

## **PUGET SOUND REGIONAL TRANSPORTATION FINANCE STUDY**

*Prepared at the University of Washington Evans School of Public Affairs  
in a collaborative enterprise with the Washington Roundtable*

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## PART I: SETTING

### What is the purpose of this Study?

This Study aims to gather and present data on financing the public sector transportation enterprise in the Central Puget Sound Region of King, Kitsap, Pierce, and Snohomish counties (the Region) over the next fourteen years (2009-2023).<sup>1</sup> Specifically, the Study seeks to answer the following three questions:

- 1) How much money is expected to be available for the public transportation enterprise in the Region between 2009 and 2023?
- 2) Where will the money come from, and which agencies will direct its spending?
- 3) After accounting for current account expenditures such as operating expenses and debt service, how much money will be available for new capital investment in infrastructure facilities and services various agencies provide?

Transportation finance in the Region is acknowledged by all as a major public policy issue. Over the last few years, detailed descriptions of transportation challenges have been prepared from many vantage points, with the result that there is broad agreement that today's transportation facilities and services are barely meeting – or even failing to meet – today's needs and are likely to become even more critically insufficient in coming years.<sup>2</sup>

Money is at the center of the problem.

The money available to operate existing facilities and services, preserve their utility, and make yet further investments to extend and improve them is decreasing for most transportation purposes. Indeed, in the recent period, receipts from two of the chief revenue sources for transportation – the Motor Vehicle Fuel Tax (gas tax) and the transit sales taxes – have actually declined, and there is little prospect for their short-term recovery without rate increases that would be both problematic as policy decisions and unlikely as political outcomes.

Recent experience at the ballot box has shown mixed results when voters have been asked to support funding for specific projects or increases in the transportation

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<sup>1</sup> This fourteen-year period has been chosen as an intermediate term: the span of time over which today's revenue spending choices (or lack thereof) will yield actual results and outcomes. See the following page for further discussion.

<sup>2</sup> See in particular the conclusions of the Regional Transportation Commission Final Report, December 31, 2006, pp. 3-1 to 3-16 (RTC Report). The same problem, viewed over a longer time frame, is also under consideration in *Transportation 2040* ("*Transportation 2040*") a planning exercise currently underway at the Puget Sound Regional Council.

sector's revenue streams.<sup>3</sup> Indeed, skepticism about transportation finance and disagreements about spending strategies pose large obstacles to gaining approval from voters or legislators for such funding proposals.

Even if more money were available, there is little consensus on where it is most needed and how it should be spent. The quest for consensus is hampered by the fragmented structure – silos of geography, modes of transportation and distinct levels of government – that characterizes decision-making and accountability for transportation policy and finance in the Region.<sup>4</sup>

Moreover, there has been no recent analysis that looks across all the sources, providers and spenders of transportation and other public funds to gauge the funding prospects of the Region's public sector transportation exercise over the intermediate term: the span of time over which today's revenue spending choices (or lack thereof) will yield actual results and outcomes.<sup>5</sup>

It is the purpose of this Study to help fill that analytic gap. In doing so, the Study relies on data drawn from a variety of public sources. In many cases, the data provided was extrapolated to cover the Study timeframe or to achieve approximations of commonality between sources disparate in detail, timeframe and methodology. Therefore, the Study cannot be offered strictly as a financial forecast but rather as an illumination, informed by a variety of data sources and methodological techniques, of future prospects in regional transportation finance.

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<sup>3</sup> Voters in the Region in 2008 approved funding for a major expansion of Sound Transit's light rail system and modest expansion of other Sound Transit programs. In 2006, Seattle voters approved a nine-year \$365 million levy which, together with parking taxes and other revenues, was expected to generate about \$544 million for transportation maintenance and improvements. Also in 2006, King County voters approved a .1% sales tax increase to support expanded transit service. In 2007, voters in the Region rejected a proposal to expand mass transit and improve roads in heavily traveled corridors in Snohomish, King and Pierce counties.

<sup>4</sup> A large number of different agencies and groups of agencies are responsible for making most of the important decisions on how transportation funds are to be spent in the Region. They include three state-level entities: the Washington State Department of Transportation, the Transportation Improvement Board, and the County Road Administration Board; two multi-county entities: the Puget Sound Regional Council and Sound Transit; several local entities other than individual cities (each with its own governance arrangements under the umbrellas of county government): King, Kitsap, Pierce and Snohomish County roads departments, King County Metro, Kitsap Transit, Pierce Transit, Community Transit; and a large number of individual city departments of transportation, including those of Seattle, Tacoma and Bellevue as the largest.

<sup>5</sup> Puget Sound Regional Council's *Transportation 2040* is a work-in-progress that attempts to cover related ground, but does so with a much longer time horizon and therefore serves a distinctly different purpose than the Study's aim of examining the time span that will be affected by immediately forthcoming policy choices on transportation finance.

## **Who prepared and funded this Study?**

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Funding for this Study was provided through a grant to the Evans School of Public Affairs at the University of Washington with the expectation that its results would be shared with the Washington Roundtable.<sup>6</sup>

The team that conducted the Study was based at the Evans School. It consisted of two faculty members, Leslie Breitner (Principal Lecturer of Public Affairs) and Daniel Carlson (Senior Lecturer of Public Affairs), two graduate research assistants, Aaron Blumenthal and Nevena Lalic, as well as Douglas MacDonald, former secretary of the Washington State Department of Transportation. The group received technical advice regarding data and future projections from several finance professionals in the Region's transportation agencies.<sup>7</sup>

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<sup>6</sup> The Washington Roundtable is a nonprofit, public policy organization comprised of chief executives representing major private sector employers throughout Washington State. See <http://www.waroundtable.com> for further details about the organization.

<sup>7</sup> We thank these generous individuals for their time and assistance with our gathering and understanding of the data. Shortcomings in analyzing the data are, however, our responsibility, not that of state and local experts who assisted us in our work.

## PART II: METHODOLOGY

### **How was Study data assembled?**

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The Study began by gathering and arraying financial information from and about the Region's general-purpose governments and special-purpose agencies that fund or provide transportation infrastructure and services. These include state-level entities, namely the Washington State Department of Transportation (WSDOT), the Transportation Improvement Board (TIB), and the County Road Administration Board (CRAB); multi-county entities, Sound Transit and the Puget Sound Regional Council (PSRC); county-level entities in King, Kitsap, Pierce and Snohomish counties; and local transit agencies, namely King County Metro, Pierce Transit, Community Transit, and Kitsap Transit. The state- and regional-level entities provided the Study with information giving an overview of city transportation funding. The scope, presentation and level of detail of the data available varied greatly from agency to agency; below, we summarize the basic source material we used to identify funds available for the public sector transportation enterprise in the Region:

***A) State-Level Entities: Washington State Department of Transportation (WSDOT), Transportation Improvement Board (TIB) and County Road Administration Board (CRAB)***

Financial data for WSDOT, TIB and CRAB was drawn from the spending plan approved by the legislature to accompany the 2009-11 state transportation budget, covering a forecast period from 2009 through 2025. Naturally, WSDOT's projections are subject to specific assumptions about future conditions and may therefore over- or understate the actual amount of money available in the future.

Because WSDOT financial materials are generally prepared on a *statewide* basis, the Study had to adopt an assumption regarding the allocation of revenues and spending to the Region. The assumption was made that the regional share would be fifty percent of the statewide amounts. This, while on its face a very general assumption, was in fact recommended by WSDOT based on its historical experience and on the project-by-project spending directions the legislature had included in the on-going forecasts. Staff at PSRC familiar with the Region's experience confirmed this as a reasonable assumption for the purposes of the Study.

The Study also accounts for the stimulus funds the state and Region will likely receive under the American Recovery and Reinvestment Act of 2009 (ARRA) and applies to those funds the same expectation of a fifty percent regional share.

### ***B) Multi-County Entities: Sound Transit and the Puget Sound Regional Council (PSRC)***

Financial data for Sound Transit was taken from the agency's most recent financial plans (May 2008), its financial plan for the recently approved Sound Transit 2 project (July 2008), revised operating expenditure forecasts (May, 2009) and revised revenue forecasts (October, 2009) provided to the Study by the agency's staff. As of the date of this report, Sound Transit has not published a consolidated financial plan for both its major program initiatives (Sound Move and Sound Transit 2),<sup>8</sup> and has not updated its earlier financial plan (May 2008) in light of revised projections of sales tax revenue. Such an update is now expected in November 2009.<sup>9</sup>

Amounts for transportation spending at PSRC consist almost entirely of funds directed to PSRC by federal funding programs. Historic levels of such funds were obtained from PSRC reports and a projection was made to future years based on this data. *Our projections assume that future federal transportation programs will continue as currently structured. In fact, there is considerable uncertainty over future federal spending, both as to amounts and the objects of expenditure in federal transportation programs.* Possible changes in federal strategies that are at stake in the pending re-authorization of the federal Surface Transportation Act, for example, makes this a very important caveat to the Study.

### ***C) County Transportation and Public Works Departments in the Four Counties***

The four counties have different practices with respect to revenue and spending forecasts. Their transportation revenues stem from a property tax road levy<sup>10</sup> as well as the appropriation of general government funds. County transportation revenues therefore enjoy a certain degree of protection, to the extent that funds raised through the road levy must be used for "proper county road purposes", as is the portion of funds for county road spending that is collected from state gas taxes and distributed to counties by statutory formulas.<sup>11</sup> There is little common practice

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<sup>8</sup> Sound Move is the program approved by voters in 1996 that provided for a mix of transportation improvements: high-occupancy vehicle lane access improvements, ST Express bus routes, Sounder commuter rail and Link light rail. ST2 is the program approved by voters in 2008 to extend regional express bus and commuter rail service as well as build 36 additional miles of light rail to form a 55-mile regional system.

<sup>9</sup> See <http://seattletimes.nwsources.com/ABPub/2009/10/09/2010033964.pdf>.

<sup>10</sup> State law permits counties to shift funds raised by the road levy to other governmental purposes at the discretion of the county commissioners up to limits set in RCW 84.52.043. In the four counties, the amounts expected to be raised by road levy in 2009 are as follows: Snohomish County: \$51 million (41% of total property levies, including those flowing to the road fund and the current expense fund); King County: \$83 million (17% of total property levies); Pierce County: \$57 million (36% of total property levies); Kitsap County: \$24 million (45% of total property levies).

<sup>11</sup> Unlike the counties, cities generally do not have revenue streams that are restricted for transportation use, and therefore have to compete with other governmental entities for their general

or uniformity among the counties in the form or duration of their own forecasts of revenue and spending for transportation purposes. The very different types of data received from the four counties have therefore been projected to future biennia beyond the time periods covered by the submissions, in accordance with assumptions applied specifically for the Study.

There is broad general consistency between the Study's forecasts and those made by PSRC in its efforts to generate the same kind of information in the context of developing its *Transportation 2040* plan that looks at a time horizon more than twice as long as the Study's view.

#### ***D) County Transit Agencies***

Financial information for the four county transit agencies (King County Metro, Pierce Transit, Kitsap Transit, and Community Transit) was drawn by projecting from historical information and, for a portion of the Study period, taking financial data from six-year transit development plans prepared by each agency. In the current economic climate, the transit agencies' heavy reliance on sales tax revenue has prompted them to re-examine their financial situations to accommodate downward changes in sales tax revenue expectations. Understandably, no uniformity of approach has yet emerged, introducing considerable uncertainty into the transit funding projections.

#### ***E) Cities in the Region***

Financial data for cities in the Region was extrapolated from cities' reports on transportation funding sources and uses to WSDOT every year over the last decade.

### **What key elements underlie the Study's analytic approach?**

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The Study presents a *pro forma* financial summary that separates expenditures on current account from expenditures for capital investment for all agencies involved in the public transportation enterprise in the Region over the period 2009-2023, while:

- ❖ distinguishing between a) *recurrent* revenues expected to be received regularly in periodic amounts; and b) *non-recurrent* sources, including special grants and bond proceeds, almost always applied exclusively to capital expenditures. We note that although agencies generally use recurrent revenues to pay for their current expenditures, some categories of recurrent

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government funding. Seattle's *Bridging the Gap* levy and tax program, however, does demonstrate a city financial program that essentially dedicates a specific revenue stream to transportation maintenance and improvements.

revenues may be specifically tagged and directed to capital expenditure purposes;

- ❖ presenting current expenditure requirements, including debt service, in relation to the available sources of recurrent revenues;
- ❖ presenting fiscal capacity for capital investment that takes into account recurrent revenues available after provision for current expenditures, debt proceeds, special grants, and certain recurrent revenues (for example, several categories of federal transportation funding) specifically tagged for capital expenditures.

Results of the multi-year analysis are presented in nominal dollars across the time span of the analysis, in accordance with data presentation approaches customarily used by many of the agencies for communicating their future revenue and costs expectations to their constituencies.

### **What assumptions has the Study made concerning projected revenues, expenditures and financing strategies?**

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The Study has made several assumptions in its work. Specific assumptions with respect to the growth rate of particular types of revenues or expenditures are set out in detail in Appendices A to C. This section surveys the overarching assumptions that permeate the Study. We note that although some of the assumptions were explained earlier in the text, they are reproduced in full below for the sake of completeness.

**Current Law** – In its estimates of future revenues, the Study has only taken into consideration “current law” revenues, meaning the stream of revenues expected to be generated by revenue authorizations now enacted into law. The Study’s estimates take no account, for example, of possible future increases in gas tax rates or of tolling arrangements that might be adopted in the future but are not now enacted into law and cannot be achieved without future political steps that may or may not be taken.

**Regional Share of State and Federal Dollars** – The Study has assumed that fifty percent of all state and federal transportation funding and expenditures in the state is directed towards the Region. While this may appear to be a conveniently round number, its use was in fact recommended by WSDOT based on past experience and on the project-by-project spending directions the legislature had included in the adopted spending plans. Staff at PSRC familiar with the Region’s experience confirmed this as a reasonable assumption for the purposes of the Study.

**Level of Federal Funding** – The Study’s projections assume that future federal highway programs will continue as currently structured and that they will grow according to historical trends. In fact, there is considerable uncertainty over future federal spending, both as to amounts and objects of expenditure.

The Study also assumes that recurrent federal funds for transit programs will continue as currently structured. Recurrent federal transit funds support, for example, transit agencies’ bus replacement programs. These funds are usually provided in irregular patterns, however, making the year-by-year forecast of federal funding very imprecise, especially for the period that lies beyond the years covered by the agencies’ six-year development plans.

For both highway and transit federal programs, possible strategy and policy changes at stake in pending and future re-authorizations of federal transportation funding statutes constitute a major caveat as to the reliability of financial extrapolations used in this Study.

**Nominal Dollars** – In financial analysis, streams of revenues or costs to be incurred over a period of time are often rendered in *constant dollars* (i.e., assuming that the purchasing power of a dollar remains constant in the future in relation to its purchasing power today) in order to provide a means to compare cash flows over different times on a common basis despite the expected occurrence of future inflation.

However, the transportation agencies the Study has surveyed (including WSDOT, cities, counties, Sound Transit and county transit agencies) generally forecast future revenue flows and cost requirements in nominal (or “year of expenditure”) dollars. They do so generally for two reasons. First, the use (by contrast) of constant dollars risks confusing the public by appearing to understate the eventual total cost of large projects as actual costs are incurred in inflated dollars. Second, as a matter of fiscal forecasting, agencies are concerned with matching inflows and outflows in a given year or biennium rather than with comparing total inflows and outflows over a range of years.

As a result, following the agencies’ lead, the Study has chosen to also report its results in nominal (*i.e.*, year of expenditure) dollars. We hope that this will allow actors in the transportation arena to more easily interpret the results of the Study. In cases where Study results are not directly comparable to results achieved by other forecasting initiatives (PSRC’s on-going *Transportation 2040* exercise, for instance, uses constant dollars in its financial presentations), reconciling the separate agencies’ specific inflation assumptions would allow for conversion from nominal to constant dollars and, consequently, an easier comparison of results.

**Recurrent Revenues** – As mentioned in the previous section, the Study distinguishes between a) recurrent revenues and b) non-recurrent sources. Recurrent revenues include only on-going revenue streams. Recurrent revenues are

generally relied upon to meet agencies' operating and other current expenditures, but some categories of recurrent revenues (for example, some federal capital assistance programs) may be specifically tagged and directed to capital expenditure purposes. Bond proceeds and one-time grants for specific capital purposes are not "revenues" and are not included as recurrent revenues. Expected one-time ARRA funds are also not included in the recurrent revenue category.

Following the Study's assumptions about federal highway and transit formula-based funding programs – which lead to the conclusion that transportation agencies in the Region can reasonably count on these funds every year – these are considered to be "recurrent revenues." However, federal transit funding of uncertain future status and allocated on a competitive basis, such as transit "new starts" funding, have not been treated as recurrent revenues but rather as one-time capital infusions.

**Current Account Expenditures** – The Study understands current account expenditures to include the non-capital costs of operating and maintaining the current system and system extensions expected to be placed in service over the projection period (for example, the new light rail system, new ferry boats, highway or roadway system expansions), including labor operating costs, fuel for operations, and non-capital system maintenance. Actual current account expenditures may differ significantly from the projections used in the Study's analysis depending on inflation rates, labor contract settlements, service levels, the achievement of operating efficiencies and whether appropriating authorities adequately provided for routine system maintenance.

**Bonding Capacity** – Part of the Study's analysis deals with agencies' prospects for funding capital expenditures using bond proceeds, for which we use the shorthand "bonding capacity."

Use of debt financing is an important part of the financing strategy of at least two of the larger players in regional transportation finance: WSDOT and Sound Transit. The scale of their bonding capacity is based on several factors, including their revenue flows in excess of current expenditure requirements, future interest rate environments at the time of their proposed debt issuances, and their credit quality as reflected in bond ratings. Due to the Study's limited scope and its consequent inability to assess these levers independently, the Study has assumed that WSDOT's and Sound Transit's financing plan exhausts the available bonding capacity for these agencies and that consequently, the amount of planned bonding issues over the period 2009 to 2023 equals their bonding capacity.

Debt financing prospects for other agencies are more complicated. In theory, county road departments and transit agencies have significant bonding capacity derived

from the bonding capacity and credit quality of their respective counties.<sup>12</sup> However, for these road and transit agencies extensive reliance on debt financing would be contrary to their established practices, highly controversial, and perhaps fiscally unwise. The likelihood that debt financing will play a major part in their future capital finance strategies is uncertain, but probably not high.

As for the cities in the Region, practice varies widely. Seattle, for example, intends to use debt financing to leverage a portion of its *Bridging the Gap* tax proceeds.

Since agencies' bonding *practices* rather than their bonding *capacity* are at issue for the purposes of the Study, we have sought to extrapolate from historical practices the likely scale of their future inclination to use debt financing, labeling this for convenience (but not with strict semantic accuracy) as "bonding capacity".

## **Inherent Limitations on the Projections**

There are numerous problems in attempting to present a picture of the financial future from data sources that are disparate in their basic nature. These limitations can be described as the nearly unavoidable consequences of two features of the exercise. First, *any* forecast into a fourteen-year future that depends on the marrying of many variables is inherently uncertain. Second, in this case, the fragmented structure of the public sector's transportation enterprise among many jurisdictions and the failure of the agencies themselves to adopt common forecasting approaches are highly obstructive to a forecast from an overall regional perspective. In many cases, the data provided had to be extrapolated to cover the Study timeframe or to achieve approximations of commonality between sources disparate in detail, timeframe and methodology. Therefore, the Study cannot literally be offered as a financial forecast but rather as an illumination of future prospects in regional transportation finance.

The Puget Sound Regional Council has struggled with similar issues in its attempt to build a future financial picture to serve as a foundation for its on-going *Transportation 2040* planning process attempting to cover a much longer forecast horizon than this Study. Many of the techniques used by the Study to present a financial picture for the future are conceptually consistent with methods used by PSRC's financial analysis staff. The timeframe for our analysis is, however, significantly different and the presentation differs in several other important respects. See Part V below for a discussion of comparisons and contrasts between this Study and the work that has been and continues to be performed at PSRC.

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<sup>12</sup> In addition, Pierce Transit can use statutory bonding authority based on property valuations in its district. It's actual outstanding debt and its expectations of future borrowing are very small in relation to the bonding capacity it derives from its statutory authority.

## PART III: RESULTS

### What does the Study show?

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***1) Recurrent Revenues: How much money will be available? Where will it come from? Who will decide how to spend it?***

The graphic below illustrates the Study's results concerning the level of recurrent revenues available at each of the main agencies under consideration.<sup>13</sup> The figures used to generate the graphs are more fully accounted for in the spreadsheets in Appendix A to the Study.

***[See graph on following page]  
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<sup>13</sup> Recurrent revenues were estimated for the period 2009-2023 using information supplied by the various agencies, as reported in Part II above. Where revenue projections were available directly from the agencies (which was the case for WSDOT, TIB, CRAB and Sound Transit), they were used in their entirety. In the remaining cases, the Study made its own assumptions about revenue projections, which are set out in full in Appendix A.

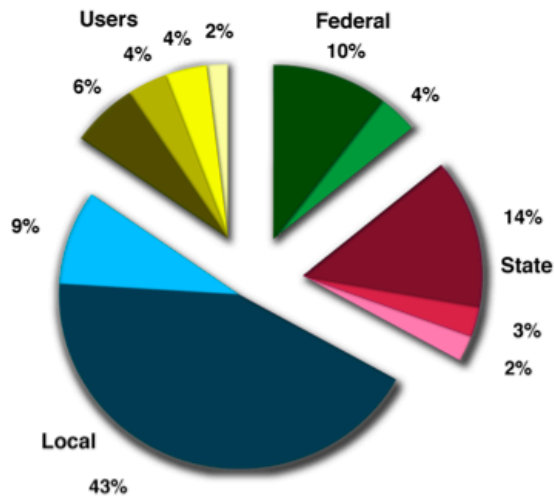
# Recurrent Revenues

*How much will be available? Where will it come from?  
Who will decide how to spend it?*

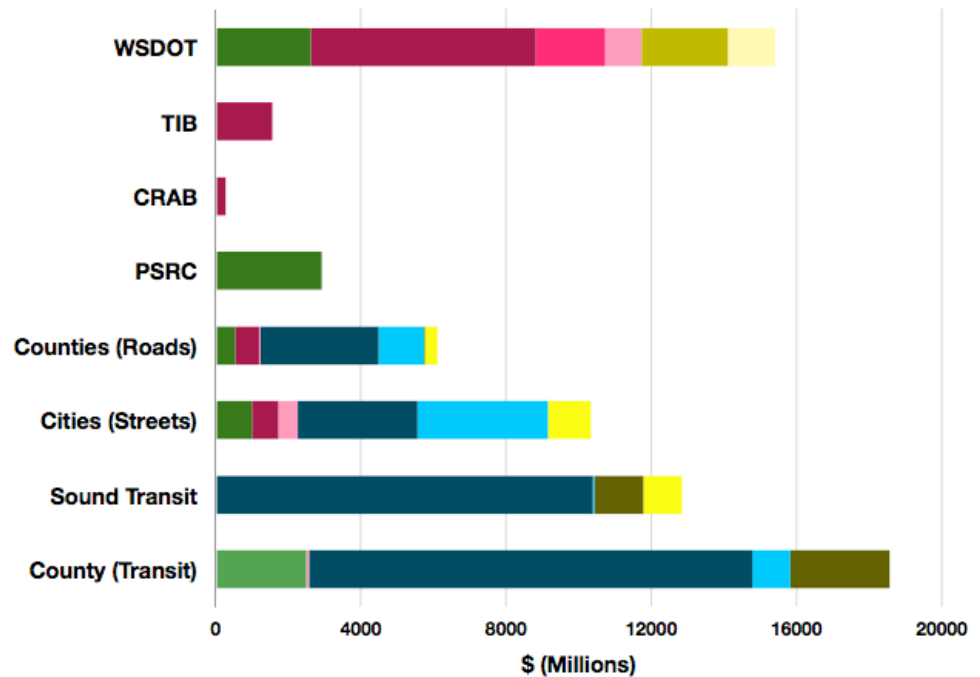
## Estimate for 2009-2023

Total Recurrent Revenues: Approximately \$68 Billion (Nominal Dollars)

Where Will the Revenues Be Raised?



By Whom Will the Revenues Be Spent?



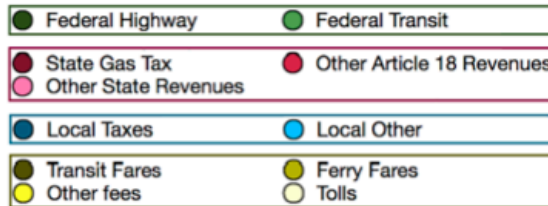
**WSDOT:** Washington State Department of Transportation

**TIB:** Transportation Improvement Board

**CRAB:** County Road Administration Board

**PSRC:** Puget Sound Regional Council

**County Transit:** Includes King County Metro, Kitsap Transit, Pierce Transit and Community Transit.



The Study's results lead to the following preliminary noteworthy observations:

- ❖ Only 16% of revenues are collected as facility user charges (10% as fares, 2% as tolls, and 4% in other categories); the remaining 84% are derived from gas taxes, local transit sales taxes and other general tax sources.
- ❖ Over half of recurrent transportation revenues are raised at the local level, mostly through property taxes and local transit sales taxes.
- ❖ Local jurisdictions (counties, cities, county transit agencies) direct the spending of 52% of the revenue stream. Regional entities (Sound Transit and PSRC) direct 23% of the revenue stream. The balance is directed at the state level.
- ❖ A large share of recurrent revenues – about 45% – directly supports the enterprise of transit agencies.

**2) *Current Account Expenditure: What proportion of recurrent revenues will be spent on operating expenses and debt service? What will remain to support capital investment?***

The following chart is a summary that shows the scale of current account expenditure requirements in relation to recurrent revenues to illustrate the rough scale of net recurrent revenues in excess of current expense and debt service requirements for the various appropriating authorities engaged in the public sector transportation enterprise in the Region.<sup>14</sup> The total amount of recurrent revenue for each entity is the one established in the first step of our analysis and should be understood keeping in mind all the assumptions stated above.

We note that these estimates of revenues available after provision for current account expenditure and debt service attempt to represent the scale of net recurrent revenues. Of course, some of the revenues in this estimate are recurrent revenues already tagged and directed to capital purposes. In any event, the sum of revenues shown here are *not* the complete representation of total capital financing capacity, since potential capitalization from *non-recurrent* sources such as grants or debt proceeds enters the discussion at the next stage of the analysis.

***[See graph on following page]  
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<sup>14</sup> The Study assembled estimates of current expense and debt service requirements from information provided by the agencies. Again, where current expenditure projections were available (which was the case for WSDOT, TIB, CRAB and Sound Transit), they were used in their entirety. In the remaining cases, the Study made its own assumptions about current expenditure projections, which are set out in full in Appendix B.

# Current Account Expenditure

*What proportion of recurrent revenues will be spent on operating expenses and debt service? What will be left over to support capital investment?*

**Estimate for 2009-2023**

Total Operating Expenses and Debt Service: Approximately \$54.6 Billion (Nominal Dollars)

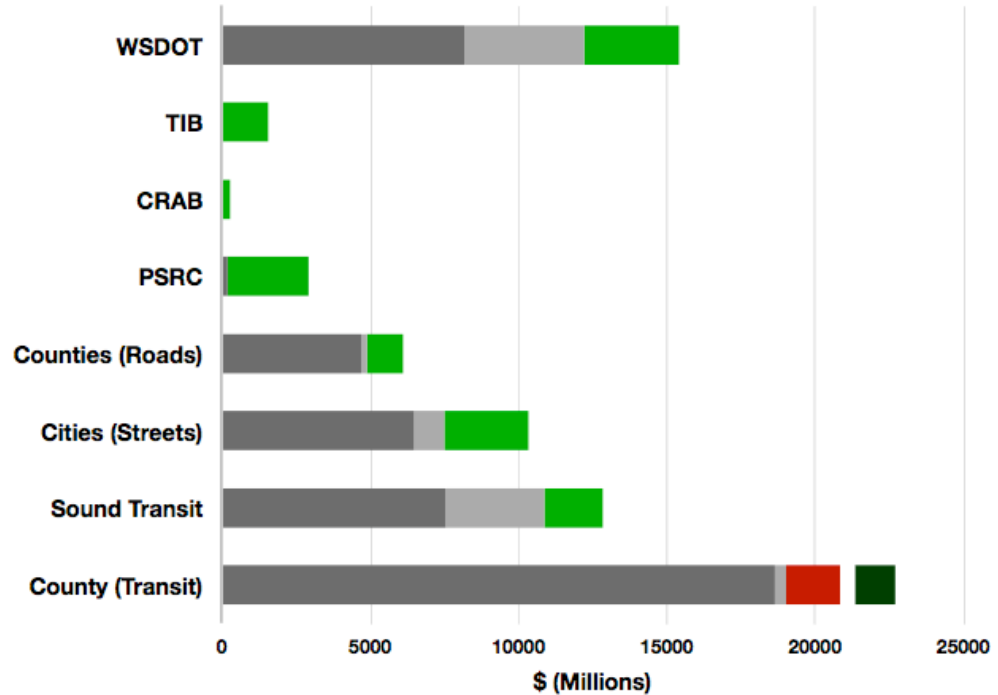
## SUMMARY 2009-2023

Total Recurrent Revenues:  
**\$67.9 billion**

Total Operating Expenses and  
Debt Service:  
**\$54.6 billion**

Net Recurrent Revenues  
Available for Capital Investment:  
**\$13.7 billion**

By Whom Will the Revenues Be Spent?



- Operating Expenses: expenditures for operations and maintenance
- Debt Service: payments for bond interest and amortization of principal
- Net Recurrent Revenues: excess recurrent revenues after provision for operating expenses and debt service
- Unfunded Operating Expenses
- Recurrent Revenues Restricted to Capital Purposes (County Transit)

The Study's results lead to the following preliminary noteworthy observations:

- ❖ County transit agencies' expected revenue stream over 2009-2023 is inadequate to meet transit service current expense requirements (labor, fuel, bus maintenance).
- ❖ Finance strategies at both WSDOT and Sound Transit rely heavily on debt financing for capital improvements. As a result, over the 2009-2023 period, payment of interest and the long-term amortization of principal represent a large portion of the overall requirement for current account expenditure. These agencies' revenue streams are becoming increasingly heavily leveraged as time goes on.
- ❖ By contrast, cities and counties are not heavily leveraged, with debt service making up a modest portion of their current account requirements.

**3) *Fiscal Capacity for Capital Investment: Taking into account net recurrent revenues, capital grants and debt financing, how much will be available for capital investment between 2009 and 2023?***

The fiscal capacity for capital investment must cover requirements for preservation investment, *i.e.*, the investment to extend the useful life of assets and facilities already in the system (for example, pavement overlays and bridge painting or seismic or structural retrofit) or to replace capital assets (for example, bus replacements). Investments in extensions to system assets (new capacity and new roadways, rail lines or rolling stock) must also be covered.

A true capital investment plan and strategy for each appropriating and program spending agency would require analysis of revenue, expenses, and capital expenditure timing, as well as assumptions about borrowing costs, interest rates and prospects for currently uncertain future grants, and finally, specific understandings about the nature and expected useful lives of the assets which bonds would be issued to finance. These important details cannot wholly be worked into as simplified a study as is offered here. The following chart, therefore, is more of a conceptual representation of how fiscal capacity can be envisioned rather than a projection of the actual scale of fiscal capacity.<sup>15</sup>

***[See graph on following page]  
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<sup>15</sup> See Part III above for a description of the methodology used to assess fiscal capacity.

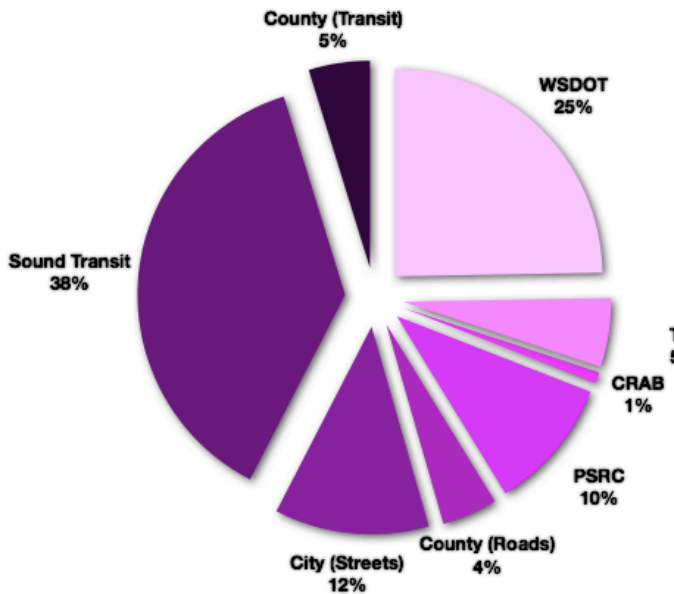
# Fiscal Capacity for Capital Investment

*Taking into account leftover recurrent revenues, and adding entities' expected bond proceeds and capital grants, what is their capacity for capital investment between 2009 and 2023?  
Capital investment is required for asset life extension and the creation of new assets to expand transportation infrastructure.*

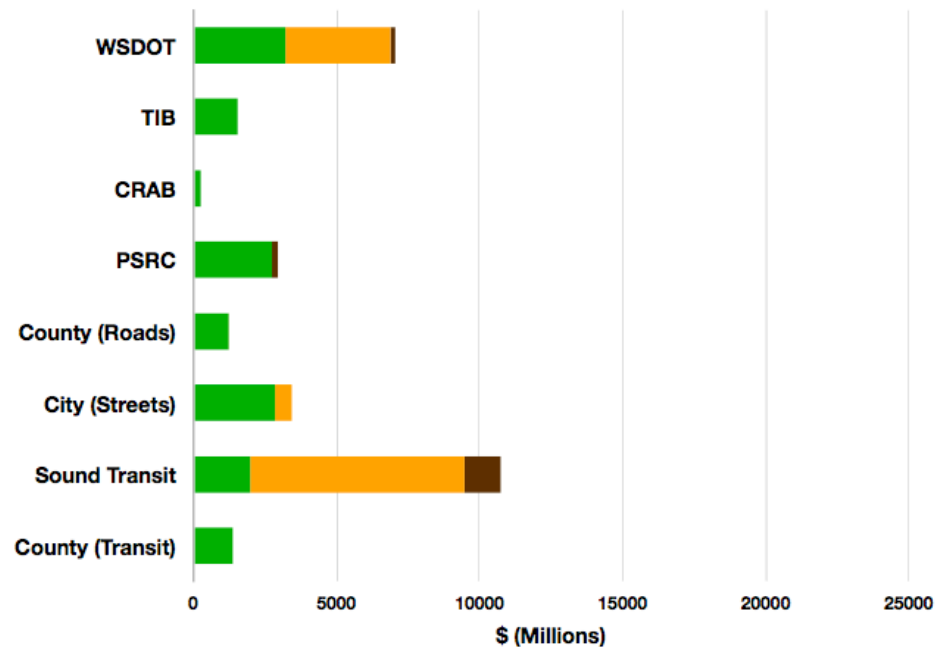
## Estimate for 2009-2023

Total Fiscal Capacity: Approximately \$28.5 Billion (Nominal Dollars)

Percentage of Total Fiscal Capacity  
For Each Entity



Fiscal Capacity by Entity



- Recurrent Revenues: excess recurrent revenues after provision for operating expenses and debt service (incl. recurrent revenues restricted to capital)
- Debt Capacity: entities' expected bond proceeds
- Capital Grants: non-recurrent capital grants (including ARRA)

The Study’s results lead to the following preliminary noteworthy observations:

- ❖ Study results on agencies’ fiscal capacity are the most provocative outcome of the analysis because of their relation to competing (and sometimes poorly understood) judgments about the needs for the Region’s capital investment in transportation infrastructure in coming years.
- ❖ It is also the most contingent, even speculative, outcome of the Study’s work because the results build upon several layers of necessarily uncertain assumptions about the future.
- ❖ Response to these results will include discussion of their consequences for regional revenue and spending needs and priorities. Competing conclusions may also be suggested about the representations of capacity. These are healthy and welcome areas to which the Study work leads.

To put these results in perspective, the table below compares Study results about several agencies’ fiscal capacity and provides an outline summary of their most significant areas of need:

**Table 1. Agencies’ Assets, Maintenance and Investment Requirements, and Corresponding Fiscal Capacity**

ENTITY	ASSETS	MAINTENANCE & INVESTMENT REQUIREMENTS	ESTIMATED FISCAL CAPACITY FOR CAPITAL INVESTMENT (2009-2023)
WSDOT	4,174 lane miles <i>(12% of total)</i>  43.16 million daily VMT <i>(54% of total)</i>  11,800 daily ferry boardings (Puget Sound Region)	<ul style="list-style-type: none"> <li>• Freeway rehabilitation and expansion including High Occupancy Vehicle facilities to support transit operations on many key commute routes;</li> <li>• Modernization of traffic management systems;</li> <li>• Freight mobility requirements;</li> <li>• Bridge rehabilitation and seismic retrofit and environmental retrofit costs for stormwater controls and fish passage;</li> <li>• Provision for increased operating costs for system expansion;</li> <li>• Unsustainable financial structure for ferry operations and capital renewal, replacement and additions.</li> </ul>	\$8.8 billion (31% of total <sup>16</sup> )

<sup>16</sup> The total referred to here includes the fiscal capacity of TIB and CRAB, which are not included in the table.

REGIONAL TRANSPORTATION FINANCE PROJECT

ENTITY	ASSETS	MAINTENANCE & INVESTMENT REQUIREMENTS	ESTIMATED FISCAL CAPACITY FOR CAPITAL INVESTMENT (2009-2023)
<b>COUNTY ROADS</b>	12,415 lane miles <i>(35% of total)</i>  10.45 million daily VMT <i>(13% of total)</i>	<ul style="list-style-type: none"> <li>• Roadway and bridge rehabilitation and expansion;</li> <li>• System expansions in fast-developing unincorporated areas;</li> <li>• Environmental retrofit for stormwater controls and fish passage.</li> </ul>	\$1.23 billion (4% of total)
<b>CITY STREETS</b>	18,685 lane miles <i>(53% of total)</i>  25.95 million daily VMT <i>(33% of total)</i>	<ul style="list-style-type: none"> <li>• Rehabilitation and renewal costs for city streets and roadways, including facilities to support and provide access to transit operations;</li> <li>• Modernization of traffic management systems;</li> <li>• Expansion requirements for many congested areas and support for freight mobility requirements; improvements to promote local non-motorized transportation.</li> </ul>	\$3.4 billion (12% of total)
<b>SOUND TRANSIT</b>	Light rail service commences in Study period; ridership levels will grow with time and system expansion but expected levels by 2023 or even 2030 are not now clear.  24 express bus routes with over 27,000 daily passenger trips  73 miles of commuter rail service: 5,500 daily passenger trips  Small light rail line in Tacoma	<ul style="list-style-type: none"> <li>• Operating costs for light rail system expanded in scale following the ST2 plan approved by voters in November 2008, while revenue expectations on which the ST2 financial plan was based have decreased in the current crisis.</li> <li>• Increases in operating costs to continue fixed-route regional bus service except as (and until) substituted for by light rail expansion</li> <li>• Expansion of commuter rail service toward goal of serving 151,300 daily boardings by 2040.</li> </ul>	\$10.7 billion (38% of total)

*[Table continued on the following page]*

ENTITY	ASSETS	MAINTENANCE & INVESTMENT REQUIREMENTS	ESTIMATED FISCAL CAPACITY FOR CAPITAL INVESTMENT (2009-2023)
COUNTY TRANSIT	459 fixed transit routes 2,600 vehicles 400,000+ daily boardings 1 million on-demand service hours annually in addition to fixed route services.	<ul style="list-style-type: none"> <li>• Increased operating costs as ridership grows to 599,900 expected daily boardings by 2040;</li> <li>• Capital investment requirements in bus fleets and support facilities including modernized fare collection systems and for improved frequencies and speeds (“bus rapid transit”) on key routes;</li> <li>• Fast rising operating costs of on-demand services;</li> <li>• No programs currently in place to reliably and sufficiently support capital investment requirements despite large expected increases in projected boardings.</li> </ul>	\$1.36 billion (5% of total)

**What noteworthy questions and themes emerge from the Study’s final chart comparing agencies’ maintenance and investment requirements with their fiscal capacity?**

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- 1) The agencies empowered to make capital investments in transportation over the next fifteen years stand in very different places in fiscal capacity even in an overall environment of severely inadequate capital funding.
- 2) The scale and direction of federal funding policies for transportation has a significant opportunity to re-shape capital investment expectations. While there are many potential directions for such re-shaping, the actual prospects for the future directions and scale of federal involvement are very unclear.
- 3) Similarly, trends in local finance that would re-shape the availability of resources from local general tax sources could have major effects, especially on the downside, on the ability of cities and counties to fund investment to extend the useful life of existing assets like county and city roads, streets, bridges and other transportation infrastructure.
- 4) The local transit agencies face especially severe prospects for both replacement and expansion investment in capacity and services as a result of the very high share of their revenue sources that appear to be required to meet operating costs.

- 5) Given the dire prospects current revenue sources present for future capital investment in transportation, the stakes are very high for how new revenue resources will be directed for capital investment needs.
- 6) Significant new revenue resources are required soon, and there is urgent need for prompt action to determine and implement new revenue strategies. In particular, the debate over the form and timing of increased contributions of user charges or fees of some kind to the revenue side is of immediate political significance.

## PART IV: DISCUSSION

### **Is there a funding shortfall for transportation in the Region?**

Although the Study documents an affirmative answer to the question above, the size of the shortfall is impossible to settle in the absence of a Region-wide assessment of the scale of investment necessary at least to preserve current system performance through 2023. The obstacles to preparing such an assessment are daunting. They include: lack of good information on such fundamental issues as the cost of preservation and asset life extension of existing infrastructure; lack of will to confront the costs of operating and maintaining systems and assets in light of increases in demand driven by population growth and changing transportation technologies; and lack of consensus (even within broad ranges of contingency) as to the appropriate scale and nature of infrastructure expansion.

This last point – the lack of consensus as to the appropriate scale and nature of infrastructure expansion – explains why the planning process currently underway at the Puget Sound Regional Council is unlikely to fill the void. Indeed, federal planning laws require the baseline list of projects in *Transportation 2040* to be tied to a financially achievable fiscal prospect, thus focusing attention on what level and type of transportation investment the Region can afford, not the level and type of transportation investment it *needs* to preserve current levels and quality of service. The five scenarios for additional investment alternatives in *Transportation 2040* are constructed so as to present competing views of regional transportation concept strategies, none of which includes a guarantee of a simple preservation of current levels of service in view of expected population and job growth. They therefore do not resolve the discussion as to what minimal level of transportation investment is required in the Region by 2040, let alone by 2023.

However, although *Destination 2030* and the work done to date on *Transportation 2040* do not necessarily provide insights as to the scale of funding shortfall in the Region, they do highlight its existence. Indeed, neither *Destination 2030* nor *any* of the alternatives in *Destination 2040* – including the bare-bones Baseline Alternative – are fully funded, as will be discussed in Part V below.

The Study's contribution to the dialogue on regional transportation funding is to demonstrate the likely scale of transportation funding over the next fourteen years under current law, where it will come from, and where it will flow. In this regard, it is interesting to note that a large share of recurrent revenues directly supports the enterprise of transit agencies, and that the single entity financially best positioned to make the largest investments in expanding transportation infrastructure over the next fourteen years is Sound Transit. Meanwhile, county transit agencies will find themselves in difficult straits, along with cities and counties in the Region. The Washington State Department of Transportation will have some investment

capacity, but its capacity is severely constrained by the extent is recent revenue increases have been leveraged into rapid delivery of projects designated by the legislature through an aggressive bonding program.

### **Where could funds be raised to meet the shortfall for transportation in the Region?**

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An interesting result of the Study is the observation that while sixteen percent of recurrent transportation revenues are raised in the form of user fees, only two percent of these are tolls, while ten percent are fares. This is a reflection of the strategies of State leadership in Olympia, which has shown interest in very modest tolling proposals but has steadfastly rejected broader initiatives toward tolling either for demand management or for revenue purposes to support a range of projects or a system-wide approach to investment.

In addition to revisiting the appropriateness of tolling or other user fees in order to fund the transportation sector, revisiting the size and direction of federal transportation funding policies may provide an opportunity to re-shape capital investment in the region. However, the prospects of this happening, particularly in the current economic and political climate in Washington D.C., are low.

As to increased state contribution to regional transportation, we note that, given two recent increases in state gas taxes, the prospects for a significant increase in gas tax funding faces political obstacles. In addition, increasing the state's reliance on gas tax revenues while the country works to reduce transportation's reliance on fossil fuels puts such a finance solution at cross-purposes with other policies.

Finally, higher contributions to transportation from property taxes and local option sales taxes (for transit) run into stiff competition from other compelling financial strains on local governments.

## PART V: EVOLUTION OF THE PICTURE OF REGIONAL TRANSPORTATION FINANCE

In this Part, we compare Study results with other recent work on regional transportation finance: the Regional Transportation Finance Commission Report (December 31, 2006) (the RTC Report) and the *Transportation 2040* Draft Environmental Impact Statement prepared by the Puget Sound Regional Council (May 29, 2009).

### **What did the Regional Transportation Commission find in 2006 with respect to transportation funding in the region?**

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The Commission relied on information supplied by PSRC that was grounded in PSRC's work with its *Destination 2030* transportation plan. PSRC supplied the RTC with estimates of funding sources and needs for the period 2007 – 2030 stated in constant 2006 dollars. Somewhat condensed, this information is summarized below from the text and figures in the RTC Report.

#### *Sources of Funds*

**Table 1. Projected Funding 2007-2030** (*millions of year 2006 constant dollars*)

	Historic Approved Funding	Nickel and TPA Funding	2006 Ballot Measure Funding	Total
State Highways	\$4,950	\$5,730		\$10,680
City Streets and County Roads	\$21,470	\$300	\$800	\$22,570
Sound Transit	\$10,870			\$10,870
County Transit	\$26,630		\$1,210	\$27,840
<b>Total</b>	<b>\$63,920</b>	<b>\$6,030</b>	<b>\$2,010</b>	<b>\$71,960</b>
State Ferries*	\$3,700	\$300		\$4,120
*The RTC made a deliberate decision to exclude the State Ferries financial picture from its overview.				

### *Needs (Uses of Funds)*

For needs (uses of funds), the RTC essentially reported as follows based on *Destination 2030* with reference to projects and programs. “Basic Needs” estimates usually include capital requirements for asset reinvestment (“preservation”); and “System Expansion” estimates usually include operations to support the expansion.<sup>17</sup>

**Table 2. Projected Needs 2007-2030** (*millions of year 2006 constant dollars*)

	<b>Basic Needs</b>	<b>System Expansion</b>	<b>Total</b>
State Highways			
<i>Corridor Projects</i>	<i>\$2,000</i>	<i>\$17,890</i>	<i>\$19,890</i>
<i>Other</i>	<i>\$5,650</i>	<i>\$11,770</i>	<i>\$17,420</i>
<u>Total State Highways</u>	\$7,650	\$29,170	\$37,310
City Streets and County Roads	\$10,770	\$18,510	\$29,280
Sound Transit	\$6,020	\$30,410	\$36,430
County Transit	\$21,500	\$8,040	\$28,540
<u>Total Transit</u>	\$27,520	\$38,450	\$65,970
Other			\$1,960
<b>Total</b>	<b>\$45,940</b>	<b>\$86,620</b>	<b>\$134,520</b>
State Ferries*	\$5,400	\$450	\$5,850
*The RTC made a deliberate decision to exclude the State Ferries financial picture from its overview.			
See <i>Transportation 2040</i> DEIS p. 2-12 for a summary of what was contained in <i>Destination 2030</i> .			

<sup>17</sup> PSRC Staff indicated that they use the word “usually” to describe these guidelines because they receive a wide variety of cost information from various sponsors who report costs in various ways. Consequently, PSRC cannot always know exactly how the estimates are generated, or whether they include or exclude specific kinds of costs.

### ***Shortfall of Sources in Relation to Needs (Uses)***

The shortfall of sources in relation to needs was found to be \$62.6 billion in 2006 constant dollars for the 23-year period between 2007 and 2030. Therefore, as of 2006, the date of the RTC Report, the region's transportation needs and expectations was dramatically short of the capacity required to deliver the programs and projects outlined in PSRC's *Destination 2030* Plan.

**Table 3. RTC Report: Calculation of Shortfall: 2007-2030**  
(millions of year 2006 constant dollars)

	<b>Total Needs</b>	<b>Total Funding</b>	<b>Shortfall</b>
State Highways	\$37,310	\$10,680	\$26,630
City Streets and County Roads	\$29,280	\$22,570	\$6,710
Sound Transit	\$36,430	\$10,870	\$25,560
County Transit	\$28,540	\$27,840	\$1,700
Other	\$1,960	\$0	\$1,960
<b>Total</b>	<b>\$134,520</b>	<b>\$71,960</b>	<b>\$62,560</b>
State Ferries*	\$5,850	\$4,120	\$1,730
*The RTC made a deliberate decision to exclude the State Ferries financial picture from its overview.			

### ***Subsequent Developments***

Since the RTC Report, there have been several significant changes in the transportation finance sector:

#### On the Sources Side

- ❖ The "Roads/Transit" package for regional funding was rejected by the voters in November 2007.
- ❖ Sound Transit 2 (ST2), a large extension of Sound Transit's light rail program, was approved by the voters in November 2008, significantly increasing Sound Transit's revenue expectations and committing Sound Transit to delivering the proposed ST2 light rail plan by 2023 (with smaller investments in commuter rail and nominal investments in regional bus

service). Previously, the elements of ST2 had been included in the *Destination 2030* investment expectation, but without a clear route to project funding.

- ❖ The economic downturn has led to a downward revision of gas tax proceeds, at least over the short-term (affects Roads and Highways categories both for “Historical Approved Funding” and “Nickel and TPA Funding”), as well as sales tax proceeds (affects Sound Transit and the county transit agencies).

### On the Uses Side

- ❖ Estimates of project costs on two mega-projects have grown since 2006. On the SR520 Bridge replacements, the current cost estimate is between \$4.53 and \$6.67 billion, and on the SR99 Alaskan Way Viaduct replacement project the costs are now estimated at \$4.24 billion.<sup>18</sup> These cost estimates are not likely to be the last word on the costs of the projects. Generally speaking, however, a trend of very rapid increases in construction costs that was evident in 2006 has moderated or even been reversed with the downturn in the economy.

## **Today, how have the evolution of PSRC’s planning and the subsequent developments changed the results of the analysis conducted by the RTC in 2006?**

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PSRC has moved past its *Destination 2030* plan and is now mid-way through an extended process of developing an updated strategy exercise, called *Transportation 2040*. Detailed information on *Transportation 2040* is contained in a Draft Environmental Impact Statement (DEIS) published by PSRC on May 29, 2009.

The *Transportation 2040* exercise seeks to evaluate and select among five strategic options (or a hybrid of their elements) for approaching regional transportation spending and investment over the next thirty years. These alternatives build upon an array of expected investments intended to be (but not in fact) funded in current regional transportation investment plans. These funded (but not quite) expectations are labeled in *Transportation 2040* as the Baseline (The Baseline is offered as a “no action” alternative for purposes of meeting the requirements of environmental impact analysis under the State Environmental Protection Act (SEPA), and is defined for the purposes of *Transportation 2040* as “...what would be most likely to happen if the proposal did not occur”<sup>19</sup>). The Baseline is not the same as the proposed investments contained in *Destination 2030*, since an attempt (but not an entirely

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<sup>18</sup> These figures are as currently reported by WSDOT.

<sup>19</sup> *Transportation 2040* DEIS, Appendix A, p. 3.

complete attempt) has been made to exclude from the Baseline projects for which there is no current funding expectation.

According to the *Transportation 2040* DEIS<sup>20</sup>:

“The Baseline Alternative is funded mostly with “current law” traditional revenue sources – gas tax, sales tax, state and federal grants and loans, local general fund revenues, permit and licensing fees, and limited tolling (on the Tacoma Narrows Bridge and the ferry system). The Baseline Alternative would build state highway projects funded under the state’s “Nickel” gas tax and Transportation Partnership Account (TPA) programs, plus Sound Transit’s Phase 2 Plan (ST2) approved by the voters in November 2008. It would sustain existing ferry service and demand management programs and make modest additions to transit service, including King County Metro “Rapid Ride” and Community Transit’s “Swift” bus rapid transit (BRT). *Beyond current law funding, the Baseline Alternative assumes that the region would find sufficient additional revenue to fully maintain and preserve the existing transportation system.*” (emphasis added)

The essence of the *Transportation 2040* exercise is to establish the regional transportation system’s **existing conditions** in 2006, predict the **baseline conditions** for 2040 assuming that the baseline program is delivered, and then test the effects against the 2040 baseline of the **baseline plus additional conditions** that would be brought about under one or another of the five alternatives.

*[See table on following page]  
[Remainder of this page intentionally left blank]*

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<sup>20</sup> *Transportation 2040* DEIS, Chapter 3, p. 10.

*Sources of Funds*

**Table 4. Projected Funding 2010-2040 for the *Transportation 2040* Baseline Program vs. Projected Funding 2007-2030 for the Proposed Investments from *Destination 2030* evaluated in the RTC Report**

	<b>RTC Report</b> <i>Period: 2007-2030</i> <i>Millions of 2006</i> <i>constant \$</i> <i>Destination 2030</i>	<b>Transportation 2040</b> <i>Period: 2010-2040</i> <i>Millions of 2008</i> <i>constant \$</i> <i>Baseline Only</i>
State Highways	\$10,680	\$12,565
County Roads	Total funding for City Streets and County Roads in the RTC Report was \$22,570.	\$8,790
City Streets		\$20,049
Sound Transit	\$10,870	\$32,640
Local Transit	\$27,840	\$45,460
State Ferries	\$4,120	\$5,397
<b>Total</b>	<b>\$71,960</b> (excl. State Ferries)	<b>\$124,900</b>

***Needs (Uses of Funds)***

**Table 5. Projected Needs 2010-2040 for the *Transportation 2040* Baseline Program vs. Projected Needs 2007-2030 from *Destination 2030* evaluated in the RTC Report**

	<b>RTC Report</b> <i>Period: 2007-2030</i> <i>Millions of 2006 constant \$</i>			<b>Transportation 2040<sup>21</sup></b> <i>Period: 2010-2040</i> <i>Millions of 2008 constant \$</i>		
	<b>Basic Needs</b>	<b>Expansion</b>	<b>Total</b>	<b>Maint./Pres./Ops.</b>	<b>Expansion</b>	<b>Total</b>
State Highways	\$7,650	\$28,170	\$37,310	\$10,654	\$3,529	\$14,183
County Roads				\$5,780	\$8,306	\$14,086
City Streets	\$10,770	\$18,510	\$29,280	\$12,181	\$11,107	\$23,289
Local Transit	\$21,500	\$8,040	\$29,540	\$46,772	\$3,460	\$50,232
Sound Transit	\$6,020	\$30,410	\$36,430	\$16,272	\$16,167	\$32,439
State Ferries	\$5,400	\$450	\$5,850	\$5,763	\$1,469	\$7,231
Other	--	--	\$1,960	--	--	\$1,346
<b>Total</b>			<b>\$134,520</b>			<b>\$142,806</b>

<sup>21</sup> *Transportation 2004* DEIS, Appendix D, p.74.

## *Shortfall*

**Table 6. Projected Shortfall 2010-2040 for the *Transportation 2040* Baseline Program vs. Projected Needs 2007-2030 from *Destination 2030* evaluated in the RTC Report**

The shortfall indicated for Transportation 2040 measures only to the Baseline projects and does not include the funding needs for any of the projects to be added from the beyond Baseline alternatives. This accounts for why the apparent shortfall for Transportation 2040 is smaller than the shortfall computed as part of Destination 2030.

	<b>RTC Report</b> <i>Period: 2007-2030</i> <i>Millions of 2006 constant \$</i>	<b>Transportation 2040<sup>22</sup></b> <i>Period: 2010-2040</i> <i>Millions of 2008 constant \$</i>
State Highways	\$26,630	\$1,618
County Roads	Total shortfall for City Streets and County Roads in the RTC Report was \$6,710.	\$5,296
City Streets		\$3,240
Local Transit	\$1,700	\$4,772
Sound Transit	\$25,560	(\$201) surplus
State Ferries	\$1,730	\$1,834
<b>Total</b>	<b>\$62,560</b>	<b>\$16,559</b>

### **What conclusions can be drawn from the evolution of the picture of transportation finance?**

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The state of planning in the Region for future transportation investment has become very unsettled and future courses of action are murky. Significant streams of recurrent revenue have been committed to a few projects (Sound Transit's ST2 Plan and a small number of WSDOT highway projects).

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<sup>22</sup> Shortfall for the *Transportation 2040* Baseline is as determined by the Study.

Elsewhere, the mid-term decrease of other revenue opportunities (never mind the desirability that service and investment levels be increased) creates severe threats to the future viability of many important aspects of the system.

Finally, the shift at PSRC from what was characterized (probably somewhat inaccurately) as a financially unconstrained “wish list” of projects and programs contained in *Destination 2030* to the list of projects narrowly constrained (at least partially so) by existing fiscal authorities in *Transportation 2040* is inevitably confusing to citizens and policy makers, as to the relation of the Baseline scenario or the various baskets and bundles of project selections comprising the Action Alternative to any benchmark for meeting transportation needs.

# **APPENDIX A**

## **RECURRENT REVENUES**

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**TRANSPORTATION FINANCING IN THE PUGET SOUND REGION  
RECURRENT REVENUE 2009-2023****Summary**

This document contains two spreadsheets: one major spreadsheet (*General*) and one subsidiary one.

The *General* spreadsheet displays recurrent transportation revenue sources arranged by reference to the agency that decides how the funds will be spent.

The subsidiary spreadsheet is entitled *Projection Assumptions*, which corresponds to the lines on the General spreadsheet and provides detail concerning the assumptions upon which we constructed revenue projections for each of the revenue categories from the 2009-2011 biennium through the 2021-2023 biennium.

**Main Assumptions**

- All revenues are "**recurrent revenues**", or revenues that can reasonably be assumed to continue in the future. Capital investment grants, ARRA grants, and bond proceeds are not included under "recurrent revenue".
- All revenues are "**current law revenues**", or the stream of revenue expected to be generated by revenue authorizations now enacted into law. Our projections take no account, for example, of possible increases in tax rates, fees, or fares that might be adopted in the future.
- All revenues are for the **Puget Sound region only** (King, Kitsap, Snohomish and Pierce counties). In order to arrive at estimated regional revenues, we have had to apply a major assumption: that 50% of federal and State revenue streams that are "statewide" in their overall intention actually flow to the Puget Sound region.
- Any figures that were originally reported for a fiscal year prior to 2009 were brought forward to the 2009-2011 biennium using a 3% annual growth rate.
- For agencies that report annual budgets, biennia were estimated by summing two annual budgets for the last two years of the stated biennium.
- Sound Transit revenues that are dispersed to local transit agencies as "Sound Transit Operating revenues" have been accounted for under Sound Transit "sales tax", and removed from individual agencies to avoid double-counting.

**RECURRENT REVENUE PROJECTIONS:  
TRANSPORTATION FINANCING IN THE PUGET SOUND REGION 2009-2023**  
*Spreadsheet capturing revenue expectations of the indicated agencies for 2009-2023*

**\*See sheets entitled "Introduction" and "Projection Assumptions" for a description of the contents below and a summary of main assumptions.**

	Biennium <sup>1</sup>			2009-2015 Subtotal	2009-2015				2009-2023 Subtotal
	2009-2011	2011-2013	2013-2015		2015-2017	2017-2019	2019-2021	2021-2023	
<b>State</b>									
<i>Forecasts, March 2009; Transportation Resource Manual, January 2009; FHWA SAFETEA-LU Funding Tables</i>									
<b>18th Amendment Revenues<sup>3</sup></b>									
State Gas Tax	823.49	843.76	860.47	2527.72	880.28	899.81	923.57	961.81	6193.18
Licensing Fees flowing to MVF	231.96	244.36	252.44	728.75	258.04	289.48	274.40	281.15	1831.81
Miscellaneous MVF Revenue	6.51	6.69	6.64	19.84	6.87	7.10	7.34	7.56	48.71
Other Fees flowing to MVF	3.49	3.70	3.85	11.04	4.01	4.17	4.34	4.51	28.08
<i>18th Amendment Subtotal</i>	<b>1065.43</b>	<b>1098.51</b>	<b>1123.40</b>	<b>3287.35</b>	<b>1149.19</b>	<b>1200.55</b>	<b>1209.64</b>	<b>1255.03</b>	<b>8101.77</b>
<b>Flexible Revenues<sup>3</sup></b>									
Licensing Fees flowing to Multimodal Acct	62.21	64.85	67.20	194.25	69.35	71.53	73.68	75.77	484.58
Rental Car Tax	21.09	24.67	28.51	74.27	31.72	34.32	36.93	39.74	216.98
Vehicle Sales Tax	32.42	37.56	42.05	112.03	44.96	47.14	49.25	51.46	304.84
<i>Flexible Revenues subtotal</i>	<b>115.71</b>	<b>127.08</b>	<b>137.76</b>	<b>380.55</b>	<b>146.03</b>	<b>152.99</b>	<b>159.86</b>	<b>166.97</b>	<b>1006.40</b>
<b>Federal Funds<sup>3</sup></b>									
Interstate Maintenance	83.50	85.50	88.50	257.50	90.50	92.50	94.50	96.50	631.50
National Highway System	89.50	92.00	94.50	276.00	97.00	99.50	101.50	103.50	677.50
Bridge Replacement	105.50	109.00	112.00	326.50	115.00	117.50	120.50	123.00	802.50
Statewide Flexible	27.00	28.00	28.50	83.50	29.50	30.00	31.00	32.00	206.00
High Priority	20.00	20.00	20.00	60.00	20.00	20.00	20.00	20.00	140.00
Railway-Highway Crossings	4.00	4.00	4.00	12.00	4.00	4.00	4.00	4.00	28.00
Highway Safety	16.00	16.50	17.00	49.50	17.50	18.00	19.00	19.00	123.00
<i>Federal Funds subtotal</i>	<b>345.50</b>	<b>355.00</b>	<b>364.50</b>	<b>1065.00</b>	<b>373.50</b>	<b>381.50</b>	<b>390.50</b>	<b>398.00</b>	<b>2608.50</b>
<b>Tolls/Fares</b>									
Ferry Fares	300.88	321.99	333.16	956.03	343.09	352.03	359.76	366.43	2377.33
Tolls	117.13	140.04	173.11	430.28	203.26	217.41	223.13	229.71	1303.79
<i>Tolls/Fares subtotal</i>	<b>418.01</b>	<b>462.03</b>	<b>506.27</b>	<b>1386.31</b>	<b>546.35</b>	<b>569.44</b>	<b>582.89</b>	<b>596.14</b>	<b>3681.13</b>
<b>State Total</b>	<b>1944.65</b>	<b>2042.61</b>	<b>2131.94</b>	<b>6119.21</b>	<b>2215.07</b>	<b>2304.49</b>	<b>2342.88</b>	<b>2416.14</b>	<b>15397.79</b>

	Biennium <sup>1</sup>			2009-2015 Subtotal	2015-2017	2017-2019	2019-2021	2021-2023	2009-2023 Subtotal
	2009-2011	2011-2013	2013-2015						
<b>Transportation Improvement Board</b>									
<i>Source: WSDOT, Transportation Revenue Forecasts, March 2009</i>									
<b>State Funds<sup>3</sup></b>									
State Gas Tax Distributions to TIB	205.50	210.59	214.78	630.87	219.73	224.61	230.55	240.10	1545.85
<b>TIB Total</b>	<b>205.50</b>	<b>210.59</b>	<b>214.78</b>	<b>630.87</b>	<b>219.73</b>	<b>224.61</b>	<b>230.55</b>	<b>240.10</b>	<b>1545.85</b>
<b>County Road Administration Board (CRAB)</b>									
<i>Source: WSDOT, Transportation Revenue Forecasts, March 2009</i>									
<b>State Funds<sup>3</sup></b>									
State Gas Tax Distributions to County Arterial Preservation Program	15.04	15.42	15.72	46.19	16.09	16.44	16.88	17.58	113.17
State Gas Tax Distributoin to Rural Arterial Program	19.50	19.99	20.38	59.87	20.85	21.32	21.88	22.79	146.71
<b>CRAB Total</b>	<b>34.55</b>	<b>35.40</b>	<b>36.11</b>	<b>106.06</b>	<b>36.94</b>	<b>37.76</b>	<b>38.76</b>	<b>40.36</b>	<b>259.88</b>
<b>Puget Sound Regional Council (PSRC)</b>									
<i>Source: PSRC Fact Sheet, WSDOT, Transportation Revenue Forecasts, March 2009</i>									
<b>Federal Highway Funds<sup>3</sup></b>									
Surface Transportation Program	71.50	73.5	75.5	220.50	77	78.5	80.5	82	538.50
Congestion Mitigation & Air Quality	27.00	27.5	28.5	83.00	29	30	30.5	31	203.50
<b>Federal Transit Funds</b>	239.98	266.84	286.39		307.39	329.96	354.10	380.05	1371.50
<b>MPO (PSRC) Total</b>	<b>338.48</b>	<b>367.84</b>	<b>390.39</b>	<b>1096.71</b>	<b>413.39</b>	<b>438.46</b>	<b>465.10</b>	<b>493.05</b>	<b>2906.71</b>
<b>Puget Sound Counties (Combined)</b>									
<i>WSDOT, Transportation Revenue Forecasts, March 2009; Snohomish County 2009 Budget; communicated by D. Terwilliger; 2009 King County Financial Plan</i>									
<b>18th Amendment Revenues</b>									
State Gas Tax <sup>4</sup>	87.07	89.25	91.06	267.38	93.15	95.20	97.70	101.74	655.16
<b>18th Amendment Subtotal</b>	<b>87.07</b>	<b>89.25</b>	<b>91.06</b>	<b>267.38</b>	<b>93.15</b>	<b>95.20</b>	<b>97.70</b>	<b>101.74</b>	<b>655.16</b>
<b>Other State Funds<sup>2</sup></b>									
<b>Other State Funds subtotal</b>	<b>4.82</b>	<b>5.42</b>	<b>5.86</b>	<b>16.10</b>	<b>6.33</b>	<b>6.84</b>	<b>7.39</b>	<b>7.99</b>	<b>44.65</b>
<b>Local General Revenues<sup>2</sup></b>									
Traffic Policing	36.01	38.21	39.76	113.98	41.36	43.04	44.77	46.58	289.74
Taxes	433.25	446.38	455.35	1334.98	464.50	473.84	483.36	493.08	3249.77
Licenses & Permits	0.96	0.98	1.00	2.95	1.02	1.03	1.05	1.07	7.11
Miscellaneous	103.49	116.28	125.68	345.45	135.83	146.80	158.65	171.47	958.19
<b>Local General Revenues subtotal</b>	<b>573.72</b>	<b>601.86</b>	<b>621.78</b>	<b>1797.36</b>	<b>642.71</b>	<b>664.70</b>	<b>687.84</b>	<b>712.20</b>	<b>4504.81</b>

	Biennium <sup>1</sup>			2009-2015 Subtotal	2015-2017	2017-2019	2019-2021	2021-2023	2009-2023 Subtotal
	2009-2011	2011-2013	2013-2015						
<b>Federal Funds<sup>2</sup></b>									
Direct Grants	2.64	2.93	3.14	8.71	3.37	3.62	3.88	4.16	23.73
Military Forest Yield	1.08	1.20	1.28	3.55	1.38	1.47	1.58	1.70	9.68
Federal Forest Yield	5.70	6.33	6.79	18.83	7.29	7.82	8.39	8.99	51.31
Highway Traffic Safety Admin	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FEMA	6.16	6.84	7.34	20.34	7.87	8.44	9.06	9.72	55.42
Federal Highway Admin Grants <sup>5</sup>	17.37	19.29	20.70	57.36	22.20	23.81	25.55	27.40	156.32
<i>Federal Funds subtotal</i>	<b>32.94</b>	<b>70.81</b>	<b>74.90</b>	<b>178.64</b>	<b>79.23</b>	<b>83.81</b>	<b>88.66</b>	<b>93.80</b>	<b>524.14</b>
<b>User Fees<sup>2</sup></b>									
Charges for Goods & Services	34.90	39.21	42.38	116.49	45.80	49.50	53.50	57.82	323.11
Ferry Fares	4.50	4.97	5.31	14.79	5.67	6.06	6.47	6.91	39.91
<i>User Fees subtotal</i>	<b>39.40</b>	<b>44.18</b>	<b>47.69</b>	<b>131.28</b>	<b>51.47</b>	<b>55.56</b>	<b>59.97</b>	<b>64.73</b>	<b>363.01</b>
<b>Puget Sound Counties (Combined) Total</b>	<b>737.95</b>	<b>811.52</b>	<b>841.29</b>	<b>2390.76</b>	<b>872.89</b>	<b>906.11</b>	<b>941.56</b>	<b>980.46</b>	<b>6091.77</b>
<b>Puget Sound Cities (Combined)</b>									
<i>Source: WSDOT, 2007 County City Financial Data</i>									
<b>18th Amendment Revenues</b>									
State Gas Tax <sup>3</sup>	96.16	98.54	100.51	295.21	102.82	105.11	107.88	112.35	723.38
<i>18th Amendment Subtotal</i>	<b>96.16</b>	<b>98.54</b>	<b>100.51</b>	<b>295.21</b>	<b>102.82</b>	<b>105.11</b>	<b>107.88</b>	<b>112.35</b>	<b>723.38</b>
<b>Other State Funds<sup>2</sup></b>									
<i>Other State Funds subtotal</i>	<b>58.02</b>	<b>65.19</b>	<b>70.45</b>	<b>193.66</b>	<b>76.14</b>	<b>82.29</b>	<b>88.94</b>	<b>96.12</b>	<b>537.16</b>
<b>Local General Revenues<sup>2</sup></b>									
Traffic Policing	123.12	130.66	135.93	389.71	141.43	147.14	153.08	159.27	990.63
Taxes	401.00	429.31	449.29	1279.60	470.19	492.07	514.97	538.93	3295.75
Licenses & Permits	44.66	45.74	46.48	136.88	47.22	47.98	48.75	49.54	330.38
Interlocal Grants	43.52	48.90	52.85	145.26	57.12	61.73	66.71	72.10	402.92
Fines & Penalties	16.85	17.88	18.61	53.34	19.36	20.14	20.95	21.80	135.59
Miscellaneous	187.12	210.24	227.23	624.59	245.58	265.41	286.85	310.02	1732.45
<i>Local General Revenues subtotal</i>	<b>816.28</b>	<b>882.74</b>	<b>930.38</b>	<b>2629.39</b>	<b>980.89</b>	<b>1034.47</b>	<b>1091.32</b>	<b>1151.65</b>	<b>6887.73</b>
<b>Federal Funds<sup>2</sup></b>									
Direct Grants	10.78	11.98	12.85	35.60	13.78	14.78	15.85	17.01	97.02
Fed. Com. Plan & Dev. Block Grant	3.03	3.36	3.61	9.99	3.87	4.15	4.45	4.77	27.23
Fed. DoT	18.73	20.81	22.33	61.87	23.95	25.69	27.56	29.56	168.63
FEMA	18.80	20.89	22.41	62.10	24.03	25.78	27.66	29.66	169.23
Impact Payments	0.54	0.60	0.64	1.78	0.69	0.74	0.79	0.85	4.84
Highway Traffic Safety Admin	24.02	26.69	28.63	79.34	30.71	32.94	35.34	37.90	216.23
Federal Highway Admin Grants <sup>5</sup>	33.78	37.53	40.26	111.56	43.18	46.32	49.69	53.30	304.05
<i>Federal Funds subtotal</i>	<b>109.68</b>	<b>121.85</b>	<b>130.71</b>	<b>362.24</b>	<b>140.21</b>	<b>150.40</b>	<b>161.33</b>	<b>173.05</b>	<b>987.23</b>
<b>User Fees<sup>2</sup></b>									
<i>User Fees subtotal</i>	<b>127.97</b>	<b>143.78</b>	<b>155.40</b>	<b>427.15</b>	<b>167.95</b>	<b>181.51</b>	<b>196.17</b>	<b>212.02</b>	<b>1184.80</b>
<b>Puget Sound Cities (Combined) Total</b>	<b>1208.11</b>	<b>1312.10</b>	<b>1387.44</b>	<b>3907.66</b>	<b>1468.02</b>	<b>1553.78</b>	<b>1645.64</b>	<b>1745.20</b>	<b>10320.30</b>

	Biennium <sup>1</sup>			2009-2015 Subtotal	2015-2017	2017-2019	2019-2021	2021-2023	2009-2023 Subtotal
	2009-2011	2011-2013	2013-2015						
<b>Sound Transit</b>									
<i>Source: Sound Transit Draft Financial Plan 05/2009, Sound Transit Revenue Update 10/2009</i>									
<b>Local General Revenues</b>									
Sales Tax	934.51	1178.40	1347.33	3460.24	1496.80	1643.12	1804.49	1973.21	10377.86
MVET	128.74	128.64	135.33	392.71	147.21	160.00	173.08	187.24	1060.24
Fares	102.40	118.44	136.97	357.82	164.03	201.44	258.73	363.68	1345.70
Other	5.17	5.43	5.71	16.31	6.01	6.32	6.65	6.99	42.28
<i>Local General Revenues subtotal</i>	<b>1170.82</b>	<b>1430.91</b>	<b>1625.34</b>	<b>4227.08</b>	<b>1814.05</b>	<b>2010.88</b>	<b>2242.95</b>	<b>2531.12</b>	<b>12826.08</b>
<b>State Funds</b>									
<i>State Funds subtotal</i>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Federal Funds</b>									
<i>Federal Funds subtotal</i>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Sound Transit Total</b>	<b>1170.82</b>	<b>1430.91</b>	<b>1625.34</b>	<b>4227.08</b>	<b>1814.05</b>	<b>2010.88</b>	<b>2242.95</b>	<b>2531.12</b>	<b>12826.08</b>
<b>King County Metro</b>									
<i>Source: (1)Transportation Enterprise Fund 08/09 Budget, and (2) KCM Transit Summary 2007</i>									
<b>Local General Revenues</b>									
Sales Tax	935.28	1032.92	1118.86	3087.05	1200.24	1287.54	1381.19	1481.65	8437.67
Fares	254.53	280.16	285.83	820.52	290.71	295.67	300.72	305.85	2013.46
Other	158.93	131.54	128.63	419.10	135.67	143.09	150.93	159.19	1007.97
<i>Local General Revenues subtotal</i>	<b>1348.73</b>	<b>1444.62</b>	<b>1533.31</b>	<b>4326.67</b>	<b>1626.61</b>	<b>1726.30</b>	<b>1832.83</b>	<b>1946.69</b>	<b>11459.10</b>
<b>State Funds</b>									
State Special Needs Grants	4.66	4.91	5.18	14.76	5.47	5.76	6.08	6.41	38.48
<i>State Funds subtotal</i>	<b>4.66</b>	<b>4.91</b>	<b>5.18</b>	<b>14.76</b>	<b>5.47</b>	<b>5.76</b>	<b>6.08</b>	<b>6.41</b>	<b>38.48</b>
<b>Federal Funds - Operating</b>									
Federal Section 5307 Preventative	101.35	106.90	112.75	320.99	118.92	125.43	132.29	139.53	837.16
Other Federal Operating	10.50	10.92	11.52	32.94	12.15	12.81	13.51	14.25	85.67
<b>Federal Funds - Capital</b>									
Recurrent Federal Capital Funding	261.04	239.32	144.04	644.39	124.00	99.20	79.36	63.49	1010.44
<i>Federal Funds subtotal</i>	<b>372.90</b>	<b>357.13</b>	<b>268.30</b>	<b>998.33</b>	<b>255.07</b>	<b>237.44</b>	<b>225.17</b>	<b>217.27</b>	<b>1933.27</b>
<b>King County Metro - Total Available for Operations</b>	<b>1465.25</b>	<b>1567.35</b>	<b>1662.76</b>	<b>4695.36</b>	<b>1763.15</b>	<b>1870.31</b>	<b>1984.72</b>	<b>2106.88</b>	<b>12420.41</b>
<b>King Country Metro - Unrestricted Total</b>	<b>1726.29</b>	<b>1806.67</b>	<b>1806.80</b>	<b>5339.76</b>	<b>1887.15</b>	<b>1969.51</b>	<b>2064.08</b>	<b>2170.37</b>	<b>13430.86</b>
<b>Kitsap Transit</b>									
<i>Source: Kitsap Transit Development Plan 2008</i>									
<b>Local General Revenues</b>									
Sales Tax	57.19	61.00	66.13	184.31	72.04	78.48	85.49	93.14	513.46
Fares	13.65	14.49	15.06	43.20	15.56	16.07	16.60	17.14	108.56
Other	0.01	0.01	0.01	0.03	0.01	0.01	0.01	0.01	0.07
<i>Local General Revenues subtotal</i>	<b>70.85</b>	<b>75.50</b>	<b>81.20</b>	<b>227.54</b>	<b>87.61</b>	<b>94.56</b>	<b>102.10</b>	<b>110.29</b>	<b>622.09</b>
<b>State Funds</b>									
State Authorization	1.40	1.40	1.46	4.26	1.54	1.62	1.71	1.80	10.93
State Operating Grants	0.16	0.16	0.17	0.49	0.17	0.18	0.19	0.20	1.21
<i>State Funds subtotal</i>	<b>1.56</b>	<b>1.56</b>	<b>1.62</b>	<b>4.74</b>	<b>1.70</b>	<b>1.80</b>	<b>1.90</b>	<b>2.00</b>	<b>12.14</b>

	Biennium <sup>1</sup>			2009-2015 Subtotal	2015-2017	2017-2019	2019-2021	2021-2023	2009-2023 Subtotal
	2009-2011	2011-2013	2013-2015						
<b>Federal Funds - Operating</b>									
Recurrent Federal Operations Funding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Federal Funds - Capital</b>									
Recurrent Federal Capital Funding	11.44	11.73	12.10	35.27	12.32	12.54	12.70	12.86	85.69
<i>Federal Funds subtotal</i>	<b>11.44</b>	<b>11.73</b>	<b>12.10</b>	<b>35.27</b>	<b>12.32</b>	<b>12.54</b>	<b>12.70</b>	<b>12.86</b>	<b>85.69</b>
Kitsap Transit - Total Available for Operations	<b>72.41</b>	<b>77.06</b>	<b>82.82</b>	<b>232.28</b>	<b>89.31</b>	<b>96.35</b>	<b>104.00</b>	<b>112.29</b>	<b>634.23</b>
Kitsap Transit - Unrestricted Total	<b>83.85</b>	<b>88.79</b>	<b>94.92</b>	<b>267.55</b>	<b>101.63</b>	<b>108.89</b>	<b>116.70</b>	<b>125.15</b>	<b>719.92</b>
<b>Pierce Transit</b>									
<i>Source: Pierce Transit Development Plan 2009</i>									
<b>Local General Revenues</b>									
Sales Tax	152.47	168.14	173.35	493.96	187.77	203.40	220.31	238.64	1344.09
Fares	33.89	39.97	40.61	114.47	41.70	42.83	43.98	45.17	288.14
<i>Local General Revenues subtotal</i>	<b>186.36</b>	<b>208.11</b>	<b>213.96</b>	<b>608.43</b>	<b>229.48</b>	<b>246.22</b>	<b>264.30</b>	<b>283.81</b>	<b>1632.23</b>
<b>State Funds</b>									
State Special Needs Grants	1.48	1.98	2.06	5.52	2.17	2.29	2.42	2.55	14.95
<i>State Funds subtotal</i>	<b>1.48</b>	<b>1.98</b>	<b>2.06</b>	<b>5.52</b>	<b>2.17</b>	<b>2.29</b>	<b>2.42</b>	<b>2.55</b>	<b>14.95</b>
<b>Federal Funds - Operating</b>									
Federal Section 5307 Operating	2.15	2.15	2.24	6.54	2.36	2.49	2.63	2.77	16.78
Federal Section 5307 Maintenance	13.72	13.72	14.28	41.73	15.06	15.89	16.76	17.68	107.11
<b>Federal Funds - Capital</b>									
Recurrent Federal Capital Funding	21.65	22.35	22.94	66.94	23.46	23.82	24.16	24.44	162.82
<i>Federal Funds subtotal</i>	<b>37.52</b>	<b>38.22</b>	<b>39.46</b>	<b>115.20</b>	<b>40.88</b>	<b>42.20</b>	<b>43.54</b>	<b>44.89</b>	<b>286.72</b>
Pierce Transit - Total Available for Operations	<b>203.72</b>	<b>225.96</b>	<b>232.54</b>	<b>662.21</b>	<b>249.07</b>	<b>266.89</b>	<b>286.10</b>	<b>306.80</b>	<b>1771.07</b>
Pierce Transit - Unrestricted Total	<b>225.37</b>	<b>248.31</b>	<b>255.48</b>	<b>729.15</b>	<b>272.53</b>	<b>290.71</b>	<b>310.26</b>	<b>331.24</b>	<b>1933.89</b>

	Biennium <sup>1</sup>			2009-2015 Subtotal	2015-2017	2017-2019	2019-2021	2021-2023	2009-2023 Subtotal
	2009-2011	2011-2013	2013-2015						
<b>Community Transit</b>									
<i>Source: Community Transit Development Plan 2008</i>									
<b>Local General Revenues</b>									
Sales Tax	200.31	223.39	245.97	669.67	269.91	296.18	325.01	356.65	1917.43
Fares	38.36	42.83	44.40	125.59	46.19	48.06	50.00	52.02	321.87
Other	5.04	5.05	5.23	15.32	5.51	5.82	6.13	6.47	39.25
<i>Local General Revenues subtotal</i>	<b>243.71</b>	<b>271.27</b>	<b>295.60</b>	<b>810.58</b>	<b>321.62</b>	<b>350.06</b>	<b>381.15</b>	<b>415.14</b>	<b>2278.55</b>
<b>State Funds</b>									
State and Local Grant Revenues	1.13	1.13	1.17	3.42	1.24	1.30	1.38	1.45	8.79
<i>State Funds subtotal</i>	<b>1.13</b>	<b>1.13</b>	<b>1.17</b>	<b>3.42</b>	<b>1.24</b>	<b>1.30</b>	<b>1.38</b>	<b>1.45</b>	<b>8.79</b>
<b>Federal Funds - Operating</b>									
Federal Grant Revenue - Operating	8.95	9.70	10.10	28.75	10.65	11.23	11.85	12.49	74.97
<b>Federal Funds - Capital</b>									
Recurrent Federal Capital Funding	13.56	13.90	14.34	41.80	14.60	14.85	15.04	15.22	101.51
<i>Federal Funds subtotal</i>	<b>22.51</b>	<b>23.60</b>	<b>24.44</b>	<b>70.55</b>	<b>25.25</b>	<b>26.08</b>	<b>26.89</b>	<b>27.71</b>	<b>176.48</b>
Community Transit - Total Available for Operations	<b>253.79</b>	<b>282.10</b>	<b>306.86</b>	<b>842.75</b>	<b>333.50</b>	<b>362.59</b>	<b>394.37</b>	<b>429.09</b>	<b>2362.31</b>
Community Transit - Unrestricted Total	<b>267.35</b>	<b>296.00</b>	<b>321.20</b>	<b>884.55</b>	<b>348.10</b>	<b>377.44</b>	<b>409.41</b>	<b>444.31</b>	<b>2463.82</b>
<b>Grand Total Transportation Revenue</b>	<b>7942.91</b>	<b>8650.74</b>	<b>9105.70</b>	<b>25699.35</b>	<b>9649.49</b>	<b>10222.64</b>	<b>10807.88</b>	<b>11517.50</b>	<b>67896.87</b>

Color Key:

	Projections constructed by Regional Transportation Finance Project.
	Projections provided by agency.
	Agency totals for 2009-2015 and 2009-2023 biennia periods.
	Projections taken from the financial model developed by PSRC for <i>Transportation 2040</i>

Notes:

- <sup>1</sup> For agencies that report annual budgets, biennia were estimated by summing two annual budgets for the last two years of the stated biennia.
- <sup>2</sup> These figures were for fiscal year 2007. A 3% growth per year was used to bring revenues forward to the 2009-2011 biennium.
- <sup>3</sup> An adjustment factor of 50% was applied to these funds to reflect the amount flowing to the Puget Sound region.
- <sup>4</sup> For Kitsap and Pierce Counties, the fuel tax revenue estimate was generated using an average of the growth rate for fuel tax revenues for King and Snohomish
- <sup>5</sup> Does not include the Surface Transportation Program nor the CMAQ Program. These are reflected under PSRC.

**PROJECTION ASSUMPTIONS**

*This sheet provides detail concerning the assumptions upon which we constructed revenue projections for each of the revenue categories from the 2009-2011 biennium through the 2021-2023 biennium. Source abbreviations are referenced in the appropriate cells and listed in full at the end of the table, and further calculations for projections can be found in "Inflation and Population Indices" worksheet.*

*Note that wherever possible, we have used projections from the agencies themselves (e.g. WSDOT, Sound Transit) and refer the reader to those agencies' forecasting methods. In all other cases, we explained our projection assumptions in the third column below. Note also that we have made projections based on current law revenues, or the stream of revenue expected to be generated by revenue authorizations now enacted into law.*

<b>CATEGORY</b>	<b>PROJECTED ANNUAL GROWTH RATE</b>	<b>SOURCES OF PROJECTION DATA AND ADDITIONAL ASSUMPTIONS MADE (IF ANY)</b>
State		
State Gas Tax	Variable	WSDOT forecast as of March 2009.
Licensing Fees flowing to MVF	Variable	WSDOT forecast as of March 2009.
Miscellaneous MVF Revenue	Variable	WSDOT forecast as of March 2009.
Other Fees flowing to MVF	2%	According to WSDOT projections, the number of motor vehicles in Washington State is expected to rise by an average of 2% per year between 2011 and 2023. We have used this rate to predict growth in revenues from the various fees in this category, assuming all fee amounts remain constant (current law projection).
Licensing Fees flowing to Multimodal Acct	Variable	WSDOT forecast as of March 2009.
Rental Car Tax	Variable	WSDOT forecast as of March 2009.
Vehicle Sales Tax	Variable	WSDOT forecast as of March 2009.
Federal Funds <sup>2</sup>	Variable	WSDOT forecast as of March 2009.

CATEGORY	PROJECTED ANNUAL GROWTH RATE	SOURCES OF PROJECTION DATA AND ADDITIONAL ASSUMPTIONS MADE (IF ANY)
Ferry Fares	Variable	WSDOT forecast as of March 2009, assuming no change in ferry fares (Scenario 1).
Tolls <sup>1</sup>	Variable	WSDOT forecast as of March 2009.
<b>Transportation Improvement Board</b>		
State Gas Tax Distributions to TIB	Variable	WSDOT forecast as of March 2009.
<b>County Road Administration Board (CRAB)</b>		
State Gas Tax Distributions to County Arterial Preservation Program	Variable	WSDOT forecast as of March 2009.
State Gas Tax Distributoin to Rural Arterial Program	Variable	WSDOT forecast as of March 2009.
<b>Puget Sound Regional Council (PSRC)</b>		
Federal Highway Funds <sup>2</sup> (STP & CMAQ programs)	Variable	WSDOT forecast as of March 2009.
Federal Transit Funds <sup>2</sup>	3.60%	According to data available from PSRC at <a href="http://psrc.org/projects/tip/tracking/index.htm">http://psrc.org/projects/tip/tracking/index.htm</a> , the average yearly rate of growth of federal transit funding has been 3.6% between 2006 and 2010 (projected). We have used the same growth rate.

CATEGORY	PROJECTED ANNUAL GROWTH RATE	SOURCES OF PROJECTION DATA AND ADDITIONAL ASSUMPTIONS MADE (IF ANY)
<b>Puget Sound Counties (Combined)</b>		
State Gas Tax	Variable	Our platform prediction for state gas tax flowing to each county in the Puget Sound region was carried through the 2023 biennium using a proportion of the WSDOT March 2009 forecast for gas tax revenues flowing to all counties in Washington State.
Other State Funds	3.96%	This is a combined annual growth rate of projected Puget Sound region population growth (Source: WSDOT Pop.) and inflation (Source: BLS). We estimate that growth in this revenue stream will be driven by these two factors.
Traffic Policing	2%	According to WSDOT projections, the number of motor vehicles in Washington State is expected to rise by an average of 2% per year between 2011 and 2023. We have used this rate to predict growth in revenues from traffic policing, assuming all fines remain constant (current law projection).
Taxes	1%	PSRCP uses an 1% constant annual growth rate for county road levies. Given that property taxes are the most significant component of the "taxes" category, we have decided to use the same growth rate.
Licenses & Permits	0.8%	A significant portion of revenues from licenses & permits are related to business. We have used the projected growth rate of the labor force from 2011 to 2023 in Washington State as a proxy for estimating business growth over that period (and hence the growth of revenue from business-related fees), assuming no fee increases. The 0.8% annual growth projection for Washington's labor force comes from the State of Washington Office of Financial Management: <a href="http://www.ofm.wa.gov/economy/longterm/2008/lt08ch2.pdf">http://www.ofm.wa.gov/economy/longterm/2008/lt08ch2.pdf</a>
Miscellaneous	3.96%	See explanation for "Other State Funds" above.

CATEGORY	PROJECTED ANNUAL GROWTH RATE	SOURCES OF PROJECTION DATA AND ADDITIONAL ASSUMPTIONS MADE (IF ANY)
Federal Funds <sup>2</sup>	3.57%	According to Federal Highway Administration (FHWA) funding tables, the sum of all FHWA funds flowing to Washington State grew at an average annual rate of 3.57% from 2005 to 2009. We have used the same growth rate to project future funding from FHWA that flows to counties.
Charges for Goods & Services	3.96%	See explanation for "Intergovernmental Service Revenues" above.
Ferry Fares	3.35%	The average annual growth rate of ferry fare revenues pver the period 2009-2023, assuming no change in ferry fares, as forecasted by WSDOT as of March 2009, is 3.35%. We have used this as the growth rate for county revenues from ferry fares as well.
<b>Puget Sound Cities (Combined)</b>		
State Gas Tax	Variable	WSDOT forecast as of March 2009.
Other State Funds	3.96%	See "Other State Funds" in the Counties section
Traffic Policing	2%	See "Traffic Policing in the Counties section
Taxes	2.3%	This is a weighted average of the average annual growth rate used by PSRCP for two of the main components of this category: parking taxes and real estate taxes (0.14 * 1% (average annual growth rate for parking taxes) + 0.86 * 2.5% (average annual growth rate for city real estate taxes))
Licenses & Permits	0.8%	See "Licenses & Permits" in the Counties section
Interlocal Grants	3.96%	See "Other State Funds" in the Counties section
Fines & Penalties	2%	See "Traffic Policing". We use the same rate because we assume that fine and penalty revenue will grow with the number of vehicles on the road, assuming all fine and penalty amounts remain constant (current law projection).
Miscellaneous	3.96%	See "Other State Funds" in the Counties section

CATEGORY	PROJECTED ANNUAL GROWTH RATE	SOURCES OF PROJECTION DATA AND ADDITIONAL ASSUMPTIONS MADE (IF ANY)
Federal Funds <sup>2</sup>	3.57%	According to Federal Highway Administration (FHWA) funding tables, the sum of all FHWA funds flowing to Washington State grew at an average annual rate of 3.57% from 2005 to 2009. We have used the same growth rate to project future funding from FHWA that flows to cities.
User Fees	3.96%	See "Other State Funds" in the Counties section
<b>Sound Transit</b>		
Sales Tax	Variable	Sound Transit forecast as of October 2009
MVET	Variable	Sound Transit forecast as of October 2009
Fares	Variable	Sound Transit forecast as of May 2009
Other	Variable	Sound Transit forecast as of October 2009
<b>King County Metro</b>		
Sales Tax	3.58%	This is a combined growth rate of projected King County population growth (Source: WSDOT Pop.) and inflation (Source: BLS)
Fares	0.85%	This is projected population growth for King County (Source: WSDOT Pop.)
Other	2.70%	This is projected national annual inflation (Source: BLS)
State Special Needs Grants	2.70%	See "Other" in King County Metro section.
Federal Funds - Operating	2.70%	See "Other" in King County Metro section.
Federal Funds - Capital	Variable	Information provided by King County Metro.

CATEGORY	PROJECTED ANNUAL GROWTH RATE	SOURCES OF PROJECTION DATA AND ADDITIONAL ASSUMPTIONS MADE (IF ANY)
<b>Kitsap Transit</b>		
Sales Tax	4.38%	This is a combined growth rate of projected Kitsap County population growth (Source: WSDOT Pop.) and inflation (Source: BLS)
Fares	1.63%	This is projected population growth for Kitsap County (Source: WSDOT Population)
Other	2.70%	See "Other" in King County Metro section.
State Authorization	2.70%	See "Other" in King County Metro section.
State Operating Grants	2.70%	See "Other" in King County Metro section.
Federal Funds - Capital	Variable	Data taken from PSRC's Transportation 2040 Financial Model.
<b>Pierce Transit</b>		
Sales Tax	4.07%	This is a combined growth rate of projected Pierce County population growth (Source: WSDOT Pop.) and inflation (Source: BLS)
Fares	1.34%	This is projected population growth for Pierce County (Source: WSDOT Population)
State Special Needs Grants	2.70%	See "Other" in King County Metro section.
Federal Section 5307 Operating <sup>2</sup>	2.70%	See "Other" in King County Metro section.
Federal Section 5307 Maintenance <sup>2</sup>	2.70%	See "Other" in King County Metro section.
Federal Funds - Capital	Variable	Data taken from PSRC's Transportation 2040 Financial Model.
<b>Community Transit</b>		

CATEGORY	PROJECTED ANNUAL GROWTH RATE	SOURCES OF PROJECTION DATA AND ADDITIONAL ASSUMPTIONS MADE (IF ANY)
Sales Tax	4.75%	This is a combined growth rate of projected Snohomish County population growth (Source: WSDOT Pop.) and inflation (Source: BLS)
Fares	2.00%	This is projected population growth for Snohomish County (Source: WSDOT Population)
Other	2.70%	See "Other" in King County Metro section.
State and Local Grant Revenues	2.70%	See "Other" in King County Metro section.
Federal Grant Revenue - Operating <sup>2</sup>	2.70%	See "Other" in King County Metro section.
Federal Funds - Capital	Variable	Data taken from PSRC's Transportation 2040 Financial Model.

Notes

<sup>1</sup> Only current toll facilities are included in this projection.

<sup>2</sup> Our projections do not take into account possible changes in federal funding levels and formulas in the forthcoming re-enactment of the Surface Transportation Act. This is a major uncertainty with regard to all federal funding projections.

Sources

WSDOT Forecast: WSDOT, Transportation Revenue Forecasts, March 2009

PSRC Projections (PSRCP): 2040 Financial Model

State of Washington Office of Financial Management: <http://www.ofm.wa.gov/economy/longterm/2008/lt08ch2.pdf>

WSDOT Pop.: WSDOT Population Growth in Relation to the State's Counties, <http://www.wsdot.wa.gov/planning/wtp/datalibrary/population/PopGrowthCounty.htm>

BLS: Bureau of Labor Statistics, <ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt>

**APPENDIX B**  
CURRENT ACCOUNT EXPENDITURES

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**CURRENT ACCOUNT EXPENDITURE PROJECTIONS:  
TRANSPORTATION FINANCING IN THE PUGET SOUND REGION 2009-2023**  
*Spreadsheet capturing current account expenditure projections for the indicated agencies for 2009-2023*

**\*See sheet entitled and "Projection Assumptions" for a summary of assumptions made.**

Amounts in \$millions, year of expenditure (nominal) dollars

	<b>Biennium<sup>1</sup></b>								
	<b>2009-2011</b>	<b>2011-2013</b>	<b>2013-2015</b>	<b>2009-2015</b>	<b>2015-2017</b>	<b>2017-2019</b>	<b>2019-2021</b>	<b>2021-2023</b>	<b>2009-2023</b>
<b>State</b>									
<i>Source: WSDOT, Operating Budget with Legislative 16-yr Expenditure Plan - May 28, 2009</i>									
<b>WSDOT<sup>3</sup></b>									
Toll Operations & Maintenance	88.90	69.10	77.70	235.70	92.10	103.20	109.90	134.20	675.10
Information Technology	36.45	33.60	34.25	104.30	34.90	35.60	36.35	37.10	248.25
Facilities	12.65	12.40	12.65	37.70	12.90	13.15	13.40	13.70	90.85
Program Delivery Management & Support	24.00	25.40	25.90	75.30	26.40	26.95	27.50	28.10	184.25
Transportation Economic Partnerships	0.40	0.40	0.40	1.20	0.45	0.45	0.45	0.45	3.00
Highway Maintenance	176.25	179.65	183.10	539.00	186.70	190.50	194.50	198.60	1309.30
Traffic Operations	26.55	25.60	26.10	78.25	26.65	27.15	27.75	28.35	188.15
Transportation Management	15.00	13.55	13.80	42.35	14.05	14.35	14.65	14.95	100.35
Transportation Planning, Data & Research	23.45	23.20	23.65	70.30	24.10	24.60	25.10	25.65	169.75
Charges from Other Agencies	44.15	44.60	45.45	134.20	46.35	47.25	48.25	49.25	325.30
Public Transportation	62.00	49.10	49.65	160.75	55.25	55.85	56.50	57.15	385.50
WA State Ferries	396.90	430.80	476.10	1303.80	510.20	546.90	575.60	596.20	3532.70
Rail	17.45	16.80	17.10	51.35	17.45	17.80	18.20	18.55	123.35
Local Programs	5.55	5.50	5.60	16.65	5.75	5.85	6.00	6.10	40.35
Debt Service <sup>4</sup>	379.05	536.75	699.70	1615.50	782.3	807.55	809.40	807.30	4039.75
<b>WSDOT Total</b>	<b>1308.75</b>	<b>1466.45</b>	<b>1691.15</b>	<b>4466.35</b>	<b>1835.55</b>	<b>1917.15</b>	<b>1963.55</b>	<b>2015.65</b>	<b>12198.25</b>
<b>Transportation Improvement Board</b>									
<i>Final</i>									
Transportation Improvement Board	1.83	1.98	2.09	5.89	2.20	2.32	2.45	2.58	15.44
<b>TIB Total</b>	<b>1.83</b>	<b>1.98</b>	<b>2.09</b>	<b>5.89</b>	<b>2.20</b>	<b>2.32</b>	<b>2.45</b>	<b>2.58</b>	<b>15.44</b>
<b>County Road Administration Board (CRAB)</b>									
<i>Final</i>									
County Road Administration Board	2.24	2.42	2.55	7.21	2.69	2.84	3.00	3.16	18.91
<b>CRAB Total</b>	<b>2.24</b>	<b>2.42</b>	<b>2.55</b>	<b>7.21</b>	<b>2.69</b>	<b>2.84</b>	<b>3.00</b>	<b>3.16</b>	<b>18.91</b>

		<b>Biennium<sup>1</sup></b>								
		<b>2009-2011</b>	<b>2011-2013</b>	<b>2013-2015</b>	<b>2009-2015</b>	<b>2015-2017</b>	<b>2017-2019</b>	<b>2019-2021</b>	<b>2021-2023</b>	<b>2009-2023</b>
<b>Puget Sound Regional Council (PSRC)</b>										
<i>Source: PSRC Biennial Work &amp; Budget Program, 30 April 2009</i>										
Regional Growth Planning		2.00	2.17	2.28		2.41	2.54	2.68	2.83	
Regional Transportation Planning		6.56	7.11	7.49		7.90	8.34	8.79	9.28	
Economic Development		1.24	1.34	1.42		1.49	1.58	1.66	1.75	
Technical and Data Services		7.20	7.80	8.23		8.68	9.15	9.65	10.18	
Executive Services		3.40	3.68	3.88		4.10	4.32	4.56	4.81	
Other		0.51	0.55	0.58		0.62	0.65	0.69	0.72	
<b>PSRC Total</b>		<b>20.91</b>	<b>22.65</b>	<b>23.89</b>	<b>67.45</b>	<b>25.20</b>	<b>26.58</b>	<b>28.03</b>	<b>29.57</b>	<b>176.83</b>
<b>Puget Sound Counties (Combined)</b>										
<i>Source: WSDOT, 2007 County City Financial Data; 2009 King County Financial Plan</i>										
Maintenance <sup>2</sup>		256.82	308.39	348.41		393.61	444.69	502.39	567.58	
Administration & Operations <sup>2,6</sup>		75.16	81.41	85.86		90.56	95.52	100.75	106.26	
Maintenance & Construction of Facilities <sup>2,5</sup>		24.55	29.48	33.30		37.62	42.51	48.02	54.25	
Debt Service <sup>2</sup>		23.10	24.16	25.61	72.87	27.15	28.77	30.50	32.33	191.62
Other <sup>2</sup>		63.49	68.77	72.53		76.50	80.69	85.11	89.76	
Traffic Policing <sup>2</sup>		49.53	53.65	56.58		59.68	62.95	66.39	70.02	
<b>Puget Sound Counties (Combined) Total</b>		<b>492.63</b>	<b>565.85</b>	<b>622.30</b>	<b>1680.78</b>	<b>685.13</b>	<b>755.12</b>	<b>833.15</b>	<b>920.21</b>	<b>4874.39</b>
<b>Puget Sound Cities (Combined)</b>										
<i>Source: WSDOT, 2007 County City Financial Data; 2009 King County Financial Plan</i>										
Maintenance <sup>2</sup>		357.78	429.63	485.38		548.36	619.51	699.89	790.71	
Administration & Operations <sup>2,6</sup>		84.79	91.84	96.87		102.17	107.76	113.66	119.88	
Maintenance & Construction of Facilities <sup>2,5</sup>		1.79	2.14	2.42		2.74	3.09	3.49	3.95	
Debt Service <sup>2</sup>		121.35	128.63	136.35	386.33	144.53	153.20	162.40	172.14	1018.60
Other <sup>2</sup>		75.46	81.73	86.21		90.93	95.90	101.15	106.69	
Traffic Policing <sup>2</sup>		137.13	148.55	156.67		165.25	174.29	183.83	193.89	
<b>Puget Sound Cities (Combined) Total</b>		<b>778.29</b>	<b>882.53</b>	<b>963.90</b>	<b>2624.72</b>	<b>1053.97</b>	<b>1153.76</b>	<b>1264.42</b>	<b>1387.25</b>	<b>7484.12</b>

	Biennium <sup>1</sup>								2009-2023
	2009-2011	2011-2013	2013-2015	2009-2015	2015-2017	2017-2019	2019-2021	2021-2023	
<b>Sound Transit</b>									
<i>05/2009</i>									
<b>Ongoing Operations</b>									
Commuter Rail	83.57	98.30	129.73		137.60	145.59	154.11	164.93	
Regional Express	223.31	240.48	262.61		284.81	306.51	310.59	323.69	
Light Rail	93.45	99.47	103.95		135.52	174.78	239.53	372.87	
Transportation Services	0.00	0.00	0.00		0.00	0.00	0.00	0.00	
Distributed Operations	225.05	248.12	273.55		301.59	332.51	366.59	404.16	
Systemwide	130.66	149.99	176.12		226.82	228.83	209.80	172.92	
Debt Service	185.28	215.10	229.89	630.27	285.39	543.30	823.08	1043.65	3325.69
<b>Ongoing Operations Subtotal</b>	<b>941.32</b>	<b>1051.46</b>	<b>1175.86</b>		<b>1371.73</b>	<b>1731.52</b>	<b>2103.69</b>	<b>2482.24</b>	
<b>Sound Transit Total</b>	<b>941.32</b>	<b>1051.46</b>	<b>1175.86</b>	<b>3168.64</b>	<b>1371.73</b>	<b>1731.52</b>	<b>2103.69</b>	<b>2482.24</b>	<b>10857.82</b>
<b>King County Metro</b>									
<i>Budget</i>									
<b>Ongoing Operations</b>									
Transit Division	1330.03	1466.36	1616.66		1782.37	1965.07	2166.49	2388.55	
Transportation Admin Division	13.27	14.63	16.13		17.78	19.60	21.61	23.82	
<b>Ongoing Operations Subtotal</b>	<b>1343.30</b>	<b>1480.99</b>	<b>1632.79</b>		<b>1800.15</b>	<b>1984.67</b>	<b>2188.09</b>	<b>2412.37</b>	
<b>Debt Service</b>	33.04	34.85	36.76		38.77	40.89	43.13	45.49	
<b>Debt Service Subtotal</b>	33.04	34.85	36.76	104.65	38.77	40.89	43.13	45.49	272.93
<b>King County Metro Total</b>	<b>1376.34</b>	<b>1515.84</b>	<b>1669.55</b>	<b>4561.73</b>	<b>1838.92</b>	<b>2025.56</b>	<b>2231.22</b>	<b>2457.86</b>	<b>13115.29</b>
<b>Kitsap Transit</b>									
<i>Source: Kitsap Transit Development Plan 2008</i>									
<b>Ongoing Operations</b>									
Routed Service	41.40	45.64	50.32		55.48	61.17	67.44	74.35	
Demand Response	19.10	21.06	23.22		25.60	28.22	31.11	34.30	
Vanpool	3.30	3.64	4.01		4.42	4.88	5.38	5.93	
Local POF	4.10	4.52	4.98		5.49	6.06	6.68	7.36	
<b>Ongoing Operations Subtotal</b>	<b>67.90</b>	<b>74.86</b>	<b>82.53</b>		<b>90.99</b>	<b>100.32</b>	<b>110.60</b>	<b>121.94</b>	
<b>Debt Service</b>	6.47	6.82	7.20		7.59	8.01	8.45	8.91	
<b>Debt Service Subtotal</b>	6.47	6.82	7.20	20.49	7.59	8.01	8.45	8.91	53.44
<b>Kitsap Transit Total</b>	<b>74.37</b>	<b>81.68</b>	<b>89.73</b>	<b>245.78</b>	<b>98.58</b>	<b>108.33</b>	<b>119.05</b>	<b>130.85</b>	<b>702.59</b>

		Biennium <sup>1</sup>								
		2009-2011	2011-2013	2013-2015	2009-2015	2015-2017	2017-2019	2019-2021	2021-2023	2009-2023
<b>Pierce Transit</b>										
<i>Source: Pierce Transit Development Plan 2009</i>										
<b>Ongoing Operations</b>										
Wages		132.81	146.42	161.43		177.98	196.22	216.33	238.50	
Benefits		47.64	52.52	57.91		63.84	70.39	77.60	85.56	
M&O		36.54	40.28	44.41		48.96	53.98	59.52	65.62	
Fuel		16.75	18.46	20.35		22.44	24.74	27.28	30.07	
Parts		7.43	8.19	9.03		9.96	10.98	12.10	13.35	
Purchased Transit		17.70	19.52	21.52		23.72	26.16	28.84	31.79	
<b>Ongoing Operations Subtotal</b>		<b>258.87</b>	<b>285.40</b>	<b>314.65</b>		<b>346.91</b>	<b>382.46</b>	<b>421.67</b>	<b>464.89</b>	
<b>Debt Service</b>										
Long-Term Debt		0.96	1.02	1.07		1.13	1.19	1.26	1.33	
Bonds Debt		2.52	2.65	2.80		2.95	3.11	3.28	3.46	
<b>Debt Service Subtotal</b>		<b>3.48</b>	<b>3.67</b>	<b>3.87</b>	11.02	<b>4.08</b>	<b>4.31</b>	<b>4.54</b>	<b>4.79</b>	28.75
<b>Pierce Transit Total</b>		<b>262.35</b>	<b>289.07</b>	<b>318.52</b>	<b>869.94</b>	<b>350.99</b>	<b>386.77</b>	<b>426.21</b>	<b>469.68</b>	<b>2503.58</b>
<b>Community Transit</b>										
<i>Source: Community Transit Development Plan 2008</i>										
<b>Ongoing Operations</b>										
Operations, Maintenance, Admin.		264.42	291.52	321.40		354.35	390.67	429.74	472.71	
Cost Pools		2.39	2.63	2.89		3.18	3.49	3.84	4.23	
Vehicle Replacement		8.12	8.93	9.83		10.81	11.89	13.08	14.39	
Workers Comp		4.00	4.40	4.84		5.32	5.86	6.44	7.09	
<b>Ongoing Operations Subtotal</b>		<b>278.93</b>	<b>307.48</b>	<b>338.96</b>		<b>373.66</b>	<b>411.91</b>	<b>453.10</b>	<b>498.41</b>	
<b>Debt Service</b>										
<b>Debt Service Subtotal</b>		2.86	3.02	3.18	9.07	3.36	3.54	3.74	3.94	23.65
<b>Community Transit Total</b>		<b>281.79</b>	<b>310.50</b>	<b>342.14</b>	<b>934.43</b>	<b>377.02</b>	<b>415.45</b>	<b>456.84</b>	<b>502.35</b>	<b>2686.09</b>

**Biennium<sup>1</sup>**

2009-2011	2011-2013	2013-2015	2009-2015	2015-2017	2017-2019	2019-2021	2021-2023	2009-2023
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Notes

<sup>1</sup> For agencies that report annual budgets, biennia were estimated by summing two annual budgets for the last two years of the stated biennia.

<sup>2</sup> These figures were for fiscal year 2007. A 3.3% growth per year was used to bring revenues forward to the 2009-2011 biennium.

<sup>3</sup> An adjustment factor of 50% was applied to WSDOT expenditures to reflect the amounts attributed to the Puget Sound region; except for tolls and ferries, all assumed to be within the Puget Sound Region.

<sup>4</sup> Debt service figures taken from WSDOT, Operating Budget with Legislative 16-yr Expenditure Plan - April 24, 2009. We applied the 50% adjustment factor to reflect amounts for the Puget Sound region.

<sup>5</sup> City and County expenditures under the heading "Maintenance & Construction of Facilities" were considered to be 60% capital, 40% operating.

<sup>6</sup> Administrative expenses were divided proportionally between operating and capital expenditures.

**PROJECTION ASSUMPTIONS**

*This sheet provides detail concerning the assumptions upon which we constructed current account expenditure projections for each of the expenditure categories from the 2009-2011 biennium through the 2021-2023 biennium. Source abbreviations are referenced in the appropriate cells and listed in full at the end of the table.*

*Note that wherever possible, we have used projections from the agencies themselves (e.g. WSDOT, Sound Transit) and refer the reader to those agencies' forecasting methods. In all other cases, we explain our projection assumptions in the third column below.*

CATEGORY	PROJECTED ANNUAL GROWTH RATE	SOURCES OF PROJECTION DATA AND ADDITIONAL ASSUMPTIONS MADE (IF ANY)
State		
Toll Operations & Maintenance	Variable	WSDOT forecast as of May 2009.
Information Technology	Variable	WSDOT forecast as of May 2009.
Facilities	Variable	WSDOT forecast as of May 2009.
Program Delivery Management & Support	Variable	WSDOT forecast as of May 2009.
Public-Private Part-Op	Variable	WSDOT forecast as of May 2009.
Highway Maintenance	Variable	WSDOT forecast as of May 2009.
Traffic Operations	Variable	WSDOT forecast as of May 2009.
Transportation Management	Variable	WSDOT forecast as of May 2009.
Transportation Planning, Data & Research	Variable	WSDOT forecast as of May 2009.
Charges from Other Agencies	Variable	WSDOT forecast as of May 2009.
Public Transportation	Variable	WSDOT forecast as of May 2009.
WA State Ferries	Variable	WSDOT forecast as of May 2009.
Rail	Variable	WSDOT forecast as of May 2009.
Local Programs	Variable	WSDOT forecast as of May 2009.
Debt Service	Variable	WSDOT forecast as of May 2009.

CATEGORY	PROJECTED ANNUAL GROWTH RATE	SOURCES OF PROJECTION DATA AND ADDITIONAL ASSUMPTIONS MADE (IF ANY)
Transportation Improvement Board		
TIB Expenditures	2.70%	These being mostly salaries and administrative expenses, we decided to grow them with the average inflation rate over the period 1994-2008. (Source: Bureau of Labor Statistics)
County Road Administration Board (CRAB)		
CRAB Expenditures	2.70%	See TIB Expenditures, above.
Puget Sound Regional Council (PSRC)		
Regional Growth Planning	2.70%	See TIB Expenditures, above.
Regional Transportation Planning	2.70%	See TIB Expenditures, above.
Economic Development	2.70%	See TIB Expenditures, above.
Technical and Data Services	2.70%	See TIB Expenditures, above.
Executive Services	2.70%	See TIB Expenditures, above.
Other	2.70%	See TIB Expenditures, above.
Puget Sound Counties (Combined)		
Maintenance	6.29%	This is the average Construction Cost Index between 1994 and 2008, both in Washington State (as measured by WSDOT) and in the country in general (as measured by FHWA).
Administration & Operations	2.70%	See TIB Expenditures, above.
Maintenance & Construction of Facilities	6.29%	See Maintenance, above.
Debt Service	6.00%	Pessimistic estimate of the likely rise in debt service payments. The Study recognizes that the true figure is most likely lower.
Other	2.70%	See TIB Expenditures, above.
Traffic Policing	2.70%	See TIB Expenditures, above.

CATEGORY	PROJECTED ANNUAL GROWTH RATE	SOURCES OF PROJECTION DATA AND ADDITIONAL ASSUMPTIONS MADE (IF ANY)
<b>Puget Sound Cities (Combined)</b>		
Maintenance	6.29%	See Maintenance in the counties section, above.
Administration & Operations	2.70%	See TIB Expenditures, above.
Maintenance & Construction of Facilities	6.29%	See Maintenance in the counties section, above.
Debt Service	6.00%	Pessimistic estimate of the likely rise in debt service payments. The Study recognizes that the true figure is most likely lower.
Other	2.70%	See TIB Expenditures, above.
Traffic Policing	2.70%	See TIB Expenditures, above.
<b>Sound Transit</b>		
Commuter Rail	Variable	ST forecast as of May 2005.
Regional Express	Variable	ST forecast as of May 2005.
Light Rail	Variable	ST forecast as of May 2005.
Transportation Services	Variable	ST forecast as of May 2005.
Distributed Operations	Variable	ST forecast as of May 2005.
Systemwide	Variable	ST forecast as of May 2005.
Debt Service	Variable	ST forecast as of May 2005.
<b>King County Metro</b>		
Transit Division	5.00%	Assumed Operating Expenses growth rate from agency average (Source: Roland Behee, Community Transit; Matthew Kitchen, PSRC)
Transportation Admin Division	5.00%	See King Co. Metro Transit Division above.
<b>Kitsap Transit</b>		
Routed Service	5.00%	See King Co. Metro Transit Division above.
Demand Response	5.00%	See King Co. Metro Transit Division above.
Vanpool	5.00%	See King Co. Metro Transit Division above.
Local POF	5.00%	See King Co. Metro Transit Division above.
<b>Pierce Transit</b>		
Wages	5.00%	See King Co. Metro Transit Division above.
Benefits	5.00%	See King Co. Metro Transit Division above.
M&O	5.00%	See King Co. Metro Transit Division above.
Fuel	5.00%	See King Co. Metro Transit Division above.
Parts	5.00%	See King Co. Metro Transit Division above.
Purchased Transit	5.00%	See King Co. Metro Transit Division above.

CATEGORY	PROJECTED ANNUAL GROWTH RATE	SOURCES OF PROJECTION DATA AND ADDITIONAL ASSUMPTIONS MADE (IF ANY)
Long-Term Debt	2.70%	Debt Service is forecasted only as growth due to inflation (Source: Bureau of Labor Statistics)
Bonds Debt	2.70%	See Pierce Transit Long-Term Debt above.
<b>Community Transit</b>		
Operations, Maintenance, Admin.	5.00%	See King Co. Metro Transit Division above.
Cost Pools	5.00%	See King Co. Metro Transit Division above.
Vehicle Replacement	5.00%	See King Co. Metro Transit Division above.
Workers Comp	5.00%	See King Co. Metro Transit Division above.
Debt Service	2.70%	See Pierce Transit Long-Term Debt above.

# **APPENDIX C**

## **FISCAL CAPACITY**

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**RECURRENT FISCAL CAPACITY PROJECTIONS:  
TRANSPORTATION FINANCING IN THE PUGET SOUND REGION 2009-2023**  
*Spreadsheet capturing projections of fiscal capacity for the indicated agencies for 2009-2023*

Amounts in \$millions, year of expenditure (nominal) dollars

	Biennium			2009-2015	2015-2017	2017-2019	2019-2021	2021-2023	2009-2023
	2009-2011	2011-2013	2013-2015						
<b>State</b>									
<i>Source: WSDOT, Operating Budget with Legislative 16-yr Expenditure Plan - May 28, 2009</i>									
<b>Net Revenues</b>	635.90	576.16	440.79	1652.86	404.77	389.19	377.23	400.49	3199.54
<b>Bond Proceeds / Bonding Capacity</b>	1143.10	1294.85	862.30	3300.25	196.00	33.85	77.30	64.80	3672.20
<b>Capital Grants</b>									
ARRA	159.27	8.01		167.29					167.29
<b>WSDOT Total</b>	<b>1938.28</b>	<b>1879.03</b>	<b>1303.09</b>	<b>5120.39</b>	<b>600.77</b>	<b>423.04</b>	<b>454.53</b>	<b>465.29</b>	<b>7064.02</b>
<b>Puget Sound Regional Council</b>									
<i>Source: PSRC Website, WSDOT, Operating Budget with Legislative 16-yr Expenditure Plan - May 28, 2009</i>									
<b>Net Revenues</b>	317.56	345.19	366.50	1029.25	388.19	411.89	437.07	463.49	2729.88
<b>Bond Proceeds / Bonding Capacity</b>									
<b>Capital Grants</b>									
ARRA (FHWA)	68.26	3.43		71.69					71.69
ARRA (Transit)	136.00			136.00					136.00
<b>PSRC Total</b>	<b>521.82</b>	<b>348.62</b>	<b>366.50</b>	<b>1236.95</b>	<b>388.19</b>	<b>411.89</b>	<b>437.07</b>	<b>463.49</b>	<b>2937.58</b>
<b>Puget Sound Counties (Combined)</b>									
<i>Data</i>									
<b>Net Revenues</b>	245.32	245.67	218.99	709.98	187.76	150.99	108.41	60.25	1217.38
<b>Bond Proceeds / Bonding Capacity</b>	9.03	0.02	0.01	9.06					9.06
<b>Capital Grants</b>				0.00					0.00
<b>Puget Sound Counties (Combined) Total</b>	<b>254.35</b>	<b>245.69</b>	<b>219.00</b>	<b>719.04</b>	<b>187.76</b>	<b>150.99</b>	<b>108.41</b>	<b>60.25</b>	<b>1226.44</b>

	Biennium			2009-2015	2015-2017	2017-2019	2019-2021	2021-2023	2009-2023
	2009-2011	2011-2013	2013-2015						
<b>Puget Sound Cities (Combined)</b>									
<i>Data</i>									
<b>Net Revenues</b>	429.82	429.58	423.54	1282.94	414.05	400.02	381.22	357.95	2836.18
<b>Bond Proceeds / Bonding Capacity<sup>1</sup></b>	115.81	103.07	91.73	310.60	81.64	72.66	64.67	57.55	587.12
<b>Capital Grants</b>				0.00					0.00
<b>Puget Sound Cities (Combined) Total</b>	<b>545.62</b>	<b>532.65</b>	<b>515.27</b>	<b>1593.54</b>	<b>495.69</b>	<b>472.68</b>	<b>445.89</b>	<b>415.50</b>	<b>3423.30</b>
<b>Sound Transit</b>									
<i>Source: Sound Transit Draft Financial Plan 05/2009; 2008 ST Financial Plan</i>									
<b>Net Revenues</b>	229.50	379.45	449.49	1058.44	442.33	279.36	139.26	48.89	1968.27
<b>Bond Proceeds / Bonding Capacity<sup>2</sup></b>									
Bonds (ST2)	928.57	928.57	928.57	2785.71	928.57	928.57	928.57	928.57	6499.99
Bonds (Sound Move)	619.07	287.93	83.72	990.72	0.00	0.00	0.00	0.00	990.72
<i>Bond Proceeds Subtotal</i>	<b>1547.64</b>	<b>1216.50</b>	<b>1012.29</b>	<b>3776.43</b>	<b>928.57</b>	<b>928.57</b>	<b>928.57</b>	<b>928.57</b>	<b>7490.71</b>
<b>Capital Grants</b>									
Section 5309 New Starts <sup>3</sup>	250.00	256.75	263.68	770.43	270.80	65.67	76.89	79.30	1263.09
<i>Capital Grants Subtotal</i>	<b>250.00</b>	<b>256.75</b>	<b>263.68</b>	<b>770.43</b>	<b>270.80</b>	<b>65.67</b>	<b>76.89</b>	<b>79.30</b>	<b>1263.09</b>
<b>Sound Transit Total</b>	<b>2027.14</b>	<b>1852.70</b>	<b>1725.46</b>	<b>5605.30</b>	<b>1641.70</b>	<b>1273.60</b>	<b>1144.72</b>	<b>1056.76</b>	<b>10722.07</b>
<b>King County Metro</b>									
<i>Source: Transportation Enterprise Fund 08/09 Budget</i>									
<b>Net Recurrent Revenues - Operating</b>	88.91	51.51	-6.79	133.63	-75.77	-155.25	-246.50	-350.98	-694.87
<b>Federal Recurrent Grants - Capital<sup>4</sup></b>	261.04	239.32	144.04	644.39	124.00	99.20	79.36	63.49	1010.44
<b>Bond Proceeds / Bonding Capacity</b>				0.00					0.00
<b>King County Metro Total</b>	<b>349.95</b>	<b>290.83</b>	<b>137.25</b>	<b>778.02</b>	<b>48.23</b>	<b>-56.05</b>	<b>-167.14</b>	<b>-287.49</b>	<b>315.57</b>
<b>Kitsap Transit</b>									
<i>Source: Kitsap Transit Development Plan 2008</i>									
<b>Net Recurrent Revenues - Operating</b>	-1.96	-4.62	-6.91	-13.49	-9.27	-11.98	-15.05	-18.56	-68.35
<b>Federal Recurrent Grants - Capital</b>									
FTA Capital Recurrent Grants <sup>4,5</sup>	11.44	11.73	12.10	35.27	12.32	12.54	12.70	12.86	85.69
<b>Bond Proceeds / Bonding Capacity</b>				0.00					
<b>Local Grants</b>									
STP Flex	0.50	0.00		0.50					0.50
<b>State Grants</b>									
Park and Ride	0.20	2.00		2.20					2.20
Rural Mobility	0.32	315.00		315.32					315.32
<i>Capital Grants Subtotal</i>	<b>1.02</b>	<b>317.00</b>	<b>0.00</b>	<b>318.02</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>318.02</b>
<b>Kitsap Transit Total</b>	<b>10.50</b>	<b>324.11</b>	<b>5.19</b>	<b>339.80</b>	<b>3.05</b>	<b>0.56</b>	<b>-2.35</b>	<b>-5.70</b>	<b>335.36</b>

	Biennium			2009-2015	2015-2017	2017-2019	2019-2021	2021-2023	2009-2023
	2009-2011	2011-2013	2013-2015						
<b>Pierce Transit</b>									
<i>Source: Pierce Transit Development Plan 2009</i>									
<b>Net Revenues</b>	-58.63	-63.11	-85.98	-207.72	-101.92	-119.88	-140.11	-162.88	-732.51
<b>Federal Recurrent Grants - Capital</b>									
FTA Capital Recurrent Grants <sup>4,5</sup>	21.65	22.35	22.94	66.94	23.46	23.82	24.16	24.44	162.82
<b>Bond Proceeds / Bonding Capacity</b>				0.00					0.00
<b>Pierce Transit Total</b>	<b>-36.98</b>	<b>-40.76</b>	<b>-63.04</b>	<b>-140.78</b>	<b>-78.46</b>	<b>-96.06</b>	<b>-115.95</b>	<b>-138.44</b>	<b>-569.69</b>
<b>Community Transit</b>									
<i>Source: Community Transit Development Plan 2008</i>									
<b>Net Recurrent Revenues - Operating</b>	-28.00	-28.40	-35.28	-91.68	-43.52	-52.86	-62.47	-73.26	-323.79
<b>Federal Recurrent Grants - Capital</b>									
FTA Capital Recurrent Grants <sup>4,5</sup>	13.56	13.90	14.34	41.80	14.60	14.85	15.04	15.22	101.51
<b>Bond Proceeds / Bonding Capacity</b>				0.00					0.00
<b>Community Transit Total</b>	<b>-14.44</b>	<b>-14.50</b>	<b>-20.94</b>	<b>-49.88</b>	<b>-28.92</b>	<b>-38.01</b>	<b>-47.43</b>	<b>-58.04</b>	<b>-222.28</b>

<sup>1</sup>Estimated from the 2007 figure (\$73.1 million), applying an average growth rate of -11% (the average growth rate for WSDOT debt over 2009-2023).

<sup>2</sup>Estimated from projected bond proceeds on pre-vote ST2 and Sound Move Financial Plans (May 2008).

<sup>3</sup>Estimated over from a general total estimate given by FTA through 2016 (roughly 1 billion nominal).

<sup>4</sup>This category encompasses recurrent federal grants restricted to capital purposes (also included as a category for total recurrent revenues in Appendix A)

<sup>5</sup>Estimates for this category are drawn from the Puget Sound Regional Council's *Transportation 2040* financial model.