided to local jurisdictions through a direct distribution.

Background (Updated as of 2/5/2014):

The position was first brought forward at the January 8, 2014 Public Issues Committee meeting. The PIC unanimously supported bringing the position back for potential action in February.

Since the date of the last PIC meeting, the King County Council has been moving forward with forming a Transportation Benefit District (TBD). Representatives from SCA member cities testified before the County Council on January 21, 2014, to ensure that the County Council was aware of city needs. Representatives from the County Council and County Executive staff as well as from the Prosecuting Attorney’s office met with city attorneys on January 28, 2014 in order to address questions and concerns raised by cities. In response to questions from cities and others, King County Metro prepared a white paper on Metro’s finances (Attachment A).

The King County Council held a public hearing on the proposal to form a TBD on the evening of February 4, 2014. At the hearing, Mercer Island Mayor Bruce Bassett and Seattle Councilmember Tom Rasmussen presented the County Council with a letter signed by mayors and councilmembers from many SCA cities, urging the Council to act and to form a TBD, and to ensure that 60% of the funds go to Metro for transit funding, and that 40% be distributed to the County and cities based on population for other transportation needs (Attachment B).
At the February 4, 2014 Transportation, Economy and Environment (TrEE) Committee meeting of the King County Council, the Committee move forward an ordinance that would establish the TBD (Attachment C). They also introduced a Motion setting forth the Council’s intent as to the revenues to be sought, and the distribution schedule (Attachment D). Specifically, the Motion provides that King County supports the submittal to the voters of King County by the King County transportation district of a ballot measure that includes:

- A one-tenth of one percent sales and use tax and sixty dollars of vehicle fee for transportation improvements countywide;
- Direct distribution of this funding to the cities and county for transportation improvements, but without the district itself acquiring, constructing, operating, maintaining or preserving transportation improvements; and
- A distribution to the county of sixty percent of total net revenues for King County Metro transit purposes and to the county and cities of forty percent of total net revenues for local mobility purposes allocated based on the relative populations of the cities and unincorporated areas, pursuant to an interlocal agreement for the distribution of revenues.

The Motion further provides that the County Council supports a low-income rebate program consistent with RCW 36.73.067 that rebates twenty dollars of vehicle fees paid for low-income residents.

The County Council is expected to act on February 10, 2014 on forming a TBD. The County Council left the public meeting of February 4, 2014 open so that members of the public (including but not limited to city officials) would have another opportunity to provide comment.

The TBD is expected to meet on February 24, 2014. At that time, the TBD may act to send a ballot measure to the voters.

In response to questions asked by cities and others, the County has established a website with additional detail about the TBD proposal. It can be found at http://www.kingcounty.gov/transportation/kcdot/Future.aspx. The County has also prepared a fact sheet, containing answers to frequently asked questions (Attachment E).

In addition to the questions answered on that fact sheet, SCA members have posed some additional questions:

**Q: Would the County’s proposal preclude cities from forming their own TBD, or from imposing a $20 vehicle license fee councilmanically as currently allowed under state law?**

**A. No.** According to the County, who has conducted extensive legal review of this issue, the County’s formation of a TBD will have no bearing on the city’s legal ability to form a TBD, or to impose a $20 vehicle fee councilmanically. Additionally, according to their analysis, both the County TBD and a City’s TBD would each have their own ability to seek voter approval of a vehicle fee of up to $100. The countywide TBD will not preclude a city from taking the action they are allowed under state law.
Q. Does the County need to enter into interlocal agreements (ILAs) with each city prior to forming a countywide TBD?

A. No. According to the County’s analysis, state law does not require an ILA. The County would intend to have a very simple ILA with each city should the proposal pass, similar to the ILA the County has with cities to provide funding from the parks levy. Cities would be required to state that they would use the funds for an allowable purpose, for example, in order to receive the funds.

Q. Isn’t there a way to fund this with some less regressive funding source, such as a motor vehicle excise tax?

A. No. Existing state law limits the sources of funding allowable. That’s why we were asking the State Legislature for additional authority. Unfortunately, they have failed to act, and that source of revenue is not available. The County did look at other revenue sources available through a TBD. But these sources were not workable. (For example, tolling requires state authorization. A property tax could only be used for one year, or only for multiple years if for debt retirement. Development impact fees would only generate limited revenue from new development.) Under current state law, the vehicle fee and sales tax were the only viable, available sources. The County is trying to mitigate the relatively regressive nature of the funding sources, by providing for a $20 rebate for low income households. (Pursuant to RCW 36.73.015(3), individuals must meet the definition of low income (45% of median income – approximately $31,500 for an individual) to qualify. It is estimated that 21% of the population would qualify.)

Q. Does this mean that the County and cities will give up on a statewide transportation package?

A. No. Passage of a statewide transportation package is a high priority for our cities, and the County. At the January 31, 2014 SCA Board retreat, the SCA Board reaffirmed this as its highest priority for 2014.

Q. Will this “save Metro,” and mean that the up to 17% cuts that Metro has been discussing will not take place?

A. Yes. The funding available under this proposal will mean that those cuts will not happen. The County is looking at the April ballot date because if the measure is passed in April, the cuts will not have to be implemented.

Q. How much revenue will be raised by this proposal?

A. An estimate of distribution to cities and the county can be found as Attachment F. A breakdown of the expected revenues can be found as Attachment G.

Additional detail may be provided to PIC Members prior to the PIC meeting, as (as noted above) the County Council may take additional action prior to the PIC meeting.
On June 19, 2013 the Sound Cities Association Board unanimously adopted a position of support for passage of a statewide transportation package in order to address our state’s critical transportation infrastructure needs. The Board also adopted a position of support for additional local options to address the transportation needs of counties and cities. Specifically, SCA urged the legislature to give local jurisdictions an additional funding mechanism in the form of authority to enact an up to 1.5% Motor Vehicle Excise Tax. SCA also supported the legislature designate that in King County, 60% of revenues raised by this funding mechanism be allocated to transit, with 40% allocated to cities and the county (distributed based on population) for local transportation needs.

Despite numerous negotiating sessions, the legislature was unable to come to agreement on a package in 2013.

Meanwhile, our cities and King County face significant transportation needs. While sales tax projections and labor negotiations with Amalgamated Transit Union (ATU) Local 587 have been encouraging, King County still faces the need for significant cuts to service at Metro Transit without additional funding sources. These cuts would be particularly devastating to residents of SCA member cities. As noted in past discussions, the bus is the family car for many residents in our cities. Substantial cuts to bus service would make it difficult or impossible for residents to get to their jobs, and needed community services.

The need for additional transportation funding for local roads and other local transportation infrastructure is similarly critical. Cities in King County maintain five thousand five hundred miles of streets plus bridges, sidewalks, drainage systems, traffic signals, bicycle and pedestrian facilities and trails. Revenue sources currently available to cities are not keeping pace with the costs of replacement and expansion to meet growth. King County cities have experienced a substantial downturn in revenues in the past decade. Many cities in King County have been forced to supplement their road funds with general fund dollars, which have themselves not been keeping pace with inflation. Using general fund dollars to maintain roads and other transportation infrastructure means that there are fewer dollars available to fund public safety, parks, human services, and other critical city services.

A lack of dedicated funding for transportation projects has made it increasingly difficult for King County cities to raise matching funds to compete for State and Federal transportation grant dollars, and State and Federal transportation grant opportunities have dwindled. King County cities are beset by failing roads and bridges, congested corridors and bottleneched interchanges, which undermine the mobility of vehicles, buses and freight carriers to transport people and goods.

Cities in King County have over $1.3 billion in maintenance and preservation needs alone over the next six years, and have identified a need of over $3 billion for mobility projects over the next six years. Cities in King County are responsible for the repair and replacement of 22 bridges in King County with a sufficiency rating of fifty or less, equating to more than $775 million in
bridge repair/replacement costs over the next six years. The lack of adequate transportation funding for Cities is a public safety crisis in King County.

In 2013, the State Legislature balanced its operating budget in part by transferring all available funds from the Public Works Trust Fund, and directed most of the future tax revenues for the Public Works Trust Fund into K-12 education for the next six years. The Public Works Trust Fund provided grants and low-interest loans to local governments for the repair and maintenance of infrastructure. This action by the Legislature has resulted in a substantial reduction of funds available for King County cities, and has been a particular blow to smaller cities in King County.

Without an additional source of revenue, many transportation infrastructure projects planned by cities will not be able to move forward. Many member cities have indicated that they cannot afford to wait for additional funding to maintain their transportation infrastructure.

Due to these needs, the King County Council is looking at moving forward with a ballot measure in 2014 to provide additional funding for transit, roads, and other transportation infrastructure. Existing State law would enable the King County Council to create a Transportation Benefit District (TBD), and (with voter approval) to raise revenues through funding sources including a sales tax, and a vehicle license fee. The County Council and Executive have proposed bringing this forward to the voters as a ballot measure as early as April 2014. Prior to going on recess in 2013, the County Council introduced two ordinances which would (if approved) establish a countywide TBD (see attachments D and E). The language is very similar in both ordinances. The second ordinance, attachment C, includes a resolution (see attachment F) authorizing the TBD to impose a sales tax and vehicle license fee with voter approval.

Existing State law enables a County to form a TBD and to enact (with voter approval) a sales tax of up to .2% and a vehicle license fee of up to $100. Many cities in King County have formed their own TBD and enacted a vehicle license fee of $20. A vehicle license fee of $80 or less would not interfere with these already enacted TBDs, or cities that may wish to create a TBD within their cities in the future.

A .1% sales tax would raise approximately $50 million annually, and a $60 vehicle license fee would raise approximately $80 million annually. Combined, these sources would raise over $130 million, which is similar in scope to the approximately $140 million that would have been raised by the local option sought by SCA from the legislature in 2013. (According to recent estimates, the total allocation to King County cities based on this funding source and the 60/40 revenue sharing proposal would amount to over $53,000,000 in 2015.)

The proposal before the PIC is to bring forward a public policy position similar to that approved by SCA in 2013, and to support formation of a countywide TBD, with 60% of the funds going to Metro for transit funding and 40% being distributed to the County and cities based on population for other transportation needs. These would include local roads, but may also include sidewalks, bike paths, additional transit, or other transportation purposes, as determined by the particular needs of the local jurisdiction. In order to ensure that dollars can be used as effectively and efficiently as possible to address the pressing transportation needs of each individual jurisdiction and to avoid the creation of additional burdensome bureaucracies, it
is proposed that the funding raised be provided to local jurisdictions through a direct distribution.

The proposal supported by SCA in 2013 was born of much collaboration and compromise between SCA’s member cities, the City of Seattle, and King County, who worked together to come up with a package that could serve the needs of citizens and jurisdictions throughout our county. It is a balanced package that ensures that transportation needs are addressed holistically, with a healthy mix of funding for transit, rural roads, city streets, and other transportation needs in cities. We recognize that we cannot view our infrastructure needs in isolation, and that we need to partner together to make strategic investments now as a region in order to keep our economy growing.

The proposal has been supported by a broad coalition of local leaders, and SCA has been working in close partnership with a countywide coalition of regional community, business and labor leaders, and environmental, transit, education, social services, and social justice advocates known as Move King County Now. Due to the fact that the legislature did not pass a statewide transportation package or give local jurisdictions new tools to address their transportation needs in 2013, this coalition is now focused on moving forward with using existing tools to solve the transportation funding crisis in King County.

Attachments

A. White paper regarding Metro’s finances
B. Elected Official Letter to the King County Council
C. Transportation Benefit District Ordinance
D. Transportation Benefit District Motion
E. King County Transportation Benefit District Fact Sheet
F. Countywide TBD Distribution Estimates
G. Countywide TBD Expected Revenues
Metro Transit’s finances: an overview

Metro relies on sales tax for about half of its operating funds, and the economic slump has caused a drop in revenue to support bus service. Since 2009 we have avoided systemwide service reductions by taking a range of actions to cut costs, boost revenue, and improve operational efficiency. However, after temporary funding runs out in mid-2014, Metro will not have the resources to maintain the current level of service—even with recent economic growth in King County.

This paper provides context about Metro’s financial situation. It explains where Metro’s funding comes from, how the money is spent, what we’ve done to preserve service so far, and the process of planning service reductions in case no new funding becomes available.

Where does Metro’s funding come from?

Metro’s primary revenue source is local sales tax. Washington State law allows for a local sales tax of up to 0.9 percent for transit agencies. This tax must be approved by the voters.

Before 2000, Metro relied on the state’s motor vehicle excise tax (MVET) for nearly one-third of its revenue. In 2000, following voter approval of Initiative 695, the state legislature eliminated the MVET for transit agencies. Today, Metro receives less than 1 percent of its funding from the state.

After the MVET was eliminated, King County voters approved a 0.2 percent sales tax increase, from 0.6 percent to 0.8 percent, replacing a portion of the lost MVET revenue. The remainder of the lost revenue was offset by administrative cuts and a fare increase. In 2006, voters approved an additional 0.1 percent sales tax increase for the Transit Now program, which was intended to expand the system and create RapidRide. As a result of this increase, Metro is one of a handful of transit agencies in the state that are at the maximum allowable 0.9 percent sales tax level.

Metro’s increased reliance on sales tax made our ability to provide bus service more dependent on economic conditions. Sales tax is volatile; receipts can vary substantially with the ups and downs of the region’s economy.

As shown in Fig. 1, other significant revenue sources for Metro are fares and federal grants. Grants can also fluctuate significantly depending on reimbursement activities and regional guidelines for project selections.

Metro operates Sound Transit’s Link light rail and Regional Express Bus service, and receives contract payments from Sound Transit to cover the operating costs.

Smaller revenue sources include property tax and the temporary Congestion Reduction Charge, which expires in June 2014.

Total Metro revenue in 2012 was approximately $837 million, of which sales tax was the source of nearly 50 percent.
Metro’s revenues from various sources have changed as a result of the recession (see Fig. 2). Sales tax receipts fell from $442 million in 2007 to $375 million in 2010, and have not yet returned to pre-recession levels. Just before the economic downturn, Metro had embarked on the Transit Now service expansion program. Sales tax was projected to make up 64 percent of this program’s funding between 2009 and 2017. As a result of the recession, sales tax contributions declined to 52 percent.

The proportion of revenue from fares grew during this period as fares were increased four times; Metro’s financial plan assumes future fare increases. Revenue from grants fluctuated based on the timing of competitive awards from the Federal Transit Administration.

**How are Metro’s funds spent?**

Metro’s management follows adopted fund management policies which ensure that sufficient resources are set aside to operate services, replace the bus fleet, maintain facilities in a state of good repair, and pay for debt service. The budget is separated into subfunds that have designated purposes: fleet replacement, bond payments, capital infrastructure, and day-to-day operations.

As shown in Fig. 3, the largest share (81 percent) of Metro’s funds are disbursed for operations, including bus, paratransit, vanpool and contracted service. The balance is used for the capital program (10 percent), fleet replacement (7 percent), and debt service (2 percent). In total, Metro spends about $777 million per year based on the current estimates for 2009-2017.

**Metro’s operating budget: the largest share of expenditures**

In 2012, Metro’s total annual operating cost was approximately $635 million. The majority of the funds went toward operating and maintaining bus service and related facilities. Metro provided about 3.5 million annual hours of bus service. In addition, Metro operates Sound Transit Regional Express Bus and Link service, for which we are reimbursed.

The operating budget provides for labor, fuel, and maintenance of about 1,400 buses, 1,300 vanpool vans, 340 Access vehicles, and 570 support vehicles. It supports the maintenance of 130 park-and-ride lots and about 8,500 bus stops, including 1,900 with shelters. This budget also covers maintenance and operation of the Downtown Seattle Transit Tunnel, seven transit bases and other facilities.

Fig. 4 shows the percentages of Metro’s 2012 operating costs by major program. The largest expenditure, 77 percent, is for Metro’s fixed-route bus service, which cost nearly $500 million in 2012.

Factors that influence Metro’s bus operating costs include inflation and a transition to larger vehicles. By moving to larger vehicles, Metro has increased seat capacity by 12 percent since 2007; this extra capacity is helping Metro serve growing ridership. Another factor is Metro’s contracted service with Sound Transit Link light rail, which began in 2009 and grew to more than $30 million in 2013. Sound Transit (Link light rail and Regional Express Bus service) now accounts for 11 percent of Metro’s operating budget, up from 7 percent in 2007.
Metro also operates Access paratransit service for people with disabilities who are unable to use regular buses. Paratransit service is required by the Americans with Disabilities Act. Its operating cost per ride is much higher than regular bus service.

Other services in the operating program are dial-a-ride transit (DART), Seattle Streetcar, and the vanpool and rideshare programs. Metro operates one of the largest publicly owned vanpool programs in the nation.

Fig. 5 shows the percentage of Metro’s operating budget that goes toward wages and benefits, materials and fuel, services, and purchased transportation. Over two-thirds of Metro’s operating expenditures are for wages and benefits for approximately 4,500 employees, including 2,700 part- and full-time bus drivers. Changes in benefit programs and labor agreements have saved Metro $36 million since 2009 and are forecast to save $17 million annually (in wages) in the future.

Services include items such as the Metro Transit Police provided under contract by the King County Sheriff, security guards, and central government services and overhead functions. Purchased transportation includes services such as Access paratransit and DART.

How Metro’s operations measure up
Metro’s and King County’s strategic plans emphasize performance and accountability. Metro uses a number of industry performance measures to evaluate bus service productivity and cost efficiency, including:

- Cost per hour
- Total ridership (measured by number of annual boardings)
- Boardings per hour
- Cost per mile
- Cost per rider
- Farebox recovery (percent of bus operating costs recovered through fares)

Average cost per hour is one measure Metro uses to monitor how much is spent on operating bus service. Most of the total cost (about 70 percent) comes from the direct costs of putting buses on the road: wages and benefits for bus drivers, vehicle maintenance, fuel or power, and insurance. These costs vary directly with the operation of bus service.

In addition to direct costs, there are costs for support functions that are critical to the successful delivery of service. These include information technology, safety, and security; management and administrative services including human resources, payroll, accounting, budget, and planning; and maintenance of bases and passenger facilities. Because Metro is part of a large, general-purpose government, support is also provided by the county council and executive offices.

Fig. 6 illustrates all of these component costs and shows how the average cost per hour of providing Metro bus service has changed since 2007.
Compared to its peers—the other 29 largest bus transit agencies in the United States—Metro ranked eighth highest in operating cost per hour in 2012, at around $136 per hour. The average cost per hour for the peer group was about $123. However, Metro ranked 19th for the average annual percentage growth in operating cost between 2007 and 2012. Compared to the peer group, Metro’s operating cost per hour reflects relatively heavy reliance on large articulated coaches, which are more expensive than smaller coaches but provide operating efficiencies. A unique cost for Metro is the maintenance and operation of the Downtown Seattle Transit Tunnel, which supports efficient operation and quality service in the busy Seattle core.

On other performance measures, Metro’s rank among its peers varied. Metro was 14th highest in operating cost per passenger mile at $.99. The peer group average is $.98 per passenger mile.

On cost recovery from fares, Metro ranked 13th among peers at about 29 percent, above the average cost recovery of 27.8 percent. Fig. 7 illustrates how Metro’s farebox recovery as a percentage of operating costs has gone up in recent years. This is due in large part to four successive fare increases from 2008 through 2011 that led to the highest farebox recovery rate Metro has had.

In 2012, Metro ranked 10th in total ridership with around 115 million total boardings, and 15th in boardings per hour. Fig. 8 illustrates Metro’s annual ridership from 2007 to 2012 and the 2013 estimated ridership, which is very close to the record ridership that occurred in 2008, before the recession.

On the measure of cost per rider, Metro ranked eighth at $4.25 per boarding; the peer average is $3.72. This performance measure varies among peer agencies depending on factors such as population density and land use, which contribute to trip length for passengers.

### Metro’s capital program

In addition to operating expenses, Metro spends money on its capital program for vehicles, facilities and technology systems.

As part of Metro’s effort to manage during the recession, the capital program has been reduced since 2008. In 2009, we canceled projects to improve speed and reliability, bus layover space in downtown Seattle, a new maintenance facility for the Waterfront Streetcars, and trolley wire upgrades. We have also replaced fewer buses and shelters, delayed computer replacements, and reduced the scope of changes to the RapidRide corridor improvement projects, lighting upgrades at park-and-rides, and accessibility improvements at bus zones.

Fig. 9 illustrates where Metro spent its capital dollars between 2007 and 2013. In recent years, the capital program has been focused on replacing aging infrastructure and elements of the fleet, such as the electric trolley buses. A significant amount of capital program funding comes from federal grants. Large amounts of grant funding were spent on the RapidRide program in 2011 and 2012. In general, bus replacements have been scaled back to match the reduction in service that is currently projected, while bus life cycles have also been extended.
beyond federal minimums. The “other” category represents programs such as operating and passenger facilities, general asset maintenance, and RapidRide facilities. Much smaller amounts are typically spent on paratransit and vanpool capital needs.

**Metro’s funding situation today**

The effects of the recession and Metro’s heavy reliance on sales tax have affected our ability to sustain service. For the period 2009 through 2015, Metro is expected to collect $1.2 billion less sales tax than was projected before the recession. Fig. 10 shows the year-to-year changes in the sales tax growth rates. In 2009 and 2010, the decline represented actual year-to-year reductions in the amount of sales tax collected.

As the economic downturn began, Metro, the King County Council, and the King County Executive took actions to compensate for the declining sales tax and preserve service. Altogether these actions saved or gained $798 million in 2009 through 2013 and resulted in ongoing annual revenue and lower expense totaling $148 million. See page 7 for details about the actions taken and the results.

While sales tax collections are expected to return to the 2008 levels in 2014, the purchasing power of those funds in 2014 is not the same as it was in 2008. An analysis prepared by King County’s Office of Economics and Financial Analysis (OEFA) shows that using 2013 dollars, sales tax collected in 2013 is $58 million lower than 2007. Operating cost projections in the adopted budget for 2014 are higher than experienced in 2008. A number of factors have contributed to the increased cost, including:

- **Higher levels of bus service.** Since 2008, bus service has grown by 4 percent, largely from the addition of RapidRide, SR-520 and Alaskan Way Viaduct Mitigation services. These higher service levels increase program costs and support ridership growth.

- **Increase in the costs of the federally mandated paratransit program.** Costs for paratransit services, which are mandated by the Americans with Disabilities Act, have grown by 25 percent since 2008. Metro contracts out all paratransit services via competitive bids.

- **Security costs have grown by more than 80 percent since 2008.** These include the costs of enhanced security in the tunnel, increased policing, and fare enforcement activities.

- **Insurance and risk management costs have increased by more than 60 percent since 2008.**

- **Older buses.** We have extended the life of our fleet and deferred some bus replacements until service reductions occur or sustainable funding is available to support replacement. Older vehicles are more expensive to operate and maintain.

- **Inflationary increases to materials and utilities** have increased costs since 2008.

- **Changes in the way vendors provide systems.** Where previously we purchased systems as a capital cost, vendors have shifted to models that include...
more annual costs such as licenses and maintenance fees. While operating costs have increased, capital program costs have declined.

- **Wages and benefits (adjusted for the changes listed on previous page) have grown by 10 percent since 2008.** Metro and the County have taken actions to reduce the rate of growth. For example, we negotiated agreements with employees to waive a cost of living increase in 2011 and reduce the future rate of wage growth by setting a 0 percent COLA floor. We saved $10 million in health care costs for 2007-2011 from our employees’ participation in the Healthy Incentives program, which has decreased the growth rate of the County’s health care cost from 9.8 percent to 5.8 percent. The projected future health care cost growth rate is 4 percent.

- **Pension costs have increased by more than 40 percent.** Pension contribution rates are set by the Washington State Legislature.

Other revenue-backed activities have also increased Metro’s total costs, most notably the start of Link light rail service in 2009. This service is provided under contract with Sound Transit. Although Sound Transit reimburses Metro for the costs, Metro’s program expenses include these costs.

### The funding gap today

Metro is continuing to implement cost controls and new efficiency measures. However, after available cash savings have been depleted and the Congestion Reduction Charge expires in mid-2014, Metro’s adopted 2013-2014 budget assumes that annual revenues will fall $75 million short of what is needed to maintain the current level of service into the future.

In the absence of a new funding source, Metro is planning to make major service cuts in 2014 and 2015. To close a $75 million gap, Metro would have to eliminate approximately 600,000 hours of bus service—about 17 percent of the 3.5 million service hours in the system. The actual amount could change depending on our financial situation at the time reductions are approved. After OEFAs March sales tax forecast is released, the King County Executive will consider making revisions to the service reduction proposal. However, indications are that annual sales tax may be approximately $10 to $12 million better than projected—not enough to close the $75 million gap.

We used our service guidelines to develop our service reduction proposal. The guidelines were recommended by the Regional Transit Task Force and adopted by the King County Council as part of Metro’s Strategic Plan for Public Transportation 2011-2021.

The guidelines set priorities for making cuts or changes. For example, the first priority is to cut the lowest-performing service that duplicates other service, doesn’t carry enough riders as a peak-period service, and operates in a corridor where service is above or at the target service level.

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Metro’s ridership has rebounded faster than sales tax, nearly reaching the 2008 peak level with an estimated 118 million passenger boardings in 2013—leading to many routes being overcrowded.
**Actions taken to reduce costs, boost revenue, and preserve bus service, 2009-2013**

**Ongoing productivity/efficiency actions** – Saved $204 million ($93 million ongoing annual savings)
- Took efficiency actions recommended by 2009 Performance Audit of Transit, including changing bus schedules to reduce bus downtime.
- Negotiated agreements with employees that reduced the growth of pay through furloughs and pay freezes.
- Cut more than 100 staff positions that did not directly affect service.
- Eliminated 75,000 hours of less-used bus service and adopted new service guidelines as part of Metro’s strategic plan.
- Deferred 350,000 hours of service expansion.

**Revenue-related actions** – Increased revenue by $145 million ($55 million ongoing annual revenue)
- Raised fares four times in four years, a total 80 percent increase, contributing to 29 percent farebox recovery rate in 2012.
- County Council used tools provided by the legislature, permanently allocating a portion of the property tax levy to Metro (while reducing other property taxes so taxpayers don’t pay more), and adopting two-year Congestion Reduction Charge.
- Eliminated Ride Free area in downtown Seattle.

**One-time actions (cash savings) to sustain service pending longer-term solutions** – Saved $344 million
- Reduced the capital program
- Reduced the bus replacement reserve fund by $100 million, as recommended by the 2009 Performance Audit.
- Used half of the operating reserve fund to support service.
- Realized benefits from the County’s employee health program.

Altogether, these actions have realized $798 million, including $93 million in ongoing annual cost reductions and $55 million in increased revenue.

### Summary of Actions and Results

<table>
<thead>
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<th>Actions</th>
<th>Cumulative Total through 2013</th>
<th>Ongoing Annual Savings</th>
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<tr>
<td><strong>I. Ongoing productivity/efficiency actions</strong></td>
<td></td>
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<tr>
<td>• Transit program efficiencies</td>
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<td>Scheduling efficiencies</td>
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<td>Non-service and staff reductions</td>
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<td>Other program efficiencies</td>
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<td>• Service deferrals</td>
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<td><strong>II. Revenue-related actions</strong></td>
<td></td>
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<tr>
<td>• Fare increases</td>
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<td>• Property tax</td>
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<td>• Congestion Reduction Charge (temporary)</td>
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<tr>
<td>• Ride Free Area elimination</td>
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<td>$2 million</td>
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<td><strong>III. One-time actions (cash savings)</strong></td>
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<td>• Capital program cuts</td>
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<td>• Fleet replacement reserves</td>
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<td>• Operating reserves</td>
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<td>• 2009 savings, i.e. hiring freeze</td>
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<td>• Healthy Incentives program</td>
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<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$798 million</td>
<td>$148 million</td>
</tr>
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</table>
Metro Transit facts

- Metro provided 118 million passenger trips in 2013 (est.).
- 1,300 vanpools provided nearly 3.5 million passenger trips.
- Paratransit service provided 1.5 million trips for riders who are elderly or have disabilities.
- Number of employees: 4,500

- Number of buses: 1,400. More than half are electric trolleys or hybrids.
- More than half of Metro’s regular riders are commuters.
- Metro service keeps an estimated 175,000 cars off local roads every weekday.
- Nearly 1,600 business and institutions participate in Metro’s pass program.

- Metro has 214 bus routes county-wide, including four RapidRide lines with two more starting in 2014.
- Metro operates Sound Transit Link light rail and express bus service as well as the South Streetcars.

King County Metro Transit
King Street Center, KSC-TR-0415
201 S Jackson St
Seattle, WA 98104

www.kingcounty.gov/metro
February 4, 2014

Larry Phillips, Chair, King County Council

Honorable King County Councilmembers:

Our region possesses all of the ingredients needed for a healthy economy and to maintain our noteworthy quality of life. During the great recession, however, plummeting sales and state gas tax revenues have had a devastating impact. This lack of funding has crippled our ability to maintain roads, meet demand for transit services, or make other priority transportation investments. At the same time, transit ridership in our County has skyrocketed; costs are rising, and the growing population is clogging our roads and local streets.

Our means of transportation funding is deficient, putting our safety, quality of life, and economic recovery at risk. Never has there been a time when the need for more equitable and sustainable transportation revenue sources was clearer; the stakes higher, or the demand so great. We must seek new, equitable resources that do not disproportionately affect low-income people in order to maintain a system that can accommodate the growing demand for transit services, support strong freight mobility, and provide safe streets.

As our regional economy goes – so goes the State of Washington. Therefore, as elected leaders representing cities across King County, we urge you to do everything possible to prevent Metro bus service reductions and fund improvements to local streets and bridges. It is critical that the proposed countywide transportation benefit district (TBD) funding measure be placed on a special election ballot in April 2014.

We commend King County’s actions over the past five years to adopt a strategic plan, improve efficiencies, and develop additional resources to provide 120 million passenger trips in 2012. Many of our cities have taken similar actions. However, the twenty dollar Congestion Relief Charge will soon expire and sales tax revenues continue to recover at a pace that will not fill the annual $75 million budget deficit.

King County represents 30% of the State’s jobs, 40% of the population, and 50% of the payroll. It’s in the best interests of the State of Washington to ensure the economic success of our region. King County and its cities have worked tirelessly and in strong partnership with legislators and the Governor toward a statewide solution that includes local authority to meet local needs. Unfortunately the State Legislature has yet to act. While we remain committed to a statewide solution to the funding crisis, we are now in the eleventh hour. It is an imperative that we step forward with the best available solution. The proposed TBD legislation, while a measure of last resort, is that solution.

In closing, we ask that you honor the established agreement between King County and the cities to provide sixty percent of all revenues to transit and forty percent to be allo-
icated among jurisdictions by population. This is the result of considerable effort to achieve consensus among King County and all of its cities over the course of two years. We are unified behind this practical compromise. It makes Metro whole and provides resources for local transportation improvements.

Thank you for your commitment to meeting the transportation needs of our communities.

Sincerely,

William Thomas
Nancy Backus
Councilmember, Algonia

Lucy Krakowiak
Mayor of Burien

Jim Ferrell
Mayor of Federal Way

Nancy Backus
Mayor of Auburn

Dave Kaplan
Mayor of Des Moines

David Baker
Mayor of Kenmore
Steven Buri  
Mayor of Newcastle

Stacia Jenkins  
Councilmember, Normandy Park

Denis Law  
Mayor of Renton

Ed Prince  
Councilmember, Renton

Tom Vance  
Mayor of Sammamish

Ed Murray  
Mayor of Seattle

Tom Rasmussen  
Councilmember, Seattle

Mike O'Brien  
Councilmember, Seattle
Jean Godden  
Councilmember, Seattle

Bruce Harrell  
Councilmember, Seattle

Sally Bagshaw  
Councilmember, Seattle

Tim Burgess  
Councilmember, Seattle

Sally Clark  
Councilmember, Seattle

Nick Licata  
Councilmember, Seattle
STRIKING AMENDMENT TO PROPOSED ORDINANCE 2013-0527, VERSION 1

1 On page 1, beginning on line 5, strike lines 3 through 150, and insert:

"BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Findings:

A. The 2008 recession had a deep and enduring impact to the economy in King County, causing property and sales tax revenues that finance government transportation services to drop unexpectedly.

B. As the largest labor market in the state, failure of the transportation system in King County will have far reaching economic impacts across Washington.

C. The King County transit division ("Metro") is vital to the region's economic health. Metro provided over one hundred fifteen million passenger trips in 2012 with ridership expected to grow; more than one thousand five hundred companies provide transit passes to their employees; over half of Metro's passengers are commuters; and current service levels keep approximately one hundred seventy-five thousand cars off our roads every weekday."
D. Sales tax currently provides for sixty percent of Metro's operating budget, and reductions in property tax revenue and the lack of growth in gas tax revenue will limit key funding sources for city and unincorporated King County transportation projects.

E. The twenty-dollar congestion reduction charge authorized in Ordinance 17169 in 2011 was a temporary measure while sustainable funding solutions were developed. King County’s authority for this implemented funding source expires May 31, 2014.

F. In 2011, the King County council adopted the landmark King County Metro Transit Strategic Plan for Public Transportation and Service Guidelines that established a new course that prioritizes productivity, social equity and geographic value in the ongoing development of the Metro transit system.

G. To respond to decreased revenues during the recession, Metro undertook a number of measures to preserve service. Metro implemented system-wide reforms, including restructuring the transit system to improve productivity and effectiveness and discontinuing the Ride Free Area in downtown Seattle. Metro has also increased revenue for transit through property tax changes, through the implementation of the temporary congestion reduction charge and through multiple fare increases raising fares by eighty percent since 2008. As a result, Metro realized nearly eight hundred million dollars in savings and new revenues combined to support the system.

H. Metro still faces an ongoing annual revenue shortfall up to seventy-five million dollars to maintain existing service levels. Without new revenue, Metro will face up to a seventeen percent cut in service, or approximately six hundred thousand annual hours of service cuts beginning in fall 2014.
I. The King County road services division is responsible for an unincorporated area road network that supports more than one million trips per day. The system consists of about one thousand five hundred miles of county roads and one hundred eighty bridges, plus numerous sidewalks and pathways, traffic signs and signals, drainage pipes and culverts and other critical transportation infrastructure.

J. The road services division's funding for maintenance of roads and bridges has declined by more than one-third since 2009 due to annexations, declining property values, less state and federal grant support and lower gas tax revenue. At the same time, the volume of county road miles has not dropped proportionally while transportation safety, preservation and other needs are increasing due to aging infrastructure, population growth, development and changing travel patterns.

K. Property tax is the road services division's primary funding source, and property values in unincorporated King County have declined significantly since the start of the recession. The ability of property tax revenue to recover from its depressed levels is impeded by statutory constraints limiting tax collections.

L. Gas tax revenues, another major source of funding for the road services division, will not increase with the rate of inflation as gasoline consumption stagnates due to more fuel efficient cars and to fewer vehicle miles travelled, and because the tax rate per gallon is fixed and does not adjust with inflation.

M. Future grant funding for capital projects is also uncertain as federal and state decision-makers choose between competing interests for limited dollars.

N. The Strategic Plan for Road Services was approved by the council in 2010 to provide key guidance to the agency about work priorities, including infrastructure service
and investment decisions. The plan gives top priority to basic goals: meet critical safety
needs; comply with legal requirements; and maintain and preserve the existing road
network.

O. The road services division is reducing costs through reductions in
management and administrative costs, space consolidation and reductions to fleet
equipment, and has already reduced division staff by forty percent and implemented
changes to service priorities.

P. It is the county’s responsibility to maintain, preserve and operate the
unincorporated area road system, and without dedicated funding to stabilize the declining
road system, the roads services division expects to close thirty-five bridges before they
become unsafe, restrict access to seventy-two miles of failing roadways and reduce storm
service on snowy and icy roads by two-thirds during the winter season.

Q. Cities in King County maintain five thousand five hundred miles of streets
plus bridges, sidewalks, drainage systems, traffic signals, bicycle and pedestrian facilities
and trails. Existing facilities are aging.

R. King County cities have experienced a substantial downturn in revenues in the
past decade. Many cities in King County have been forced to supplement roads funds
with general fund dollars, which have themselves not been keeping pace with inflation.
Using general fund dollars to maintain roads and other transportation infrastructure
means that there are fewer dollars available to fund public safety, parks, human services
and other critical city services.

S. A lack of dedicated funding for transportation projects has made it
increasingly difficult for King County and King County cities to raise matching funds to
compete for state and federal transportation grant dollars, and state and federal transportation grant opportunities have dwindled.

T. King County cities are also beset by failing roads and bridges, congested corridors and bottlenecked interchanges, which undermine the ability to transport people and goods.

U. Cities in King County have over $1.3 billion in maintenance and preservation needs alone over the next six years, and have identified a need of over $3 billion for mobility projects over the next six years. Cities in King County are responsible for the repair and replacement of 22 bridges in King County with a sufficiency rating of fifty or less, equating to more than $775 million in bridge repair and replacement costs over the next six years. The lack of adequate transportation funding for cities is a public safety crisis in King County.

V. In 2013, action by the state Legislature related to the Public Works Trust Fund resulted in a substantial reduction of funds available for King County cities, including a greater relative impact on smaller cities in King County. Without an additional source of revenue, many transportation infrastructure projects planned by cities will not be able to move forward.

W. With new funding for transportation investments throughout King County, there is an opportunity to catalyze construction jobs, enhance freight mobility for our ports and create a pathway for retaining and growing new jobs for key industry sectors.

X. It is in the public interest and the best interests of the residents of the county to establish a transportation benefit district with the authority to fund, acquire, construct,
operate, improve, provide, maintain and preserve transportation improvements permitted
by chapter 36.73 RCW, all as further set forth in section 5 of this ordinance.

SECTION 2. There is created a transportation benefit district, to be known as the
King County transportation district, with geographical boundaries comprised of the limits
of the county. The district shall have the authority to exercise the statutory powers in
chapter 36.73 RCW.

SECTION 3. A. The King County council shall be the governing board of the
transportation district, acting in an ex officio and independent capacity, which shall have
the authority to exercise the statutory powers in chapter 36.73 RCW.

B. The King County executive services finance director shall be the treasurer of
the transportation district.

C. The board shall develop and implement a material change policy for projects
that the district is financing. The material change policy shall address major plan
changes that affect project delivery or the ability to finance the plan, in accordance with
RCW 36.73.160(1).

D. The board shall cause to be issued an annual report, in accordance with
chapter 36.73 RCW.

SECTION 4. The district shall be dissolved in accordance with RCW 36.73.050.

SECTION 5. A. The transportation district is formed with the authority to fund,
acquire, construct, operate, improve, provide, maintain and preserve transportation
improvements permitted by chapter 36.73 RCW.
B. The transportation improvements of the transportation district must be projects or programs contained in the transportation plan of the Puget Sound Regional Council, King County or a city within King County that are:

1. The provision of Metro Transit public transportation services;
2. The service planning and public engagement for the provision of Metro transit public transportation services;
3. The operation, maintenance and repair of Metro Transit vehicles, equipment and facilities;
4. The acquisition and replacement of Metro Transit vehicles and equipment and the planning, design and implementation of Metro Transit capital improvements;
5. The implementation of transportation demand management programs;
6. The planning, design and implementation of capital improvement, preservation and restoration projects for road facilities such as streets, roads, bridges, signals, guardrails, drainage systems, pedestrian and bicycle pathways and related facilities and improvements;
7. The operation, maintenance and repair of road facilities such as streets, roads, bridges, signals, guardrails, drainage systems, bicycle pathways and related facilities and improvements;
8. The provision of emergency responses to protect road facilities and public health and safety; or
9. The planning, design, installation and management of intelligent transportation systems in including traffic cameras, control equipment and new technologies to optimize the existing transportation system.
C. When authorized by statute or by the voters in accordance with chapter 36.73 RCW, the board may impose taxes, fees, charges or tolls, or any combination thereof, and may implement a low-income rebate program for vehicle fees, for the purposes consistent with chapter 36.73 RCW.

SECTION 6. For the purposes of chapter 36.73 RCW and section 5 of this ordinance:

A. The transportation plan of King County includes as adopted and updated the Transportation Element of the King County Comprehensive Plan, the King County Metro Transit Strategic Plan for Public Transportation, the King County Metro Transit Service Guidelines, the annual King County Metro Transit Service Guidelines Report, the King County Department of Transportation Strategic Plan for Road Services, the Transportation Needs Report and the King County Roads Services CIP.

B. The transportation plan of the Puget Sound Regional Council is its transportation improvement program developed and updated as required by RCW 47.80.023.

C. The transportation plan of a city is its transportation program adopted and annually revised and extended as required by RCW 35.77.010.

SECTION 7. For the purposes of this ordinance, "city" means city or town.

SECTION 8. As authorized under chapter 36.73 RCW, this ordinance shall be liberally construed to permit the accomplishment of its purposes.

SECTION 9. If requested by the King County transportation district, publication and distribution of a local voters' pamphlet in conformity with chapter 29A.32 RCW and
K.C.C. chapter 1.10 is hereby authorized for all special elections called by the King

SECTION 10. Severability. If any provision of this ordinance or its application

to any person or circumstance is held invalid, the remainder of this ordinance or the

application of the provision to other persons or circumstances is not affected."

EFFECT: Makes technical changes as identified by legal counsel
A MOTION expressing King County council's support for a ballot measure for local transportation funding through the King County transportation district.

WHEREAS, the King County council unanimously adopted Motion 13987 expressing support for a special session of the Washington state Legislature to address statewide, regional and local transportation needs, and

WHEREAS, the Washington state Legislature did meet in special session in November 2013, but did not address statewide, regional or local transportation needs, and

WHEREAS, the county's transit and unincorporated area roads funding continues to be insufficient to meet current adopted requirements as stated in Motion 13987, and

WHEREAS, cities in King County have over $1.3 billion in maintenance and preservation needs alone over the next six years, and have identified a need of over $3 billion for mobility projects over the next six years, and

WHEREAS, the council has formed the King County Transportation District consistent with chapter
36.73 RCW, in order to fund transportation improvements;

    NOW, THEREFORE, BE IT MOVED by the Council of King County:

    King County supports the submittal to the voters of King County by the King County transportation
district of a ballot measure that includes:

    A. A one-tenth of one percent sales and use tax and sixty dollars of vehicle fee for transportation
    improvements countywide;

    B. Direct distribution of this funding to the cities and county for transportation improvements, but
    without the district itself acquiring, constructing, operating, maintaining or preserving transportation
    improvements;

    C. A distribution to the county of sixty percent of total net revenues for King County Metro transit
    purposes and to the county and cities of forty percent of total net revenues for local mobility purposes allocated
    based on the relative populations of the cities and unincorporated areas, pursuant to an interlocal agreement for
    the distribution of revenues;

    D. Funding for transportation improvement projects contained in the King County Transportation Plan,
    the Puget Sound Regional Council Transportation Improvement Program or the transportation program of a city
    within King County as developed, updated and extended by the responsible jurisdiction's actions;

    E. A low-income rebate program consistent with RCW 36.73.067 that rebates twenty dollars of vehicle
    fees paid; and

    F. Streamlined administration necessary for the distribution of funding, rebate
    administration, annual reporting and fiduciary oversight, so as not to incur additional overhead and
    administration costs.
Proposed countywide Transportation Benefit District (TBD)

- RCW 36.73 authorizes a county to form a TBD to fund transportation improvements.
- King County Council members would constitute the governing board of the District.
- Voters must approve funding sources. A measure could be put on the ballot as early as this April.
- Intent is for the District to pass funds through to Metro for transit and to cities and King County for roads and local transportation purposes.

Proposed revenue sources

- Combination of revenue sources to generate approximately $130 million.
- Single King County ballot measure in 2014 would ask voters to approve two funding sources:
  - $60 annual vehicle fee, which would take effect after the $20 congestion reduction charge expires in June 2014.
    - Would generate approximately $80 million per year.
  - 0.1% increase in sales tax.
    - Would generate approximately $50 million per year.
    - Expires after 10 years.
- Other TBD options were considered:
  - tolling – requires state authorization
  - property tax – for one year only, or multi-year for debt retirement
  - development impact fees – would generate limited revenue from new development

Proposed distribution of revenue

- 60 percent to Metro Transit ($80 million in 2015).
- 40 percent to cities and King County for roads and transportation purposes; allocated based on population ($50 million in 2015).

Uses of revenue

- Transit service and buses.
- Road and bridge maintenance, preservation and improvement.
- Pedestrian, non-motorized and other transportation improvements.

Average household impact

- Based on estimates of the average household in King County, the estimated household impact is approximately $11 per month for the $60 vehicle fee and 0.1% sales tax combined. ($8 of this is from the vehicle fee and $3 is from the sales tax).

Comments or questions?

If you have a comment or question about the proposal to form a Transportation Benefit District, please contact the King County Council at 206-296-1000 or council@kingcounty.gov.
Frequently asked questions

Why is the County considering formation of a TBD?
Without additional revenue, Metro will have to reduce up to 17 percent of its service beginning this year. The amount of funding available for the county road system in 2014 is $85 million, while the amount needed to stabilize the decline in 2014 is projected to be $135 million. The TBD is a transportation funding mechanism available now under state law.

Would the vehicle fee be assessed in addition to the $20 congestion reduction charge?
The congestion reduction charge (CRC) expires in June, so the vehicle fee would not be stacked on top of it.

Is the proposed $60 vehicle fee added on top of an existing city TBD $20 vehicle fee?
Yes, the statute provides authority for this countywide TBD to have a voter approved vehicle fee up to $100. City TBDs continue to have authority to impose their separate $20 councilmanic fee and to go to their voters for approval of a vehicle fee for their city TBD up to a maximum of $100.

Do any cities use the sales tax for their TBD?
Yes. The City of North Bend has a 0.2% sales tax. The proposed County 0.1% sales tax would be added to North Bend’s tax.

Is a low-income rebate available?
Yes. The TBD statute allows for a low-income rebate program. This option is being studied and the County Executive will work with the County Council as they discuss the proposal.

What would the sales tax increase bring the overall sales tax rate to in King County?
The current total sales tax rate in King County within the Sound Transit district is 9.5%. Outside of the Sound Transit district, the rate is 8.6% (except for North Bend, which is 8.8%). This proposal would bring the rates to 9.6% and 8.7% respectively (8.9% in North Bend).

What would $80 million buy for Metro?
Metro needs $75 million annually to avert the reduction of up to 17 percent of current service. This amount is needed to operate service and buy replacement buses. These funds are not enough to pay for the level of service called for in Metro’s service guidelines.

What would $6.2 million buy for the King County Road Services Division?
Since 2009, the county road fund has shrunk by one-third as a result of annexations, lower property valuations, and lower gas-tax revenues. In response, the King County Road Services Division has reduced its workforce by 40%, affecting its ability to respond to regionwide snow storms, perform maintenance and make capital improvements. Priorities for spending include drainage and flood protection, road maintenance, and paving. King County Road Services’ share—about $6.2 million in 2015—is far less than the revenue actually needed to adequately maintain the roads it is responsible for. While any contribution to the road fund is helpful, King County recognizes that the proposed package will not solve the state’s outdated system of funding roads. The County Executive remains committed to working toward broader funding solutions for the county roads system.

How will some of the revenue be divided among the county and cities?
Forty percent of the revenue collected from the King County Transportation District would be used for county road and city street improvements, with allocations to each city and unincorporated King County based on population.
King County Executive’s Proposed Countywide Transportation Benefit District (TBD)  
2015 Countywide Distribution Estimates  
Updated 1/21/2014

Major Assumptions  
TBD revenue is based on the adoption of a $60 license fee and 0.1% countywide sales tax. The table below shows the estimated distribution among jurisdictions, assuming 40% of total TBD revenue is allocated to cities and the unincorporated area based on population.

Allocation to Local Jurisdictions (40%)  
$52,218,600

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Algona</td>
<td>3,075</td>
<td>0.2%</td>
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<td>Auburn (KC portion)</td>
<td>64,320</td>
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<td>Beaux Arts</td>
<td>290</td>
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<td>Bellevue</td>
<td>132,100</td>
<td>6.7%</td>
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<td>Black Diamond</td>
<td>4,170</td>
<td>0.2%</td>
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<tr>
<td>Bothell (K.C.portion)</td>
<td>23,440</td>
<td>1.2%</td>
<td>$617,600</td>
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<tr>
<td>Burien</td>
<td>48,030</td>
<td>2.4%</td>
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<tr>
<td>Carnation</td>
<td>1,785</td>
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<td>$47,000</td>
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<td>Clyde Hill</td>
<td>2,980</td>
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<td>$78,500</td>
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<td>Covington</td>
<td>18,100</td>
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<td>Des Moines</td>
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<td>Duvall</td>
<td>7,120</td>
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<td>Enumclaw</td>
<td>11,100</td>
<td>0.6%</td>
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<td>89,720</td>
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<td>Maple Valley</td>
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<td>Medina</td>
<td>3,000</td>
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<td>Mercer Island</td>
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<td>6,020</td>
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<td>Pacific</td>
<td>6,675</td>
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<td>Renton</td>
<td>95,540</td>
<td>4.8%</td>
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<td>Sammamish</td>
<td>48,060</td>
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<td>SeaTac</td>
<td>27,310</td>
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<td>626,600</td>
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<td>Shoreline</td>
<td>53,670</td>
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<td>Skykomish</td>
<td>195</td>
<td>0.0%</td>
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<td>Snoqualmie</td>
<td>11,700</td>
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<td>$308,300</td>
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<td>Tukwila</td>
<td>19,160</td>
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<td>Woodinville</td>
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<td>Yarrow Point</td>
<td>1,015</td>
<td>0.1%</td>
<td>$26,700</td>
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<tr>
<td>Cities Total:</td>
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<td>$6,217,600</td>
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<tr>
<td>Uninc. King County:</td>
<td>235,981</td>
<td>11.9%</td>
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<tr>
<td>King County</td>
<td>1,981,900</td>
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</table>

King County Executive’s Proposed Countywide Transportation Benefit District (TBD) Finance Plan
Updated 1/21/2014

The proposed King County transportation benefit district will receive revenue and transfer funds to local jurisdictions and the King County Department of Transportation (DOT). The district will allocate funds through its appropriation process consistent with state law and the voter-approved ballot measure.

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<td>$55,353,204</td>
<td>$58,174,869</td>
<td>$60,726,303</td>
<td>$63,379,643</td>
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<td>$73,776,148</td>
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<td>Vehicle Fee 3</td>
<td>$82,447,200</td>
<td>$82,447,200</td>
<td>$82,447,200</td>
<td>$82,447,200</td>
<td>$82,447,200</td>
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<tr>
<td>Total</td>
<td>$134,046,351</td>
<td>$137,800,404</td>
<td>$140,622,069</td>
<td>$143,173,503</td>
<td>$145,826,843</td>
<td>$148,522,034</td>
<td>$151,275,635</td>
<td>$154,074,528</td>
<td>$156,223,348</td>
<td>$158,436,632</td>
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| TBD Administration 4 | $3,500,000 | $621,000 | $642,735 | $665,231 | $688,514 | $712,612 | $737,553 | $763,368 | $790,085 | $817,738 |

| Revenue available for distribution | $130,546,351 | $137,179,404 | $139,979,334 | $142,508,272 | $145,138,330 | $147,809,422 | $150,538,082 | $153,311,160 | $155,433,262 | $157,618,894 |

<table>
<thead>
<tr>
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<tr>
<td>Transfer to Metro Transit (DOT) 5</td>
<td>$78,327,811</td>
<td>$82,307,642</td>
<td>$83,987,601</td>
<td>$85,504,963</td>
<td>$87,022,998</td>
<td>$88,685,653</td>
<td>$90,322,849</td>
<td>$91,986,696</td>
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<td>Transfer to local jurisdictions for mobility 6</td>
<td>$52,218,540</td>
<td>$54,871,761</td>
<td>$55,991,734</td>
<td>$57,003,309</td>
<td>$58,055,332</td>
<td>$59,123,769</td>
<td>$60,215,233</td>
<td>$61,324,464</td>
<td>$62,173,305</td>
<td>$63,047,558</td>
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<tr>
<td>Total</td>
<td>$130,546,351</td>
<td>$137,179,404</td>
<td>$139,979,334</td>
<td>$142,508,272</td>
<td>$145,138,330</td>
<td>$147,809,422</td>
<td>$150,538,082</td>
<td>$153,311,160</td>
<td>$155,433,262</td>
<td>$157,618,894</td>
</tr>
</tbody>
</table>

Notes:
1 Revenue collections and distributions are assumed to begin in 2015 and revenue is illustrated on an accrual basis. There will be a lag between collections and actual distributions in the first year.
2 Sales tax collection is 0.1% of countywide taxable sales less sales at lodging establishments with 60 or more rooms. The estimate is based on the forecast adopted by the Forecast Council in August of 2013. 2023 and 2024 assume a 3% annual increase. Estimates have been adjusted for Department of Revenue administrative fees. Sales tax sunsets after 10 years.
3 Vehicle fee assumes a $60 countywide fee is levied on all vehicles on an annual basis. This amount is not offset for any existing vehicle fees approved by cities. The number of cars is reported by Washington Department of Licensing. This illustration assumes approximately 1,388,000 vehicles are subject to the fee and this number is assumed to not significantly change over time. The total collections have been reduced by 1% to reflect Department of Licensing administrative fees.
4 The ongoing administrative costs of the transportation benefit district, including legal, treasury, and staff costs are estimated at $600,000 in 2015, inflating at 3.5%. 2015 also includes the cost of a ballot measure.
5 60% of total revenue collections will be distributed to King County Metro Transit.
6 40% of total revenue collections will be distributed to local jurisdictions (cities and the unincorporated area) based on population.
Item 9:
Transit Oriented Development (TOD) Property Acquisition Fund

Discussion Item

SCA Staff Contact
Monica Whitman, Senior Policy Analyst, monica@soundcities.org; 206-433-7169

PSRC Transportation Policy Board Members
Shoreline Deputy Mayor Chris Eggen, SCA Caucus Chair (alternate); Kirkland Mayor Amy Walen, SCA Caucus Vice-Chair; Algona Mayor Dave Hill; Sammamish Councilmember Don Gerend; Issaquah Mayor Fred Butler (alternate); Tukwila Councilmember Kate Kruller (alternate).

PSRC Executive Board Members
Algona Mayor Dave Hill, SCA Caucus Chair; Auburn Mayor Nancy Backus, SCA Caucus Vice-Chair (alternate); Redmond Mayor John Marchione; Covington Councilmember Marlla Mhoon; Duvall Mayor Will Ibershof (alternate); SeaTac Mayor Mia Gregerson (alternate); Sammamish Councilmember Don Gerend (alternate). SCA cities with their own seats: Kent (Mayor Suzette Cooke); Renton (Mayor Denis Law); Kirkland (Mayor Amy Walen); Federal Way (Mayor Jim Ferrell).

The SCA Caucus of the PSRC Transportation Policy Board and Executive Board are requesting feedback regarding support and/or concerns surrounding the development of a Regional Transit Orientated Development (TOD) fund, including potential funding sources.

Background

At their February 23, 2014 meeting, the PSRC Executive Board was asked to approve a set of policies and procedures for the 2014 project selection process for PSRC funds, including support for the concept of the region pursuing a Regional Transit Orientated Development (TOD) Fund.

A TOD Fund is a land acquisition and land banking financing revolving loan fund (Regional Equitable Development Initiative – or “REDI” – Fund) to stimulate and incent affordable housing as part of transit oriented development in proximity to transit.

TOD property acquisition funds have been established in several metropolitan regions across the U.S. Attachment A shows a map of the location of existing and proposed funds along with a table that compares key fund characteristics. The Denver TOD Fund and the Bay Area TOAH Fund provide the most relevant examples and lessons for setting up a TOD fund in the central Puget Sound region. Public seed money totaling about $5 million would be required for an estimated TOD fund of $20-25 million.
In developing the recommendation to the Executive Board, both the Project Selection Task Force and the Transportation Policy Board expressed support for the idea of the fund; however, both groups also voiced significant concern about the source of public seed capital for such a fund, and questioned whether regional transportation dollars would be appropriate, particularly given the scarcity of available resources for transportation projects.

At the January 23, 2014, the Executive Board discussed the merits of a number of potential funding sources including PSRC Federal Highway and Transit funds. King County proposed that PSRC proceed by creating a “Business Plan” for a TOD revolving loan fund. The Board unanimously approved King County’s proposal which also included, directing PSRC to convene a committee with representation from Growth Management Policy Board (GMPB), Transportation Policy Board (TPB), and Regional Staff Committee to oversee the development of a Business Plan. The Business Plan should include at a minimum:

- The purpose and need for a revolving fund program
- Identify barriers to TOD in the Central Puget Sound Region
- Lessons learned from similar property acquisition fund programs
- Eligible Fund Activities
- Governance of revolving fund program
- Fund investors and fund size
- Potential revenue sources (federal, state, local, private) including options for leveraging multiple fund sources
- Criteria for assessing priority projects
- Loan terms
- Participation from the business and social service providers
- Next steps (including an implementation strategy)

For more information, PSRC developed a TOD Fund White Paper, available online at www.psrc.org/assets/8674/TODFundWhitePaperReport12-17-12.

Attachments

A. Existing or Proposed TOD Fund Programs
Attachment 1: Regions with Existing or Proposed TOD Fund Programs
<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Size</th>
<th>Use</th>
<th>Borrower</th>
<th>Catalyst Funding Source</th>
<th>Terms</th>
<th>TOD Focus?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denver TOD Fund</td>
<td>$15 million (expanding to $30 million)</td>
<td>Acquisition of property near existing and future light rail and high frequency bus stations for affordable housing</td>
<td>Currently sole borrower: Urban Land Conservancy, plans to expand</td>
<td>City of Denver, Colorado Housing and Finance Authority</td>
<td>3.40%, 5 years</td>
<td>Yes</td>
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<tr>
<td>Bay Area TOAH Fund</td>
<td>$50 million</td>
<td>Acquisition of property, development of affordable housing and community facilities</td>
<td>Non-profit and for-profit developers, municipal agencies, joint ventures</td>
<td>Bay Area Metropolitan Transportation Commission (similar to PSRC)</td>
<td>4.4% - 5.4% 7 years</td>
<td>Yes</td>
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<tr>
<td>New York Acquisition Fund</td>
<td>$150 million</td>
<td>Acquisition &amp; predevelopment of property for affordable housing</td>
<td>Non-profit and for-profit developers</td>
<td>Foundations</td>
<td>Approx. 4.5% (variable); 3 years</td>
<td>No</td>
</tr>
<tr>
<td>Golden State Acquisition Fund</td>
<td>$93 million</td>
<td>Acquisition of property for affordable housing (including preservation)</td>
<td>Non-profit and for-profit developers, municipal agencies</td>
<td>State of California</td>
<td>Approx. 6%; 5 years</td>
<td>No</td>
</tr>
<tr>
<td>New Generation Fund (Los Angeles)</td>
<td>$50 million</td>
<td>Acquisition of property for affordable housing (including preservation)</td>
<td>Non-profit and for-profit developers</td>
<td>City of Los Angeles</td>
<td>Approx. 6.5% (variable); 3 years</td>
<td>No</td>
</tr>
<tr>
<td>Sustainable Communities Fund (Phoenix)</td>
<td>$20 million</td>
<td>Acquisition of property for mixed-income housing</td>
<td>Non-profit and for-profit developers</td>
<td>Phoenix LISC &amp; Raza Development Fund</td>
<td>6%; 3-7 years</td>
<td>Yes</td>
</tr>
<tr>
<td>Equitable TOD Accelerator Fund (ETODAF) (Boston LISC, Fall 2013 launch)</td>
<td>$5 million</td>
<td>Acquisition financing, carrying costs, and predevelopment expenses</td>
<td>Non-profit and for-profits working on eligible TOD projects</td>
<td>Commonwealth of Massachusetts</td>
<td>Est. 4.5-5%, 3 years, longer terms may be available</td>
<td>Yes</td>
</tr>
</tbody>
</table>