

Chapter 7: Financial Analysis

Financial Analysis

Transportation Revenue

The City of Shoreline funds transportation capital projects from its fuel tax, real estate excise tax, general fund and grant revenue from the state and federal governments. **Figure 7-1** on the next page shows the proportionate share of each funding source over the next 20 years, based on the funding allocation in the current Capital Improvement Program. The large grant share reflects major federal grants for the Aurora Corridor project and the Interurban Trail project.

Transportation Expenditures

The majority of Shoreline's transportation capital budget is spent on system safety and operations projects (53%), with the balance allocated to pedestrian and non-motorized projects (34%) and system preservation (13%). **Figure 7-2** on the next page shows these allocations. In 2003, the City's funding for its annual road surface maintenance program was reduced due to the repeal of the local vehicle license fee. The TMP recommends restoring this reduction in order to minimize pavement life cycle costs through routine maintenance.

Goal T VIII: Secure reliable and fair funding to ensure continuous maintenance and improvement of the transportation system.

- T54: Aggressively seek grant opportunities to implement the adopted Transportation Element to ensure that Shoreline receives its fair share of regional and federal funding. Pursue grant opportunities for joint project needs with adjacent jurisdictions.*
- T55: Use SEPA to provide traffic mitigation for system-wide impacts.*
- T56: Support efforts at the state and federal level to increase funding for the transportation system.*
- T57: Use the project prioritization matrices to guide resource allocation for the City's transportation Capital Improvement Program.*
- T60: Balance project costs against reasonably expected revenue sources for the Transportation Master Plan (TMP). The TMP shall be updated bi-annually to reflect changes in revenue availability and revisions to the project list.*
- T61: Pursue one of the following actions in the event that the City is unable to fund the transportation capital improvements needed to maintain adopted transportation level of service standards:*
- *Phase development which is consistent with the Land Use Plan until such time that adequate resources can be identified to provide adequate transportation improvements;*
 - *Reassess the Land Use policies and regulations to reduce the travel demand placed on the system to the degree necessary to meet adopted transportation service standards;*
 - *Reassess the City's adopted transportation level of service standards to reflect levels that can be maintained, based on known financial resources.*

Figure 7-1. 20-Year Transportation Revenue

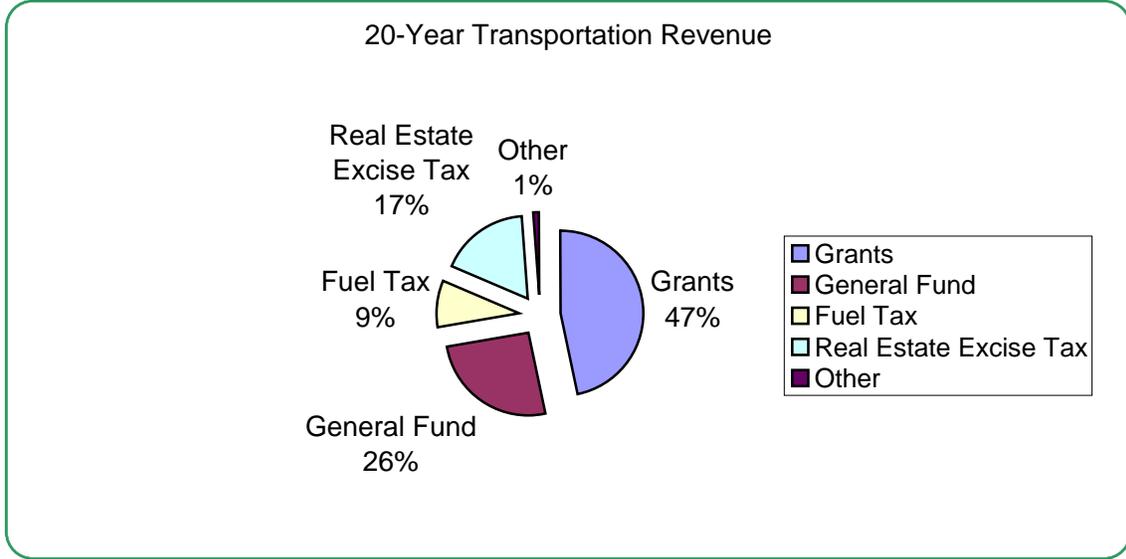
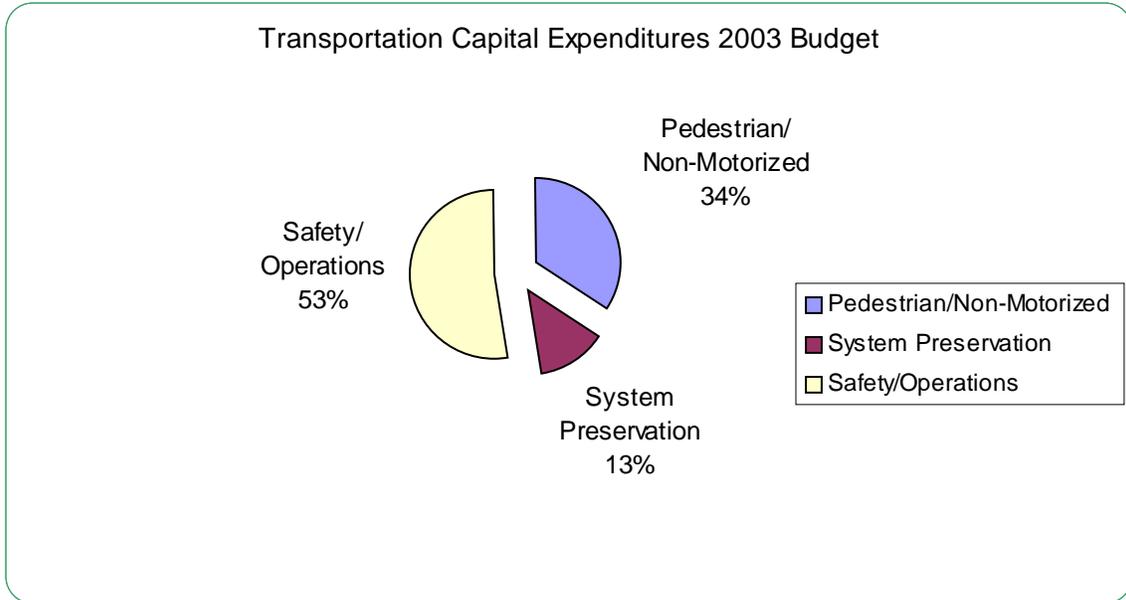


Figure 7-2. Transportation Capital Expenditures 2003 Budget



Financial Forecast

Based upon current funding sources and awarded grants, the funds expected to be available in the next 20 years for transportation capital projects total \$87 million in 2003 dollars. Approximately \$40 million comes from current federal or state grants.

20-Year Revenue Forecast (2003 dollars, in thousands)		
	Annual (2003)	20-Year Forecast
Fuel Tax	\$400	\$8,000
Real Estate Excise Tax	\$750	\$15,000
General Fund	\$1,106	\$22,120
Other	\$100	\$2,000
Total City Revenue	\$2,356	\$47,120
Grants		\$40,300
20-Year Revenue Forecast		\$87,420

Available Revenue Sources

Federal Funding

The federal funding picture for the 2004 Transportation Equity Act: A Legacy for Users (TEA-LU) has not yet been determined. Some Congressional observers envision a greater emphasis on roadway funding than in the previous Transportation Equity Act for the 21st Century (TEA-21), passed in 1998. At present, funding programs in TEA -21 emphasize multimodal improvements such as the Surface Transportation Program, which gives regions greater independence to invest in alternate modes of travel, including capital transit projects, such as High Occupancy Vehicle (HOV), Light Rail Transit (LRT), and park-and-ride facilities.

National Highway System (NHS, includes SR 99 through Shoreline)

- roadway construction,
- operational and maintenance improvements,
- start-up for traffic management and control,
- infrastructure-based intelligent transportation system capital improvements,
- fringe and corridor parking,
- carpool and vanpool projects,
- bicycle and pedestrian projects,
- wetlands and natural habitat mitigation.
- transit projects, if they benefit the NHS facility
- publicly-owned intracity and intercity bus terminals

Surface Transportation Program (STP)

- Regional allocations and Statewide competition
- operational and capacity improvements to roadways
- programming of transit capital projects,
- intracity and intercity bus terminals,
- carpool projects,
- fringe and corridor parking,
- capital and operating costs for traffic monitoring, management or control
- transportation enhancements,
- transportation planning, and
- transportation control measures for air quality

Congestion Mitigation/Air Quality (CMAQ)

- Apportioned by population and weighted by the severity of air pollution
- Funds cannot be used for new highway capacity
- construction of high occupancy vehicle lanes are allowed
- transit is eligible

Bridge Replacement and Rehabilitation Program

- replacement and rehabilitation of deficient highway bridges
- seismic retrofit bridges on any public road.

High Priority (Demonstration) Projects

- projects designated for funding by Congress

State Funding

The 2003 Legislature adopted a five-cent per gallon gas tax that is predicted to raise approximately \$4.178 billion dollars over a ten-year period. The revenue package also included a .3% vehicle transfer fee and a 15% vehicle gross weight fee. In previous years, the Legislature recognized the need for an integrated transportation system as an essential element in the movement of goods, people and service. Consequently, local governments were provided a share of the revenue packages.

The Motor Vehicle Fuel Tax and Motor Vehicle Excise Tax (MVET) continue to serve as the two major state revenue sources for highway maintenance and arterial construction funds. Some of the programs funded by these revenue sources are described below:

Motor Fuel Tax

- 2.46 cents per gallon
- distributed to cities on per capita basis

Transportation Improvement Account

- projects to improve the mobility of people and goods in urbanized areas
- encourages projects which are coordinated among government agencies and provide for public/private participation
- requires a minimum 20% local match

Urban Arterial Trust Account (UATA)

- reduce congestion
- strengthen the structural ability to carry traffic loads
- address roadway width deficiencies
- provide improvements to reduce accident rates
- implement traffic management to maximize mobility of people and goods
- requires a minimum 20% local match

Public Works Trust Fund

- low interest loans
- funded by state utility taxes

Local Funding

The revenue sources described in this section are programs approved by the State Legislature which authorize jurisdictions to impose fees at the local level for specific transportation infrastructure categories with voter approval. Most of these programs have not been instituted in this region, but could be imposed in the future.

Regional Transportation Investment District

- Covers King, Pierce, and Snohomish Counties
- May seek voter approval for
 - Sales Tax of 0.1% to 0.5%,
 - includes High Capacity Transportation (HCT) taxes*
 - Vehicle License Fee of \$1 to \$100,
 - Motor Vehicle Excise Tax (MVET) of 0.1% to 0.3%,
 - Local Option Gas Tax 0 to 2.8¢ per gallon,
 - Tolls on specific roads or bridges
- May not use revenue for operations, maintenance, and preservation projects or programs

Local Option Vehicle License Fee (share to cities)

- imposed at county level
- public transportation
- high capacity transportation
- transportation planning and design
- other transportation related activities

Local Option Fuel Tax

- imposed by the county
- up to 10% of the statewide motor vehicle fuel tax
- for highway purposes including
 - construction and maintenance of city streets, county and state roads
 - related activities.

Transportation Impact Fees

- address the impact of development activity on transportation facilities

Commercial Parking Tax

- county or city may impose
- may be based on gross proceeds or number of stalls, or on the customer
- subject to exclusive referendum procedure
- general transportation purposes.

Funding Plan

The recommended project list is constrained within available revenue sources, with conservative estimates as to available grant revenue. Full funding of the additional investments evaluated in the TMP within twenty years would require significant additional revenue.