



Puget Sound Regional Council

Transportation 2040 Finance Working Group

Meeting Summary

December 8, 2016

Members Present: Mayor Becky Erickson, City of Poulsbo; Deputy Mayor Jay Arnold, City of Kirkland; Councilmember Bek Ashby, City of Port Orchard; Kim Becklund, King County Metro/Transportation Operators Committee; Rob Berman, Seattle Metropolitan Chamber of Commerce; Rob Fellows, WSDOT Toll Division; Commissioner Rob Gelder, Kitsap County; Mayor Don Gerend, City of Sammamish; Jesse Hamashima, Pierce County/Regional Staff Committee; Peter Heffernan, King County DOT; Councilmember Kathy Lambert, King County; Mayor Pro Tem Debora Nelson (via phone), City of Arlington; Charles Prestrud, WSDOT Northwest Region; Commissioner Hester Serebrin, Washington State Transportation Commission; Brian Stout, Sound Transit; Jude Willcher, City of Seattle

Other Attendees: Stephanie Ball, Sound Transit; Carmen Bendixen, Washington State Ferries; Ray Deardorf, Washington State Ferries; Kate March, City of Bellevue; Peter Soderberg, WSDOT; Steve Thomsen, Snohomish County Department of Public Works; Lisa Wolterink, Sound Transit

PSRC Staff: Benjamin Brackett, Ben Bakkenta, Charlie Howard, Pavithra Parthasarathi, Robin Mayhew

1. Welcome and Introductions

Mayor Erickson, Chair of the T2040 Finance Working Group, provided the welcome statement and group members introduced themselves.

2. Public Comment

The following addressed the Working Group:

- Alex Tsimmerman

3. Discussion: November 10th Meeting Summary and Follow up

Pavithra Parthasarathi and Benjamin Brackett provided a summary of the November 10th meeting, highlighting key follow-up items from the meeting. (A copy of the meeting summary from the November 10th meeting was provided in the agenda packet.) The follow-up items include the following: Transportation expenditure as a function of regional personal income; Assumptions regarding Federal Funds; General Fund contributions to transportation vs. non-transportation expenses; Implementation of Transportation Benefit Districts; and Request for supporting materials.

Benjamin Brackett reviewed PSRC staff analyses related to General fund contributions to transportation vs. non-transportation expenses, and the implementation of the Transportation Benefit Districts (TBD). Analyses of local General fund contributions highlighted the fact that General fund contributions to Transportation in the region averaged 38% while excluding the City of Seattle. The regional average went up to about 48% if the City of Seattle was included, which is in line with the 2014 Financial Strategy assumptions. The discussion focused on the data used for the analyses and what the results could mean for the Financial Strategy update.

Benjamin also presented maps highlighting the implementation of TBDs from 2010 through 2017. A total of 19 local jurisdictions have implemented TBDs since 2010 using either the sales tax option or vehicle licensing fees option and in some cases a combination of both. There is a considerable increase in the number of TBDs implemented

especially around 2015. Discussion focused on the non-implementation of TBDs in certain areas (East/South King County) and the assumptions regarding the future of TBD implementation considering passage of ST3.

FWG members were in agreement with the follow-up items presented. Pavithra Parthasarathi noted that there were couple of follow-up items still being analyzed and these items will be brought to the Finance Working Group as they are completed.

4. Discussion: Current Law Revenue – Local Transit

Pavithra Parthasarathi started the discussion by providing the latest (draft) estimates of Current Law Revenue (CLR). These latest CLR estimates include the significant transportation investment packages approved since the 2014 plan adoption, such as the Connecting Washington State Package; Sound Transit3; Local ballot measures; and local transit initiatives. PSRC staff noted that these CLR estimates are still being finalized.

The CLR discussion on local transit focused on current revenue sources, assumptions and key issues facing local transit. The focus was on the volatility and future of the sales tax (a major source of revenue for local transit), the need to identify other revenue sources, and the importance of having a set of criteria to evaluate the various revenue options.

Other items reviewed include PSRC staff engagement with the Transportation Operators Committee (TOC) on local transit issues and a potential TOC workshop (tentatively in the last week of Jan) to discuss detailed technical assumptions related to local transit.

5. Discussion: Current Law Revenue – Sound Transit

Brian Stout, Sound Transit, provided a snapshot of Sound Transit's Financial Plan. While the financial plan is still being finalized, the presentation highlighted the major components - key financial planning assumptions, revenue sources, grant funding, bond and loan assumptions. Other items highlighted include comparisons of the current ST3 financial plan against prior approved ballot measures (ST2, Sound move), anticipated capital and operating expenditures by mode and timelines for major Sound Transit projects.

6. Discussion: Current Law Revenue – Washington State Ferries (WSF)

Ray Deardorf, WSF, provided a brief overview of ferry system and underlying financial assumptions. The presentation covered the following - route characteristics, current (baseline) budget, capital needs, WSF's financial challenges due to loss of MVET, fares and ridership.

WSF's financial assumptions are currently being updated. Revised estimates are expected over the next couple of months and subsequently with WSF's long-range plan update, expected to be start in the middle of 2017. Considering the timing of T2040 plan update and WSF's long-range plan update - Ray noted that WSF would provide initial estimates for the T2040 financial strategy update and these estimates will be revised as they become available. The revised estimates will include updates to the vessel replacement costs (identified in the 2009 plan) and updates of funded terminal projects (Colman Dock, Mukilteo).

WSF will coordinate with PSRC staff on the T2040 update and WSF's long-range plan update.

7. Discussion: FWG Roundtable

Members discussed the recent Advanced Transportation Technologies Conference. Discussion focused on the impacts of Autonomous vehicle technology on car ownership and subsequent drop in auto sales, first-mile connections and implications for fixed route local transit and how we can develop a financial structure to incentivize people to choose an urban utopia outcome.

8. Next Steps

Pavithra Parthasarathi quickly summarized the timeline for the financial strategy update, policy issues discussed for the various program areas (Cities, Counties, Local transit, Sound transit, WSF) and pointed to the FWG website where meeting agendas and supporting materials will be posted.

9. Next Meeting: January 12, 2017, 12:00-2:00 p.m., PSRC Conference Room

The meeting adjourned at 1:45 p.m.