

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Impacts of Initiative 985 (I-985)
DEPARTMENT: City Manager's Office
PRESENTED BY: Scott MacColl, Intergovernmental Program Manager

PROBLEM/ISSUE STATEMENT

Initiative 985 (I-985) is on the November ballot and will have a significant impact on cities and the state. This memo and the attached financial analysis are provided to educate Council and Shoreline citizens on the impacts of the proposed initiative.

I-985 is titled the 'Reduce Traffic Congestion Initiative' and consists of three main components: 1) Opening all carpool lanes to general traffic during off-peak times, including mid-day, evening, and weekends; 2) Requiring all governments with responsibility for road operations to synchronize their traffic lights to optimize traffic flow; and 3) increases funding for emergency roadside assistance.

In order to fund these activities, I-985 creates a new 'Reduce Traffic Congestion Account' by re-directing 15 percent of the 6.5 percent state sales and use tax imposed on motor vehicles; 0.5 percent of all state transportation capital funding; certain excess toll revenues, including toll-lane revenues from the Highway 167 Hot Lanes and certain future revenues derived from toll lanes; and revenue generated from local traffic safety camera infractions. Expenditures can only be used for the following items:

- Costs associated with opening carpool lanes to all traffic during non-peak hours;
- Costs associated with synchronizing traffic lights on heavily-traveled arterials and streets;
- Increased funding for emergency roadside assistance;
- Funding for the State Auditor to perform required accountability measures regarding traffic synchronization and emergency roadside assistance, and for tracking the revenues and expenditures required under the initiative; and
- Any remaining funds after funding the above list are spent on roadway capacity and general purpose lanes to reduce congestion.

Impacts to Cities:

I-985 requires each city to synchronize traffic lights on heavily-traveled arterials and streets, and rapidly respond to all traffic accidents and other highway obstructions within their respective jurisdictions. Cities are also required to coordinate with other local governments (county, state) to synchronize their traffic lights. This requirement is funded from the Traffic Congestion Account. However, since all cities must comply with

this requirement immediately yet the funds will not all be available right away, it is likely that cities will have to front load these costs and wait for state reimbursement.

In addition, the legislation requires that any revenue generated for a municipality from red light camera fines also be deposited into the state traffic reduction account. Cities that presently operated red-light cameras would be forced to either discontinue the program, or fund it through the general fund (rather than revenues from infractions).

Impacts to the State:

I-985 puts transportation congestion relief as a top state funding priority, redirecting an estimated \$622.6 million from statewide general fund priorities over the next five years. This includes \$224.2 million for opening carpool lanes to general traffic during off-peak hours, \$65.7 million for synchronizing traffic lights, \$18 million for additional emergency relief and \$1.4 million for the State Auditor to monitor performance. The remaining \$312.9 million is available for other congestion relief activities, including expanding road capacity. Funds cannot be used for bike paths, landscaping, wildlife crossings, park and ride lots, ferries, trolleys, buses or rail.

Since this is not new revenue, the state must either cut or reduce existing services or raise taxes to replace these funds. For example, currently toll revenues can be used for a myriad of transportation uses including planning, maintenance, enforcement, and to increase transit and trip reduction in the corridor. I-985 redirects these revenues to the congestion relief account and expressly states the funds cannot be used for most of the named activities.

Attachment 'A': Fiscal Impact Statement for Initiative 985

Approved By: City Manager  City Attorney ____

Fiscal Impact Statement for Initiative 985

Pursuant to **RCW 29A.72.025**, the Office of Financial Management has prepared the fiscal impact statements for the three initiatives certified by the Secretary of State as qualified to appear on the November 2008 ballot.

This information is provided for analytical purposes only and is not intended as an expression of support for or opposition to the proposed measure.

Note: On August 13, 2008, two sections of this fiscal analysis were revised. The first revision is to the revenue assumptions. The second revision is to the expenditure assumptions. The changes are captured in both the fiscal impact statement and the analysis which follows.

The total for impact to the state general fund is revised from \$620 million over five years to \$573.9 million. This reflects a refinement to the figure provided for sales and use taxes on motor vehicles. OFM used figures from the 2013–15 biennium instead of the 2011–13 biennium in the calculation. This change is then captured in new totals.

The total for opening carpool lanes to general traffic during off-peak hours has been revised from \$239.2 million over five years to \$224.2 million. This reflects an updated assumption that while transit agencies will incur costs associated with implementing Initiative 985, those costs cannot be funded from the Reduce Traffic Congestion Account. This change is then captured in new totals.

A revised fiscal statement and analysis have been submitted to the Secretary of State.

PROPOSED I-985 FISCAL IMPACT STATEMENT

Over five years, approximately \$622.6 million would be redirected from projects and activities supported by state and local general and transportation funds to congestion relief activities. This would include \$224.2 million for opening carpool lanes to general traffic during off-peak hours, \$65.7 million for synchronizing traffic lights, \$18 million for additional emergency relief and \$1.4 million for the State Auditor to monitor performance. The remaining \$312.9 million would be available for other congestion relief activities, including expanding road capacity. Funds would not be allowed for bike paths, landscaping, wildlife crossings, park and ride lots, ferries, trolleys, buses or rail.

GENERAL ASSUMPTIONS

- Estimates are based upon such sources as trends, current appropriation levels and the last legislatively adopted 16-year transportation financial plan.
- The following have been excluded from this analysis:
 - Most federal funds, as they have regulations that govern their use.
 - Revenues dedicated to outstanding bonds, as they are pledged for specific

purposes.

- Tolling authority for the Tacoma Narrows Bridge, as it is in a different chapter of the law than the statutes amended in the initiative.
- Toll rate increases, which are not considered "new tolls or charges."
- Funds appropriated to agencies for distribution as grants, as opposed to direct appropriations for specific projects.

REVENUE ASSUMPTIONS

Estimated Revenue Deposited into the Reduce Traffic Congestion Account Fiscal Year 2009 to 2013				
	Biennium			
	2007-09	2009-11	20011-13	Total
Red Light Traffic Cameras	\$ 13,043,998	\$ 13,383,998	\$ 13,383,998	\$ 39,811,994
Transportation-Related Public Works Projects	0	4,921,505	3,895,273	8,816,778
Sales and Use Taxes on Motor Vehicles	52,453,000	237,965,000	283,526,000	573,944,000
Toll Revenues	0	0	0	0
Total Revenue	\$ 65,496,998	\$ 256,270,503	\$ 300,805,271	\$ 622,572,772

Red Light Cameras Revenue Assumptions

- Presently, no counties and 12 cities have automated traffic safety camera programs.
- Revenues decrease after the first year of use because the number of traffic violations typically decrease following the first year of installation. Estimated revenues assume a 70 percent collection rate.

Transportation-Related Public Works Projects Revenue Assumptions

- One-half of 1 percent of state appropriations for "transportation related public works projects" would be deposited into the Reduce Traffic Congestion Account. This requirement affects "... all state agencies, including all state departments, boards, councils, commissions, and quasi-public corporations ..." This pertains to state entities only.
- Transportation-related public works projects would not subject to the one-half of 1 percent allocation for public art.

Sales and Use Tax Revenue Assumptions

- The 2007-09 revenues represent seven months of collections. Future biennia represent 24 months of collections and growth, as forecast by the Economic and Revenue Forecast Council.

Toll Revenue Assumptions

- Toll revenues would be used for "construction, operation and maintenance" of toll facilities.
- Operation of toll facilities includes Washington State Patrol enforcement, tow truck operations, emergency response and routine maintenance.
- Tolls may be collected prior to the construction of a toll facility as long as the revenue is for the anticipated expenses identified in a capital or financial plan.
- All projected toll revenues would be planned to be used for operations, maintenance and construction of toll facilities, so there would be no excess revenue assumed to be available for deposit to the Reduce Traffic Congestion Account.

ASSUMPTIONS ON COSTS TO IMPLEMENT I-985

Estimated Expenditures from the Reduce Traffic Congestion Account Fiscal Year 2009 to 2013

	Biennium			Total
	2007-09	2009-11	2011-13	
Traffic Light Synchronization	\$ 20,935,000	\$ 20,935,000	\$ 23,870,000	\$ 65,740,000
Red Light Traffic Cameras	14,640	0	0	14,640
Carpool Lanes	200,000	30,000,000	194,000,000	224,200,000
Sales and Use Taxes on Motor Vehicles	27,000	0	0	27,000
Washington State Auditor	200,000	600,000	600,000	1,400,000
Department of Transportation Audit Support	50,000	100,000	100,000	250,000
Emergency Roadside Response	5,636,500	6,190,800	6,190,900	18,018,200
Total Revenue	\$ 27,063,140	\$ 57,825,800	\$ 224,760,900	\$ 309,649,840

Traffic Light Synchronization -- Cost to Implement Assumptions

- One-half of the signals would be synchronized in 2009 and one-half in 2010.
- Synchronization would need to be recalibrated every 2 ½ to 3 years.
- The estimated number of signalized intersections in cities is 3,734. At an average cost of \$5,000 per intersection, the total cost to synchronize all intersections for cities would be \$18.7 million, with an additional cost of \$18.7 million for recalibration.
- Approximately 362 signalized intersections are on heavily traveled arterials and streets in King, Pierce, Snohomish and Clark counties. At an average cost of \$5,000 per intersection, the total cost to synchronize all intersections for these counties would be \$1.8 million, with an additional cost of \$1.8 million for recalibration.

- Approximately 405 signalized intersections are on heavily traveled arterials and streets on state-owned highways. At an average cost of \$8,500 per intersection, the total cost to synchronize all intersections on state highways would be \$3.4 million, with an additional cost of \$3.4 million for recalibration. The Washington State Department of Transportation estimates an additional cost of up to \$18 million for the state-owned highways only.
- Costs to take full advantage of real-time synchronization, such as staffing of traffic operations centers and traffic cameras, are not included.

Carpool Lanes -- Cost to Implement Assumptions

Opening carpool lanes to general purpose traffic during off-peak hours requires:

- Installation or modification of variable speed limit and lane use control systems for 50 miles of HOV lanes at approximately \$4 million per mile, for a total of \$200 million over five years.
- Installation of access ramp gates and electronic signing at eight locations, estimated at about \$2 million per location, for a total of \$16 million over five years.
- Installation of additional ramp meters, at a cost of \$6 million over five years.
- Replacement of 700 HOV signs to comply with requirements, at a cost of \$2.2 million.
- Implementation would be staged over the five years, in part due to the need to obtain federal approval to make changes to HOV lanes.
- King County Metro estimates that opening carpool lanes to general purpose traffic would reduce efficiency of transit vehicles by about 10 percent. King County's cost is estimated to be approximately \$15 million over five years, due primarily to additional fuel and labor costs. Impact to other transit districts has not been assessed, but is assumed to be the equivalent of the King County impact.

State Auditor -- Cost to Implement Assumptions

- The State Auditor's Office would incur a one-time cost of \$100,000 to \$200,000 to develop the benchmarks and best practices required, and annual monitoring and reporting costs of \$200,000 to \$300,000.
- The Department of Transportation would incur costs to support the State Auditor's work, at a cost of \$50,000 per year.

Emergency Roadside Assistance -- Cost to Implement Assumptions

- Although I-985 requires additional funds to be spent on emergency roadside assistance, it does not specify how much of an increase is expected. For the purpose of this analysis, additional funds are assumed to be provided to the Washington State Department of Transportation and the Washington State Patrol.
- The Washington State Department of Transportation estimates include an

additional 10 emergency roadside assistance vehicles and 10 full-time equivalent employees (FTEs) to respond to 17,978 incidents per biennium.

- The Washington State Patrol estimates include 13 more troopers in the central Puget Sound Region; three more FTEs to improve accident investigations, enforcement, education and coordination with other jurisdictions; and additional equipment for troopers and investigation staff.

ASSUMPTIONS RELATED TO FUND SHIFTS AND REVENUE LOSSES

- Estimated revenue loss to cities from red light traffic camera infractions would be \$40 million over five years.
- Not charging tolls during off-peak hours on SR-167 HOT lanes would result in a 33 percent loss of funds, or a total loss of \$3.1 million over five years.
- Washington state transit agencies are estimated to lose about \$20 million over five years in federal transit funds due to the opening of carpool lanes to general traffic during non-peak periods.
- The Washington State Arts Commission would lose \$500,000 over five years.
- The state general fund would be reduced by \$573.9 million over five years. The general fund is used for education, public safety, social services and general government.