

Eastside Transportation Association

“Dedicated to improving our quality of life and environment by reducing congestion through increased mobility”
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ST 3 Breaks Promise to Voters

James W. MacIsaac Research Committee, October 17, 2016.

Subarea Equity is a foundational concept promised by the Regional Transit Authority in 1996 that was an integral part of the approval of the establishment of the Sound Transit District. ST 3 breaks that promise.

The Promise and the Change

Voters approved the creation of Sound Transit (ST) in 1996 after we were assured the taxes and revenues paid in each of the five ST subareas would not be diverted to other Subareas. Promises of ironclad firewalls to prevent ST from taking one subarea’s money to spend in another were made to gain the trust of the voting public. Sound Transit’s \$54 billion Sound Transit 3 (ST3) ballot measure violates the fundamental promise of Subarea Equity that is a key provision of Sound Transit’s (ST) very existence.

The 1996 vote was the second attempt by the Regional Transit Authority (now d.b.a. “Sound Transit”) to ask the region’s voters to tax themselves for a High Capacity Transit system. After the first vote in 1995 was resoundingly defeated, the agency cut the proposal’s costs, changed the plan and set up the Subarea Equity system. Voters rejected the 1995 measure in large part because people outside Seattle would have paid about 70% of ST’s costs, but only received about 30% of the spending.

Initially, virtually all of the paper, pencils and erasers used by ST in a subarea were allocated to that subarea in adherence to the promised protections. ST’s Citizen Oversight Panel reviewed annual audits to make sure the expenditures were fair. However, by the time ST 2 was approved in 2008, subarea protections were seriously weakened by the Sound Transit Board so they could take East King County resources to pay for light rail from Downtown Seattle across the I-90 floating bridge to Mercer Island, even though this is in the Seattle/North King subarea.

The unelected Sound Transit Board and Executive Director have now declared they are changing the promise of Subarea Equity and would instead spend each subarea’s money as the Board determines is “beneficial” to a subarea. ST3’s subarea inequity is unfair, and directly threatens the ability of cities to pay for their own transportation needs in the short-changed subareas.

The cost of the East Link line from the International District in Downtown Seattle to the Microsoft campus in Redmond is charged 100% to the East King Subarea (except the Rainier Ave. Station), even though the subarea division line is on the West shore of Mercer Island (meaning, the western 3+ miles of East Link is in the North King Subarea), and of course, half the boardings on East Link are in Seattle and half in the East King Subarea.

ST 3 Breaks Promise to Voters (cont.)

Another obvious breach is that 100% of the North Sounder service is charged to the Snohomish Subarea, even though much of the track is in North King and the trains serve Downtown Seattle. A similar subarea equity breach occurs with Sounder South to Lakewood.

If the Sound Transit Board/ST had kept its promise, cities in each of these subareas would have received billions more in transit service. Instead, ST taxes are being syphoned off to fund transit for Seattle.

The ST3 Proposal

The ST3 proposal with a \$54 billion spending plan over 25 years is paid for with new and extended taxes, bond revenue, federal grants and fares. Now that Seattle wants a second tunnel to serve Ballard and West Seattle, the subarea equity rules are being changed to reflect the “benefit” of a subarea.

The new tunnel will be half paid with revenue from North King and the other half from the other subareas – 14% is East King’s share. In addition, the proceeds from selling bonds or receiving grants are not allocated according to the taxes raised by each subarea. However, the tax revenues in the entire taxing district are used to back the 30-40 year bonds.

ST 3 Subarea In-Equity			
Subarea	Spending at the \$54 Billion Plan	Equitable "Taxes +" from Subarea	Contribution (To)/From other Subareas
East King Subarea	\$9.8	\$12.6	-\$2.9
South King Subarea	\$8.4	\$7.1	\$1.3
North King Subarea	\$16.3	\$14.4	\$1.9
Snohomish Subarea	\$9.3	\$7.7	\$1.6
Pierce Subarea	\$9.0	\$10.8	-\$1.9
ST District Total	\$52.7	\$52.7	\$0.0
"Taxes +" = Taxes, Grants, Bonds & Fares plus Other, at tax rates			

Reallocating the revenues from bonding and grants to the subareas in proportion to the taxes raised in each subarea results in the equitable “Taxes +” from each subarea. The ST 3 Subarea In-Equity table shows:

1. The proposed spending by ST3 per subarea;
2. The estimated revenue that would be generated based on the new taxes collected per subarea expanded proportionally to include extended taxes, bonds, grants and fares (**Taxes +**); and
3. The difference - represented as a contribution to other subareas or from other subareas.

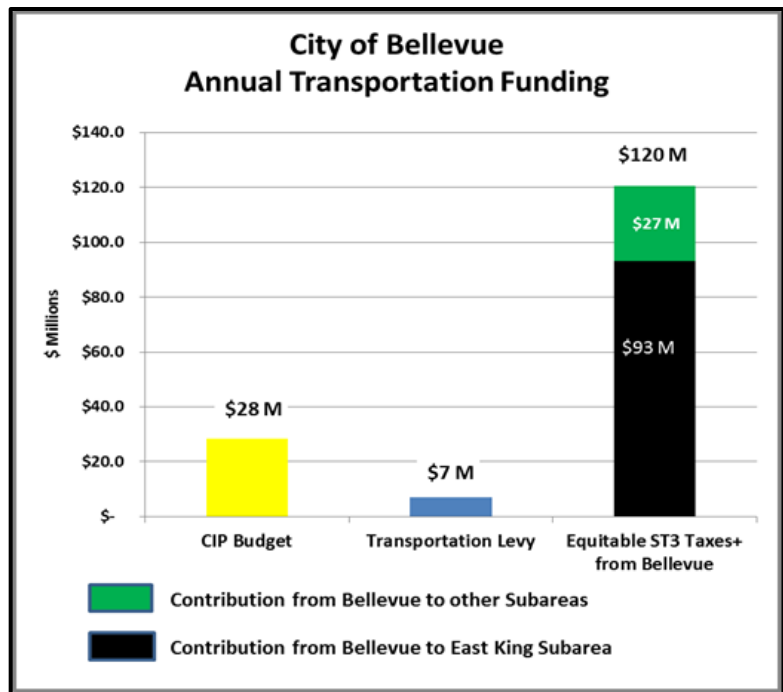
East King and Pierce Subareas contribute a portion of their revenue (-\$2.9 billion and -\$1.9 billion) to South King, North King and Snohomish Subareas (\$1.3 billion, \$1.9 billion and \$1.6 billion respectively).

Some Perspective – East King Subarea and the City of Bellevue

Putting these big numbers into perspective is difficult. The East King Subarea, for example, would collect total revenue of \$12.6 billion at the new taxes generation rate under the original rules while ST plans to spend \$9.8 billion to “benefit” East King under the new rules, leaving \$2.9 billion of East King subarea revenue to be contributed to other subareas.

The City of Bellevue has a 2016 population estimate from PSRC of 139,400 out of the 584,990 total population of the cities in the East King subarea, or 23.8%. Bellevue’s portion of the \$12.6 billion collected from the East King subarea is \$3.0 billion (\$120 million per year). Bellevue’s share of the \$2.9 billion contributed to other subareas is \$680 million (\$27 million per year). The City’s current Transportation Capital Investment Plan (CIP) has \$28 million per year.

Bellevue has identified over \$800 million of unfunded transportation needs in the City, many of which are not included in the adopted \$743 million Transportation Improvement Program (TIP), the current transportation “wish list.” To that end, the city has proposed a 15 cents per \$1,000 of assessed valuation property tax levy for transportation capacity, safety and connectivity in 2016. If approved by the Bellevue voters in November, this levy is projected to raise \$140 million over the 20 year life of the levy (\$7 million per year).



The chart puts these amounts into perspective. Note that annually Bellevue will contribute four times as much to ST3 as the city Transportation CIP budget and 17 times the levy proceeds, if approved. The annual amount contributed by Bellevue residents to other subareas is nearly the amount of the total annual Transportation CIP and four times the amount of the levy.

What does Bellevue get in return? BRT “light” on I-405 in 2024, light rail extended to downtown Redmond in 2024 and a new light rail line from South Kirkland to Issaquah in 2041.

What else might we do for traffic or otherwise with \$3 Billion of Bellevue residents’ resources?