

What You Need to Know About the Roads & Transit (R&T) Programs



**Prepared for the
Eastside Transportation Association**

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All-or-Nothing Ballot

2

- The Roads & Transit Package is an All-or Nothing Ballot For New and Extended **Transportation Taxes**
- Approval of ST2 Includes Extension of ST1 Taxes
- New tax Levies:
 - RTID – +0.1% Sales Tax plus 0.8% MVET
 - ST2 – Extends the ST1 0.4% Sales Tax and increases it to 0.9%
 - **Total Package Tax – 1.0% Sales Tax plus 0.8% MVET**
- Tax Sunset Years
 - RTID – Will Sunset in 2037 after accelerated bond payoff
 - ST1 & ST2 – Hopeful reduction after 2057 bond payoff
But obligated to cover O&M costs and capital replacement Reserves in perpetuity

\$157 Billion R&T Tax Approval

3

Total Tax Collections:	<u>2008-27</u>	<u>2008-57</u>
• Extended ST1 –	\$14.8 billion*	\$64 billion
• New ST2 –	\$11.7 billion	\$77 billion
• RTID –	<u>\$8.0 billion</u>	<u>\$16 billion</u>
• Total Tax Authorization	\$34.5 billion	\$157 Billion

*With \$3.4 billion transferred to ST2.

- **Why thru 2057?**

- Because Sales Tax Revenues will be used to secure the ST2 30-year Bonds with payoff extending thru 2057
- ST will claim need to continue full sales tax until bonds are paid off –as it has done for the ST1 MVET

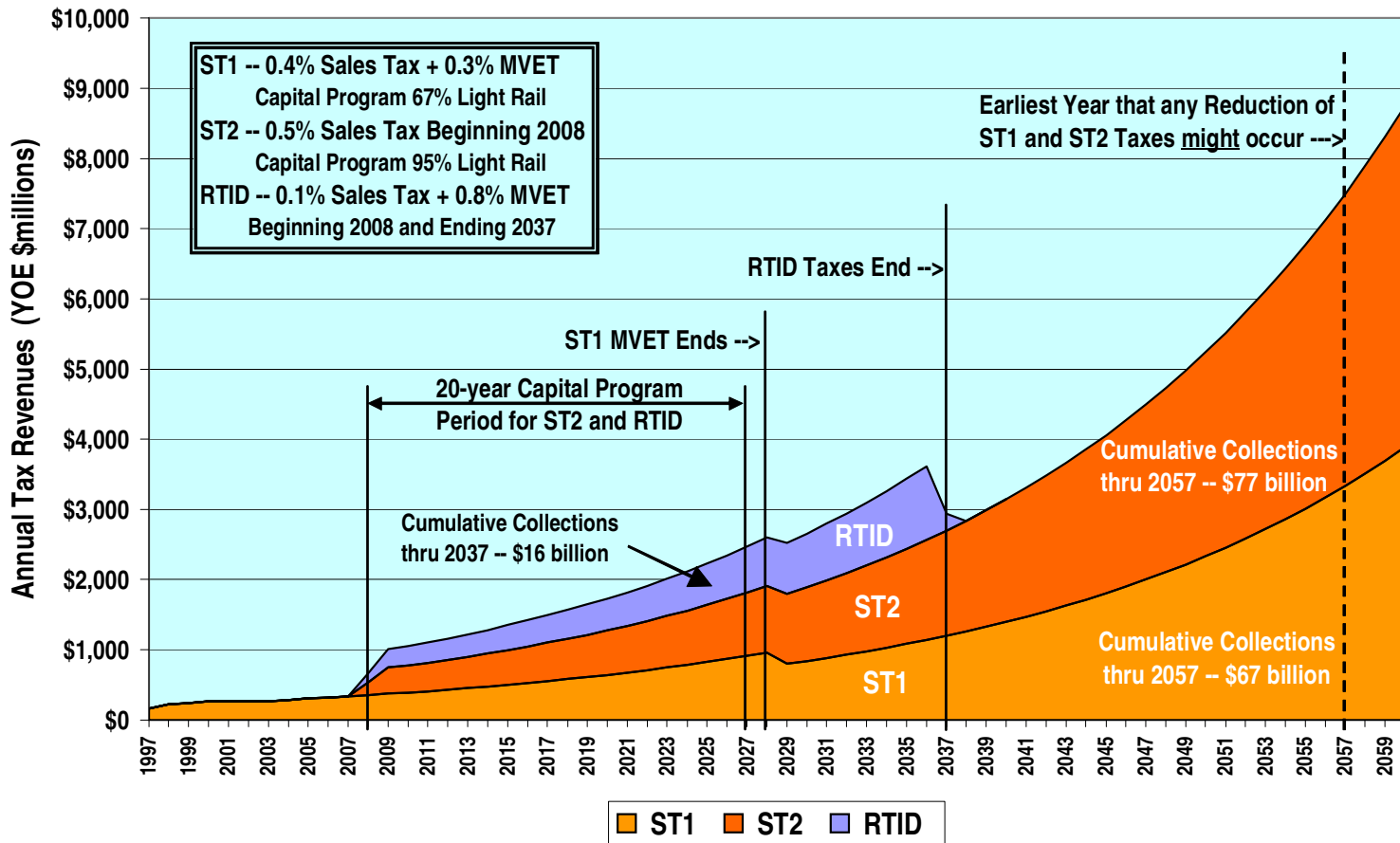
Why Include ST1 Tax Revenues?

4

- ST1 Taxes were to be reduced by 2007 to cover Debt Service and O&M costs only IF ST2 is not approved
- Thru 2007 Sound Transit has already expended all tax and bond revenues authorized by the Sound Move agreements with the counties
- Approval of ST2 would set aside all prior ST1 tax and spending limits and constraints
- And, the majority of ST1 tax revenues after 2016 will be transferred to ST2 program use – IF Approved

Tax Revenues Illustrated

ST1, ST2 and RTID Annual Tax Revenues



Transit Sales Tax Escalation

6

	<u>Total S.Tax</u>	<u>Transit Share</u>	<u>% of Total</u>
• In 1990	8.2%	0.6%	7%
○ Local County Transit			
• In 1997	8.6%	1.0%	12%
○ Sound Transit Phase 1 Tax Added			
• In 2007	8.9%	1.3%	15%
○ MVET Replacement and KC <i>Transit Now</i>			
• With Prop 1	9.5%	1.9%	20%
○ Plus 0.5% Sound Transit; Plus 0.1% RTID			

Should 20% of all state sales tax be dedicated to Transit?

2009 Vehicle License Fee

7

	<u>Basic Fee*</u>	<u>ST1</u>	<u>RTID</u>	<u>TOTAL</u>
<u>One-Car Households</u>				
Car Worth \$10,000	\$30	+\$30	+\$80	\$140
Car Worth \$20,000	\$30	+\$60	+\$160	\$250
Car Worth \$30,000	\$30	+\$90	+\$240	\$360
<u>Two-Car Households</u>				
Each Worth \$10,000	\$60	+\$60	+\$160	\$280
Each Worth \$20,000	\$60	+\$120	+\$320	\$500
Each Worth \$30,000	\$60	+\$180	+\$480	\$720
Average Household	\$45	+\$60	+\$160	\$265

* Demanded by voters in 1999; approved by the Legislature in 2000.

R&T Tax Costs per Household

8

- Sound Transit has published extreme lowball estimates
 - RTID & ST2 - \$150/year + \$80 per \$10,000 MVET (2006\$)
 - The 40% Business sales tax pass-thru to householders ignored
 - The 60% Direct to Households reduced to **40%**
- Dividing Tax Revenues by Households yields:

<u>Program</u>	<u>In 2009*</u>	<u>Cum thru 2057</u>
ST1	\$336 (39%)	\$38,100 (41%)
ST2	\$332 (38%)	\$44,900 (48%)
RTID	<u>\$204 (23%)</u>	<u>\$10,600 (11%)</u>
Totals	\$872 (100%)	\$93,600**

* First full year of R&T tax collections.

** 50-year cumulative tax collections per household in Actual\$.

Building the R&T Package

9

- Original RTID Capital Needs Estimated at \$18 billion
- Cut by half to share a “balanced” Regional Roads/Transit tax increase with Sound Transit
- But with its mission to expand rail transit, Sound Transit pushed its rail capital program to \$18 billion
- So the “Balanced Package” is now 35% for Roads (\$9.7b) and 65% for Sound Transit 2 (\$17.5b)
- Any major expansion of this region’s highly successful regional express bus system has been rejected (Sound Transit has refused to test an All-Bus Alternative)

Excluded from the RTID

10

- No funding for the Alaskan Way Viaduct Project
- No funding for I-5 Improvements in King and Pierce
- Incomplete funding for SR-509 Extension (SeaTac)
- Incomplete funding for SR-167 Ext to Port of Tacoma
- No funding for Valley Freeway (SR-167) expansion
- No funding for expansion of I-405 north of Bellevue CBD
- Incomplete funding for SR-520 Bridge Replacement
- No funding for SR-520/SR-202 terminal mess in Redmond
- Phase 1 funding only for US-2 Monroe Bypass
- No expansion of US-2 from Monroe eastward

RTID Fin Plan Summary

11

	<u>2008 thru 2027</u>	<u>thru 2037</u>	<u>Comment</u>
Revenues	Actual \$millions		
Local Taxes	\$8,057	\$16,100	End of tax collection
Bond Proceeds	6,255	00	Principal Repaid
Other/Interest	<u>154</u>	<u>250</u>	
Total	\$14,466	\$16,350	Total Program Revenue
Expenses			
Capital Projects	\$9,672	\$9,672	
Finance Costs	4,313	6,380*	*Interest Cost only
Admin/Reserves	<u>481</u>	<u>298</u>	Bond reserves released
Total	\$14,466	\$16,350	

Total Tax Commitment = \$16,100.

O&M Costs revert to existing highway tax revenues.

What Does ST2 Include?

12

- 50 miles of Light Rail extensions that merely overlay existing downtown Seattle-centric Express Bus Routes
 - 95% of the ST2 Capital Investment program
- Regional Express (REx) Bus System (3%):
 - 1 transit center and 3 park-ride lots
 - Bus fleet enhancements and two new bases (transferred from ST1)
 - 29 of 33 requested REx projects eliminated, including all new routes and facilities in the I-405 corridor called for in the adopted corridor plan
- Sounder (2%):
 - 7 of the 18 proposed ST2 projects (mostly transferred from ST1)

ST2 is now 95% Dedicated to Light Rail Extensions

ST2 Financial Plan Summary

13

	In Actual \$millions		
	<u>2008 thru 2027</u>	<u>thru 2057</u>	<u>Comment</u>
Revenues			By MacIsaac thru Bond retirement
Local Taxes	\$15,000	\$77,000	Adds to \$64 billion ST1 Extension
Federal Grants	900	4,400	\$600m Capital, Balance for O&M
Bond Proceeds	7,320	0	Principal repaid by 2057
Fares & Other	<u>340</u>	14,300	15% of Total Cost
Total	\$23,560	\$95,700	Total Program Revenue
Expenses			
Capital Projects	\$17,500	\$17,500	95% to Light Rail extensions
Op & Admin Costs	2,630	52,000	If we heed the COP warning
Finance Costs	2,010	9,100	\$7,240 after 2027
Reserves	<u>1,420</u>	<u>17,100</u>	
Total	\$23,560	\$95,700	The 50-year Cost Commitment

ST Disclosure of Program Cost = \$23,560 + \$7,240 = \$30,800

Transit Ridership

14

- Sound Transit releases ridership in terms of “Boardings”
- But the true measure is completed “trips” from O to D
- Trips via Light Rail require 2 or 3 bus and rail Boardings
- Below are Sound Transit’s transit use estimates

<u>Average Weekday:</u>	<u>2006 Base</u>	<u>2030 w/o ST2*</u>	<u>With ST2</u>	<u>Change</u>
Total Person Trips	10,300,000	14,900,000	14,900,000	
Total Transit Trips**	278,000	482,000	553,000	+74,000
Transit Mode Share	2.7%	3.2%	3.7%	+0.5%
Transit “Boardings”	359,000	661,000	814,000	+153,000
Transfer Rate	1.29	1.37	1.47	2.06

* Includes ST1 With Central Link from Airport to UW Stadium.

** Source: *ST Making Connections*, Appendix C, June 2007

ST2 Effect on Regional Travel

15

- ST1 and ST2 reflect a Light Rail Transit Overlay of transit services to downtown Seattle
- But downtown Seattle represents only 10% of Region's jobs
- The ST2 effect on the Balance of the Region is negligible
- Following are proportions of tri-county trips generated by three subsectors and the share of those trips served by transit:*

<u>Region Subsector</u>	1998 Base Year		2030 with ST1 & ST2	
	<u>% of Total</u>	<u>T-Share</u>	<u>% of Total</u>	<u>T-Share</u>
Seattle CBD	5%	27%	5%	44%
Balance of Seattle	20%	4.5%	18%	6.5%
Balance of Region	<u>75%</u>	<u>0.5%</u>	<u>77%</u>	<u>0.7%</u>
Total Region	100%	2.7%	100%	3.7%

*Source: PSRC 2006 MTP Update.

But Transit Serves Peak Period

16

- ST Myth: “Transit serves 40% of peak period trips”
- A complete falsehood:
 - Transit serves 40% of work trips to downtown Seattle where 10% of the region’s jobs are located
 - Transit serves only 10% of the Balance of Seattle work trips
 - Transit serves only 1.3% of the Balance of the Region’s work trips where 70% of the region’s jobs are located (**Where ST2 Fails Miserably**)
- Work trips are only 17% of total weekday trips
 - And only about 50% of PM peak period trips are Work Trips
- The Transit share of Peak Period trips is
 - Regionwide – About 4.5% today
 - **Increasing to about 6% by 2030 with ST2.**

Atlanta Got our 1970 Fed Grants

17

- We should be pleased with the transfer
 - MARTA rail transit is in deep financial crisis
 - Operating Costs have eaten up all Capital Refurbishment Reserves
 - Its 30-year refurbishment needs are driving it to bankruptcy
 - MARTA tried to give its rail system to the state – the state refused
- Atlanta transit serves 3.5% of work trips – half of the 7.6% served by Seattle area bus transit with no rail
- 30 years after MARTA rail:
 - Transit ridership lower today than 10 years ago
 - Far worse traffic congestion than Seattle area
 - Far worse “urban sprawl” than for the Seattle area
- Atlanta learned the hard way. Should we emulate?

What is Your Plan?

18

The question often posed to light rail opponents

- We suggest that this region continue to pursue the Rapid Bus Transit program that it has been pursuing for 30 years that has brought us to 8th in the nation for transit share
- Continue expanding the Transit/HOV lane system on freeway corridors with promised WSDOT management
- Eliminate the expensive rail transit overlay and dedicate the capital investment savings to cost-effective transit and to road capacity enhancement projects cut from the RTID
- The following slide illustrates the proposed transit system alternative

Transit Plan

This?

Or This?

19



< -- A rail “spine” with bus feeders and time consuming transfers for \$141 billion thru 2057 to merely overlay existing Express Bus services

A Truly regional “Web” of express bus routes serving the entire region and providing new transit services for those not served today for 1/5th the cost? --->

Let us pursue a cost-effective transit address to our job access needs



End of Presentation

20

Questions and Discussion Welcome

Who is MacIsaac, P.E.

21

- Master of Civil Engineering – Transportation
- Registered Professional Engineer – State of Washington
- Over 40 years in Transportation Planning for this region
 - 5 years rising to Senior Transportation Engineer with the PSGC
 - 6 years as Senior Engineer with International Transportation firms
 - 20 years as founder & principal of a transportation consulting firm
 - 12 years in private practice, mostly monitoring major transport projects
- Considered one of the leading transportation analysts
 - Technical advisor to the I-405 Corridor Citizen Advisory Committee
 - 8 years serving the SR-520 Corridor planning Committees
 - 15 years serving as outside analyst of the Regional Transit Programs

ST1 – Promises vs Delivery

23

- Overall Program Promises:
 - 10-year Program conservatively estimated for completion by 2006
 - Conservatively estimated to cost \$5.0 billion in YOES
 - Will borrow (bond) no more than 1.4 billion (in YOES)
- Program Delivery as of 2007:
 - Only the 1.6-mile Tacoma Link Streetcar line has been delivered
 - All REx bus routes are in place, but with service well below goals
 - Completion of the REx Capital Projects has been extended to 2010
 - None of the 21-mile Central Link “Starter Light Rail” is completed
 - Completion of a 15.6-mile “Initial Segment” extended to 2010
 - Only 6 of the 15 Sounder train round trips have been delivered
- Program Expense thru 2007: \$5.0 billion YOE
 - Bonding for reduced ST1 now estimated by ST at \$2.3 billion

ST1 – What Will be Delivered

24

- **Central Link**
 - Completion of 18.7-miles from Airport to UW Stadium **by 2016**
 - 3.1-miles of Phase 1 promise deferred to ST2 with cost of \$1.1 billion
 - Total Capital Cost of Phase 1 Central Link Phase 1 “Promise” now estimated at \$5.5 billion – 2.4 times the original conservative cost estimate of \$2.3 billion
- **Sounder**
 - Completion by 2010 (instead of 2003) with 13 instead of 15 train runs
 - Capital Cost estimate now \$1.25 billion – more than double orig est
 - Ridership outlook now only 60% of original estimates by 2020
- **Regional Express**
 - Several Capital Projects eliminated or deferred to ST2
 - Bus fleet and service hour expansion and bases deferred to ST2

ST2 Benefit/Cost Analysis

25

<u>Benefit/Cost Analyses</u>	2008 thru 2067 (60 Years)		
	<u>Benefits</u>	<u>Costs</u>	<u>B/C Ratio</u>
Per Sound Transit	\$25.7 B	\$9.5 B	2.7
Per John Niles*	\$9.5 B	\$10.0 B	0.9

- ST Assumes all 50-miles in operation by 2022
- Benefits – Rail riders - 28%; Congestion reduction - 72%
 - Time savings for rail riders overestimated by double reality
 - ST2 will divert only 0.5% of daily traffic and 1.0% of peak period auto users to public transit; Niles conservatively cut auto user benefit by half
- ST has grossly underestimated O&M Costs (Per its COP)
- ST used a low 3% discount rate on alternate use of public tax revenues; U.S. office of M&B requires 7% discount rate

Total Transportation Taxes

26

3-County Puget Sound Region

- In 1991 71% of transportation taxes were dedicated to roads and 29% to public transit – a reasonable split
- Road taxes are not indexed against inflation, whereas transit tax revenues increase at double the CPI
- Since 1991:
 - New Sound Transit taxes were approved in 1996
 - In 2000 Transit sales tax rates were increased to cover the loss of MVET
 - In 2007 +0.1% sales tax approved for KC Metro “Transit Now”
 - Road MVET revenue losses were not restored
- The fuel tax increases from 2003-08 merely adjust road taxes to match CPI inflation since 1991

Transportation Taxes

Enhanced Transport Tax Revenues -- King, Pierce, Snoh With RTID and ST2 Added in 2008

