



# SEATTLE CITY COUNCIL

## Select Committee on Seattle Transportation Benefit District Funding Agenda

Friday, July 10, 2020

10:00 AM

Remote Meeting. Call 253-215-8782; Meeting ID: 586 416 9164; or  
Seattle Channel online.

Alex Pedersen, Chair  
Dan Strauss, Vice-Chair  
M. Lorena González, Member  
Lisa Herbold, Member  
Debora Juarez, Member  
Andrew J. Lewis, Member  
Tammy J. Morales, Member  
Teresa Mosqueda, Member  
Kshama Sawant, Member

Chair Info: 206-684-8804; [Alex.Pedersen@seattle.gov](mailto:Alex.Pedersen@seattle.gov)

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<http://seattle.gov/cityclerk/accommodations>.



**SEATTLE CITY COUNCIL**  
**Select Committee on Seattle Transportation**  
**Benefit District Funding**  
**Agenda**  
**July 10, 2020 - 10:00 AM**

**Meeting Location:**

Remote Meeting. Call 253-215-8782; Meeting ID: 586 416 9164; or Seattle Channel online.

**Committee Website:**

<http://www.seattle.gov/council/committees/seattle-transportation-benefit-district-funding>

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*This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.*

In-person attendance is currently prohibited per Washington State Governor's Proclamation No. 20-28.7 through August 1, 2020. Meeting participation is limited to access by telephone conference line and Seattle Channel online.

**Register online to speak during the Public Comment period at the 10:00 a.m. Select Committee on Seattle Transportation Benefit District Funding meeting at**

<http://www.seattle.gov/council/committees/public-comment>.

**Online registration to speak at the Select Committee on Seattle Transportation Benefit District Funding meeting will begin two hours before the 10:00 a.m. meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.**

**Submit written comments to all Councilmembers at**

[Council@seattle.gov](mailto:Council@seattle.gov)

**Sign-up to provide Public Comment at the meeting at**

<http://www.seattle.gov/council/committees/public-comment>

**Watch live streaming video of the meeting at**

<http://www.seattle.gov/council/watch-council-live>

**Listen to the meeting by calling the Council Chamber Listen Line at 253-215-8782 ; Meeting ID: 586 416 9164**

**One Tap Mobile No. US: +12532158782,,5864169164#**

*Please Note: Times listed are estimated*

**A. Call To Order**

**B. Approval of the Agenda**

**C. Chair's Report**

*(5 minutes)*

**D. Public Comment**

*(20 minutes)*

Register online to speak during the Public Comment period at the 10:00 a.m. Select Committee on Seattle Transportation Benefit District Funding meeting at <http://www.seattle.gov/council/committees/public-comment>.

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## E. Items of Business

### 1. Seattle Department of Transportation (SDOT) Presentation of Proposal

Supporting

Documents:

[Presentation](#)

[Draft Council Bill](#)

[Central Staff Memo](#)

**Briefing and Discussion** (60 minutes)

**Presenters:** Deputy Mayor Shefali Ranganathan and Elliott Helmbrecht, Mayor's Office; Karen Melanson and Candida Lorenzana, SDOT; Calvin Chow, Council Central Staff

## F. Adjournment



## Legislation Text

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**File #:** Inf 1661, **Version:** 1

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Seattle Department of Transportation (SDOT) Presentation of Proposal

# Seattle Transportation Benefit District Proposal

## Council Briefing

July 10, 2020

Seattle Department of Transportation



City of Seattle

# Presentation Overview

- Background
- Prior STBD Measure and Program Success
- STBD Proposal Overview
- Discussion and Questions





# Six-Year Seattle Transportation Benefit District Proposal to Aid Recovery

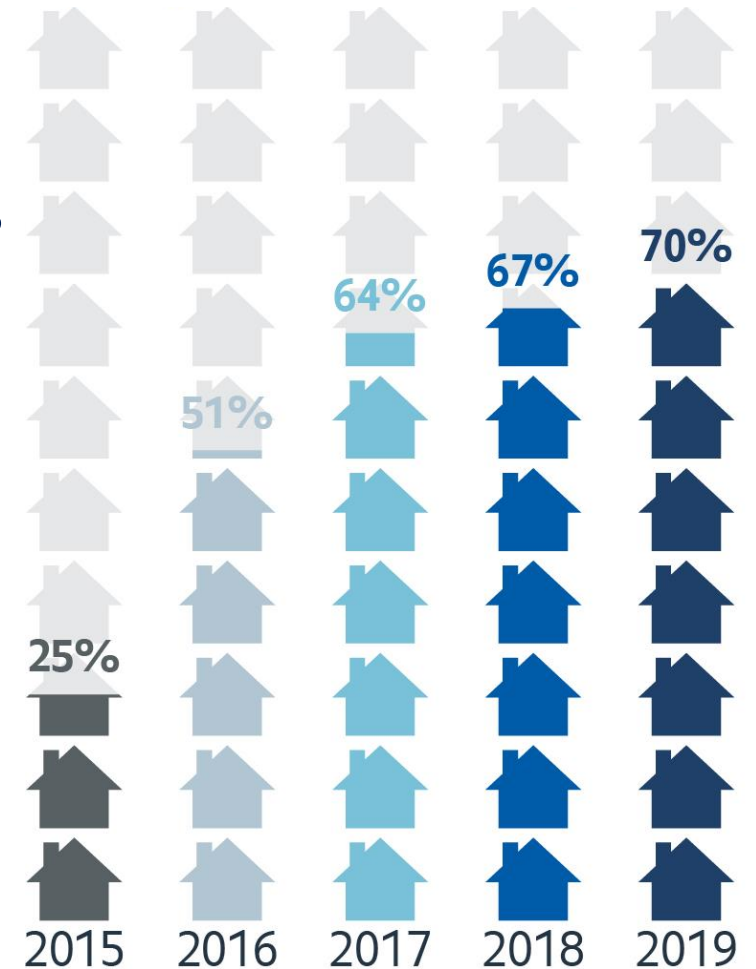
- The previous Seattle Transportation Benefit District (STBD) measure—overwhelmingly approved by voters (62%) in 2014 – is set to expire at the end of this year.
- Mayor Durkan transmitted legislation for a new STBD proposal to generate between \$20 and \$30 million a year for transit over the next six years.
- If approved by the City Council, the new STBD would go before Seattle voters this November.
- This proposal ensures the critical elements and bus routes of Seattle's transit network are maintained, equitable access to transit continues to be prioritized, and the City maintains its ability to scale up service as Seattle's transit ridership recovers from the COVID-19 pandemic.



# STBD Program Successes

- STBD added 8,000 weekly trips to King County Metro service across weekdays, nights and weekends
- Grew the percent of households within a 10-minute walk of transit service arriving every 10 minutes or better from 25% in 2015 to 70% in 2019
- 24-Hour Network: STBD increased frequency during evening, night, and weekends to ensure connections across the city and around the clock

Percent of Households with Access to Very Frequent Transit service, 2015-2019



# STBD Program Successes

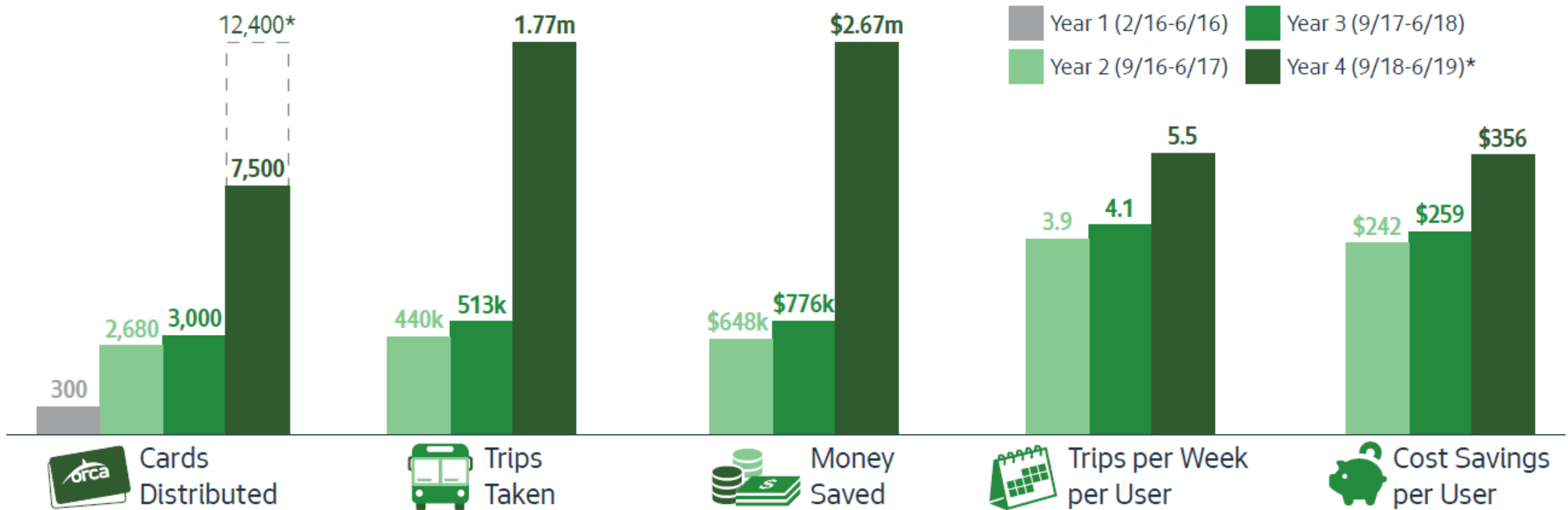
- Supported community-based programs and trainings to increase mobility and access to transit for seniors, people with disabilities, and low-income people
- As a result of equity analysis, SDOT suggested policy change in 2018 to invest in more routes
- Added investments to fund ORCA Opportunity and capital improvements



# ORCA Opportunity

## ORCA Opportunity/Youth ORCA Performance 2016 - 2019 City-funded Cards

ORCA Opportunity provides a free ORCA card to all 15,000 Seattle Public Schools high school students, 500 ORCA cards for income-qualified middle school students, and Seattle Promise Scholars.



# Context That Influenced Our Proposal

- I-976 awaiting Supreme Court ruling; impacts to STBD VLF \$60 and SDOT VLF \$20
- COVID-19 impacts to sales tax revenue and future forecasts
  - Unknown how and when ridership will rebound; continued importance of transit for essential trips
- Emerging mobility needs including West Seattle Bridge closure affecting 84,000 daily travelers; 21,000 transit riders

## West Seattle Mode Shift Goals



Car Trips  
**-4,600**



Surface Transit  
**+1,280**



Water Transit  
**+940**



Bicycle  
**+940**



Telework  
**+1,000**

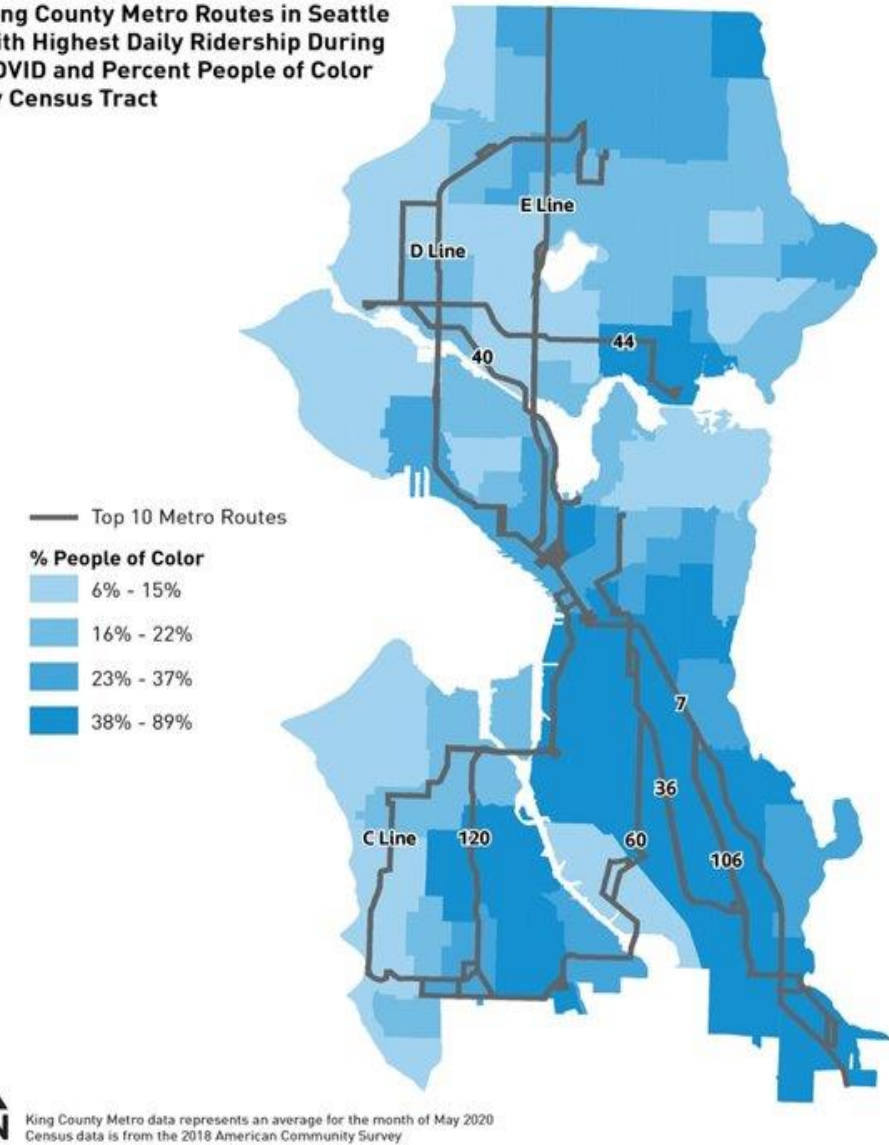


Walk  
**+500**

# Transit and Equity

- Through COVID-19, transit continues to serve over 130,000 essential trips every day
- The ten Metro routes that have had the highest daily ridership during the COVID-19 pandemic all serve Seattle areas with higher percentages of communities of color.
- This proposal will focus resources on investing in routes that serve working people and communities of color.

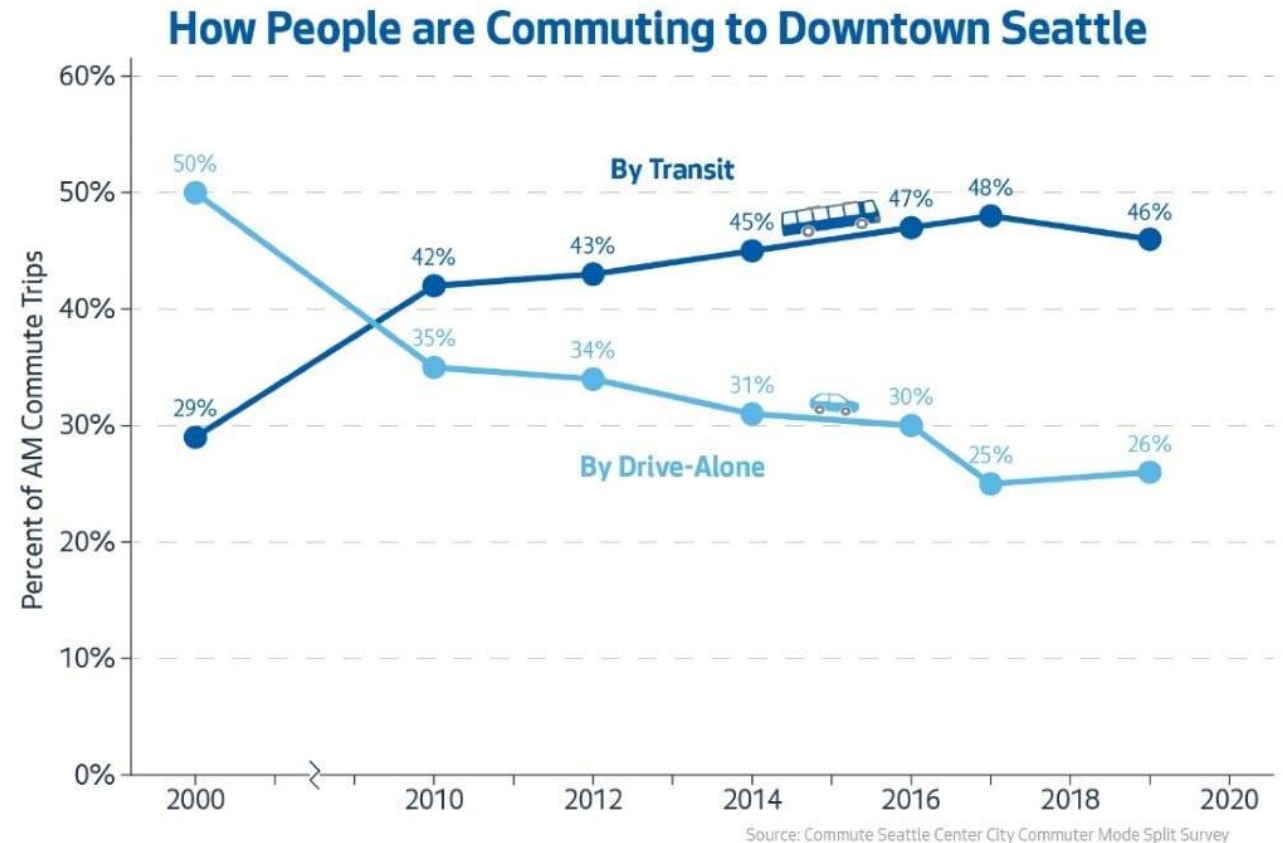
King County Metro Routes in Seattle with Highest Daily Ridership During COVID and Percent People of Color by Census Tract





# Transit is Key to Our Recovery

- We can't recover if people can't get around.
- Transit has supported a growing City and will be critical to successful re-opening.
- Seattle's climate goals require continued ability to attract more people to transit.



# STBD Proposal Priorities

- Provide safe, efficient, and frequent transit for all Seattleites
- Preserve a robust, connected transit system in Seattle that centers equity
- Ensure affordable access to mobility
- Address acute mobility needs in areas like West Seattle
- Maintain the voter-approved 0.1 percent sales tax to provide needed resources for transportation investments

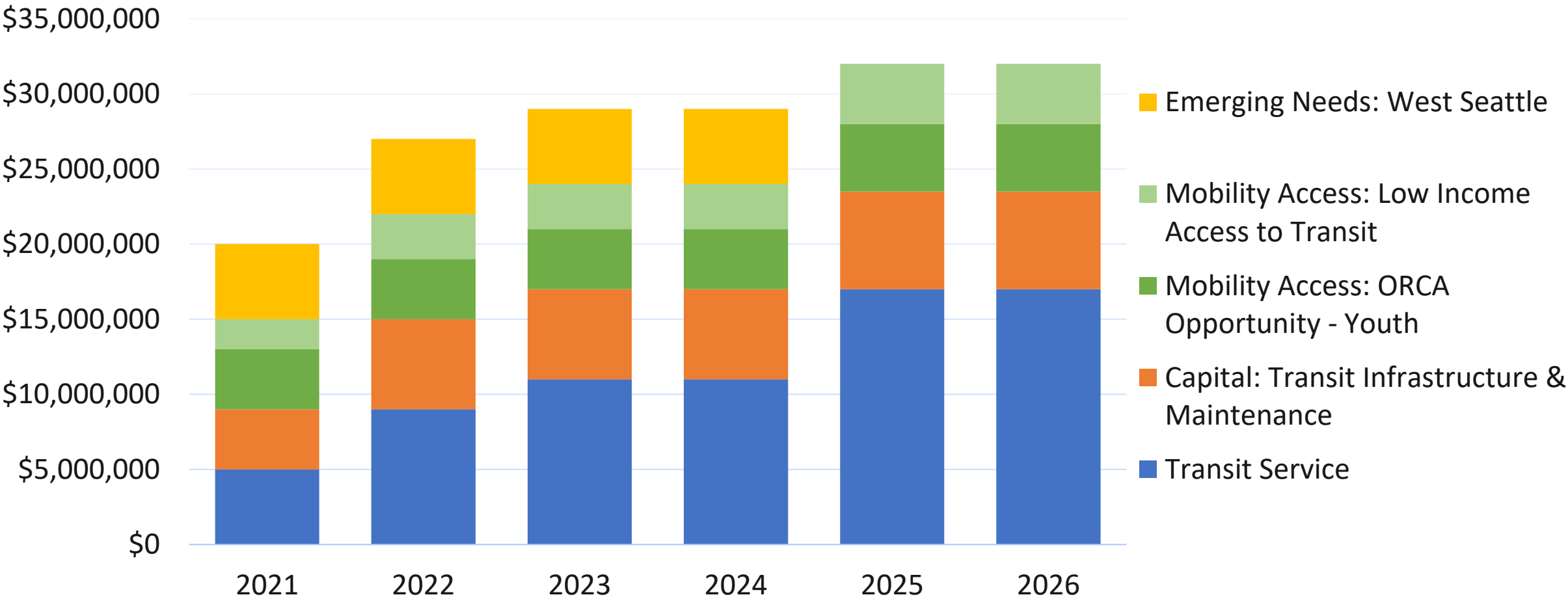




# STBD Proposal (Average ~\$27M per year)

Priority	Element	Average Annual Investment
Provide safe, efficient, and frequent transit for all Seattleites	<b>Service</b> Investment in all-day Frequent Transit Network, with emphasis on the 15-minute network (average of \$9M funds ~50,000 hours annually); in years 5 and 6, ~80,000 annual service hours	~\$11M
Preserve a robust, connected transit system	<b>Capital</b> Transit spot improvements, pothole repair on transit corridors, and signal optimization to support transit operations (portion of current VLF \$20)	~\$5.8M
Ensure affordable access to mobility	<b>Mobility Access: ORCA Opportunity for Youth</b> Fund 7,000 12-month ORCA cards and 4,900 summer ORCA cards to enable youth mobility	~\$4M
	<b>Mobility Access: Low Income Access to Transit Program</b> Community-based programs to increase mobility for seniors, people with disabilities, and low-income people	~\$3M
Address acute mobility needs	<b>Emerging Needs: West Seattle Service Investments</b> Additional bus service to increase capacity or new/expanded water taxi service for first four years	~\$3M

# STBD Package Years 1-6



# Investing in Transportation Equity

*Because transportation remains the second highest cost for many households, the new STBD package continues to focus on improving transit affordability and access for all Seattleites*

## Service

- Continued access to housing, employment and educational opportunities served by Seattle Frequent Transit Network.
- Re-evaluate previous and future STBD investments through an updated RSJI analysis

## Capital

- Investments to ensure a more reliable ride for those making essential trips by transit
- Transit spot improvements, pothole and street maintenance repair on transit corridors, and signal optimization to support transit operations

## Mobility Access

- Fully fund ORCA Opportunity, a program for students
- Maintain Low Income Access program providing community engagement, training, resources, and partnerships to increase transit access

## Emerging Needs

- Ensure mobility options for essential workers and those impacted by West Seattle Bridge closure
- Build the transit system needed for economic recovery
- Mitigate West Seattle Bridge closure impacts on Georgetown & South Park

# Future Equity Work

- Update the 2017 RSJI Analysis of the Frequent Service Network
  - Incorporate findings about where transit ridership has been highest through COVID-19
  - Align transit investments with community needs, land use, and demand
- Work with Transit Advisory Board and Transportation Equity Workgroup to inform investment decisions

## Legend

Route 50

Route 60

## Urban Centers & Villages

Urban Center

Hub Urban Village

Residential Urban Village

Manufacturing Industrial

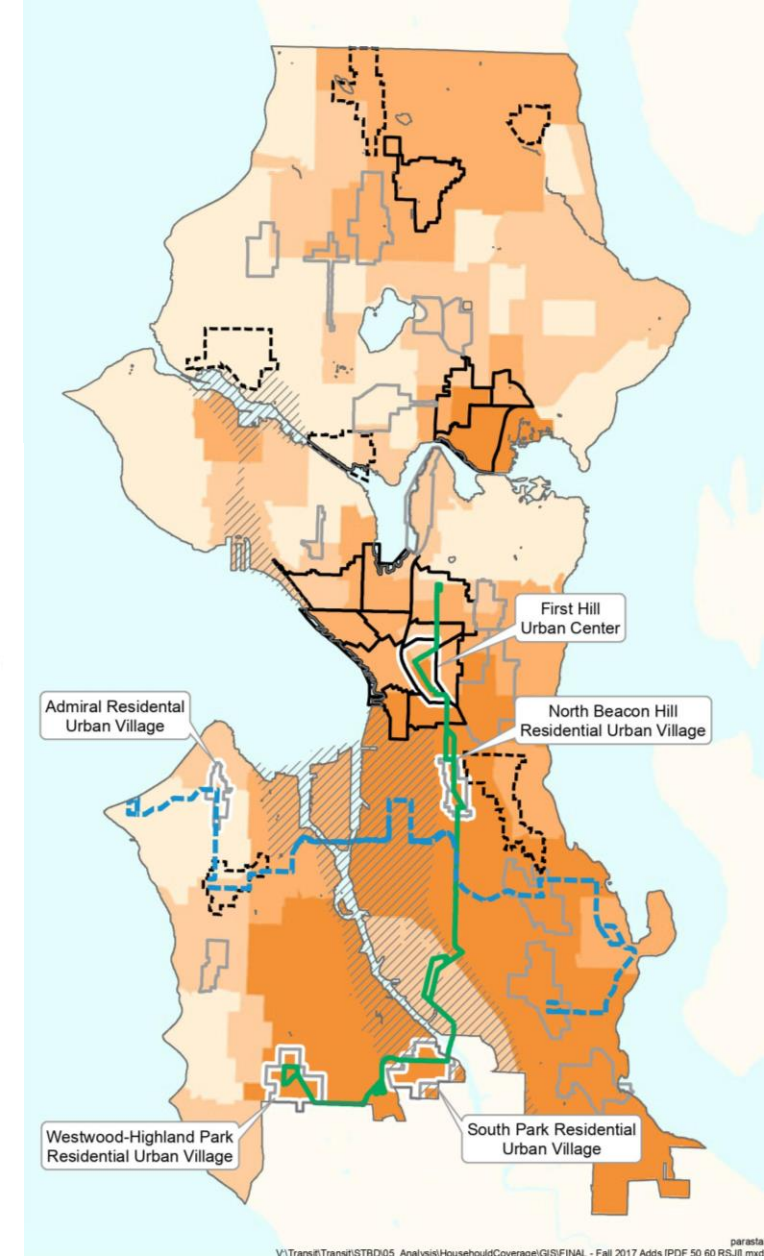
## People of Color

8 - 18%

18 - 34%

34 - 45%

45 - 94%



# More information

- About STBD: <https://www.seattle.gov/transit/>
- More about the proposal: <http://www.seattle.gov/transit/about-stbd/2021-proposal-to-provide-reliable-transit>
- STBD Year 4 Program Report: <http://www.seattle.gov/transit/about-stbd/year-4-annual-report>

# Questions



**CITY OF SEATTLE**

**ORDINANCE \_\_\_\_\_**

**COUNCIL BILL \_\_\_\_\_**

..title

AN ORDINANCE relating to a sales and use tax; providing for the submission to qualified electors of the City at an election to be held on November 3, 2020, a proposition to collect a sales and use tax to fund transit and related transportation programs in Seattle.

..body

WHEREAS, the Revised Code of Washington (RCW), Chapter 36.73, provides for the

establishment of transportation benefit districts by cities and counties and authorizes

those districts to levy and impose various taxes and fees to generate revenues to support

transportation improvements that benefit the district and that are consistent with state,

regional, or local transportation plans and necessitated by existing or reasonably

foreseeable congestion levels; and

WHEREAS, City of Seattle Ordinance 123397 created the Seattle Transportation Benefit District

for preserving and maintaining transportation infrastructure, improving public safety,

implementing elements of the Seattle Transportation Strategic Plan and other planning

documents, investing in bicycle, pedestrian, freight mobility and transit enhancements,

and providing people with choices to meet their mobility needs; and

WHEREAS, in STBD Resolution 12, the Governing Board of the STBD submitted a ballot

measure (“STBD Proposition 1”) to the qualified electors of the STBD to authorize up to

a 0.1 percent sales and use tax and an annual vehicle license fee of up to an additional

\$60 per registered vehicle with a \$20 rebate for low-income individuals, for the purposes

of funding additional transit service in Seattle for a six-year term expiring on December

31, 2020; and



1 WHEREAS, on November 4, 2014, STBD Proposition 1 was approved by a majority of qualified  
2 electors of the STBD; and

3 WHEREAS, on December 1, 2014, in STBD Resolution 14, the Governing Board of the STBD  
4 imposed the revenue measures authorized by the voters through the approval of STBD  
5 Proposition 1; and

6 WHEREAS, on July 8, 2016, by Ordinance 125070, The City of Seattle assumed the rights,  
7 powers, immunities, functions, and obligations of the STBD as authorized under RCW  
8 36.74.030; and

9 WHEREAS, The City of Seattle, having assumed the powers of the Seattle Transportation  
10 Benefit District, has the authority to seek voter approval for the Council to enact up to a  
11 0.2 percent sales and use tax for transportation improvements under RCW 82.14.0455;  
12 and

13 WHEREAS, on June 29, 2018, by Ordinance 125606, The City of Seattle authorized material  
14 scope changes to STBD Proposition 1, including provisions to provide transit passes to  
15 Seattle Public School students, expanding the ORCA Opportunity Program and  
16 authorizing capital improvements to improve transit speed and reliability; and

17 WHEREAS, since passage of STBD Proposition 1 in 2014, The City of Seattle has been able to  
18 expand bus service by over 8,000 new weekly trips, make bus service more reliable and  
19 increase access to very frequent (ten minutes or better) bus service within a ten-minute  
20 walk from 25 percent of households in 2015 to 70 percent in 2019; and

21 WHEREAS, STBD funded transit equity and access initiatives provided ORCA Opportunity  
22 cards to 15,000 Seattle public high school students and Promise Scholars, 500 income-  
23 qualified middle school students, and 1,500 Seattle Housing Authority residents; and

1 WHEREAS, voters statewide approved Initiative 976 in spite of 76 percent of voters in Seattle  
2 rejecting this Tim Eyman measure intended to undermine Seattle's transit needs; and

3 WHEREAS, The City of Seattle joined other parties in challenging the constitutionality of I-976,  
4 including its repeal of Vehicle License Fee authority under RCW 82.80.140; and

5 WHEREAS, the City's legal authority to fix, impose, and extend up to a one hundred dollar  
6 vehicle license fee under RCW 82.80.140 with approval of a majority of City voters has  
7 been thrown into question by statewide passage of I-976 which, in part, attempts to repeal  
8 this authority, potentially in an unconstitutional manner; and

9 WHEREAS, the City wishes to maintain sufficient transit service and access to opportunity made  
10 possible by Proposition 1, while also facilitating COVID-19 response and the recovery of  
11 the economy with mobility for essential workers, job seekers, students, and others who  
12 will continue to rely on transit, and while also mitigating impacts from the closure of the  
13 West Seattle Bridge; and

14 WHEREAS, because of the importance of the regional public transit network in promoting  
15 equitable transit access in communities throughout King County, the City of Seattle  
16 supports future efforts to enact a countywide transit funding measure that incorporates  
17 transit service and access opportunities for Seattle residents in accordance with the equity  
18 and sustainability principles detailed in the King County Mobility Framework, and the  
19 City intends to work with King County in partnership on a future transit measure that  
20 could be approved by countywide voters, thereby allowing the City to consolidate or  
21 phase-out this funding measure; and

22 WHEREAS, in the meantime, King County Metro has agreed to continue partnering with The  
23 City of Seattle in providing expanded transit service to Seattle residents through renewal

of service purchase agreements it entered with the City following passage of STBD  
Proposition 1 in 2014; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. The City submits to the qualified electors of the City of Seattle a proposition to authorize up to a 0.1 percent sales and use tax for a six-year term ending December 31, 2026. This sales and use tax replaces the \$60 Vehicle License Fee and 0.1 percent sales and use tax first authorized by Seattle voters in 2014 for a six-year term expiring at the end of 2020. If approved by voters, the revenues will be used solely for the purpose of maintaining transit service and access to frequent transit service for Seattle neighborhoods, students and low income individuals, including associated maintenance and capital improvements that serve efficient operation of transit service; emerging mobility needs to support COVID-19 recovery and the Reconnect West Seattle strategy to mitigate the ongoing closure of the West Seattle High Bridge; community-led oversight; and continuation of programs to increase transit access for low income residents, seniors and students.

Section 2. Use of revenues. The funds raised by this proposition (“Proposition 1 revenues”) will be used solely for the transit and transportation purposes as described in this ordinance and associated administrative costs. Proposition 1 revenues will first be used to pay any required administrative costs to the state Department of Revenue and elections costs. Remaining Proposition 1 revenues will be used to fund:

A. Service hours on King County Metro operated services with more than 65 percent of stops within Seattle, consistent with the Seattle Transit Master Plan and King County Metro Transit’s Service Guidelines; and

1           B. King County Metro transit service hours on current and future RapidRide lines  
2 serving Seattle, identified in the Seattle Transit Master Plan and King County Metro's long-range  
3 plan (Metro CONNECTS); and

4           C. Up to 10 million dollars of the Proposition 1 revenues may be used annually to support  
5 the implementation, management, and administration of programs to support transit access by  
6 low income residents, seniors and youth, including the ORCA Opportunity program, which  
7 provides transit passes for Seattle Public Schools students in grades K-12, as well as students  
8 participating in the Seattle Promise scholarship or other similar programs at Seattle colleges and  
9 universities, along with programs targeted to seniors and public housing residents; and

10           D. Up to 9 million dollars of the Proposition 1 revenues may be used annually to support  
11 infrastructure maintenance and capital improvements to maximize the efficiency of transit  
12 operations, including enhancements to transit speed, passenger amenities, transit street pavement  
13 maintenance, and reliability of transit service operated by King County Metro within the City of  
14 Seattle; and

15           E. Up to 6 million dollars of the Proposition 1 revenues may be used annually to support  
16 emerging mobility needs related to COVID-19 response and recovery, and closure of the West  
17 Seattle High Bridge. Such investments could include transit service, speed and reliability  
18 improvements and Transportation Demand Management strategies described in the community-  
19 driven Reconnect West Seattle plan. The City expects these needs to require designated funding  
20 for approximately the first four years of the measure. However, Council may continue to  
21 appropriate STBD funding for these programs in 2025 and 2026 as conditions warrant. These  
22 funds may also be used throughout the six-year term to support or pilot innovative partnerships  
23 with King County Metro.

1           Section 3. No supplanting of existing funding for transit service. Before funding any  
2 transit service, the City anticipates that there will be an interlocal agreement with King County  
3 Metro to provide that the Proposition 1 revenues will not supplant other funding for any routes  
4 partially or completely operating within Seattle that King County Metro would otherwise provide  
5 in accordance with the Seattle Transit Master Plan, and King County Metro's Transit Service  
6 Guidelines and long-range plan (Metro CONNECTS).

7           Section 4. Oversight. The City shall issue an annual report to the public that describes  
8 King County Metro's provision of transit service in Seattle and countywide, including service  
9 funded by Proposition 1 revenues and whether supplantation has occurred. The report will also  
10 analyze the impacts of service reductions, increases or changes approved by the Metropolitan  
11 King County Council or King County Metro in Seattle.

12           The community-led Seattle Transit Advisory Board will continue to serve as the public  
13 oversight committee charged with advising on spending of Proposition 1 revenues.  
14 Appointments to the Transit Advisory Board, the scope of its duties, and reporting requirements  
15 shall continue to be consistent with Resolution 31572, as adopted by Council in 2015, following  
16 passage of the 2014 Transportation Benefit District measure.

17           Section 5. Election – Ballot title. The City Council directs the City Clerk to file this  
18 ordinance with the Director of Elections of King County, Washington, as ex officio supervisor of  
19 elections, requesting the Director of Elections to call and conduct a special election in  
20 conjunction with the state general election to be held on November 3, 2020, for the purpose of  
21 submitting to the qualified electors of the City the proposition set forth in this ordinance.

22           The City Clerk is directed to certify to the King County Director of Elections the ballot  
23 title approved by the City Attorney in accordance with the City Attorney's responsibilities under

RCW 29A.36.071 and RCW 29A.72.050. The following ballot title containing a statement of subject and concise description are submitted to the City Attorney for consideration:

CITY OF SEATTLE

PROPOSITION NO. 1

The City of Seattle’s Proposition 1 concerns funding for transit and related transportation needs in Seattle.

If approved, this proposition authorizes up to a 0.1% sales and use tax expiring December 31, 2026, and as proposed in Ordinance \_\_\_\_\_, to replace the current voter-approved 0.1% sales tax, expiring December 31, 2020.

Revenues are dedicated to: transit services benefitting Seattle residents, including frequent transit network maintenance and associated capital improvements; low-income fare programs for Seattle seniors, students and residents; and, for an initial period, transportation needs related to COVID-19 recovery and the West Seattle Bridge closure.

Should this proposition be approved?

Yes \_\_\_\_

No \_\_\_\_

Those in favor shall vote “Yes”; those opposed shall mark their ballots “No”.

Section 6. Severability. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of its application to any person or circumstance, does not affect

the validity of the remainder of this ordinance or the validity of its application to other persons or circumstances.

Section 7. Effectiveness. Those portions of this ordinance providing for the submission of a ballot proposition to the voters shall take effect and be in force immediately upon its approval by the Mayor.

Passed by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2020,  
and signed by me in open session in authentication of its passage this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Jenny A. Durkan, Mayor

Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Monica Martinez Simmons, City Clerk

(Seal)



July 7, 2020

## MEMORANDUM

**To:** Select Committee on Seattle Transportation Benefit District Funding  
**From:** Calvin Chow, Analyst  
**Subject:** Proposed Ballot Measure to Renew STBD Transit Funding

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On July 7, 2020, the Mayor transmitted legislation to place a ballot measure before Seattle voters to fund transit-related services, programs, and investments at the November 2020 General Election. To be certified for the November ballot, Council must pass and the Mayor must sign the legislation by August 4, 2020. The proposed legislation will be heard in the Select Committee on Seattle Transportation Benefit District Funding, which is scheduled to meet remotely on July 10 and July 17, 2020.

### Background

At the April 2014 Special Election, King County voters considered a county-wide transit funding measure to support King County Metro (Metro) service. The King County measure proposed a one-tenth of one percent sales tax and a \$60 vehicle license fee to raise revenue and avoid anticipated Metro service cuts. The measure failed, despite support from a large majority of voters in Seattle.

At the November 2014 General Election, Seattle voters considered a Seattle Transportation Benefit District<sup>1</sup> (STBD) proposed to support Metro transit service in Seattle. The STBD [measure](#) proposed a one-tenth of one percent sales tax and a \$60 vehicle license fee within the city limits, and was approved by Seattle voters. The STBD measure was established for six years, and the funding will expire on December 31, 2020.

The STBD measure allowed the City of Seattle to purchase additional transit service in support of the City's transit goals, and to improve and support access to transit for low-income transit riders. In June 2018, the Council adopted [Ordinance 125606](#) which expanded the STBD program to include free transit passes for Seattle Public School Students and to fund transit capital improvements that enhance transit speed, passenger amenities, and the reliability of bus service.

In 2019, prior to the economic downturn caused by COVID-19, the STBD measure generated \$56.2 million and provided approximately 300,000 transit service hours, 15,000 free bus passes for Seattle Public School students, and 1,500 free bus passes for Seattle Housing Authority

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<sup>1</sup> The STBD was established in September 2010, under the authority of RCW [36.73](#). The STBD was an independent governmental entity that had the same geographical boundaries as the City of Seattle, and was governed by a Board consisting of all 9 Seattle Councilmembers. In July 2016, the City of Seattle assumed all the rights, powers, immunities, functions and obligations of the STBD as authorized by changes in state law. This allows the STBD to be administered and governed as part of the City of Seattle's regular business.

residents. In 2019, the STBD also funded pilot projects including on-demand first-mile/last-mile via shuttle service and the Trailhead Direct shuttle.

At the November 2019 General Election, Washington voters approved Initiative 976, which prohibits the STBD from collecting vehicle license fees.<sup>2</sup> The City has challenged the constitutionality of Initiative 976, and the case is being heard in the Washington Supreme Court. While there is no firm timeline for the Court's decision, the City received a temporary injunction to Initiative 976 and continues to collect the vehicle license fees while the issue is before the Court. If Initiative 976 is upheld, the City will need to refund the vehicle license fees that have been collected since the initiative went into effect, and the Seattle Department of Transportation (SDOT) is reserving sufficient STBD fund balance<sup>3</sup> for refunds if the City's legal challenge is not successful.

In the first half of 2020, the COVID-19 emergency has reduced revenues from both sales tax and vehicle license fees. The City Budget Office currently projects a 16 percent decrease in sales tax and a five percent decrease in vehicle license fee revenue for 2020 compared to previously budgeted forecasts. In addition, quarantine and health concerns have reduced the demand for transit service. In April 2020, Metro reported that ridership was down approximately 75-80 percent compared to the previous year's baseline; in June 2020, Metro reported that ridership was down approximately 65-70 percent compared to baseline.<sup>4</sup> The trajectory of economic recovery and transit ridership is not known at this time.

If the STBD measure is not renewed and no additional transit funding is identified, the City has sufficient STBD reserves to continue transit service purchases through Metro's March 2021 service change date.<sup>5</sup> No alternate sources of funding to the proposed measure have been identified for continuing the other elements of the STBD program (the youth ORCA program, low-income access to transit program, and the transit capital program) past 2020.

## **Executive Proposal**

The proposed legislation would place a ballot measure on the November 2020 General Election to renew the STBD transit funding. The Executive's proposal is to continue the one-tenth of one percent sales tax for six years, ending on December 31, 2026. Given the legal uncertainty around Initiative 976, the proposal does not include extending the vehicle license fee.

The proposed ballot measure includes four categories of eligible spending, with annual maximum limits on some of these categories. The proposed spending categories include:

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<sup>2</sup> In addition to the voter-approved \$60 vehicle license fee for transit service, the STBD also collects a councilmanic \$20 vehicle license fee for basic infrastructure maintenance.

<sup>3</sup> SDOT reduced 2019 and 2020 transit service purchases to provide the reserve of funds.

<sup>4</sup> The Washington State Department of Transportation [website](#) tracks the impact of COVID-19 on transit ridership. The data show that Metro ridership is slowly increasing since a ridership low in early April 2020.

<sup>5</sup> Metro administers regular service changes in March and September of each year. The City's contract for Metro service allows the City to make changes in service hour purchases on this schedule. To manage the reduced STBD revenues and respond to lower transit demand, SDOT anticipates reducing purchased transit service levels in September to 150,000 annualized service hours.

- Transit Service – STBD funds may be used to purchase Metro service hours on RapidRide lines and Metro routes that operate with more than 65 percent of stops within Seattle. The ballot measure does not put a restriction on the allowable spending in this category.
- Emerging Needs – Up to \$6 million annually may be used to support emerging mobility needs related to COVID-19 response and recovery, and the closure of the West Seattle Bridge. This funding could support targeted transit service or transportation demand management strategies to mitigate the West Seattle Bridge closure. The measure anticipates that this spending would be implemented for the first four years of the proposal but could continue if warranted.
- Mobility Access – Up to \$10 million annually may be used to implement programs that support transit access by low income residents, seniors and youth, including the ORCA Opportunity program, which provides transit passes for Seattle Public School students.
- Transit Infrastructure – Up to \$9 million annually may be used for transit infrastructure maintenance and capital improvements.

The proposed ballot measure is projected to raise \$169 million over 6 years. If voters approve the measure, the sales tax would go into effect in April 2021, reflecting an administrative delay to implement the sales tax through the Washington State Department of Revenue.

For a comparison, Table 1 shows the average annual spending under the expiring STBD measure for 2019 and 2020 and the average annual spending of the proposed measure. Actual spending levels would be determined during the City's annual budget process, subject to the spending limitations established in the ballot measure; and the citizen-led Seattle Transit Advisory Board would continue to serve as the public oversight committee charged with advising on spending of the STBD funds.

*Table 1. Comparison of Annual STBD Spending Levels by Category*

	Average 2019/2020 Spending (Expiring STBD Measure)	Average 2021-2026 Spending (Proposed STBD Measure)
Transit Service	\$55,372,000 / year	\$11,333,000 / year
Emerging Needs	--	\$3,333,000 / year
Mobility Access - Youth ORCA	\$3,299,000 / year	\$4,083,000 / year
Mobility Access - Low Income Access	\$1,712,000 / year	\$3,000,000 / year
Transit Infrastructure	\$2,886,000 / year	\$5,833,000 / year
Administration	\$89,000 / year	\$80,000 / year
<b>Average Annual Spending</b>	<b>\$63,358,000 / year<sup>6</sup></b>	<b>\$27,662,000 / year</b>

The proposed level of spending is roughly equivalent to 80,000 annual service hours (when combining the Transit Service and Emerging Needs categories). For comparison, the STBD

<sup>6</sup> SDOT is expending available STBD fund balance and Federal CARES grant funding in 2019 and 2020 to sustain these funding levels. Actual STBD revenue was \$56.2 million in 2019, and is projected to be \$50.7 million in 2020.

purchased approximately 300,000 service hours in 2019, and will reduce service levels to approximately 150,000 annualized hours beginning in the September 2020 Metro service change. With this reduced level of funding for Transit Service, SDOT intends to focus on supporting the City's [Frequent Transit Network](#). The goal of the Frequent Transit Network is to provide all-day 15-minute service on a core network serving all of Seattle. Prior to COVID-19, a significant portion of STBD spending was focused on alleviating overcrowding.

The proposed spending plan would generally maintain existing program levels for Mobility Access programs. In 2019 and 2020, the STBD budget allocated \$3.3 million/year to support 15,000 Youth ORCA passes, and \$1.8 million/year for Low Income Access programming (including the Seattle Housing Authority (SHA) pilot program which provided 1,500 ORCA passes to SHA residents). SDOT is proposing a modest increase in spending for these programs.

The proposed annual spending for Transit Infrastructure represents an increase from 2019 and 2020 spending levels. In 2019, SDOT spent \$2.3 million on STBD Transit Infrastructure. As part of the 2020 budget rebalancing response to COVID-19, SDOT reduced planned 2020 spending on Transit Infrastructure from \$9.4 million to \$3.5 million.

### **STBD Revenue Options**

In considering the proposed legislation, Council should be aware of the revenue sources available to Transportation Benefit Districts (TBDs) under state law. Under RCW [36.73](#), TBDs may impose the following taxes and fees:

- Sales Tax – With voter approval, a TBD may impose a sales tax of up to two-tenths of one percent, for up to 10 years. The proposed legislation is for a one-tenth of one percent sales tax, for six years. The STBD's sales tax authority is independent from the taxing authority of other overlapping jurisdictions, such as the King County Transportation Benefit District (KCTBD).
- Tolling – With voter approval, a TBD may establish tolls on roads, subject to the authority of the Washington State Transportation Commission.
- Property Tax Excess Levy – With 60 percent voter approval, a TBD may raise additional property taxes above the one percent tax limit. This is duplicative of the City's existing authority to propose excess property tax.
- Developer Impact Fees – A TBD may establish a developer impact fee or charge for transportation improvements that are reasonably necessary as a result of the development. The City has separate authority to establish developer impact fees under the Growth Management Act (RCW [82.02](#)).
- Local Improvement District – A TBD may form a local improvement district (LID) through a petition of a majority of the property owners within the proposed LID boundaries. The City has separate authority to establish LIDs, and may initiate the formation of an LID through a resolution of intent in addition to the property owner petition method.

- Vehicle License Fees, Voter-Approved – If Initiative 976 is invalidated by the courts, a TBD could impose a vehicle license fee of up to \$100 per vehicle, with voter approval. The STBD’s authority is shared with the KCTBD’s authority and limits the combined vehicle license fee that may be imposed to \$100.
- Vehicle License Fees, Councilmanic – If Initiative 976 is invalidated by the courts, a TBD may impose a vehicle license fee of up to \$50 per vehicle, without voter approval. The TBD may first establish up to a \$20 fee. After a \$20 fee has been in effect for two years, the TBD may raise the fee to \$40. After a \$40 fee has been in effect for two years, the TBD may raise the fee to \$50. The STBD’s authority is shared with the KCTBD’s authority and the combined non-voted vehicle license fee that may be imposed is \$50. The STBD instituted a \$20 councilmanic vehicle license fee in October 2010 and would continue to collect these fees if Initiative 976 is invalidated.

In addition to these STBD revenue sources, the City of Seattle could consider use of other General Fund revenue sources to substitute or provide additional funding for transit spending.

### **Potential for Future Regional Funding Measure**

The proposed ballot measure would not constrain the KCTBD from seeking voter approval for a separate regional transit funding package in the future. A future regional proposal could include duplicative or additive service to the proposed STBD measure, and a future Council may wish to suspend collection of the STBD sales tax in deference to a successful regional vote.

If approved by voters, the STBD ballot measure would permit, but does not require, the collection of the sales tax. If a regional package were proposed during the term of the STBD measure, the STBD funding could provide backup funding in the event a regional package was not successful; or could continue to be imposed if the regional package did not fully fund the City’s priorities.

### **Considerations**

1. The Council may wish to consider changes to the proposed one-tenth of one percent rate of the proposed sales tax.
2. The Council may wish to consider changes to the proposed six-year term of the ballot measure.
3. The Council may wish to consider adjustments to the proposed allowed spending categories included in the ballot measure.

Central Staff is available to assist Councilmembers in developing proposed amendments to the legislation.

cc: Kirstan Arestad, Executive Director  
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