

CITY COUNCIL STUDY SESSION ITEM

SUBJECT:

Update from Sound Transit staff on the financial planning for the Sound Transit Phase 3 (ST3) System Plan, including funding, scale and equity considerations.

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POLICY ISSUES:

How can ST3 best serve the future transportation needs of Bellevue and the Eastside?

DIRECTION NEEDED FROM COUNCIL:

- Action
- Discussion
- Information

The purpose of tonight's briefing:

- Sound Transit staff will present Sound Transit 3 (ST3) System Plan financial policy considerations, including package funding, scale, and equity. The Sound Transit board is considering how to create the greatest transit benefit to the region, while building an equitable system between subareas. Sound Transit has stated that all subareas will benefit from the build out of the ST3 system as residents from one subarea will be able to travel to another subarea via High Capacity Transit for the first time. As such, equity considerations may be broader for ST3 than under previous measures. The Board will consider this approach to equity when it adopts the ST3 financial policy this June.
- No Council action is required tonight; Council may ask questions and provide staff with direction.

BACKGROUND/ANALYSIS

On December 4, Sound Transit released completed analyses for the candidate projects under consideration for inclusion into the ST3 System Plan. Council was briefed on the candidate project analyses at the December 14 and January 11 Study Sessions (Attachment 1). In response to Sound Transit's request for feedback on the candidate project scopes, Council provided comments to the Sound Transit Board on January 21 (Attachment 2) and also participated in a joint Eastside cities' comment letter on the same topic (Attachment 3).

In these communications to Sound Transit, Council has stated that a successful ST3 System Plan will build an equitable transit system that addresses the needs of the Eastside in a comprehensive fashion to serve the substantial expected population and employment growth in the East King subarea. Bellevue's priorities acknowledge and emphasize the many interests and goals shared

among Eastside cities, and the desire for the ST3 System Plan to recognize that High Capacity Transit connections between Eastside cities are as critical to the overall regional network as cross-lake connections.

As part of the planning process, the Sound Transit Board will be balancing the potential projects in the ST3 System Plan with funds to pay for them. By statute, an ST3 ballot measure must identify the projects in each corridor and county, identify the degree to which revenues generated within each county will benefit the residents of that county, and identify the phasing of construction (State RCW 81.112). In the coming months, the Board will be discussing funding and equity for ST3, and ultimately adopting a financial policy for the measure.

At the December 4 ST3 Board Workshop, Sound Transit staff presented the Board with a timeline of up to 25 years to provide funds to deliver the ST3 package, though the Board may consider a longer time horizon. ST3 will be funded in part by taxes authorized in the 2015 Legislative session, allowing Sound Transit to propose sales, car tab and property taxes to regional voters, which within the first 15 years could generate approximately \$15 billion.

Sound Transit is considering additional funding sources to generate sufficient revenue to execute a robust ST3 package. Other funding would come from federal grants, bonds, existing taxes, fares and other sources. The time horizon for the additional funds could include, but are not limited to, a:

- 15-year measure, which could generate up to \$26 billion;
- 20-year measure, which could generate up to \$26 billion for use in the first 15 years and an additional \$4 billion supporting other projects completed over the following five years; or a
- 25-year measure, which could generate up to \$26 billion for use in the first 15 years and an additional \$22 billion for other projects the following 10 years.

Council has expressed interest in learning how subarea equity will be defined in ST3. Eastside cities are projected to reach nearly 700,000 regional residents and more than 550,000 jobs by 2040—it is critical that ST3 build an equitable system that addresses the needs of this growing part of the region.

In both Sound Move and Sound Transit 2, the Sound Transit Board adopted a financial policy that addresses equity as follows: “utilize local tax revenues for projects and services that provide...benefits to the residents and businesses in each of the subareas generally in proportion to the level of revenue each subarea generates.”

For ST3, Sound Transit staff has proposed that the board interpretation of the word “benefit” to subareas could be broader than interpreted in Sound Move or ST2. This request is predicated on the ST3 build-out of an interconnected regional system, in which residents from one subarea can take High Capacity Transit to any other subarea—a benefit to the residents of all five subareas.

Sound Transit is currently completing the draft ST3 System Plan, which it expects to be issued for public comment in March. The Sound Transit Board will adopt a Final ST3 System Plan and associated financial policy in June, which could be placed on the November ballot for a public vote.

NEXT STEPS:

Sound Transit will continue to move forward with ST3 planning through June. Council will receive monthly updates as the plan progresses on the following schedule:

Sound Transit 3/Council Involvement Timeline	
ST3 and Council Engagement Timeline	
March	
<ul style="list-style-type: none">• March 7, Bellevue City Council Meeting: Joint presentation from Sound Transit and King County Metro to describe the integration of ST3 and the King County Metro Long Range Plan	
<ul style="list-style-type: none">• March 24, Sound Transit Board Meeting: Sound Transit releases draft ST3 System Plan to the public for comment.	
April	
<ul style="list-style-type: none">• Sound Transit Public Outreach Kick-off: Sound Transit public outreach on draft ST3 System Plan.	
<ul style="list-style-type: none">• April 18, Bellevue City Council Meeting: Update to council regarding the draft ST3 System Plan.	
May	
<ul style="list-style-type: none">• Early May, Bellevue City Council Meeting: Council provides direction on comment letter to the Sound Transit Board on the draft ST3 System Plan.	
<ul style="list-style-type: none">• Mid-May, Bellevue City Council Meeting: Council finalized comment letter to the Sound Transit Board on the draft ST3 System Plan.	
June	
<ul style="list-style-type: none">• June 23, Sound Transit Board Meeting: Sound Transit Board adopts final ST3 System Plan.	
<ul style="list-style-type: none">• Summer 2016 Council may choose to provide comment on the final ST3 System Plan in advance of a potential November 2016 public vote.	
November	
Potential public vote on ST3 funding package	

ATTACHMENTS:

Attachment 1 – January 11 Bellevue City Council Agenda Memo

Attachment 2 – City of Bellevue ST3 Candidate Projects Comment Letter

Attachment 3 – Eastside Cities Joint ST3 Candidate Projects Comment Letter